

HIROGIN HOLDINGS INTEGRATED REPORT 2025



No growth of the region, No growth of the Hirogin Group



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1 Message from the President of the Holdings

pages 9-14

Guided by our belief that unlocking the full potential of the region is the Hirogin Group's true mission, we are taking on the challenge of solving regional issues across a wide range of fields—including urban development, talent matching, and digital transformation—alongside our traditional financial services. Moving forward, we will continue to stand by our customers, walking closely with them to resolve their challenges, as we strive to evolve together with the region as a *Regional Comprehensive Services Group*.

2 Working to Enhance Corporate Value: Our Initiatives in Corporate Business Areas

pages 51-68

The greatest strength of the Group lies in its initiatives for corporate business areas that stem from feasibility studies. As we have been engaged in these "feasibility studies" ahead of other banks, over time, we have cultivated the ability to form a deep understanding of our regional customers and closely align ourselves with their issues. In particular, for the key regional industries of automobiles and shipbuilding, we have established dedicated departments through which we provide an advanced level of support to our business partners. As described in "Working Alongside Regional Companies – Voice from Our Corporate Customer" (pages 53-54), our initiatives have been positively recognized from the point of view of our customers.

3 Maximization of Human Capital

pages 75-90

To achieve the high ideas and goals under our Mid-Term Management Plan 2024, we endeavored to strengthen our five pillars to maximize human capital.

Five pillars to maximize human capital	① Human resources management	② DE&I practices
	③ Borderless work style	④ Strengthening engagement
	⑤ Well-being support	

Editorial Policy

The Hirogin Group (the "Group") has prepared this "HIROGIN HOLDINGS INTEGRATED REPORT 2025" to facilitate understanding among stakeholders, particularly investors, of the Group's initiatives aimed at sustainable value creation.

In editing this report, we referred to the International Integrated Reporting Framework advocated by the IFRS Foundation, the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry, and other guidelines. Opinions obtained through dialogues with investors are also incorporated into the Report.

Note that detailed financial data and other information are disclosed on the Group's website as "Materials."

Purpose



The Group's raison d'être

Expanding the horizons of the regional community

Management Vision



The Group's goals

Contribute to the creation of a prosperous future for the regional community as a trusted Regional Comprehensive Services Group by closely offering thorough support to customers.

the future alongside through wide-ranging services.

Code of Conduct

Our basic approach and commitment to stakeholders when implementing specific initiatives tied to our Management Vision

Hirogin Holdings will endeavor to create shared value with the regional community and realize a sustainable society, based on the five items of the Code of Conduct.

1

Contributing to local communities

Work in step with regional communities to actively contribute to their development

4

Increasing job satisfaction

Create a cheerful, rewarding corporate group where everyone works healthfully

2

Contributing to customers

Think and act from the customers' points of view to contribute to their prosperous life and business development

5

Compliance

Exercise a high level of compliance

3

Enhancing corporate value

Continuously enhance the Company's corporate value

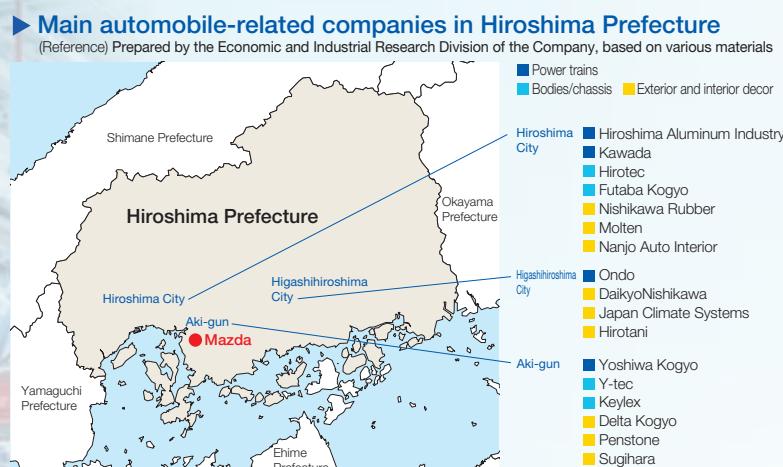


Key Industries and Their Current Status in Hiroshima Prefecture

Hiroshima Prefecture has developed primarily around heavy industries such as automobiles, shipbuilding, and steel. In recent years, the industrial structure has become increasingly diversified, with growth observed in advanced fields such as semiconductors and electronic components, as well as industries leveraging regional resources like tourism and food.

Automobile industry

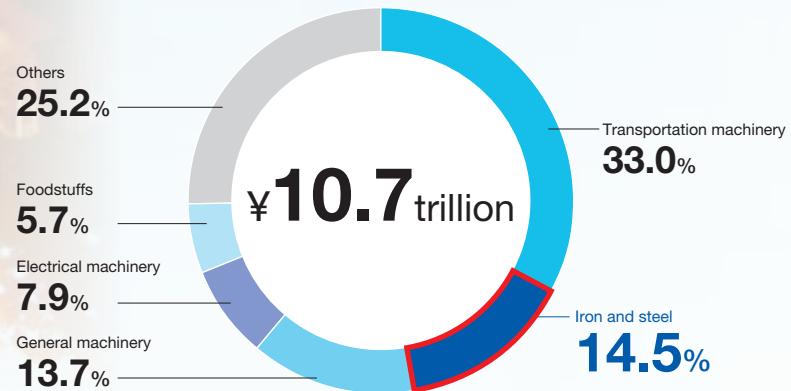
Hiroshima Prefecture is a hub for the automobile industry, centered around Mazda. An extensive value chain spanning vehicle bodies, parts, and logistics has been established, making it a key industry for the prefecture.



Iron and steel industry

JFE Steel has established its base primarily in Fukuyama City, producing high-performance steel sheets for automobiles and shipbuilding, as well as electromagnetic steel sheets. Leveraging its energy efficiency and material development capabilities, it supplies internationally competitive steel products.

Trends in shipments of manufactured products (Hiroshima Prefecture) in 2022 (Reference) The Ministry of Economy, Trade and Industry



Food industry

Supported by a rich food culture blessed by the sea, mountains, and rivers, the prefecture thrives in processed seafood (oysters and dried baby sardines) and processed agricultural products (lemons and sake). Expansion beyond the prefecture and overseas is progressing, advancing the establishment of regional brands.

Food industry in Hiroshima Prefecture

Standard local gourmet foods	Local specialty	Domestic share	Catch/production
 Hiroshima-style okonomiyaki	Oysters	1st nationwide	Approx. 60%
 Oyster dish	Lemons		Approx. 60%
 Conger rice bowl	Navel oranges		Approx. 50%
 Onomichi ramen			



Life

Population:
approx.
2.8 million
12th nationwide (FY2020)

Prefectural GDP:
approx.
¥12 trillion
12th nationwide (FY2021)

Most Desired Relocation
Destination Ranking:
3rd nationwide*
(2024)

* Data from the 2024 seminar participant category in the "Most Desired Relocation Destination Ranking" by the Certified Nonprofit Organization Furusato Kaiki (Return-to-Hometown) Support Center



Industry

Shipments of
manufactured products:
¥10,692.3 billion
10th nationwide (2022)

- Automotive cluster and transportation machinery, centered on shipbuilding
- General-purpose, production and industrial machinery
- Iron and steel

Shipbuilding and marine transportation industry

Hiroshima Prefecture, located along the Seto Inland Sea, has long been active in shipbuilding, with major and mid-sized shipyards concentrated in Kure City, Fukuyama City, and Onomichi City. To meet new demands such as energy-efficient ships and next-generation fuel vessels, technological innovation is anticipated in the future.

► Major shipyards in Hiroshima Prefecture

(Note) Shipyards having shipbuilding or repair capabilities for vessels of 3,000 gross tons or more
(Reference) Prepared by the Economic and Industrial Research Division of the Company, based on materials published by the Chugoku Transport & Tourism Bureau



Electronic and precision equipment industry

The Chugoku region, including Hiroshima Prefecture, is seeing increased clustering of semiconductor-related companies, driving industrial development across the entire region. In Hiroshima Prefecture itself, the semiconductor value chain is expanding, encompassing everything from manufacturing to processing and transportation.

► Main semiconductor-related companies in Hiroshima Prefecture

Company	Outline	Base in Hiroshima Prefecture
Micron Memory Japan, K.K.	One of the largest DRAM manufacturing bases in Japan	Higashihiroshima City
DISCO Corporation	Top-class world share of dicing devices and grinders	Kure City
Rorze Corporation	Top-class world share of wafer handling devices	Fukuyama City

Tourism industry

Hiroshima Prefecture has two World Heritage Sites (Itsukushima Shinto Shrine and Hiroshima Peace Memorial (Genbaku Dome)), and attracts tourists from both domestic and international destinations. It is undergoing redevelopment, including improvements to the transportation network and the construction of new hotels, fostering urban development that generates bustling activity and interaction.

► Tourism plan in Hiroshima Prefecture

■ Total number of tourists (ten thousand people)
○ Tourism consumption (¥ billion)



The number of visitors to Miyajima
A record high of over
4.85 million people
(2024)

The number of visitors to the Hiroshima Peace Memorial Museum
A record high of over
1.98 million people
(FY2024)

History of Hirogin Holdings

1878

1950

1960

1970

1980

In the face of two grave crises—the atomic bombing in 1945 and a sharp drop in share prices in reputational damage and a surge in withdrawals in 1997—we were able to overcome the difficulties and have continued to grow to this day, thanks to warm support from our customers and our employees' sincere and honest effort.

1878

November: The 66th National Bank, Hiroshima Bank's predecessor, was established in Onomichi as the first bank in the prefecture, before opening for business in April 1879.

1945

May: New Geibi Bank was established through a five-way merger of Geibi Bank, Kure Bank, Binan Bank, Miyoshi Bank, and Hiroshima Godo Chochiku Bank.

Trust extended to depositors affected by the atomic bombing



Head Office of Hiroshima Bank immediately after the atomic bomb (photograph taken on August 8)

At 8:15 a.m. on August 6, the world's first atomic bomb was dropped on Hiroshima, instantly leveling Hiroshima City and causing devastation through a firestorm.

The atomic bomb resulted in the loss of 144 of the approximately 450 officers and employees at the Head Office of what was then Geibi Bank. Most of the survivors were injured. The Head Office and seven other branches were completely destroyed by fire, while three additional branches were severely damaged.

At 10:00 a.m. on August 8, just two days after the atomic bomb was dropped, Hiroshima Bank restarted its operations, with 25 employees, including the bank president, convening in a temporary office within the Bank of Japan. Borrowing from the Bank of Japan, Hiroshima Bank mainly disbursed deposits and processed advance payments for fire insurance claims. However, most of its visiting customers had lost their personal seals and passbooks in the fire. The Bank relied on its depositors' verbal descriptions of their account balances they believed they had and processed refund requests using only a thumbprint and a written statement of their details. Even amid extreme chaos, the Bank implemented flexible crisis measures, prioritizing the reassurance of depositors to ensure their convenience.

1950

Name changed to Hiroshima Bank five years after the atomic bomb, in connection to "Hiroshima, the City of Peace."



1965

February: Completion of new Head Office building



1971

Listed stocks on the first section of the Tokyo Stock Exchange

1973

Pioneered the installation of cash dispensers to enhance customer convenience

In February 1973, we installed the first cash dispenser (CD) in the Head Office Business Department, setting a precedent among financial institutions in the western region of Japan. With the widespread adoption of online systems since the 1960s, we introduced CDs to enhance customer convenience as the sole means of withdrawing cash outside of bank counter business hours. Following its sequential adoption by our computer-linked major branches in Hiroshima City and its suburbs, in September 1973, we installed a CD in a department store in the city, marking the first deployment outside of bank branches. This advancement paved the way for further installations in shopping centers, Japanese National Railways (now JR) stations, and various other facilities.

1978

100th anniversary of the founding
Opened Hiroshima Museum of Art



1988

April: Enacted the CI and established the current corporate badge
July: Characters used in Japanese name changed (no change to the English name)

1990

February: The "Genesis Building," a new computing center, completed



1997

Share prices plunged in reputational damage

In November 1997, we faced the second major crisis involving a sharp drop in share prices in reputational damage and a surge in withdrawals. But we were able to recover the market's confidence by actively disclosing our earnings and asset details, having many employees visit customers to explain the situation, and carrying out bold structural reforms.

1990

2000

2010

2020

Hirogin Holdings has inherited Hiroshima Bank's DNA of "customer-oriented business operations," which remains unchanged to this day. This value has become a cornerstone of Hirogin Holdings' organizational culture that supports employees in taking on the challenge of advanced initiatives, including the transition to a holding company structure.

1998

February: ● "Promise of the 120th year" for structural reforms announced
● Consolidated overseas branches and urban branches as part of a plan to return to a "Bank of the Region"
October: Launched "Reliance 21," a new Long-Term Management Plan

Launched over-the-counter sales of investment trusts to meet investment management needs

In December 1998, in response to deregulation allowing banks to sell investment trusts over the counter, we established a structure to offer a curated selection of high-quality products from both Japan and abroad to effectively meet customers' investment management needs, thereby launching our over-the-counter investment trust sales. In April 1999, we introduced the Corporate Finance Group (CF Group) to provide management support services to companies deeply rooted in the local community, setting us apart from other banks.

2000-2001

Established Financial Services Division to address increasingly diversified and sophisticated customer needs

We established Financial Services Division in June 2000 to address increasingly diversified and sophisticated customer needs that deposit and lending operations alone could not fulfill. The Division proactively expanded new business areas; for example, in February 2001, we became the first regional bank in Japan to enter into a weather derivatives brokerage contract, and in October of that year, we launched a defined contribution pension plan (the Japanese equivalent of a 401(k)).

2003

January: Joint system operation with the Bank of Fukuoka introduced

2016

May: Completed the construction of Hirogin Chuo Building

2018

January: Moved Head Office to temporary branch

2020

October: Transitioned to a holding company structure
Established

HIROGIN HOLDINGS

- Formulated Mid-Term Management Plan 2020
- Launched the slogan "Expanding the horizons of the future"

History of Group companies (expansion of the scope of business operations)

- 2021 Made Hirogin IT Solutions Co., Ltd. a subsidiary
Made Hirogin Lease Co., Ltd. a wholly-owned subsidiary
Established Hirogin Area Design Co., Ltd. and Hirogin Human Resources Co., Ltd.
- 2023 Merged Hirogin Guarantee Co., Ltd. and Hirogin Card Service Co., Ltd. and changed the name to Hirogin Credit Service Co., Ltd.
- 2024 Established Hirogin Life Partners Co., Ltd.
Made Shin-ai Total Service Co., Ltd. an affiliate

2021

May: Opened new Head Office building



2022

April: Transitioned to the Prime Market of the Tokyo Stock Exchange
November: Announced the establishment of a next-generation backbone system for cloud migration (plan to participate in the MEJAR system in FY2030)

2024

April: Started Mid-Term Management Plan 2024
Stipulated the purpose "Expanding the horizons of the future alongside the regional community through wide-ranging services"

2025

June: Transitioned Hiroshima Bank to a Company with an Audit and Supervisory Committee

Message from the President of the Holdings

With unwavering commitment to our customers, we will continue to stand by them and work together to solve their challenges—striving to evolve hand in hand with our communities as a *Regional Comprehensive Services Group*.

Mid-Term Management Plan looking ahead to the next decade: Four mindset transformations

Hiroshima Prefecture, our core business base, is home to some of Japan's leading manufacturing industries. At the same time, it is a region of immense potential, blessed with world-class tourism resources. I believe that unlocking the full potential of Hiroshima Prefecture is the true mission of the Hirogin Group.

The Group launched its Mid-Term Management Plan 2024, a five-year initiative running from April 2024 through March 2029. Guided by the principle of "No Regional Growth, No Hirogin Growth," we have clearly envisioned what we want our communities and the Hirogin Group to become ten years from now, and backcasted from that future to formulate initiatives for the first five years as part of our Mid-Term Management Plan 2024.

As we set this plan in motion, I asked all employees to embrace four mindset transformations.

The first is a shift in perspective—from the short term to the medium to long term. In today's rapidly changing business environment, I want our employees to look beyond short-term gains and act with a medium- to long-term perspective—considering how we can continue to deliver meaningful value to our customers in light of the evolving social landscape. I believe that these steady efforts will ultimately set us apart from other companies and become the very reason why customers choose the Hirogin Group.

The second is a shift from a profit-first mindset to one that values the process itself. By listening closely to the voices of our customers and communities and walking alongside them, we can earn trust and a true sense of fulfillment. I believe this is a vital step toward realizing our vision of becoming a Regional Comprehensive Services Group, with profits naturally following as the outcome of those efforts.

The third is to look outward rather than inward. When working within an organization, it is easy to become preoccupied with internal matters or with how one is evaluated by their superiors. Yet our true focus must always be on our customers, our communities,

and the market. By facing our customers directly, staying sensitive to the ever-changing social environment and their evolving needs, and continuing to deliver value, we fulfill the very purpose of the Hirogin Group's existence.

The fourth is to have the courage to take on challenges without fear of failure. I believe that failure is never a setback but rather a foundation that supports future success. In the banking industry, a tendency toward a risk-averse or point-deduction mindset often takes root. However, unless we break free from such thinking, we cannot create anything new. Taking no action may mean avoiding mistakes, but it also means gaining nothing—and missing valuable opportunities for growth.

One of the principles I hold dear is "Shisei Ikkon," which means "to remain sincerely true from beginning to end." No matter the circumstances, I believe in acting with integrity and sincerity—facing our customers and communities wholeheartedly, and continuing to respond to their true needs. In doing so, we ultimately achieve our own growth.

I also believe that inaction and resistance to change are what truly hold us back. What matters most is to remain sincere, take that first step without fear of failure, and learn from each experience to pave the way for the next success. It is the accumulation of these individual efforts—each one grounded in sincerity and courage—that will serve as the driving force behind the Hirogin Group's sustainable growth in this era of constant change. I have unwavering faith in that power.

Reflecting on FY2024 — Toward the realization of a true Regional Comprehensive Services Group

In fiscal 2024, we recorded net income of ¥35.8 billion, an increase of ¥8.2 billion from the previous fiscal year, marking an all-time high for the Group. While favorable external factors such as changes in the interest rate environment certainly provided a strong tailwind, that alone does not explain our results. I believe this



Toshio Heya
Representative Director and President

achievement also reflects the steady efforts of each and every employee and the tangible outcomes of the structural reforms we have been advancing across the Hirogin Group.

I would rate our performance for the fiscal year ended March 2025 at 80 out of 100. Achieving record-high earnings was certainly a result of the tremendous efforts of our employees, and that deserves full recognition. However, what we are truly aiming for lies beyond these results—the realization of our vision for the next ten years. To become a Regional Comprehensive Services Group that continues to earn the trust and expectations of our customers and communities, we must continue to take on bold new challenges. We have yet to see sufficient progress in creating value that cannot be measured by earnings alone, in pursuing new business domains, and in fostering ideas unconstrained by conventional frameworks.

With this in mind, I am striving to further cultivate a culture in which every employee thinks and acts on their own. For example, the purpose of our in-house business contest is not merely to create new businesses. What we value even more is giving employees the opportunity to identify challenges on their own, think deeply, and communicate their ideas—fostering a sense of ownership and confidence in taking initiative. True challenges do not arise from top-down instructions. I believe that an organization where many people voluntarily step forward with the desire to “give it a try” is one that can remain strong and achieve sustainable growth in times of change. There are still areas where we have yet to fully embrace this spirit across the entire organization. I strongly believe that transforming our corporate culture—a journey we have already begun—is a time-consuming, difficult issue to address, but it is an essential and unavoidable path for the Hirogin Group as we move to the next stage of growth.

Navigating an era of uncertainty — Advancing a flexible alliance strategy

The Hirogin Group aims to achieve another year of record-high earnings in the fiscal year ending March 31, 2026. However, we are by no means optimistic about the path ahead. I sense that there has never been a time when the future has felt more uncertain. In what is often described as a “VUCA” era—marked by volatility, uncertainty, complexity, and ambiguity—environmental change has become the norm, and both domestic and global financial markets are facing growing uncertainty. In addition to shifts in U.S. policy, geopolitical risks, rising raw material prices, sharp currency fluctuations, and other unstable factors have emerged as significant threats to both our region and the Hirogin Group.

The Chugoku region, and particularly Hiroshima Prefecture, is home to a large concentration of manufacturing industries, meaning that surges in the prices of materials and components, as well as U.S. trade and tariff policies, have a major impact on local businesses. In this challenging environment, our role must extend far beyond that of a mere provider of funds. We must be deeply involved in the management itself of local companies and serve as a true partner that supports their sustainable growth. Guided by the spirit of “*Shisei Ikkai*”—remaining sincerely true from beginning to end—we are required to envision together with local businesses the future they aspire to and to walk alongside them on the path toward its realization.

With this recognition, under our Mid-Term Management Plan 2024, the Hirogin Group has positioned three key transformations—SX (Sustainability Transformation), DX (Digital Transformation), and AX (Alliance Transformation)—as the drivers of our future growth. In



Taking on bolder challenges to
realize a Regional Comprehensive
Services Group

our frontline operations as well, we are increasingly being called upon by customers to provide broader, more comprehensive support that goes beyond traditional financial services, including assistance in non-financial areas such as sustainability initiatives and operational efficiency improvements. These are precisely the areas where the perspectives of SX and DX are essential.

At the same time, we are focusing on alliances as a means of enhancing management flexibility. The alliances we pursue are not limited to capital tie-ups, but rather partnerships built flexibly for each business area, free from the constraints of doing everything in-house, with the aim of delivering optimal value to local communities.

Especially in fast-evolving fields such as IT and digital technology, we recognize that there are limits to what we can achieve on our own. That is why we seek to collaborate with external partners possessing specialized expertise—to create new value and remain an indispensable presence for our customers and the communities we serve.

Building a vibrant community for Hiroshima's future — Revitalizing the region through attractive urban development

The population of Hiroshima Prefecture has been on a gradual decline since peaking in 1999, raising concerns about a slowdown in economic growth driven by demographic decrease. In particular, the prefecture has recorded the highest level of net outflow of residents among Japan's 47 prefectures for four consecutive years, highlighting the urgent challenge of addressing the outmigration of young people and other working-age populations.

I feel that one of the reasons behind this trend is that we have not yet fully communicated the appeal of working and living in Hiroshima. That is precisely why we must focus on creating a city that young people find attractive—a place where they truly want to work and live.

Based on this recognition, the Hirogin Group has been actively engaged in initiatives to build a more attractive and vibrant community by raising issues and providing policy support to Hiroshima Prefecture and Hiroshima City. In 2021, we established Hirogin Area Design to strengthen our consulting capabilities in regional development and revitalization. Furthermore, in April 2024, we set up the Structured Finance Office within Hiroshima Bank to further accelerate collaboration with local governments and private-sector companies in close partnership with Hirogin Area Design.

Another key to the region's sustainable development is the strong growth of local companies. To achieve this, it is essential not only to provide conventional financial services but also to step into non-financial areas and support the resolution of management

issues. To this end, the Hirogin Group established Hirogin Human Resources in 2021 to provide multifaceted support for corporate human resource strategies, including executive introductions, personnel dispatch, and consulting on HR systems. In 2024, we also established Hirogin World Business through joint investment with our corporate client to support the acceptance of foreign workers. By partnering with several universities in Indonesia, we are building a framework that connects local companies with talented individuals from overseas—creating opportunities for both corporate sustainable growth and greater participation of foreign professionals. As investment in human capital gains increasing attention as a critical theme in corporate management, the Hirogin Group is committed not only to financial support but also to directly addressing fundamental management challenges and working hand in hand with our clients to resolve them.

Hiroshima Prefecture has developed through an industrial cluster centered on manufacturing. However, to further enhance the region's appeal for the next generation and transform it into a place where young people truly want to work and live, it is essential to establish new pillars of industry that can drive regional growth in the years to come.

Aiming to create new industries in the region, the Hirogin Group held TSUNAGU Hiroshima—one of the largest business matching events in the Chugoku and Shikoku regions—for the first time in November 2024. The event connected companies based in Hiroshima Prefecture with promising startups from across Japan, attracting approximately 3,400 participants and 126 exhibiting companies, and has already led to the emergence of several concrete examples of collaboration. While such initiatives cannot be realized overnight, we will continue our efforts to build a sustainable foundation for regional development through ongoing collaboration and innovation.

Adapting to a new era of change — Advancing human resource strategy and corporate culture transformation

When I first joined Hiroshima Bank, what struck me most was a sense of discomfort with the way “numbers in front of us” seemed to take precedence over everything else. The number of loans, sales results, achievement rates—all of these are, of course, important indicators. Yet I couldn't help but feel a sense of alarm at the atmosphere that treated them as if they were the very purpose of our work itself.

That is why one of my first priorities after becoming President was to reform our corporate culture. The most symbolic step in this effort was the abolition of our performance ranking system. In the past, it had been common practice to rank branches and employees numerically based on their results and to reflect

those rankings in compensation and promotions. However, we made a bold decision to fundamentally review and ultimately abolish that system.

Naturally, a variety of opinions were voiced within the organization. Some expressed concerns such as, “Isn’t it unfair if we don’t evaluate performance based on numbers?” or “Will our efforts no longer be recognized?” Even so, I consistently emphasized my belief that numbers are the result, not the purpose.

Today, our personnel evaluation system places greater importance on employees’ willingness to take on challenges and the processes behind their efforts. It may take some more time for this approach to be fully embedded across the organization, but I can already sense a steady shift in our employees’ mindsets and daily behavior.

Among the many challenges taken on by our employees, one that left a particularly strong impression on me was a presentation given by a group of female staff members. Eight women working at Hiroshima Bank’s branch counters confidently delivered a presentation, in their own words, on “The Future of Hiroshima Bank’s Branch Services,” drawing on what they had learned through external training. I was deeply moved by the sight of these women speaking earnestly about their work and envisioning the future with such passion. At that moment, I truly realized that people can always grow when given the right opportunity. This experience reaffirmed my conviction that the Hirogin Group must be an organization that believes in the power of personal growth—and supports those who strive to achieve it.

At the same time, certain challenges have also come to light. The reality is that those who take on challenges tend to be the same familiar faces, while others remain hesitant to step forward—resulting in a kind of “polarization.” That is why we are creating opportunities for every employee to easily experience environments different from their usual routines—what I like to call “extraordinary experiences.” I believe that exposure to new situations—through training programs, external assignments, trainee opportunities, or work in different departments—provides invaluable chances for personal growth. Going forward, we will continue to ensure that such opportunities are readily available throughout the organization.

Furthermore, what will be indispensable in the coming era is diversity in human capital. The talent I envision for our organization can be broadly divided into two directions. The first is the generalist—those with strong management skills who can lead teams and drive the organization forward. The second is the specialist—those with deep expertise who can generate solutions in specific fields.

Generalists play an extremely important role in strengthening the overall capabilities of the organization. However, generalists alone cannot fully meet the increasingly diverse and sophisticated needs of our customers and local communities. In particular, in areas such as IT and digital transformation, as well as sus-

tainability, the presence of specialists with advanced expertise has become more essential than ever before.

What I value above all is that each and every employee has a clear sense of purpose—knowing what they want to do and which direction they wish to pursue. I believe it is my responsibility to respect those individual aspirations and to provide the support and encouragement needed for them to take on challenges in realizing their goals. Based on this belief, under our current Mid-Term Management Plan, we plan to roughly double our investment in human capital compared with previous levels, further supporting the growth and development of our employees.

We are also placing strong emphasis on fostering an *open and transparent corporate culture*. To this end, we are actively promoting initiatives such as town hall meetings where management and employees engage in direct dialogue, as well as internal IR sessions designed to enhance mutual understanding. By continuing these activities on an ongoing basis, we aim to further strengthen employee engagement across the Group.

Dialogue with the capital markets — Becoming a company that investors truly want to invest in

Whenever I engage in dialogue with our shareholders and institutional investors, I always ask myself: *Are we truly becoming a company that people genuinely want to invest in?*

Of course, I do feel a certain sense of progress. In the fiscal year ended March 31, 2025, we achieved record-high profits and have deepened our collaborations with local communities and business partners more than ever before. However, I believe that what investors value most is not merely the numbers themselves, but the *story of growth* behind those numbers, the *signs of transformation*, and the *sense of anticipation for the future we are building together with our region*. That is why I believe it is essential for us to communicate these qualities clearly and compellingly.

Currently, Hiroshima Prefecture ranks 12th in Japan in terms of GDP. Hiroshima Bank, on a non-consolidated basis, also ranks around 10th in the industry in profitability, deposits, and loan balances—placing us in what could be described as the “upper middle” tier. Recognizing these facts squarely, what I wish to convey to our investors is that, for the time being, we intend to compete through *quality* rather than *scale*.

In terms of scale—such as total assets or deposit and loan balances—we cannot compete with the megabanks or the largest regional banks. However, when it comes to quality, I am confident that we offer a level of value that only we can provide. Our unwavering commitment to standing closely alongside local companies, our ability to deliver finely tuned solutions tailored to each industry and management challenge, and our genuine customer-oriented approach—these are

Unlocking Hiroshima's full potential and competing through the unique value only we can provide

the qualities that define who we are. By continuously enhancing the quality of these efforts, we aim to build a distinct and irreplaceable presence among financial institutions.

For example, in the area of ship finance, Hiroshima Bank has a long track record of supporting the region's core industries—shipbuilding and marine transport—and has developed a high level of expertise in these fields over many years.

Another key area of focus for the Hirogin Group today is regional development. In the center of Hiroshima City, many parts of the urban landscape still retain the character of the 1960s, and buildings and infrastructure are now reaching the stage where renewal is needed. Seizing this opportunity, we are working to create new value for the city through initiatives such as attracting hotels and providing consulting services for redevelopment projects. This field requires knowledge and networks that go beyond the traditional boundaries of finance. Centered around Hirogin Area Design, we are deepening collaboration with local governments and related businesses to promote the development of a more vibrant and attractive city. Through these initiatives, we aim to further strengthen our presence in the local community and fulfill our role as an *indispensable partner* to the region.

In our dialogue with the capital markets, we have received many expectations regarding the *further expansion of share repurchases, an increase in the dividend payout ratio, and improvement of our price-to-book (P/B) ratio*. We take these views seriously and regard the enhancement of capital efficiency and shareholder returns as key management priorities. With a P/B ratio of 1.0x as a given premise, we have raised our ROE target to 9.5% in the revision of our Mid-Term Management Plan and have already begun implementing various initiatives aimed at exceeding 10%.



As I mentioned earlier, what I hope to convey to our investors is not limited to short-term numerical results. I would also like you to focus on our medium- to long-term vision—specifically, how the Hirogin Group aims to shape and realize the future of the region together with its people. Under our Mid-Term Management Plan, we have identified eight material issues (priority challenges within the region) aimed at curbing population decline and enhancing regional productivity. Through addressing these challenges, we seek to realize a *vibrant and sustainable regional society*. By unlocking the full potential of Hiroshima, walking alongside the region, and creating new value together, we aspire to continue our journey of shared growth. I sincerely hope you will look forward to this ongoing challenge.

Rooted in the community, shaping the future — Sustaining value creation as a Regional Comprehensive Services Group

The Hirogin Group is actively pursuing a wide range of initiatives aimed at creating the next generation of regional society. While we continue to broaden our business domains through new challenges, our foundation will always remain firmly rooted in Hiroshima. That will never change.

As a Regional Comprehensive Services Group that continues to earn the trust and expectations of the community, we will keep taking on bold challenges to drive sustainable growth and regional prosperity. To all of our stakeholders, we sincerely ask for your continued understanding and support as we move forward on this journey together.

Capital to be Used for Value Creation

Financial capital

Sound financial foundation

The Company boasts stable asset size and profitability. We maintain a high level of soundness with a capital adequacy ratio of 11% and have secured high-level ratings from external rating agencies.

Supported by the relations of trust built with our customers over many years, Hiroshima Bank's deposit and lending balances rank first in the Chugoku and Shikoku regions.

Financial data *FY2024

- ▶ Total custody assets
(Hiroshima Bank and Hirogin Securities)

¥11,207.7 billion

- ▶ Balance of loans and bills discounted
(Hiroshima Bank)

¥7,984.2 billion

- ▶ Balance of deposits, etc.
(Deposits and negotiable certificates of deposit)

¥9,471.9 billion

- ▶ Capital adequacy ratio

Hirogin Holdings
(consolidated)

11.0%

Hiroshima Bank
(non-consolidated)

10.0%

- ▶ Profit attributable to owners of parent
(consolidated)

¥35.8 billion

	Hirogin Holdings	Hiroshima Bank
JCR	AA-	AA-
R&I	A+	A+
Moody's	—	A2

Social capital

Inherited customer-oriented DNA

Hirogin Holdings has inherited Hiroshima Bank's "customer-oriented business operations," which remain unchanged to this day and serve as a foundation for building relations of deep trust with local customers.

August 6, 1945

Suffered losses as a result of the atomic bomb



Head Office of Hiroshima Bank immediately after the atomic bomb (photograph taken on August 8, 1945)



Head Office of Hiroshima Bank immediately after the atomic bomb

While 11 of 16 branches in Hiroshima City were partially or completely destroyed and 144 of approximately 450 officers and employees were lost, Hiroshima Bank reopened for business two days later with strong senses of responsibility and mission.

Anecdote (1)

- On the day of the atomic bomb, several employees gathered at the Head Office and discussed with the Bank of Japan the need to resume operations as soon as possible, deciding to reopen as early as August 8.
- At that time, since most customers did not have their personal seals or passbooks, familiar employees verified their identities and responded to requests for refund based solely on thumbprints and written statements.
- For customers without seals or passbooks, Hiroshima Bank relied on employees' memories and made expedient payments in a flexible manner. Despite these measures in urgent situations, no particular disputes arose later.

Anecdote (2)

- About a week after the bombing, a Deputy Manager of Deposits visited a temporary branch and began speaking: "All my family except my daughter died. I couldn't stop the diarrhea, and spots started appearing. I thought I wouldn't survive, so I came to report."
- He instructed an employee to take notes: "I was bombed in the Business Department. The documents were scattered, but I'll recount what I remember about the balances and cash on hand at the time."
- After finishing his account, he said farewell to everyone and left. "I heard he passed away four or five days later," recalled a colleague.

Vast network in Japan and overseas

Hiroshima Bank maintains a robust branch network across four prefectures in Japan, primarily centered in Hiroshima Prefecture and extending to Okayama, Yamaguchi, and Ehime Prefectures, operating 157 branches nationwide. As a community-based financial institution, we value contact with customers and provide optimal services tailored to the needs of customers in each region.

We have also established overseas representative offices in Shanghai, Bangkok, and Hanoi to enhance our support system for customers within the Asian economic bloc. Furthermore, we established a local subsidiary, HIROGIN GLOBAL CONSULTING, in Singapore in 2024 to provide comprehensive support for customers' overseas expansion, local market penetration, and other overseas business activities.

► Business base (Hiroshima Bank)

* Number of branches as of March 31, 2025



► Number of branches

* as of March 31, 2025

157 in Japan
(124 in Hiroshima Prefecture)

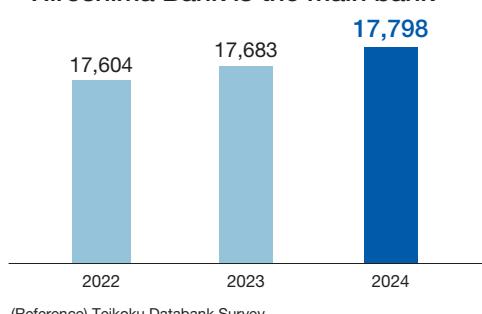
► 3 overseas representative offices
(Shanghai, Bangkok, Hanoi)

► Local subsidiary in Singapore
(HIROGIN GLOBAL CONSULTING)

Solid customer base established with the Group's comprehensive capabilities

The Group was the first in Japan to adopt a holding company structure with a single bank under its umbrella, pioneering a shift toward group management. Since transitioning to this structure, we have advanced the sophistication of our solution functions and expanded our business areas through strengthened collaboration among Group companies. As a result, the number of companies for which Hiroshima Bank is the main bank has steadily increased.

► Number of companies for which Hiroshima Bank is the main bank



► Group companies

Hiroshima Bank	Banking
Hirogin Securities	Financial instruments business
Hirogin Lease	Leasing businesses
Shimanami Servicer	Receivables management and collection business
Hirogin Capital Partners	Investment business
Hirogin Credit Service	Credit card and credit guarantee services
Hirogin Life Partners	Financial instrument intermediary business
Hirogin IT Solutions	IT-related businesses
Hirogin Area Design	Consulting related to regional vitalization
Hirogin Human Resources	Consulting related to human resources, labor, etc.
Shin-ai Total Service	Non-life insurance agency business

Head Office building of Hirogin Holdings

The Head Office building has become the hub for maximizing Group synergies with Group companies moving into the office and sharing the office space to work together with information and human resources of each company.



Intellectual capital

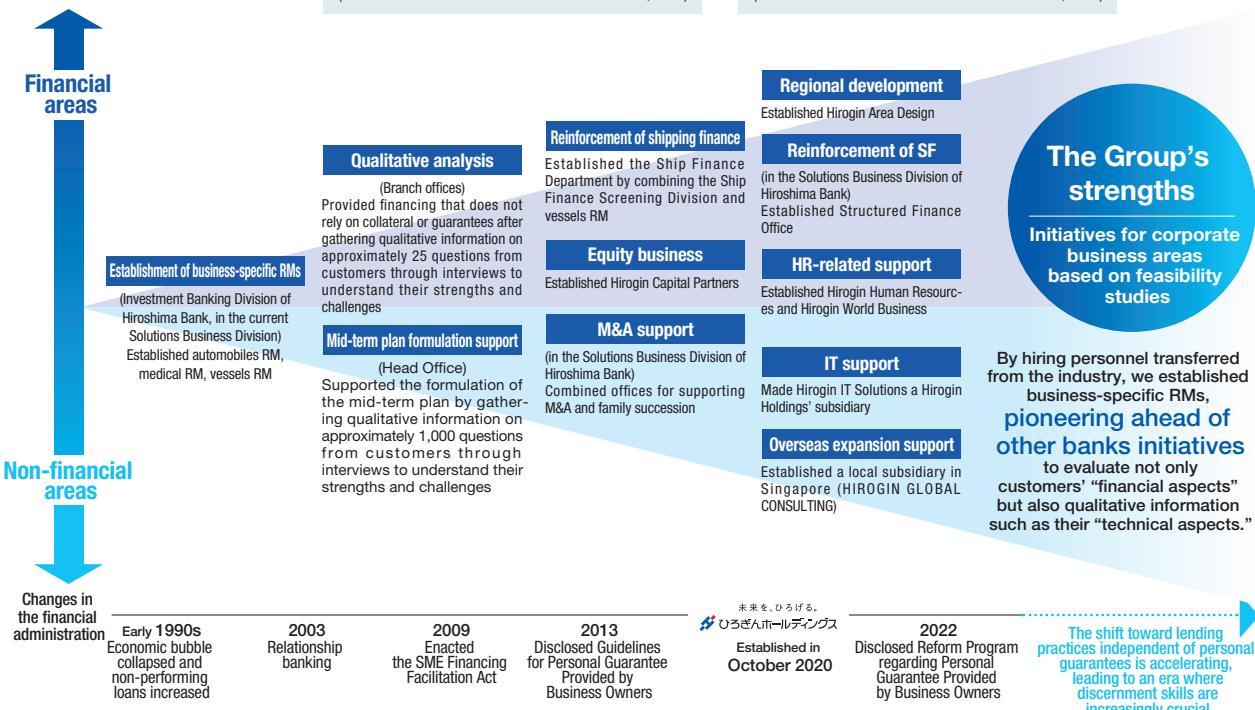
Initiatives for corporate business areas based on feasibility studies

The Group has pioneered the evaluation of qualitative information on customers (i.e., feasibility studies) ahead of other banks.

Understanding customers and delving deeply into their potential needs have become firmly established company-wide. We have established a framework to identify customers' true challenges and provide optimal solutions.

(Implemented in the Head Office)
Mid-term plan formulation support 146 cases
(Hiroshima Bank cumulative results as of March 31, 2025)

(Implemented in branch offices)
Qualitative analysis 6,375 cases
(Hiroshima Bank cumulative results as of March 31, 2025)



History of evaluation of customers' business potentials

In the 1990s, a decade plagued by the issue of bad debt disposal, suppliers in the automobile industry (components manufacturers) who were corporate customers of Hiroshima Bank, had also faced a severe management environment. However, when the suppliers possess irreplaceable technical expertise, they must be supported if they are in a financially difficult position, even if it means taking a step into management restructuring, or it would deteriorate the automobile industry. It became necessary to place more importance on qualitative information, including its significance (positioning) within the industrial cluster, instead of looking solely at their financial position.



In January 2001, in order to accurately respond to the diversification and sophistication of corporate customers in the automobile-related industries, Hiroshima Bank newly established the "Automobile-related Measures Office" by hiring personnel transferred from the auto industry. Experts visited suppliers' plants and gained an understanding of the technical side of their businesses. To this, the financial analysis made by Hiroshima Bank enabled an understanding of customers' businesses in terms of both "technical" and "financial" aspects. Even in the midst of rapid external changes such as the global financial crisis, we were able to deal with these changes while remaining committed to this approach. This led to the development of Hiroshima Bank's feasibility studies.

Human capital

The Group's diverse human resources responsible for establishing relations and providing solutions

The Group is committed to developing human resources capable of providing optimal solutions to our customers' challenges, actively investing in human capital. To enhance expertise and broaden perspectives, we send employees on secondments and training programs to external companies to absorb diverse know-how. To strengthen relations with our corporate customers, we also implement secondments to them, striving to deepen mutual understanding and trust.

Please see pages 75-90 for details of investment in human capital.

Natural capital

Potential of crossing World Heritage Sites and tourism

Hiroshima Prefecture has two World Heritage Sites—Itsukushima Shinto Shrine and Hiroshima Peace Memorial (Genbaku Dome), and focuses on tourism promotion. It is undergoing redevelopment, including improvements to the transportation network and the construction of new hotels, fostering urban development that generates bustling activity and interaction.



Hiroshima's reborn gateway to the land



In March 2025, a new commercial facility called "minamoa" opened in the JR Hiroshima Station Building, featuring Hiroshima's first brand-name stores and a movie theater equipped with three screens.

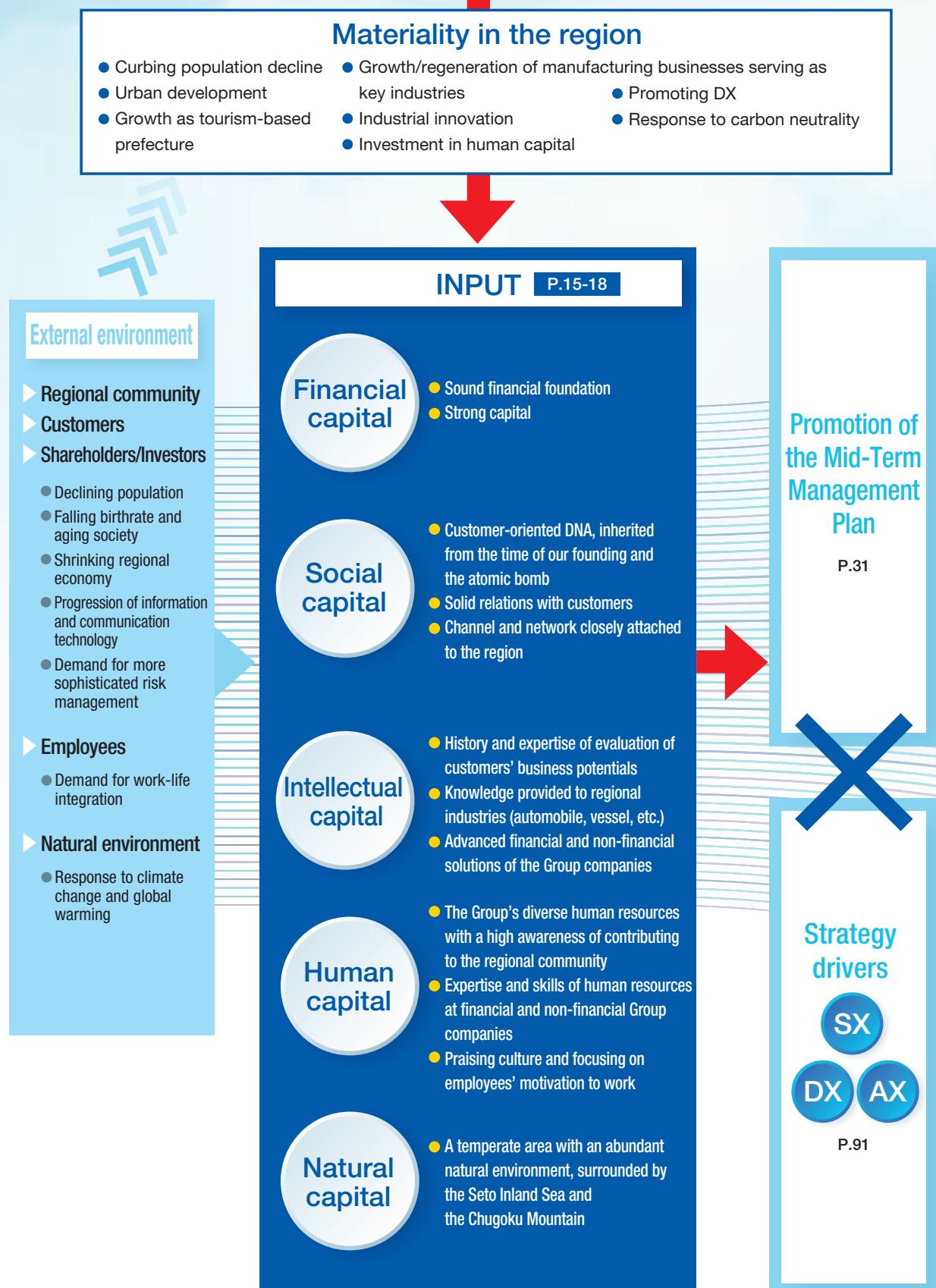
In August 2025, a new tram line also opened on the second floor of the station building. This is expected to invigorate human traffic by improving convenience and accessibility.

A new gateway to hospitality, leading to the World Heritage Site



In October 2028, Hilton's premier luxury brand, LXR Hotels & Resorts, is scheduled to open on the site of our former resort facility.

Located in a special setting overlooking Otorii gate of the World Heritage Site Itsukushima Shinto Shrine, it will be the second LXR brand hotel in Japan, following the one in Kyoto.



Vibrant region

Maintaining and expanding prefectoral GDP

Regional revitalization metrics

	FY2028 targets
Social population change in Hiroshima Prefecture	Reduction in the rate of decline
Tourism consumption in Hiroshima Prefecture	Continuous increase
Greenhouse gas emissions in Hiroshima Prefecture	Continuous reduction



Corporate Governance

Foundation that supports business activities

P.113

Management metrics

	FY2028 targets
Consolidated ROE	9.5%
Consolidated capital adequacy ratio	Approx. 11%
Consolidated BPS	¥2,000 or higher

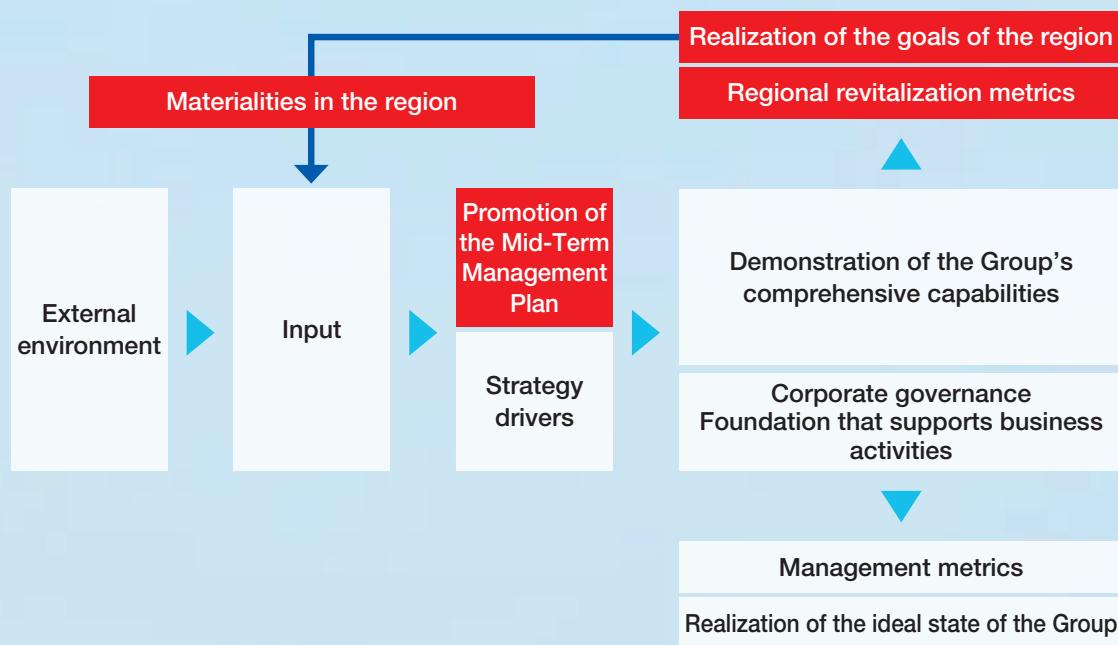
Revised upward in May 2025

Demonstrating overwhelming presence in the region
Enhancing corporate value

Why We Exist and Where We Are Headed



Positioning within the value creation story described in this section



What we want to communicate in this section

- Initiatives to internalize and embody the Purpose and Personality
- Our materiality and identification process

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Message from the President of the Bank



Kazuo Kiyomune

Representative Director and President
Hiroshima Bank

Hiroshima Bank will thoroughly engage with the region and our customers as the nucleus of Group cooperation, further reinforcing the relationship of trust with them.

Moving forward together with the region now more than ever in these changing times

The fiscal year ended March 31, 2025 was one in which the full-fledged transition to a world with *interest rates* began due to a shift in the Japanese government's zero-interest rate policy that continued for so long. The economic environment surrounding both Hiroshima Bank and its customers transformed dramatically as a result. For us, this shift in the interest rate environment is simultaneously a tailwind and a major turning point given that we operated in a deflationary environment up to this point.

For many of our employees, negotiations to raise interest rates was a domain in which they had no experience. On the sales frontline, however, each of them engaged with our customers sincerely and worked tenaciously to negotiate while eliciting their understanding. As President of Hiroshima Bank, I am deeply thankful for their earnest actions and efforts, which culminated into a steady increase in income from interest on loans and discounts and enabled our bank to formidably drive forth the achievement of the Group's highest profits on record as its core company.

At the same time, in the immediate term, our external environment continues to be uncertain as exemplified by the revision of US government policy, and there are concerns of the impact this will have on the economy, particularly on automotive-related industries that represent a core regional industry. Despite such circumstances, Hiroshima Bank will continue to closely align itself with its regional customers and steadily support them in their main business through loan mediation functions.

The demonstration of loan mediation functions absolutely requires the steady acquisition of deposits. Based on that perception, Hiroshima Bank has been refocusing on its over-the-counter sales activities. Originally, there was no branch manager present at our small branches. Having adopted a structure in which we also assign a branch manager across our roughly 150 branches, which represent the frontline of contact with our customers, we endeavor to augment deposits by raising the level of our sales capability.

Additionally, amid further growth in customer needs in computerization, digitalization, sustainability, and other non-financial domains, as the core entity of the Hirogin Group, we will confront head-on the various challenges faced by the region and our customers and endeavor to further bolster our role as a *hub function* that links together resources within the Group.

Fully leveraging our strengths in the form of our relations with customers, loan mediation functions, and the ability to provide multi-sided solutions that involve the entire Group, we will elevate our value as an *invaluable presence* to the regional community to the next level. In order to realize our second straight fiscal year of historical profits in the fiscal year ending March 31, 2026 as well by steadily pushing forward with such initiatives, we will continue to formidably drive the growth of the entire Group.

Side by side with the region as we assist it with problem-solving

I believe Hiroshima Bank's largest strength lies in its ability to form a deep understanding of customers and closely and earnestly align itself with their problems. In particular, the *feasibility studies* that we have engaged in ahead of other banks form the foundation of that strength. By ascertaining customers' essence and future potential that financial data by itself does not provide visibility on and proposing optimal solutions, we have formed solid relationships of trust.

In corporate business areas, we cooperate with external specialized agencies and alliance businesses to complement intra-Group resources in order to flexibly respond to a variety of management challenges. Such response capability is the source of Hiroshima Bank's competitive advantage. We have a genuine sense of the high praise we have received from numerous customers.

At our bank, we have been bolstering our support structure for primary regional industries for some time, and place specialized human resources in each key industry, such as automobiles, shipping, and healthcare, to provide meticulous support based on that specialization. In the maritime sector, we have established the Ship Finance Department to strengthen our framework

for supporting the further development of the Setouchi maritime cluster. In the automobile domain, we have established an *Automobile RM* in the Corporate Solutions Office inside the Solutions Business Division to provide advanced knowledge based on years of research and analysis on the local automobile industry.

Additionally, with the further diversification and advancement of the needs of its corporate customers, in April 2025, Hiroshima Bank increased its personnel in corporate business areas by roughly 40 employees, and is steadily pushing forward with the reinforcement of a structure closely aligned with problem-solving. To be specific, that month, we established the Management Support Office to take necessary supportive measures at an early stage prior to the deterioration of customer management. Moreover, against the backdrop of developments in digital technology and efforts to cope with labor shortages, with needs for computerization and digitalization intended to improve operational efficiency and usher in a transformation in business models rapidly growing at regional companies as well, we set up a new DX Consulting Line in our Solutions Business Division.

Meanwhile, in individual business areas, we are working to enhance our *face-to-face consulting services* that emphasize personal connection and trust. More specifically, we have consolidated our Consulting Advisors (CAs) at regional host branches and put a structure in place where employees can share know-how while engaging in friendly competition in order to help us improve service. Simultaneously, we have assigned highly-specialized wealth managers to our headquarters, where we provide advance asset management consultation services.

We are also focusing on improving the convenience of our non-in-person channels. The number of

registered users on our *Hirogin App*, which is used by a great number of our customers, has exceeded 600,000.

I have a real feeling that these and other initiatives on our part have been well-received by our customers to a certain degree. At the same time, the further intensification of competition with other banks is likely on the horizon. In order for us to continue being an entity chosen by our customers amid that situation, I believe that more than anything else, convincing those customers that “what Hiroshima Bank staff say can be trusted” is of the essence.

Naturally, building such a relationship of trust is not something that happens overnight. My belief is that constantly adopting the same perspective as customers, engaging them with earnest, and continuing to provide them with optimal solutions is truly the sole path to building relationships of trust with them.

The daily buildup of that trust by each of our employees is, above all, the greatest driving force behind increasing fans of Hiroshima Bank. Through these steady and sincere efforts, we will continue to achieve solid growth as a company chosen and trusted by our customers and local communities.

Building an organization that fosters growth

—Revising our personnel system to ensure the right person in the right place

For the sake of building firm relationships of trust with our customers, it is essential that each and every one of our employees grows. In recent years, needs in both financial and non-financial areas have become in-



The growth of each employee fuels the power for “Expanding the horizons of the future” of our community.

Giving back to the community has always been my unwavering starting point.



creasingly sophisticated and diverse. In order to meet the expectations of such wide-ranging customers, the development of human resources outfitted with knowledge, skills, and response capability will take on even greater importance than before.

The Hirogin Group has made a clear indication of its vision for the region and the Group ten years down the road in its Mid-Term Management Plan 2024, and is currently pursuing initiatives aimed at realizing that vision. In order to facilitate the reinforcement of our organizational power through developing human resources and assigning the right people to the right positions for the purpose of achieving the lofty goals we have set forth, we carried out a drastic revision of our personnel system in July 2025.

More specifically, we organized and integrated our qualification classifications, which were originally split into ten steps, and revamped our personnel system into a flexible one allowing the promotion of human resources in accordance with their ability and irrespective of their age. Naturally, such reforms can bring a sense of uncertainty or confusion among employees. To address this, we have institutionalized *one-on-one meetings* between supervisors and subordinates as a regular practice, positioning them as opportunities to discuss career direction, skill development, and professional growth. By encouraging supervisors to engage closely and empathetically with their team members—including in matters related to their personal lives—these meetings have also contributed to greater motivation and reduced turnover.

I believe that creating a workplace environment where employees can maintain high levels of motivation and feel inspired to say, “I’ll do my best again tomorrow,” is not only an essential responsibility of our managers and supervisors, but also a personal responsibility

of my own. Going forward, I intend to continue realizing flexible ways of working that accommodate diverse work ethics and lifestyles and endeavor to further improve our organizational capability.

A message to our stakeholders

What I have strongly reaffirmed is that “Hiroshima Bank’s *raison d’être* is, above all, contributing to the region.” While earnestly confronting the question of what we can do for the sake of the forward development of customers and the region as a whole, continuing to be a “beneficial presence” for our customers through each of our individual operations is what will truly link to our sustainable growth. I have firm belief in this. I also believe that more than anything else, those repeated efforts are what ultimately tie into our success in meeting shareholder expectations.

When I assumed my current post, I vividly recalled the financial crisis of the 1990s. We faced both a steep drop in our share price and grim circumstances that could have threatened our very survival. It was regional corporate and individual customers who continued supporting us despite those circumstances. My gratitude toward all those who continued to support our shares without transferring their deposits elsewhere remains as strong and heartfelt today as ever.

With this feeling as my starting point, I intend to continue contributing to the community through my work. Moreover, I will relay that stance of mine to each of our employees so that we may all unite in action.

I look forward to receiving your continued understanding and support.

Purpose and Personality

■ Purpose and Personality

Hirogin Holdings established its Purpose in April 2024 as the basis and objective of the Group's businesses and starting point to which the Group and its employees should return.

In September 2024, the Company further defined its Personality to articulate the essence that the Group and its employees aim to embody in pursuit of the Purpose.

The Hirogin Group' Purpose and Personality

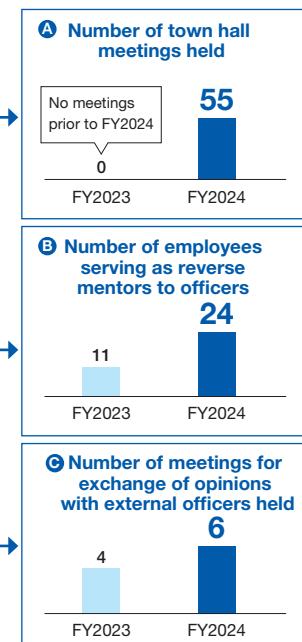
Purpose	Personality										
<p>The Hirogin Group's raison d'être (What we aspire to be)</p> <p>Expanding the horizons of the future alongside the regional community through wide-ranging services</p>	<p>The essence of the Hirogin Group (How we want to be perceived by stakeholders)</p> <table border="1"><tbody><tr><td>Be Reliable</td><td>The most trusted partner, engaging authentically with customers and regional communities</td></tr><tr><td>Be Welcoming</td><td>An open and inclusive organization, building connections with every community member</td></tr><tr><td>Be Creative</td><td>A distinctive and compelling innovator, refining the creativity that pioneered the industry and region</td></tr><tr><td>Be Proactive</td><td>A positive and energetic presence, strengthening the vitality of our region</td></tr><tr><td>Always with Integrity</td><td>A consistently sincere partner with customers, regional communities, and all we engage with, as the foundation of everything we do</td></tr></tbody></table>	Be Reliable	The most trusted partner , engaging authentically with customers and regional communities	Be Welcoming	An open and inclusive organization , building connections with every community member	Be Creative	A distinctive and compelling innovator , refining the creativity that pioneered the industry and region	Be Proactive	A positive and energetic presence , strengthening the vitality of our region	Always with Integrity	A consistently sincere partner with customers, regional communities, and all we engage with, as the foundation of everything we do
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Always with Integrity	A consistently sincere partner with customers, regional communities, and all we engage with, as the foundation of everything we do										

Every Hirogin Group member takes ownership of our Purpose and Personality and lives them daily,

winning more Hirogin Group fans!

Our progress in internalizing and embedding our Purpose and Personality

- March 8, 2024 **Announcement of Purpose and Mid-Term Management Plan 2024 (effective April 2024)**
- March 23, 2024 **Information session (in-house briefing)**
 - Purpose and Mid-Term Management Plan 2024 aspirations presented by President Haya and employee representatives (Future Creativity Working Group members)
- March 30, 2024 **Meeting of All Group Companies**
 - (attended by all Presidents, Branch Managers, and General Managers)
- April 3 and 9, 2024 **Q&A sessions with the President**
 - Web-based sessions for employees to pose questions and express their opinions to President Haya
- April–November 2024 **Ⓐ Town hall meetings**
 - Officers' visits to each workplace to discuss Purpose, Mid-Term Management Plan 2024, and other topics
- August–November 2024 **Ⓑ Reverse mentoring for officers**
 - A newly introduced system in which young and mid-career employees voluntarily serve as mentors to officers, providing advice and feedback across three sessions
- August 2024–March 2025 **Ⓒ Meetings for exchange of opinions with external officers**
 - Discussions held between external officers and young and mid-career employees
- September 30, 2024 **Establishment of Personality and brand design**
- December 4, 2024 **In-house IR activity (interim financial results briefing)**
- January 20, 2025 **Future Creativity Working Group presentation to officers**
 - 12 volunteer employees' discussions on Purpose demonstration and other topics, and presentations of recommendations to officers



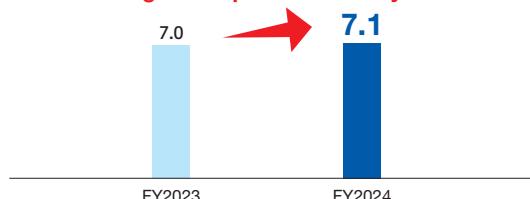
Significantly expanded opportunities for management–employee dialogue

Regular survey on Purpose and Personality internalization (employee engagement survey*)

Corporate philosophy score

I find the company's intended direction compelling.

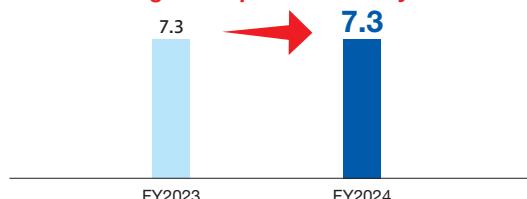
Change from previous survey: +0.1



Organizational culture score

I see that organizational decisions and actions are guided by the corporate philosophy.

Change from previous survey: 0.0



* Overview of employee engagement survey

• Target: All Hirogin Group employees • Total respondents: 4,990 (previous fiscal year: 5,041)

• Survey period: November 6–21, 2024 (previous fiscal year: January 30–February 12, 2024)

• Scoring: 10-point scale (10 = Very strongly agree, 8 = Somewhat agree, 5 = Neither, 2 = Slightly disagree, 0 = Not at all)

The improvement since the previous survey was modest, suggesting that the measures taken so far have yet to produce substantial impact.

We are still on the way to fully internalizing and embedding our Purpose and Personality!

Initiatives to further internalize and embed our Purpose and Personality

In FY2025, the second year since formulating our Purpose and Personality, we will continue to expand opportunities for dialogue between management and employees, including town hall meetings, reverse mentoring for officers, meetings for exchange of opinions between external officers and frontline employees, and in-house IR activities. In addition, based on the understanding that frontline employees drive an organizational culture of proactive thinking and action, we will accelerate voluntary initiatives to further internalize and embed our Purpose and Personality, inspired by the ingenuity of individual employees and teams.

Specific measure (1):

Appointment of Branding Committee members

Since May 2025, a total of 65 Branding Committee members have been appointed as drivers to internalize and embed our Purpose and Personality within their respective company, area, department, or branch.

Following group training on branding concepts, each Branding Committee member is leading initiatives at their workplace—such as roundtable discussions, workshops, and interactive study sessions—advancing bottom-up efforts to internalize and embed our Purpose and Personality.



Seminar on branding in the Onomichi area of Hiroshima Bank



Branding Committee, Banking Operation Management Division, Hiroshima Bank

Specific measure (2):

Publication of a collection of practical applications for Purpose and Personality

12 volunteer employees from the Future Creativity Working Group conducted interviews with 30 individuals recognized for embodying the Purpose and Personality in their daily environments. Their insights were published in the “Interview Report for Expanding the Horizons of the Future” (a collection of practical applications for Purpose and Personality).

Since the release of the first edition in April 2025, additional interview reports from various workplaces have been submitted, with comments highlighting notable individuals, further broadening the circle of dialogue around the Purpose and Personality.



Cover of Interview Report for Expanding the Horizons of the Future

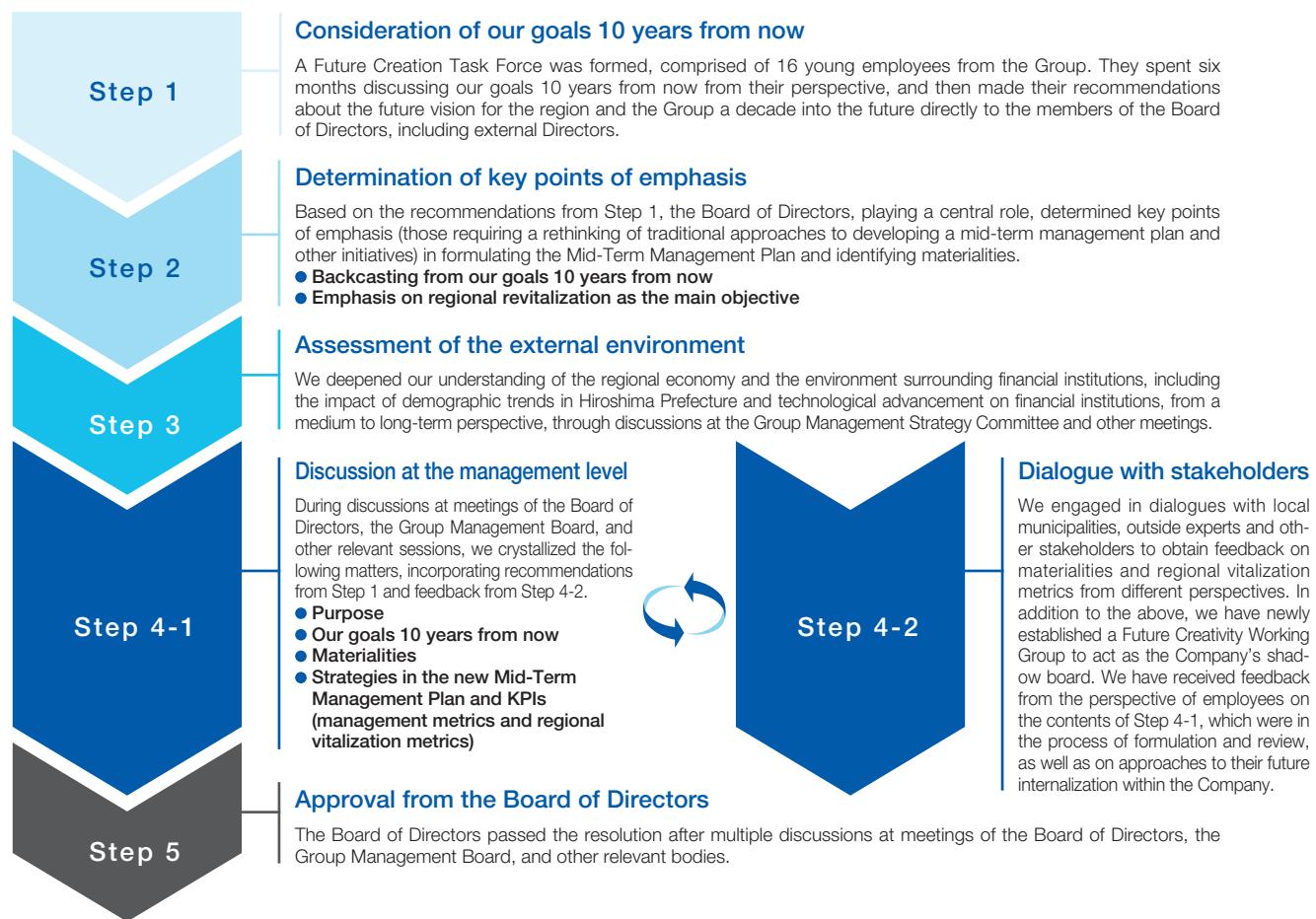


An interview between young employees and President Heya about corporate purpose

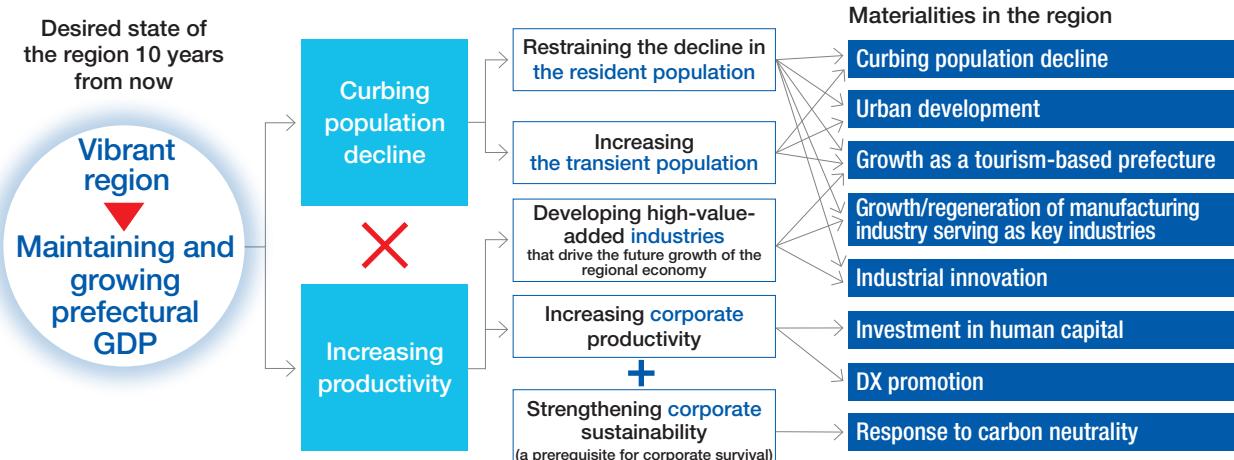
The Group has built coexistence and co-prosperity relations with the region, taking the stance of management thoroughly rooted in the region as a Regional Comprehensive Services Group. Consequently, we have a sense of crisis regarding the current situation (As-Is), where the Group's business will inevitably face diminishing equilibrium unless the regional economic scale is sustained.

Therefore, in line with our commitment to and determination for regional vitalization (maintaining and growing prefectoral GDP), which is essential for the Group's sustainable growth, we have established eight material issues as priority issues to realize our goals 10 years from now (To-Be)—culminating in a vibrant region. To this end, we are implementing a range of strategies and measures under the Mid-Term Management Plan 2024.

Steps for identifying materialities

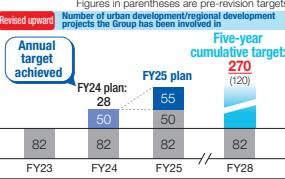
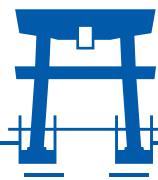
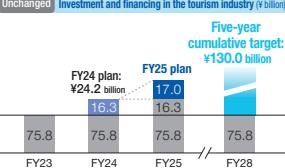
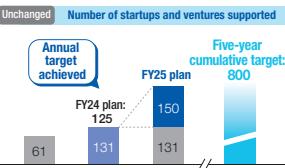
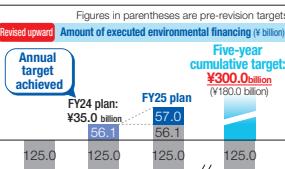


Identified materialities



Initiatives for addressing materialities

Five-year cumulative targets for "Number of urban development/regional development projects the Group has been involved in" and "Amount of executed environmental financing" revised upward

Materialities in the region	Activities	Output	Outcomes
	Past major initiatives		Regional revitalization metrics under the Mid-Term Management Plan 2024
① Curbing population decline	<ul style="list-style-type: none"> Collaboration with W TOKYO INC., the planner and producer of the Tokyo Girls Collection Creation of a consortium to connect local companies with young people (Hiroshima AI Club, etc.) Development of the recruitment consultancy business 	 <p>Number of human resources introductions</p> <p>Annual target achieved</p> <p>FY24 plan: 12 FY25 plan: 75 Five-year cumulative target: 350</p> <p>FY23: 11 FY24: 52 FY25: 52 FY28: //</p>	<p>Social population change in Hiroshima Prefecture</p> <p>Reduction in the rate of decline (2028)</p> 
② Urban development	<ul style="list-style-type: none"> Participation in area management organizations in the central area of Hiroshima City Involvement in redevelopment business in an upstream stage Support for the improvement and maintenance of regional infrastructure in collaboration with government bodies, etc. 	 <p>Number of urban development/regional development projects the Group has been involved in</p> <p>Annual target achieved</p> <p>FY24 plan: 28 FY25 plan: 55 Five-year cumulative target: 270 (120)</p> <p>FY23: 82 FY24: 82 FY25: 82 FY28: 82</p>	<p>Tourism consumption in Hiroshima Prefecture</p> <p>Continuous increase* (2028)</p> 
③ Growth as a tourism-based prefecture	<ul style="list-style-type: none"> Promotion of the creation of high-value tourist destinations for international visitors in the Setouchi area Promotion of tourism investment 	 <p>Investment and financing in the tourism industry (Y billion)</p> <p>Annual target achieved</p> <p>FY24 plan: ¥24.2 billion FY25 plan: 16.3 billion Five-year cumulative target: ¥130.0 billion</p> <p>FY23: 75.8 FY24: 75.8 FY25: 75.8 FY28: 75.8</p>	<p>Greenhouse gas emissions in Hiroshima Prefecture</p> <p>Continuous reduction (2028)</p> 
④ Growth/regeneration of manufacturing industry serving as key industries	<ul style="list-style-type: none"> Establishment of a framework for supporting the automobile industry beyond the region Support for the growth of a maritime cluster through shipping financing 	—	<p>Continuous increase* (2028)</p>
⑤ Industrial innovation	<ul style="list-style-type: none"> Advancement of Hiroshima Open Accelerator and Hiroshima Tech Planter programs Holding of TSUNAGU Hiroshima (a business-matching event between Hiroshima-based companies and startups nationwide) Operation of Hiromalab, a co-working space 	 <p>Number of startups and ventures supported</p> <p>Annual target achieved</p> <p>FY24 plan: 125 FY25 plan: 150 Five-year cumulative target: 800</p> <p>FY23: 61 FY24: 131 FY25: 131 FY28: //</p>	<p>* Raise consumption per capita by shifting from tourism based on travelers passing through to tourism based on touring and staying in the region</p>
⑥ Investment in human capital	<ul style="list-style-type: none"> Launch of HATAful, a business network dedicated to enhancing the region's attractiveness as a place to work 	—	
⑦ DX promotion	<ul style="list-style-type: none"> Establishment of a DX consulting organization Opening of CYBERGYM Hiroshima Arena, a cybersecurity training facility serving local customers 	—	
⑧ Response to carbon neutrality	<ul style="list-style-type: none"> Promotion of environmental financing Enhancement of consulting aimed at realizing carbon neutrality in the automobile industry Facilitation of a dialogue to measure the GHG emissions of the vessels financed under the Poseidon Principles 	 <p>Amount of executed environmental financing (Y billion)</p> <p>Annual target achieved</p> <p>FY24 plan: ¥35.0 billion FY25 plan: 56.1 billion Five-year cumulative target: ¥300.0 billion (¥160.0 billion)</p> <p>FY23: 125.0 FY24: 125.0 FY25: 125.0 FY28: 125.0</p>	

Mid-Term Management Plan 2024

■ Positioning of and approach to Mid-Term Management Plan 2024

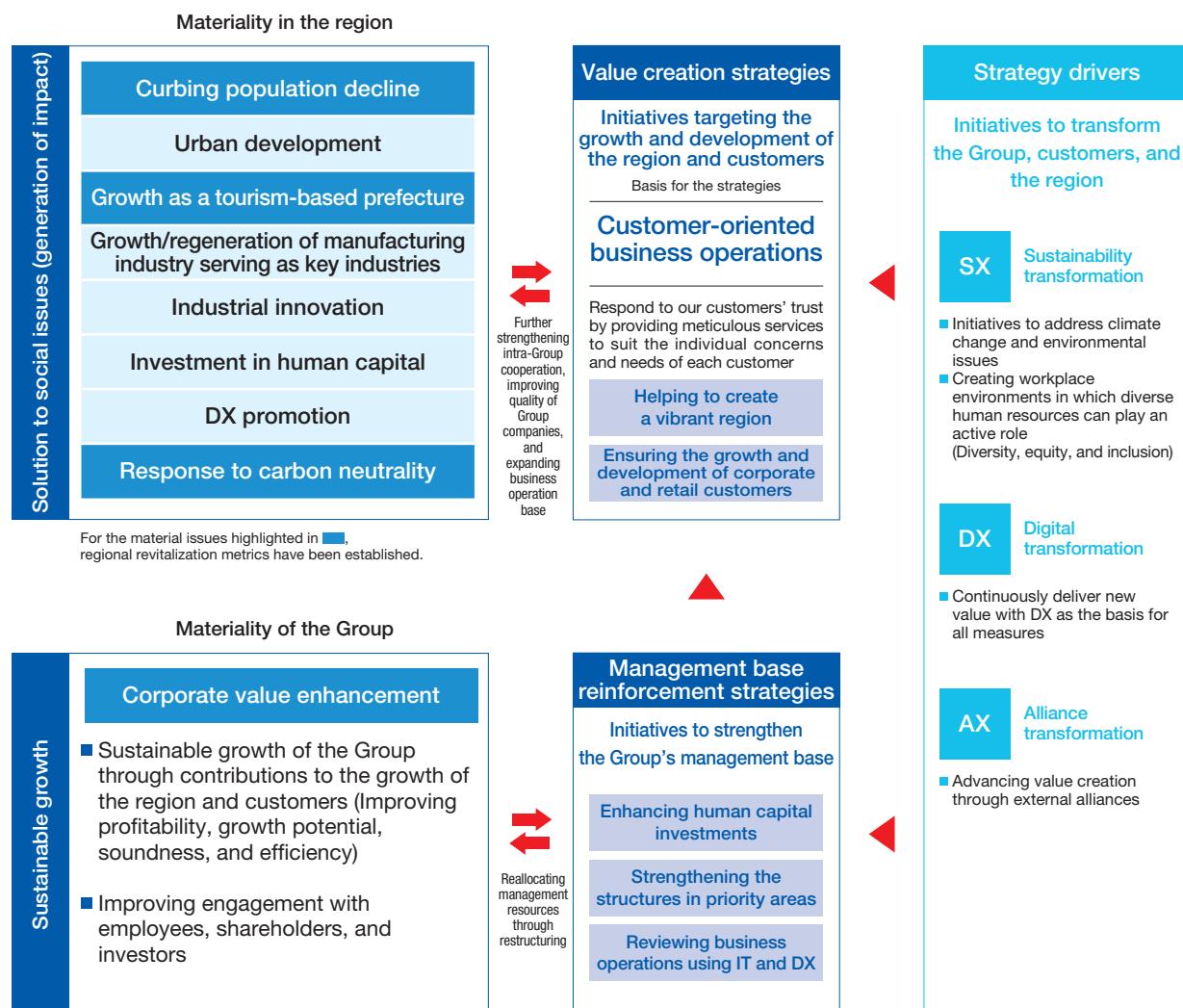
The Mid-Term Management Plan 2024, which defines its first five-year period as the Plan period by backcasting from the goals of the region and the Group 10 years from now, commenced in April 2024.

Ideal state of the region and the Group

To realize a vibrant region (i.e., maintaining and expanding prefectural GDP), we will identify materiality facing the region. As part of our efforts to tackle these challenges, we will deepen and expand our business operation base and maximize our human capital to realize the Group's ideal state.

Overall picture of strategies

We will further enhance corporate value by balancing investment in growth, financial soundness, and shareholder returns, while focusing our efforts on value creation strategies and management base reinforcement strategies, as well as strategy drivers.



Regional revitalization metrics and management metrics

We will implement management practices that balance the continuous and steady accumulation of profits (retained earnings) with shareholder returns by establishing regional revitalization metrics to address regional issues and management metrics for the Group.

► Regional revitalization metrics

The Group's initiatives to achieve regional revitalization metrics (initiatives in Hiroshima Prefecture)

(Cumulative for 5 years)

Number of startups and ventures supported: 800 Result for FY ended March 2025: 131 Annual target achieved
Number of human resources introductions: 350 Result for FY ended March 2025: 52 Annual target achieved
Number of urban development/regional development projects the Group has been involved in: 270 Result for FY ended March 2025: 50 Annual target achieved
Investment and financing in the tourism industry: ¥130.0 billion Result for FY ended March 2025: ¥16.3 billion
Amount of executed environmental financing: ¥300.0 billion Result for FY ended March 2025: ¥56.1 billion Annual target achieved

Regional revitalization metrics

Social population change in Hiroshima Prefecture
Reduction in the rate of decline
(2028)

Tourism consumption in Hiroshima Prefecture
Continuous increase
(2028)

Greenhouse gas emissions in Hiroshima Prefecture
Continuous reduction
(2028)

Hiroshima Prefecture's metrics

Social population change in Hiroshima Prefecture
Equilibrium
* 2024 result: -10,711

Tourism consumption in Hiroshima Prefecture
¥800.0 billion
(2030)
* 2022 result: ¥382.2 billion

Greenhouse gas emissions in Hiroshima Prefecture
compared to FY2013
-39.4%
(FY2030)
* from 59.03 million t-CO₂ in FY2013 to 35.74 million t-CO₂ in FY2030

Improving profitability relative to consolidated net assets

Consolidated ROE **Approx. 9.5%**

Result for FY ended March 2025: **6.9%**

Consolidated ROE = $\frac{\text{Profit attributable to owners of parent}}{\text{Average net assets at the beginning and end of the fiscal year}}$

* Excluding share acquisition rights and non-controlling interests

Ensuring financial soundness

Consolidated capital adequacy ratio **Approx. 11%**

Result as of March 31, 2025: **11.0%**

Consolidated capital adequacy ratio = $\frac{\text{Amount of capital adequacy}}{\text{Amount of risk assets}}$

Increasing Book-value Per Share

Consolidated BPS **¥2,000 or higher**

Result as of March 31, 2025: **¥1,679**

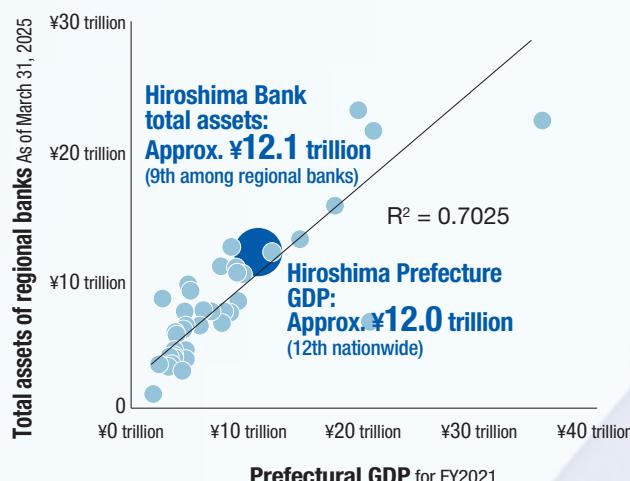
Consolidated BPS = $\frac{\text{Net assets at the fiscal year-end}}{\text{Total number of shares issued at the fiscal year-end (excluding treasury shares)}}$

* Excluding share acquisition rights and non-controlling interests

TOPICS

(Reference) Relationship between the size of regional banks (total assets) and regional economies

► Relationship between total assets of the regional banking sector and prefectural GDPs



Growth of regional banks = Maintaining and expanding regional GDP

No regional revitalization, No growth of the Group

Aiming to create a vibrant region

(*) Comparison of regional banks' total assets with the GDPs of the prefectures where their headquarters are located. Excluding regional banks in Tokyo, Osaka, Aichi, Saitama, and Hyogo Prefectures, which are the main business bases of megabanks, as well as those ranked second or lower in market capitalization in each prefecture across the country

Feature 1

Initiatives to Expand the Horizons of the Future

—Future Creation Task Force and Future Creativity Working Group—



We are committed to fostering a corporate culture that empowers Group employees to take on the challenge of forging the future for the region and the Group with a sense of ownership and a desire to contribute. To that end, we give to **young and old employees opportunities to volunteer and offer honest feedback to the management**.

Future Creation Task Force

Young Employees Call for Boundary-Transcending Challenges

Back in March 2023, a year before we formulated the Purpose and Mid-Term Management Plan 2024, 16 employees who were aged in their 20s and who were volunteers on the Future Creation Task Force delivered presentations to External Directors and other members of the Board of Directors detailing their future vision for the region and the Group a decade into the future.

The vision was to address the net outflow in Hiroshima Prefecture's population by making the prefecture the best area in Japan for young people ("We aim to become Japan's No. 1 region for attracting young people!"). This vision became a foundational part of board discussions about the our goals 10 years from now, the materialities, and other aspects of the Mid-Term Management Plan 2024.

The task force members also expressed a desire for more boundary-transcending opportunities like the Future Creation Task Force—that is, **opportunities to engage with colleagues they would never normally engage with, work in locations they would never normally work in, and accomplish missions they would never normally take on**. They also expressed a desire for more people to take an interest in and feel the passion for creating a new future for the region and Group. This message received a great response, and became the catalyst for the creation of a succession of volunteering measures for new boundary-transcending opportunities.

President Heya has repeatedly called on employees to take on challenges without fear of failure for the benefit of external, as well as internal, stakeholders. This message is now catching on across the organization, inspiring an increasing number of employees to **volunteer for boundary-transcending challenges in which they take a step outside their everyday environments**.



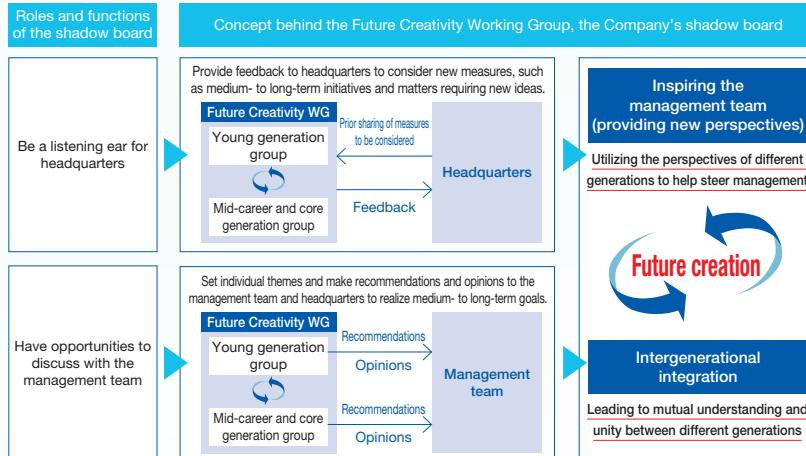
Key boundary-transcending initiatives provided under the volunteering system

Classification	Name	Outline	FY2024 result	Notes
Transcending boundaries within the Group	The Future Creativity Working Group (the Company's shadow board)	Employees discuss strategic themes and present their views directly to the management	12 persons	This initiative was inspired by the presentations of The Future Creation Task Force.
	Reverse mentoring for officers	Employees act as mentors to corporate officers, in which role they provide advice and feedback	24 persons	This initiative was inspired by the presentations of The Future Creation Task Force.
	Internal internship	Employees spend several to 10 days working in another department or Group company, one that they are interested in	306 persons	Approx. 7 times higher than the number in FY2021
Transcending boundaries outside the Group	Hirameki☆1Day's (a cross-functional work experience program)	For up to five days each year, participants leave their everyday workplace and work in a division, Group company, or external company of their choice.	19 persons	This initiative was inspired by the presentations of The Future Creation Task Force.
	HATAful* (a workshop for boundary-transcending social exchanges)	This is a one-day workshop that brings together participants from across boundaries to explore themes such as well-being, careers, and the generation gap.	55 persons (FY2025 result)	A new initiative in FY2025
	HATAful* Cross-Mentoring	This boundary-transcending project transcends company frameworks to match participants with female role models and provide 1-on-1 mentoring sessions.	20 persons (FY2025 result)	A new initiative in FY2025
	HATAful* Pride Project	Boundary-transcending project to promote understanding of gender diversity and expand the network of LGBTQ individuals and allies	4 persons (FY2025 result)	A new initiative in FY2025
	HATAful* Co-parenting Project	In this boundary-transcending project, co-working business person advises on work-life integration.	10 persons (FY2025 result)	A new initiative in FY2025

*HATAful: A public-private network (with members including Chugoku Electric Power, Mazda, and Hiroshima Prefecture) that creates colorful and attractive work that serves as a flag-bearer for the local community (see page 90 for details).



The Company's Shadow Board in Action—Crystallizing a Succession of Feedback



Unwilling to let the Future Creation Task Force become a one-off, we established the Future Creativity Working Group in July 2023 as an ongoing mechanism for ensuring that employees' voices are considered in decision-making at the highest level. The Future Creativity Working Group comprises volunteer employees from various generations, selected through an open recruitment system each year. This body functions as a shadow board, holding regular meetings to focus on strategies and measures under review, as well as other topics, acting as a listening ear for the management team and headquarters. It also provides the management with recommendations and opinions from both field and employee perspectives and engages in other activities.

Activities of the Future Creativity Working Group in FY2023 (Term 1)

In FY2023 (Term 1), the working group engaged in the process for formulating the Mid-Term Management Plan 2024. The members accessed and received briefings on actual documentation on each strategic theme referred to in meetings of the Board of Directors and gave candid feedback to headquarters divisions, such as asking them: "How would you respond if this content were notified tomorrow?"

In January 2024, the working group had the opportunity to present its ideas—the culmination of its activities over the year—to the management directly. In their presentations, the members recommended the management on a new approach for internally communicating and disseminating information, one that suits the new Mid-Term Management Plan. We immediately acted on this recommendation in a number of ways. In one example, we booked a concert hall with a seating capacity of 1,000 to hold information sessions about the new Mid-Term Management Plan. During the sessions, delegates from the working group delivered presentations with the President about their experience engaging in the formulation of the Mid-Term Management Plan 2024. Thus, the feedback has led to more opportunities for employees to hear messages from the management directly and for employee voices to be incorporated into top-level decision-making.

Summary of recommendation

Employees asked for more opportunities to hear messages from the management directly and for employee voices to be incorporated into top-level decision-making.

Working group recommendation implemented

- We held an information session at a 1,000-seater venue at which delegates from the working group delivered presentations.
- We held more than 50 townhall meetings (management-employee dialogues).
- We held Q&A sessions with the President and engaged in internal IR.

Activities of the Future Creativity Working Group in FY2024 (Term 2)

In FY2024 (Term 2), the working group divided into subgroups to focus on different themes. One group focused on the theme of implementing the Purpose, FY2024 being the first year of the Purpose. Besides this were the subtheme of job satisfaction and employee empowerment and the subtheme of branding (personality statement). The members adopted a practice-oriented approach in which the ideas discussed would be tested out by front-line teams to deliver positive outcomes, which could then become best practices for rolling out across the organization.

For the subtheme of putting the Purpose into action, the members began with a rudimentary question: "Just who puts the Purpose into action?" The members thought about who the Purpose-implementers are and then interviewed them. Finally, the members decided to interview President Heya himself about his own purpose. Their findings were reported in an internal publication titled *Collected Reports on Interviews About Expanding Future Horizons* (a collection of practical applications of Purpose and Personality).

In a presentation delivered to the management in January 2025, the members shared a frontline workplace perspective about the management's efforts to disseminate the Purpose. They also advised on measures related to the themes of implementing the Purpose, job satisfaction and employee empowerment, and branding (personality statement).

We have made headway in implementing the feedback. In May 2025, we appointed 65 Branding Committee members as drivers to internalize and embed our Purpose and Personality within their respective company, area, department, or branch. In August 2025, we established an awards team to manage employee engagement (create an employee-friendly and engaging workplace) at a workplace level. Thus, the feedback created more momentum to drive us forward toward our ideal state 10 years from now.

Summary of recommendation

Employees asked for organizational support to build bridges between people with similar concerns and perspectives on issues.

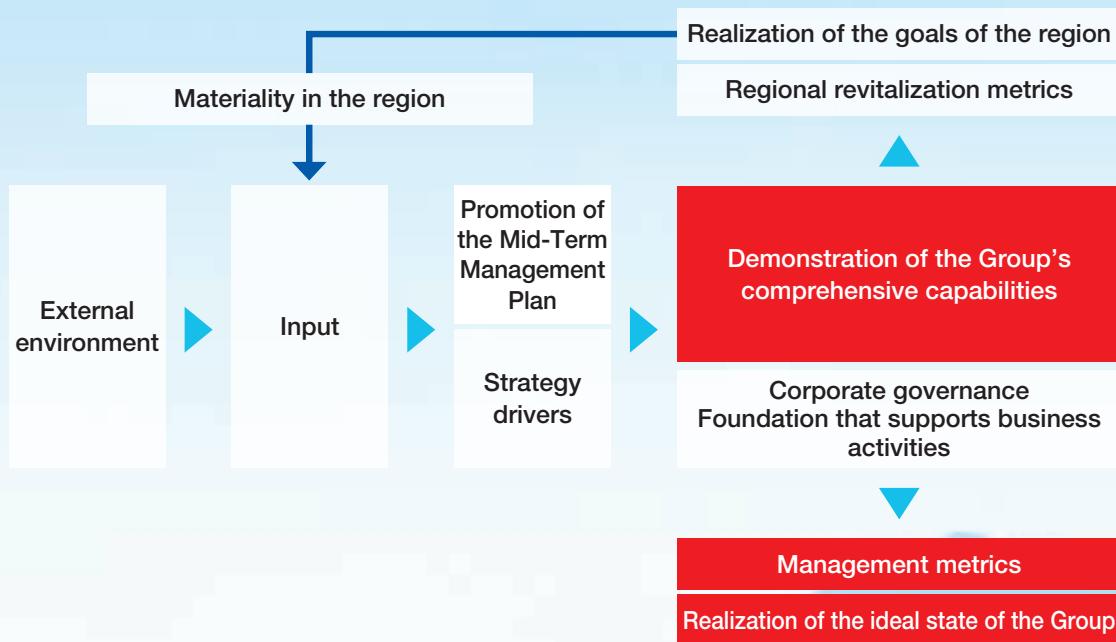
Working group recommendation implemented

- We published a collection of practical applications of Purpose and Personality.
- We appointed Branding Committee members.
- We established an internal awards team to support employee engagement.
- We plan to designate internal role models and organize a career forum.

How We Will Create Value



Positioning within the value creation story described in this section



What we want to communicate in this section

- Strategies for value creation
- Materiality and initiatives to help to create a vibrant region
- Sales strategies for corporate and retail business areas

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Message from the Financial Officer



We will aim to enhance our sustainable corporate value by pursuing a steady accumulation of profits, investments for growth, and management with a balanced approach to shareholder returns.

Yuji Hiroe

Director & Senior Managing Executive Officer

Enhancing capital efficiency and corporate value in “a world with positive interest rates”

In fiscal 2024, under our newly launched Mid-Term Management Plan 2024, we have prioritized the allocation of management resources to key strategic domains such as corporate solutions, regional development business, and shipping finance, while accelerating initiatives aimed at driving growth. In addition, to enhance ROE, we are not only maximizing profitability but also strengthening our focus on capital efficiency and advancing our management control systems.

As we enter a full-fledged “world of positive

interest rates,” we will work to build a revenue base that ensures stable and sustainable net interest income through the optimal management of assets and liabilities, with Hiroshima Bank playing a central role. We will continue to pursue balanced management by steadily accumulating profits, making growth investments, and providing shareholder returns, while striving to enhance our corporate value on a sustainable basis. At the same time, we are fully committed to achieving a consolidated P/B ratio exceeding 1.0 at an early stage. Going forward, we will continue to uphold honest and highly transparent financial management to meet the expectations of our shareholders and investors, and we sincerely ask for your continued support.

■ Business performance in fiscal 2024 and financial results forecasts for fiscal 2025

Review of fiscal 2024

Achieved record-high profit and strengthened earnings base for sustainable growth

Fiscal 2024 was a year of considerable change in the market environment, marked by a shift in monetary policy beginning with the Bank of Japan's lifting of its negative interest rate policy and subsequent additional rate hikes. In such an environment, the growth in interest on loans and discounts resulting from an increase in loans—mainly to local customers—and improved yields, as well as higher profitability from securities investment, provided a tailwind that led to a substantial rise in net interest income. As a result, revenues from our core businesses remained solid, with consolidated gross profit increasing by ¥12.1 billion year on year to ¥112.8 billion.

Meanwhile, under the policy of "incurring costs to raise the top line" set forth in our Mid-Term Management Plan 2024, we proactively made growth investments, focusing on human capital and DX/IT initiatives, to strengthen our earnings base for sustainable growth. Consequently, while general and administrative expenses increased by ¥6.2 billion year on year, profit attributable to owners of parent rose by ¥8.2 billion to ¥35.8 billion, marking a record-high profit.

Financial results forecasts for fiscal 2025

Expecting record-high profit for the second consecutive year by maximizing revenue focused on corporate business areas

In fiscal 2025, amid a lack of certainty on the future economic outlook and market trends triggered by the revision of US tariff policy, customer needs and challenges are expected to become even more diverse and complex. To accommodate such circumstances, using the feasibility studies we have engaged in ahead of other banks as the starting point, the Group will form an accurate grasp of the true issues faced by our customers and endeavor to provide them with optimal solutions. In particular, we will aim to steadily accumulate revenues, starting with an increase in interest on loans and discounts, by targeting solid funding demand in regional redevelopment projects and ship-related industries and demonstrating our loan mediation function to the fullest. Additionally, we will proactively offer business continuity and M&A support tailored to the growth investment and business revitalization needs of local companies, and will also focus on the expansion of income on service transactions and other fees. By steadily advancing these initiatives, we expect profit attributable to owners of parent to increase by ¥4.2 billion from fiscal 2024 to ¥40.0 billion, marking a record high for the second consecutive year.

► Hirogin Holdings (consolidated)

(¥ billion)	FY2024 results (YoY change)	FY2025 forecast (YoY change)
Consolidated gross profit	112.8 (+12.1)	— (—)
Ordinary profit	52.1 (+18.0)	57.0 (+4.9)
Profit attributable to owners of parent	35.8 (+8.2)	40.0 (+4.2)
(Reference) General and administrative expenses	64.1 (+6.2)	— (—)

► Hiroshima Bank (non-consolidated)

(¥ billion)	FY2024 results (YoY change)	FY2025 forecast (YoY change)
Core gross banking profit	106.5 (+14.5)	118.5 (+12.0)
Core banking profit	49.0 (+10.1)	57.0 (+8.0)
Ordinary profit	47.7 (+16.3)	52.0 (+4.3)
Profit	32.9 (+6.4)	36.5 (+3.6)
(Reference) Credit costs	2.3 (-12.1)	7.0 (+4.7)

(Assumed market scenario for forecasts)

Yen interest rates: (short-term) BOJ policy rate of 0.50%, (long-term) Rate on 10-year JGBs of 1.40%

Foreign currency interest rates: (short-term) FF rate of 3.75%, (long-term) Rate on 10-year US T-Notes of 4.50%

Exchange rate (USD/JPY): 145 yen

Nikkei stock average: 35,000 yen

Message from the Financial Officer

Revision of Mid-Term Management Plan 2024

Since our Mid-Term Management Plan 2024 got underway in April 2024, interest rate levels and the market environment have changed significantly against the backdrop of a rapid shift in financial policy, including the lifting of the negative interest rate policy and additional rate hikes by the Bank of Japan. Consequently, a considerable gap arose with the market scenarios we envisioned when formulating the Mid-Term Management Plan 2024. Based on such changes in our external environment, we revised the Plan in May 2025.

Main details of review (conducted in May 2025)

(Management metrics)	Before review	After review
Consolidated ROE	7% or more	9.5% or more
Consolidated capital adequacy ratio	Approx. 11%	— (Remain unchanged)
Consolidated BPS	¥2,000 or higher	— (Remain unchanged)
+ Partially revised the Group's initiatives to achieve regional revitalization metrics		
(profit levels)		
Profit attributable to owners of parent	¥45.0 billion	¥57.0 billion

Assuming a new interest rate scenario in which the Bank of Japan's policy interest rate gradually rises to 1.0%, we also performed an upward revision of our targeted profit attributable to owners of parent from ¥45.0 billion to ¥57.0 billion. In line with that, we raised our consolidated ROE, a management indicator for profitability, to 9.5% (for fiscal 2028), which greatly exceeds our original target of 7.0%.

Market scenario

(Policy interest rate)	Before review		After review	
	FY2025	FY2026	FY2027	FY2028
	1H	2H	1H	2H
BOJ policy interest rate			April 2027 1.00%	
		April 2026 0.75%		
				0.1%

(Other scenarios)	Before review		After review	
	10-year JGB yield	2.00%	10-year US T-Note yield	4.30%
Yen interest rate	1.50%	2.00%		
Foreign currency interest rate	3.00%	3.75%		
Exchange rate (USD/JPY)	3.75%	4.30%	¥135	¥140
Nikkei stock average	¥41,000	¥44,000		

Profit plan under Mid-Term Management Plan 2024 (revised in May 2025)

	FY2024	...	FY2028	Compared to FY2024	Compared to figures before review	Assumptions underlying the plan
Hiroshima Bank	Net interest income	¥85.9 billion	¥121.5 billion	+¥35.6 billion	+¥24.5 billion	Interest on loans and discounts, interest on deposits, etc.
	of which, interest on loans and discounts, interest on deposits, etc.	¥70.8 billion	¥87.0 billion	+¥16.2 billion	+¥13.3 billion	(Loans and discounts)
	of which, interest and dividends on securities	¥13.0 billion	¥22.5 billion	+¥9.5 billion	+¥2.5 billion	● Average annual rate of 3% on business loans and individual loans
	Net non-interest income	¥20.5 billion	¥26.5 billion	+¥6.0 billion	+¥5.0 billion	● The pass-through rates of lending rates to the policy rate are assumed at 80% for long-term loans and 50% for short-term loans based on the short-term prime rate, and 100% for market-linked and long-term fixed-rate loans.
	of which, corporate solutions	¥7.4 billion	¥11.0 billion	+¥3.6 billion	+¥2.5 billion	(Deposits)
	of which, asset management	¥4.2 billion	¥6.0 billion	+¥1.8 billion	+¥0.5 billion	● Average annual rate of 2% on yen deposits
	Core gross banking profit	¥106.5 billion	¥148.0 billion	+¥41.5 billion	+¥29.5 billion	● The pass-through rates of deposit rates to the policy rate are assumed at 40% for liquid deposits and approximately 50% for time deposits.
	Expenses	¥57.5 billion	¥66.5 billion	+¥9.0 billion	+¥9.5 billion	Net non-interest income
	Core banking profit	¥49.0 billion	¥86.5 billion	+¥37.5 billion	+¥25.0 billion	(Corporate)
	of which, credit costs	¥2.3 billion	¥8.0 billion	+¥5.7 billion	±¥0.0 billion	● Provision of new solutions and demonstration of further risk-taking
Other than Hiroshima Bank	Profit	¥32.9 billion	¥52.0 billion	+¥19.1 billion	+¥11.0 billion	(Strategy) and measures to be implemented currently being examined
	Net income (total)	¥2.9 billion	¥4.8 billion	+¥1.9 billion	+¥0.8 billion	Expenses
	Profit attributable to owners of parent	¥35.8 billion	¥57.0 billion	+¥21.2 billion	+¥12.0 billion	(Personnel expenses)

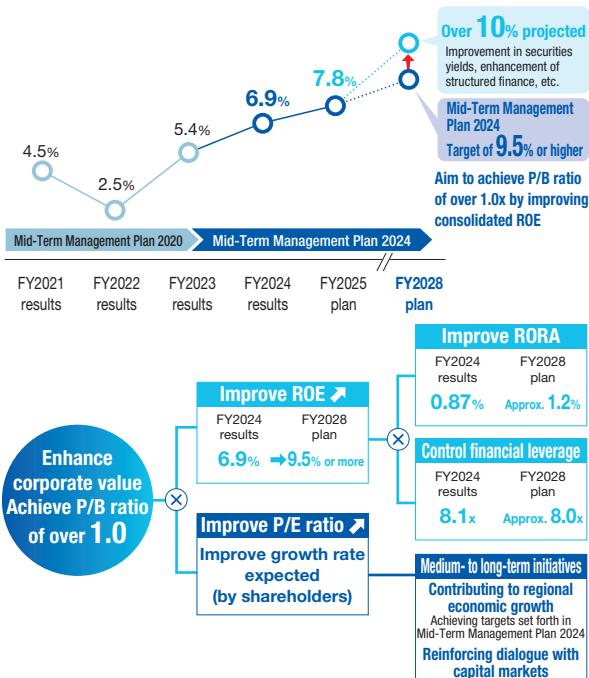
*Interest on loans and discounts and interest and dividends on securities represent the amounts after deducting external procurement costs

Working to enhance corporate value

Under our Mid-Term Management Plan 2024, we set the achievement of a consolidated ROE of 9.5% as a target. Furthermore, additional measures, including further improvement in securities yields and enhancement of structured finance, put a consolidated ROE of over 10% within reach. We recognize the cost of equity for our shares to be in the range of 6% to 10%, and aim to achieve a consolidated P/B ratio exceeding 1.0x at an early stage by consistently delivering an ROE above that level.

Since improving ROE is essential to enhancing P/B ratio, we will continue to further strengthen capital efficiency by improving RORA (Return on Risk-Weighted Assets) and appropriately controlling financial leverage.

In addition, to raise shareholders' expected growth rate, we will work toward realizing regional revitalization, a key theme of our Mid-Term Management Plan 2024, while further strengthening dialogue with the capital markets.

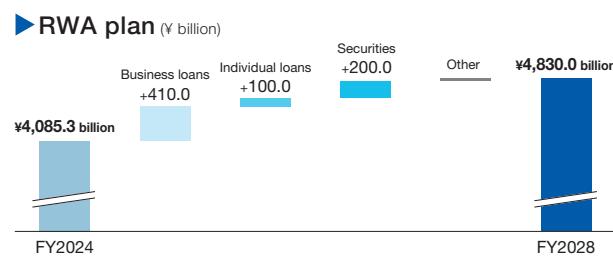
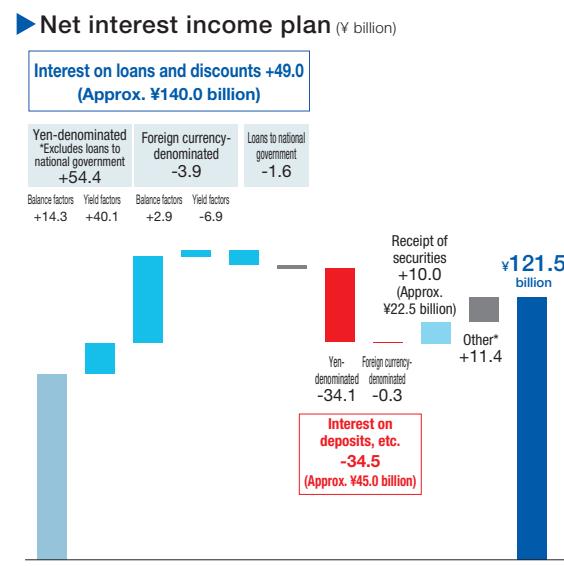
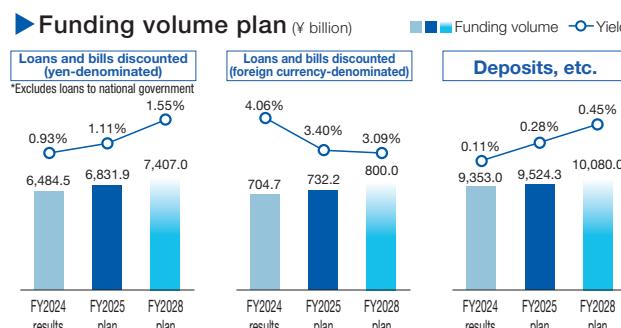


Enhancing RORA

Bolstering revenue through asset utilization in “a world with positive interest rates”

We perceive “a world with positive interest rates” as a prime chance to create new revenue opportunities through the effective utilization of assets. At the same time, we find ourselves in an environment where we are strongly required to carefully ascertain the balance between risk and return more than ever before and to conduct efficient capital management.

We remain constantly mindful of improving RORA (Return on Risk-Weighted Assets) as we work to continuously enhance our capital efficiency.



“Other” includes interest on deposits with the Bank of Japan, interest on borrowings from the Bank of Japan, etc.
 Parentheses: net interest income for FY2028, final year of Mid-Term Management Plan

Message from the Financial Officer

Reviewing asset allocation

We will pursue the optimization of our balance sheet from the standpoint of profitability, risk, and capital efficiency. In particular, where loans and bills discounted are concerned, as we actively accommodate local demand for funding, our policy will be to strategically and methodically proceed to augment structured finance and other high-profit (spread) assets. We believe such qualitative improvements to our loan portfolio will go beyond a simple accumulation of short-term revenue to link to the sustainable improvement of our corporate value over the medium to long term.

We remain constantly mindful of improving RORA (Return on Risk-Weighted Assets) as we work to continuously enhance our capital efficiency.

Strengthening deposit growth

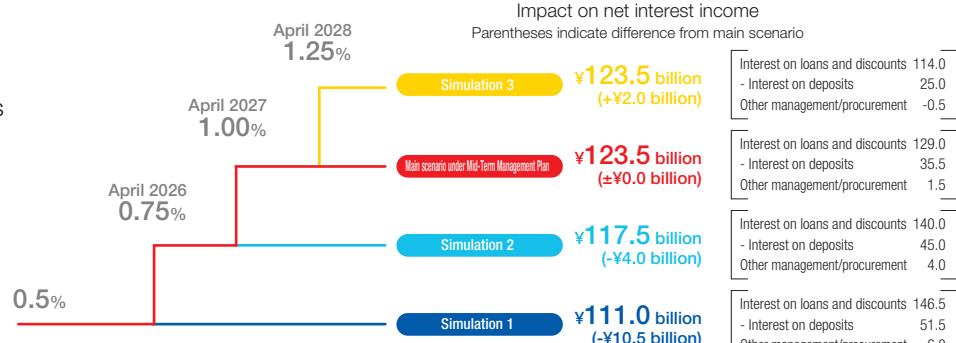
To strengthen deposit growth, we will enhance the acquisition of individual deposits through wealth management consulting utilizing trust services for high-net-worth clients, while also actively promoting digital app-based approaches to younger generations. For corporate deposits, we will work to secure a deposit share commensurate with our loan share, building on relationships with existing clients, while also focusing on approaches to non-borrowing depositors.

Impact of rises in the BOJ policy interest rate

The impact on net interest income should the Bank of Japan's policy interest rates fluctuate is as follows.

Assumptions underlying BOJ policy rate scenarios

- Policy rate assumed to rise in stages as shown on the right
- Interest and dividends on securities remains unchanged at ¥22.5 billion

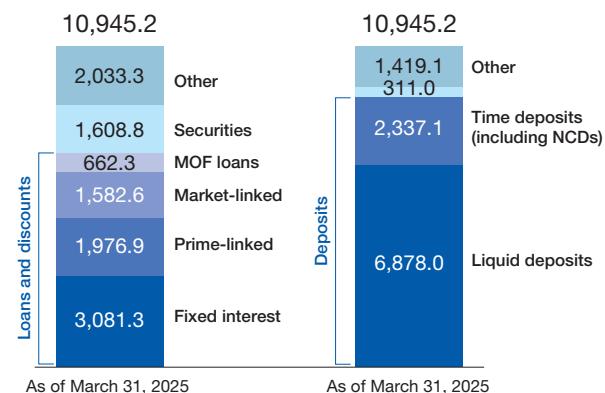


Earnings drivers

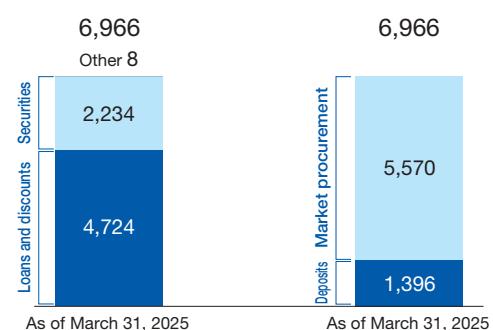
Leveraging the strengths of our Group, we will focus on business development in the areas of corporate solutions, regional development business, and shipping finance, while concentrating on securities investment and ALM as business areas undergoing restructuring.

(Reference) Status of Hiroshima Bank's balance sheet

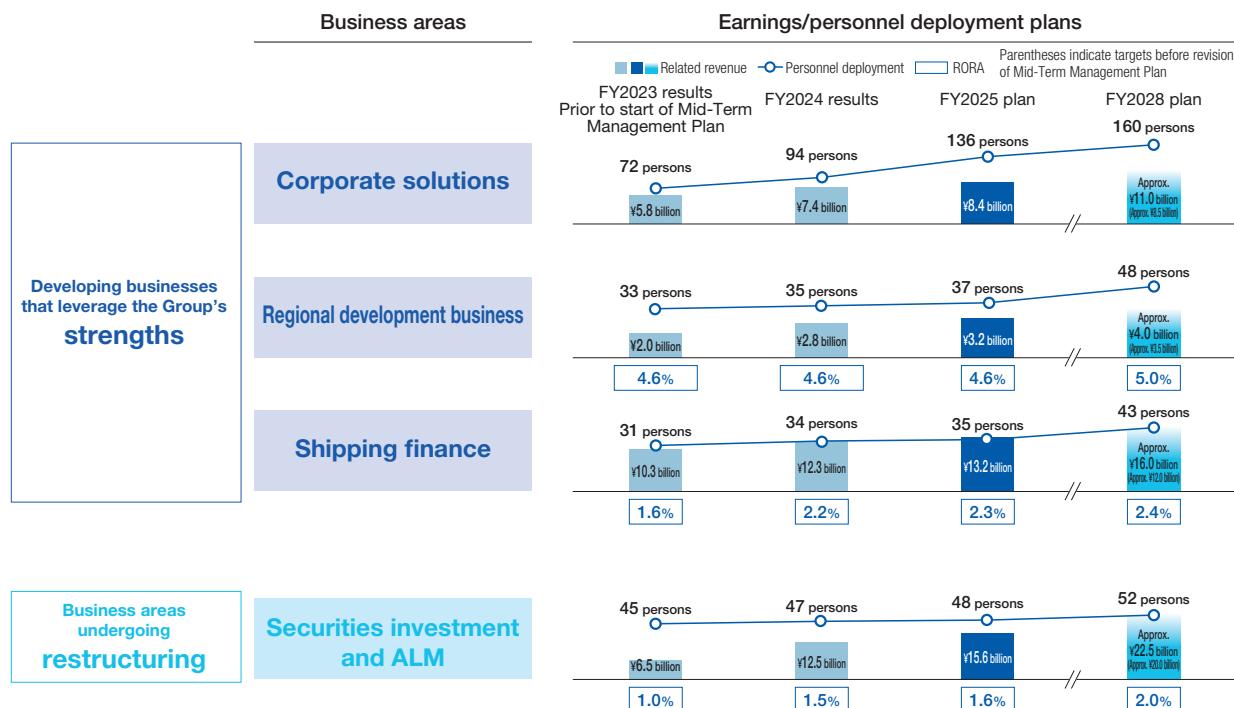
► Yen-denominated balance sheet (¥ billion)



► Foreign currency-denominated balance sheet (US\$ million)



By allocating management resources—people and capital—on a priority and proactive basis to these focus areas, we aim to establish them as key drivers of earnings growth.



Shareholder return policy

We have set a shareholder return policy based on an assumed HD consolidated capital adequacy ratio of 11%. The policy comprises a dividend payout ratio of about 40% and the flexible implementation of share buybacks.

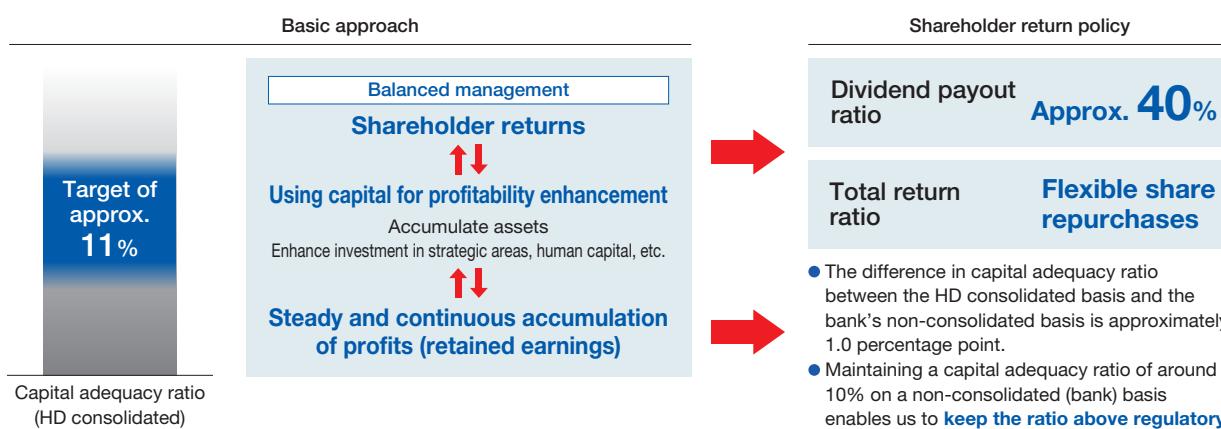
The 11% capital adequacy ratio represents a level that can be maintained above regulatory requirements, even during times of stress. For fiscal 2025, we forecast a dividend of ¥54 per share with a dividend payout ratio of 40.4%, representing an upward trend in

dividends.

We plan to repurchase ¥5.0 billion of our own shares in fiscal 2025. As a result, we anticipate that the total return ratio for fiscal 2025 will be 53.3%.

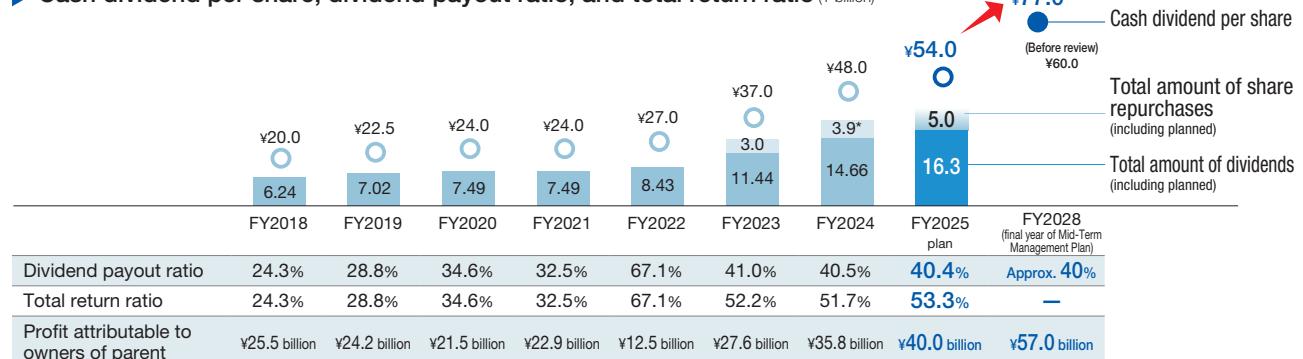
Additionally, we will aim to increase dividend per share during the current Mid-Term Management Plan period by enhancing profits. Our dividend target for fiscal 2028, the final year of the Plan, is ¥77 per share, which will be realized by achieving profit attributable to owners of parent of ¥57.0 billion.

Approach to shareholder returns



Message from the Financial Officer

► Cash dividend per share, dividend payout ratio, and total return ratio (¥ billion)



*For fiscal 2020, as Hirogin Holdings was established on October 1, 2020, the interim dividend of ¥12 per share (total of dividends paid: ¥3,748 million) paid by Hiroshima Bank is included.

Reduce cross-shareholdings

The Group has a basic policy of not engaging in cross-shareholding, except where it is deemed that the holding has a rationale such as the development of the regional economy or improvement of corporate value.

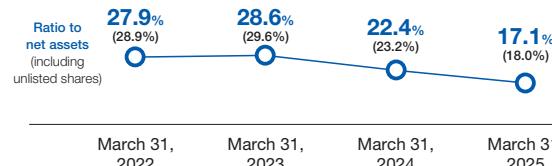
As a result of ongoing dialogue with issuing companies to reduce cross-shareholding, the ratio of the market value of cross-shareholdings (including listed and deemed shareholdings) to consolidated net assets stood at 17.1% as of March 31, 2025, achieving our target of keeping the ratio below 20%.

We will continue to steadily reduce cross-shareholdings, aiming to bring their ratio to consolidated net assets to below 15% by March 31, 2029 (the end of

the final fiscal year of the Mid-Term Management Plan 2024).

► Changes in cross-shareholdings

Reduction target Ratio to net assets: (Listed + Deemed shareholdings) ÷ Consolidated net assets



Please see page 120 for details of our policy regarding cross-shareholdings, etc.

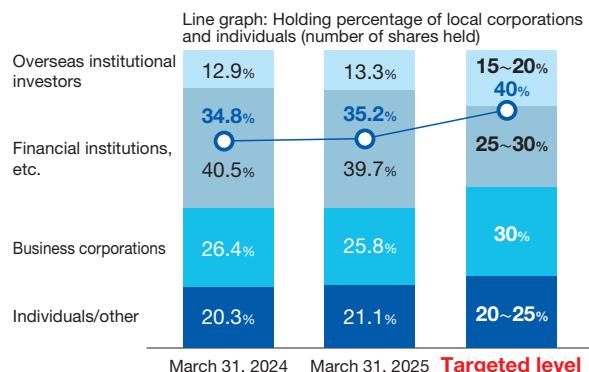
Reinforcing dialogue with capital markets

Targeted shareholder composition

As the practice of cross-shareholdings continues to be reviewed, the shareholding ratio of domestic financial institutions and others is expected to continue declining going forward. Based on such an environmental shift, with the view that a trend towards the elimination of cross-shareholdings poses an opportunity, we are moving forward with a transition in our shareholder composition through dialogue with diverse shareholders. More specifically, we are aiming to elevate the shareholding ratio of overseas institutional investors, domestic business corporations, and individual investors. In particular, we aim to increase the ratio of local shareholders—who form our business foundation—to

40%. In the future, we will keep on endeavoring to build sound relationships with capital markets that contribute to our sustainable growth through the highly transparent disclosure of information and the reinforcement of constructive dialogue.

► Information on our targeted shareholder composition



**"Other" includes the Employee Stock Ownership Plan, etc.

Engagement with investors and analysts

We believe that the active disclosure of information, including the enhancement of disclosure content, serves to foster investor expectations regarding the Group's growth. Additionally, engagement with investors provides critical opportunities for gaining valuable take-aways and findings. We recognize that sharing feedback received through those opportunities with the Board of Directors and management, then proceeding to reflect them in management strategy, is a key mission of the financial officer. Going forward, we will continue to sincerely accept the opinions and suggestions that we gain through dialogue with investors, and incorporate them into management to further accelerate initiatives aimed at maximizing corporate value.

	FY2023	FY2024	FY2025 (planned)
Briefing sessions for institutional investors	3 sessions	6 sessions	8 sessions
One-on-one meetings with institutional investors	31 companies (including 12 from overseas)	43 companies (including 11 from overseas)	Approx. 50 companies
Briefing sessions for individual investors, etc.	3 sessions	4 meetings (including 2 with corporate customers)	4 meetings

Topics

Holding company briefing sessions locally

Company briefing sessions for corporate customers

We held our first company briefing sessions for corporate customers. These sessions, whose aim was to cultivate further understanding of our businesses, were held in two locations: Hiroshima and Fukuyama. Customers from about 150 companies were in attendance.



Company briefing sessions for individual investors

For the third consecutive year, we held a "Hiroshima IR Session" targeting local individual investors. This session, whose aim was to convey the appeal of Hiroshima, was held together alongside a lecture by Takehara City, Hiroshima Prefecture native and individual investor Hiroto Kiritani, a Japanese Kagura music and dance performance by a local Kagura troupe, and a promotional event featuring products from local companies that are available through shareholder benefit programs. The event this year attracted a large number of customers.



Curbing Population Decline

Materiality ①

■ Ideal state 10 years from now

A vibrant region where young people settle down and thrive

Today, Hiroshima Prefecture is faced with a number of regional issues, including the issues related to the environment, regional transport system, and medical and nursing care. The Group will help realize a vibrant region by confronting each of these regional issues and carefully addressing them together with a variety of partners.

We believe “a vibrant region” is where people of all ages and both genders can take on a challenge with pride to realize their dreams and hopes. We will contribute to enhancing the appeal of Hiroshima where we live and evolving the prefecture into a region loved and selected by many.

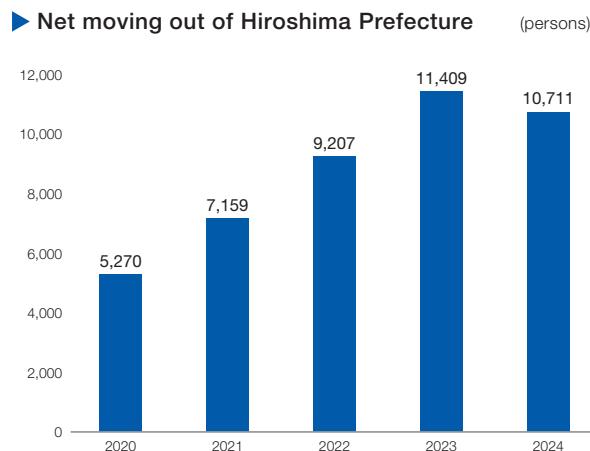
Population outflow and labor shortages

Hiroshima Prefecture has marked the highest number of net population moving out nationwide for four consecutive years up to 2024, and the number of net moving out in their 20s represented over 60% of the total. As young people tend to leave the prefecture when they start working, it is said that main reasons behind the net moving out are the shortage of attractive job opportunities for them and the lack of entertainment destinations, such as live events and theme parks, in the prefecture. In addition, Japan's so-called 2024 problem has exacerbated the labor shortages, especially in the transport and construction industries. In a survey conducted by our Group in April 2025 among corporate executives, nearly half of the respondents cited “labor shortages” as a concern surrounding business management.

While the declining young population and labor shortage issues have become increasingly apparent, the

Group plans to implement a variety of initiatives that contribute to enhancing the appeal of the region. In September 2023, Hirogin Holdings signed a letter of agreement on Cooperation in Promoting Regional Revitalization with W TOKYO INC. By collaborating with W TOKYO INC. that produces Tokyo Girls Collection (TGC), a highly appealing platform mostly among young generations, we aim to create new value in the region by enhancing entertainments.

To escape from the negative spiral of going from a decrease in young population to a shortage of manpower and from there to a decline in the vitality of local companies, it is urgent to increase the appeal of the region itself and create a Hiroshima where people can live with peace of mind and pride. As a Regional Comprehensive Services Group, we will play a leading role in enhancing the appeal of the region.



© Hiromaz Holdings Co. presents TGC Hiroshima 2025 Press Conference

Key strategies

① Curb on population decline of young people

To stop the population from declining further, it is essential that we make the prefecture an attractive region where young generations choose to stay. We will roll out appropriate measures by accurately identifying the main reasons behind the decline in young residents.

② Countermeasures against labor shortages

The issue of labor shortage, especially in the transport and construction industries faced with the so-called 2024 problem, has become increasingly apparent, which is concerned to undermine the vitality of local companies. We will forge ahead with measures to address labor shortage from the following two aspects: securing diverse human resources including female and foreign workers, and improving productivity through digital transformation (DX) and other measures.

KPIs

Social population change in Hiroshima Prefecture

Reduction in the rate of decline

(2028)

We aim to create a town where companies and the types of business attractive to young people grow, entertainment that brightens everyday life flourishes, and employment and income are secured in order to eventually attract more people.

Our actions

Creating a consortium to connect local companies with young people

We believe one of the main reasons why young people leave the region is the lack of contact between them and local companies. The region is home to not only core manufacturing industries, but also a number of unique and top-tier companies in various fields. Nevertheless, this information has not necessarily reached young people.

One of the initiatives to help young people get to know local companies is the Hiroshima AI Club Management Consortium, for which Hirogin Area Design serves as the secretariat since last fiscal year. The Hiroshima AI Club is an initiative to teach the basics of AI to high school students who are interested in AI, etc., thereby aiming to raise the level of their digital literacy. One of the objectives of the initiative is to develop and secure human resources for the future of the industry by training them as digital specialists. The initiative, however, is focused particularly on creating a point of contact between high school students and local companies, including their employees, by "having young employees of local companies involved as coaches to teach the basics of AI," "letting high school students visit local companies and learn face-to-face how they are using technology and data in the real world" as well as through other experiences. Last year, more than 170 students from 23 schools have already participated in the Hiroshima AI Club. We expect that by helping them to get to know and have a feeling of closeness to local companies from an early stage, they may, for example, choose to work for those local companies.



Opening ceremony of the Hiroshima AI Club Management Consortium on June 13, 2024



The HIROSHIMA AI PITCH 2025 held on March 27, 2025

Our people

Tackling issues through cooperation across industry, academia, government, and finance to elevate the appeal of the region

I picture the future 10 years from now as one where young individuals have settled in the region and are able to live there with a sense of pride in the region as one brimming with vitality. Elevating the appeal of the region is not just about improving its infrastructure. It is equally about creating an environment where each individual resident can pursue their dreams and hopes.

By promoting initiatives centered on cooperation across industry, academia, government, and finance, the Group is looking to find success in curbing the decline in the population and enhancing the region's appeal.

The Hiroshima AI Club is a concrete initiative for that purpose. With roughly 40 local companies and other entities supporting the purpose of this initiative and joining it, a structure has been formed in which diverse stakeholders such as companies, universities, municipalities, and financial institutions complement each other's strengths and mutually cooperate. I feel that we succeeded in giving shape to a specific initiative that will serve as a driving force for paving the road to the region's future.



Kohei Asano
Senior Manager,
Regional Issues
Solution Unit, Hirogin
Area Design

As it moves forward, the Group will continue to reinforce its structure for further deepening initiatives based on cooperation across industry, academia, government, and finance and for engaging issues through unity across the entire region as a hub company with an extensive network across the region. I believe that this will constitute a surefooted step by Hiroshima towards realizing a future full of pride and hope, one where people can live with peace of mind.

Urban Developments

Materiality ②

Ideal state 10 years from now

A town appreciated by residents and chosen by visitors

To create a vibrant region, it is necessary to become a town appreciated by residents and chosen by visitors. To this end, we need to continuously enhance the appeal of the region to ultimately increase its value in addition to providing elements that directly lead to livability, including convenience and comfort. By making Hiroshima full of unique attractions and giving people in the

region a variety of choices, we can turn Hiroshima into a town admired and chosen by people from not only inside but also outside the prefecture. We believe that as a result, the town will attract many people and draw in re-investment aimed at developing the region and solving issues, which will ultimately help create a sustainable and vibrant region.

Status of urban development initiatives

In urban development, we have worked to create a vibrant region through participation in area management organizations at the center of Hiroshima City, upstream involvement in a redevelopment entity, and support for the improvement and maintenance of regional infrastructure in collaboration with local government bodies, etc.

Area management refers to proactive initiatives by residents, business owners, landowners, etc. to maintain and improve the good environment and value of a region. Hirogin Area Design, etc. have participated in area management organizations in the central area of Hiroshima City. Specifically, we have been striving to improve the appeal and value of the region by considering the future vision of each area in collaboration with the member companies, etc. of the area management organizations.

In our involvement in urban development and regional development projects, we have been working to tailor the content of projects to regional issues and

needs by increasing the level of our involvement in their upstream stages, such as concept planning. We have been also striving to further enhance the value of each project by linking the projects and our existing branches together in an integrated manner.

We have also worked to improve the appeal and value of each region through the development of public spaces, including parks, in collaboration with partners such as municipalities and businesses in the private sector. In Fukuyama City, to create a town where people feel comfortable walking around JR Fukuyama Station, Hirogin Area Design has joined the Fukuyama Station Square Council as a member.

All of these are fields where the Group can demonstrate its strengths, including its regional network and finance functions. We are determined to promote urban development through collaboration within the Group.



Area management organizations in the central area of Hiroshima City
(Source: the official website of Urban Hiroshima Meeting)



FUKUYAMA EKIMAE SAISEI VISION (Vision of Regeneration of Fukuyama Station Area)
(Source: Fukuyama City official website)

Key strategies

① Participation in area management organizations in the central area of Hiroshima City

Promotion of initiatives aimed at enhancing the appeal and value of the region led by the private sector

② Involvement in a redevelopment entity at an upstream stage

Promoting area-wide urban development based on regional issues and needs

③ Support for the improvement and maintenance of regional infrastructure in collaboration with government bodies, etc.

Promoting urban development through co-creation with outside partners

KPIs

Cumulative number of urban development/ regional development projects the Group has been involved in (FY2024 to FY2028)

270

(FY2024 result: 50)

Our actions

Initiatives aimed at elevating the appeal of Ondo no Seto Park in Kure City

Kure City is the third-largest core city in Hiroshima Prefecture and a popular tourist destination that boasts a wide variety of attractions, including the Yamato Museum, the Japan Maritime Self-Defense Force (JMSDF) Kure Museum (commonly known as *Tetsu no Kujira-kan*), Ondo no Seto Park, Katsuragahama Onsen, and the Mitarai Preservation District.

With such unique tourism spots in Kure, the number of tourists entering the city has increased, yet the number of overnight stayers remains at a low level. The sluggishness in tourism consumption due to so-called “passing-through tourism” is posing a challenge.

Amid such circumstances, in April 2025, a renovation project was announced for Ondo no Seto Park, a favorite of local residents for many years. This project to facilitate the transition from passing-through tourism to stay-based tourism has gotten fully underway.

Hirogin Area Design and Hiroshima Bank will join the project as members of the CCK Group, represented by Chiiki Sosei Solution, an investment company that invests in regional revitalization and the tourism field.

In this project, we will redefine the Ondo no Seto Park, which has existed as a regional park up to this point, and will upgrade and operate it as “a center of rest” for both citizens and tourists. In doing so, we will facilitate growth in tourism consumption in Kure City and the Setouchi area. Using the setup and operation of the Banyan Tree Hotel, the luxury hotel brand forming the project’s core, as the foundation, we will renovate and rebrand the entire park to elevate the value of the region and realize an “Ondo chosen by the world.”

In the course of the project, we will cooperate with the local government, DMOs*, and regional business operators in examining and implementing measures that include the generation of activity through tie-ups with local events, the enhancement of access from Kure Station and Kure Port, and the improvement of mobility through linkage with various tourism resources in the Setouchi area.

In our aim to realize a new Ondo no Seto Park, the Group will serve as the nucleus of cooperation that connects the region and the project, draw out regional potential to the fullest, and do its part to enhance the value of the area.

*Short for Destination Management Organizations, which promote the creation of tourism regions through cooperation with the region and diverse stakeholders.



Ondo Ohashi Bridge



View in the direction of Nasakejima Island and Kurahashi Island (Source: Kure City)

Our people

Community developments that further elevate regional value

From the perspective of Hiroshima Prefecture, which is dealing with the local issues of having the worst population drain in Japan and the need to disengage itself from passing-through tourism, compelling people to live or keep living in the prefecture or visit it again is a highly crucial element in urban development. This also applies to Ondo no Seto Park, a representative location in Kure City, which needs to satisfy visitors as well as function as a site of relaxation for local residents.

In our current era, in which the nature of both lifestyles and travel are becoming increasingly diverse, our belief is that we must fulfil our role as a hub function that constantly connects projects and



Yuta Morihisa
Community
Development Group
Hirogin Area Design

the region in order to realize a region and city that people continue to choose.

The accumulation of efforts to maximize the region’s value one project at a time is, in our estimation, the true form of urban development required by Hiroshima at this time.

Growth as Tourism-Based Prefecture

Materiality ③

■ Ideal state 10 years from now

Achieving ¥130 billion in amount invested in tourism

In Hiroshima Prefecture, the manufacturing industry accounts for a significant proportion of the prefecture's entire industrial structure. The industries in the prefecture are ranging, with *monozukuri* (manufacturing) at their core, from heavy industries such as shipbuilding, steel, and automobiles to cutting-edge industries such as electrical machinery and electronic components, forming a well-balanced and layered industrial group. In the tourism industry, however, while Hiroshima has two World Heritage sites — Peace Memorial Park and Itsukushima

Shrine — as the proportion of tourists who visit only these World Heritage sites is significant, the length of their stay is short and the growth of their tourism consumption has slowed.

In order to address such issues and facilitate Hiroshima Prefecture's growth as a tourism-based prefecture, we are pursuing efforts with an established target of making ¥130 billion in investment and financing in the tourism industry over a cumulative five-year period from 2024 in our Mid-Term Management Plan.

Progress of initiatives aimed at realizing a tourism-based prefecture

A strong correlation exists between investment and financing in the tourism industry and inbound consumption. The greater the former, the greater the latter tends to be in a given prefecture. In order to increase tourism consumption, we have been setting themes and working on mechanisms to promote investment and financing in the tourism industry, such as promoting cruises in the Seto Inland Sea, appealing local food, improving accommodation facilities, solving secondary transport issues.

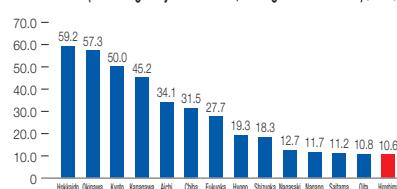
In our efforts to promote cruises and the appeal of food, we will utilize the gorgeous landscape of the Seto Inland Sea, history and culture that differs from island to island, and richly unique food resources to attract tourists to Hiroshima Prefecture.

Furthermore, in the areas of improving accommodation

facilities and solving secondary transport issues, we will proceed to improve the intake environment through means such as increasing options for accommodation facilities in the region so that tourists with diverse needs and attributes can spend their time based on their preferred style and working to resolve issues with means of transportation to enable stress-free travel around Hiroshima Prefecture.

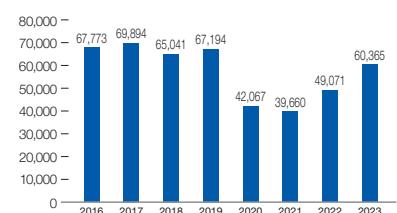
We will work together with diverse stakeholders in various areas to help increase the time stayed and tourism consumption per tourist in addition to the number of tourists, engineer a shift in tourism in the prefecture from "passing-through tourism" to "circular and stay-based tourism," and accelerate activity to make the tourism industry part of the prefecture's economic foundation.

► Amount of construction investment in the accommodation and F&B industries (excluding Tokyo and Osaka; average for 2014–2023) (¥ billion)



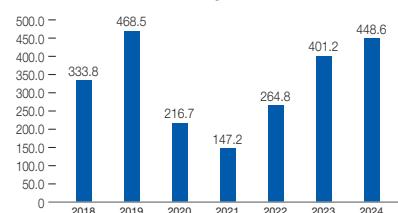
Prepared by the Company based on the monthly statistic survey of *Building Starts* by the Ministry of Land, Infrastructure, Transport and Tourism

► Tourists to Hiroshima Prefecture (thousand people)



Prepared by the Company based on the "For Businesses" data page on "Div! Hiroshima" by the Hiroshima Tourism Association

► Tourism consumption (¥ billion)



Prepared by the Company based on the "For Businesses" data page on "Div! Hiroshima" by the Hiroshima Tourism Association

Key strategies

① Increase in investment in/financing to the tourism industry

To revitalize the tourism industry, we need to create demand and improve the supply side at the same time. We will invest in and finance the tourism industry in a bid to improve infrastructure for accepting tourists, including inbound tourists, and to create regional appeal.

② Increase in tourists to Hiroshima Prefecture

Tourists contribute directly to regional economies as they use a variety of services, including accommodation, restaurants, transportation, and souvenir shops. Through our tourism-related initiatives, we aim to increase the number of tourists, including inbound tourists.

③ Increase in tourism consumption

An increase in tourism consumption will make the region look more attractive to a broader audience, thereby attracting new tourists and promoting long-term regional economic growth. Furthermore, this will help mitigate the risk that the regional economy depends heavily on industries other than the tourism industry in order to ultimately diversify the regional economy.

KPIs

Amount invested in tourism (FY2024 to FY2028)

¥130.0 billion

(FY2024 result: ¥16.3 billion)

Number of tourists to Hiroshima Prefecture

100 million people

(up 50,929 thousand people from 2022)

Amount of tourism consumption

¥800.0 billion

(up ¥535.2 billion from 2022)

Our actions

Creation of high-value tourist destinations in the Setouchi area

Amid predictions that personal spending will fall amid the decline in Japan's population, as something that brings in foreign currency from outside the region, tourism will play a considerable role in maintaining the regional economy. Attracting inbound tourism has been attracting a lot of attention in particular. It is said that the economic impact of one resident is equivalent to that of six inbound tourists, hence their heightened importance. With the Japanese government having adopted a target of increasing the number of inbound tourists, which was 36.87 million in 2024, to 60 million by 2030, initiatives aimed at inbound tourism are being conducted all over Japan. However, as there is likely a limit to such initiatives on an individual basic municipality or business operator level, initiatives that bring together surrounding regions will be required.

Since FY2023, Hirogin Area Design has been commissioned on an ongoing basis a project to promote the creation of high-value-added tourist destinations for inbound tourists in the Setouchi area by the Inland Sea, SETOUCHI Tourism Authority, a general incorporated association comprising the SETOUCHI DMO. We support the creation of a structure to draw high-value tourists, especially from the West and Australia, to the Setouchi area. In FY2024, we served as a project contact point for the numerous stakeholders who are participating in this project, including 48 basic municipalities, DMOs, and tourism associations from the seven prefectures in the Setouchi area, playing the role of eliciting active involvement in a face-to-face manner. Additionally, while assisting with the revision of the Master Plan that we helped formulate last fiscal year, we measured achievement goals for this project, such as the inbound share of the value of exports from the Setouchi area, the rate of high-end accommodations, and wage trends in the accommodations industry.

*Visitors who spend more than ¥1 million per trip to Japan are recognized as high-value tourists.

Data from the Japan Tourism Agency



Excerpt from the FY2024 revised version of Master Plan for creating high-value tourist destinations in the Setouchi area

Our people

Creating mechanisms that make people want to stay in Hiroshima

On a per-nationality basis, the majority of inbound tourists who visit Hiroshima Prefecture are accounted for by individuals from Europe, the US, and Australia. Most of them arrive in Japan via Narita Airport and Haneda Airport, and then make their way to Hiroshima using Japan's so-called Golden Route.

A large number of those tourists leave their luggage at their accommodations in Osaka and take day trips to Hiroshima using the Shinkansen bullet train. The average number of overnight stays per inbound tourist in Hiroshima Prefecture is below the national average.

This is an indication that for these tourists, the prefecture is not their final destination.

Our aim is to disengage Hiroshima from "passing-through tourism" by building mechanisms that compel tourists to visit here as a "destination" rather than a "stop" and stay here longer.

To that end, we need to promote the Setouchi area, not just Hiroshima Prefecture, as a brand, and



Yukiko
Takagoshi
Community
Development Group
Hirogin Area Design

enhance its added value. The Setouchi area contains a wealth of tourism resources that attract people from all over the world.

Within those resources, I would like to highlight domains such as cruises and food and make both Hiroshima Prefecture and the Setouchi area "final destinations" that tourists visit over and over again rather than just "spots."

Growth/Regeneration of Manufacturing Businesses Serving as Key Industries ①

— The Automobile Industry — Materiality ④

■ Ideal state 10 years from now

Realizing the growth of the regional economy through strengthened local supply chains

The automobile industry is one of the key industries in the region, comprising approximately 600 suppliers and more than 65,000 employees throughout the Chugoku region. Hiroshima Bank believes that the sustainable development of the regional economy cannot be achieved without the growth of the automobile industry, and has thus set support for the growth of the automobile industry as a materiality in its Mid-Term Management Plan.

As a regional financial institution, we will work to

support the core business of local suppliers as well as contribute to the strengthening of local supply chains and the growth of the regional economy by working to increase the amount of products manufactured in and shipped from the region by these suppliers and supporting their carbon neutrality efforts with the aim of realizing an ideal supply chain with an eye to the major changes to the industrial structure that will be brought about by the future spread of electric vehicles (EVs).

■ Status of the automobile industry in Hiroshima Prefecture

The business environment of the automobile industry is undergoing a dramatic change on the back of technological innovations such as CASE and the rising momentum for carbon neutrality. In fact, such dramatic changes in the business environment are referred to as “once-in-a-century upheaval.” Compounding this is the impact of US tariffs, which is creating further uncertainty in the medium- to long-term outlook. As for the negative impact of progress of the ongoing shift to EVs, the volume of work for the suppliers engaged in the manufacturing of engine and transmission-related parts could decline sharply in the future. Regarding US tariffs, should additional tariffs related to automobiles be prolonged, unit sales of new automobiles in the US market may decrease, and it is conceivable that the business environment surrounding our suppliers will become a challenging one.

On the other hand, many of the electronic components (motors, software, etc.) and semiconductor-related parts that are newly required for EVs, etc. are procured

from outside Hiroshima Prefecture. If these parts can be manufactured locally, we believe we can make up for the loss in work volume caused by the shift to EVs and US tariffs and successfully link that to the growth of the automobile industry in the prefecture. At Hiroshima Bank, we are aiming to build a supply chain that will facilitate the growth of the whole local automobile industry by clarifying the ideal vision of the supply chain and the direction that our customers should head for and providing precise solutions through a series of dialogues with each stakeholder in the face of this drastic change in our industrial structure.

► New concept car by Mazda
(Photo taken by the Company)



Key strategies

① Promoting initiatives aimed at increasing the amount of products manufactured in and shipped from the region

By bringing the production of automobile parts and electrification-related parts, which are currently procured from overseas/outside the Chugoku region, back to and creating new business in the region, we will work to improve the technical capabilities of local suppliers and expand their production volume, thereby contributing to the growth of the local automobile industry.

② Promotion of initiatives aimed at the maintenance and resilience of the local supply chain

By providing precise support for the “business succession,” “business transition,” and “business revitalization” of local suppliers that is tailored to their stage of corporate growth, we will contribute to the maintenance and improved competitiveness of the local supply chain.

③ Strengthening consulting aimed at realizing carbon neutrality in the automobile industry

By providing meticulous engagement and consulting services tailored to the size and business type of suppliers, we will strongly push forward with the realization of carbon neutrality in the region.

KPIs

① Realizing the local production of some parts currently procured from outside the region, such as electrification-related parts and parts produced overseas

② Increasing the number of cases of support contributing to the maintenance and resilience of the supply chain

③ Reducing suppliers' CO₂ emissions by 50% in 2030 from 2013

► Discussion between the Company and suppliers



Our actions

Building a framework for supporting the automobile industry beyond the region

Since Hiroshima Bank established a team dedicated to supporting the automobile industry in 2001, the team has continued to support the local automobile industry for over 20 years. In recent years, however, in the wake of drastic changes in the business environment, an increasing number of regional banks have focused on supporting the automobile industry also in other regions.

Hiroshima Bank started collaborating with the six banks shown in the right diagram in August 2023. This is because the bank believes that bringing in resources from other regions into the prefecture and co-creation through collaborative activities with other regions are the most effective ways to realize the sustainable growth and development of Hiroshima Prefecture's automobile industry in the future.

By leveraging the collaboration, we have worked to further enhance our support to local suppliers. To this end, specifically, we have been making efforts such as gaining a better understanding of trends of the entire industry, including the automobile industry in other regions, and sharing the knowledge and know-how held by each bank.

In FY2024, we held an "automobile market prediction seminar" as our first special joint project with other banks. There, we shared information with about 700 customers from the seven collaborating banks with respect to forecasts on EV popularization and predicted future trends surrounding production at domestic finished vehicle manufacturers, among other areas.

Going forward, we will continue to proactively promote initiatives that contribute to revitalizing the regional economy and strengthening the local supply chains by implementing highly effective joint measures.

► Seven banks collaborating in supporting the automobile industry



► Information exchange meeting among seven banks



► Automobile market prediction seminar



Growth/Regeneration of Manufacturing Businesses Serving as Key Industries ①

— Automobile Industry — Materiality ④

■ Working Alongside Regional Companies – Voice from Our Corporate Customer

Hiroshima Bank is a trusted one-of-a-kind partner of ours.

We hope to continue benefiting from the bank's support as a partner who walks alongside us in these times of change.

Kazunari Yashiro

President and Executive Director
Benda Kogyo Co., Ltd.



About Benda Kogyo Co., Ltd.



Location: Headquarters Kure Plant
(10098-3, Naeshiro-cho, Kure City, Hiroshima)
Established: 1964
Number of Employees: 142 (non-consolidated), 1,070 (consolidated)
Net sales: ¥7.14 billion (non-consolidated),
¥18.02 billion (consolidated) in FY ended March 31, 2025
Business Activities: Manufacture of cold rolled bars, hot rolled bars, ring gear, axle rings, clutch hub blanks, rotor sensing, timing gears, reinforcement, inertia rings, boss rings, pulsar gear and various other ring products, drive plate assemblies, fly wheels, mass rings, etc.

Q1 What was the spirit behind your founding? What are your current business activities?

Our founding spirit was "We'll bend the world's iron!" We established our company in Kure City, Hiroshima Prefecture based on that spirit in 1964, and have since moved forward with the creed of "Quality is Vital" in our hearts. True to the word "bend," which also represents the root of our corporate name, we developed the "Benda Method," our proprietary technique for cold rolling. In 1975, we acquired patents for this technology in nine countries worldwide. Since then, we have been developing our business with ring gears used in automobile engines as our core product.

Conventional press methods and forging have yields of roughly 15% and 50%, respectively. In comparison, our Benda Method achieves a high yield rate of 95% and up. By providing high-quality, resource-efficient products, we have achieved the world's top share of the ring gear market.

Moreover, our *monozukuri* capability (manufacturing capability) through which we handle everything from process development to even equipment and inspection devices entirely in-house is the source of our competitiveness. Currently, in addition to Japan, we have local corporations based in South Korea, China, Thailand, and Vietnam, as well as local production systems in place. While the Japanese market accounts for roughly 40%-plus of our sales, we are developing our business in global markets that include China, North America, South Korea, Mexico, ASEAN, and Europe. By industry, products for automobiles make up about 90% of our sales. We also handle products for trucks, agricultural machinery, construction machinery, and ships.

Q2 How have you responded to changes in your external environment in recent times?

At Benda Kogyo, we recognize that the transition from gasoline-powered cars and other forms of internal combustion engine vehicles to electric vehicles (EVs) is a critically important structural shift for us. Based on our forecast that demand for internal combustion engine vehicles will peak in the early 2030s, while working to expand and enhance the efficiency of our current businesses, we have set forth the transitioning of our business portfolio in our medium-term management plan with the aim of expanding our business into new growth areas such as parts for EVs.

In order to expand our business domains with a view to such a future, in 2021, we utilized the Business Restructuring Subsidy offered by the Ministry for Economy, Trade and Industry in efforts to widen our manufacturing domain to include parts for EVs. In taking on that challenge, we received tremendous support from Hiroshima Bank as a certified support institution. This made it possible for us to take our first step into that new business field. Going forward, we will continue striving to achieve sustainable growth while flexibly responding to changes in our external environment.



Q3 In the course of expanding your business domains to include parts for EVs, what would you say your turning point was?

In the course of pursuing the expansion of our business domains to include parts for EVs, we had the good fortune to learn about Iwaseya Works, which is headquartered in Ibaraki Prefecture, through the introduction of an M&A deal by Hiroshima Bank.

Iwaseya Works was trying to engineer a transition of its business to the manufacture of EV-related products. At the same time, however, it was facing the management challenge of having no successor. Around the same time, we were also working on rebuilding our product portfolio with a view to progress in electrification. Seeing this as a favorable opportunity to realize the incorporation of technologies and products with future potential in the EV field, we arrived at the decision to welcome Iwaseya Works as a group company. Given

that the business domains and technologies of Benda Kogyo and Iwaseya Works are highly complementary, and can be counted on to produce synergy, we believe this M&A was a meaningful one.

Behind this initiative is the ongoing partnership we have with Hiroshima Bank, which has continued since Benda Kogyo first formulated its group medium-term management plan in 2014. From the sharing of management challenges to the establishment of our future vision, Hiroshima Bank has consistently been in close alignment with us, providing us with precise advice at critical junctures. The same goes for this M&A, which we view as having been made possible precisely due to that relationship of trust and repeated dialogue that we regularly have.

Q4 Are there any areas of Hiroshima Bank that separate it from other financial institutions?

Hiroshima Bank goes beyond the simple provision of financing support with its one-stop system that also handles human resources, labor consulting, and IT-related operations through Hirogin Group companies. This makes the bank an extremely reliable partner of Benda Kogyo.

Moreover, the bank's headquarters hosts a dedicated automotive sector department that provides us with high-level insight based on years of research and analysis of the local automotive industry. This information serves as an extremely useful resource in making management decisions and formulating strategy at Benda Kogyo.

Furthermore, Hiroshima Bank has given us both practical and precise assistance across a wide range of areas, starting with side-by-side support upon the recent formulation of our medium-term management plan and extending to the likes of help with addressing carbon neutrality and advice on various subsidy applications.

In this way, we see the bank as a one-of-a-kind partner given the continuous and comprehensive support it gives us in dealing with the multifaceted challenges of management. In fact, Hiroshima Bank has had constant, deep involvement in a large number of the important measures Benda Kogyo has engaged in thus far.

Q5 Lastly, what is your future outlook and vision?

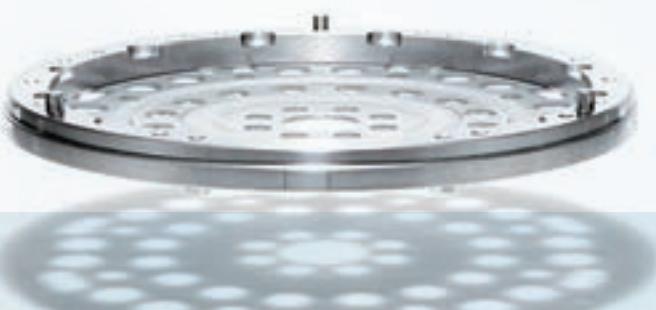
With "contributing to the realization of a sustainable society through the creation of products and services that are friendly to both people and the environment" as our espoused mission, we at Benda Kogyo have committed ourselves to the sustainable growth of our company and value creation from a medium- to long-term perspective without being swayed by changes in the immediate term.

In the future, we will complement the *monozukuri* capability that we have cultivated thus far with the

reinforcement of new domains such as engineering operations. Through these, we will aim to create value that meets the expectations of our customers and society. Further, through this challenge of ours, we also intend to do our part for the development of the regional economy and supply chain, starting with those in Hiroshima Prefecture.

Our business relationship with Hiroshima Bank is a long one that goes back over half a century. We hope to continue benefiting from the bank's support as a partner who walks alongside us in these times of change.

*All company and organization names are mentioned without honorifics.



Growth/Regeneration of Manufacturing Businesses Serving as Key Industries ②

— Shipbuilding Industry — Materiality ④

■ Our Goals 10 Years from Now

Sustainable growth of the Setouchi maritime cluster

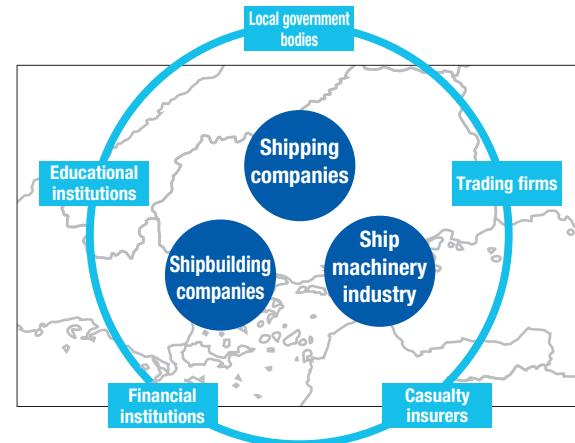
Maritime cluster and the shipbuilding industry in the Setouchi area

In the Setouchi area, besides the fact that the shipping industry has long been thriving, the shipbuilding industry has also developed backed by favorable geographical and climate conditions that are suitable for shipbuilding, which has led to the formation of a maritime cluster where related companies concentrate.

At present, the shipbuilding and related industries in the four local prefectures (Hiroshima, Okayama, Yamaguchi, and Ehime) account for approximately 40% of these industries nationwide in terms of both the value of products shipped (¥1.2 trillion; actual results in fiscal 2022) and the number of employees (23,000), thus, underpinning the local economies.

For over 50 years, Hiroshima Bank has supported the development of the maritime cluster, including the shipbuilding industry, through shipping finance to ship owners who order new ships from local shipyards. The balance of our loans to the shipbuilding and shipping industries as of March 31, 2025 was ¥967.8 billion.

► Image of a maritime cluster



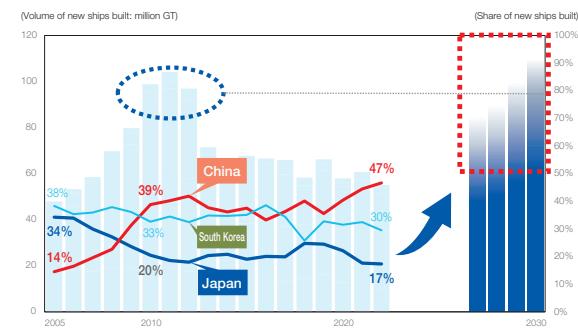
Growth potential and issues for the shipbuilding industry

The world's demand for new ships is expected to expand to nearly 100 million gross tons by around 2030 due mainly to replacement demand for a large number of ships built around 2010. Additionally, in July 2023, the International Maritime Organization (IMO) adopted the revised target of bringing greenhouse gas emissions (GHG) in international maritime transport down to net zero by around 2050. In April 2025, agreement was reached over medium-term measures that contained new requirements on GHG fuel intensity and the establishment of a Net-Zero Fund through which costs paid under that regulation would be refunded as an incentive for zero-emission fuel vessels. This is expected to drive a transition to ships powered by next-generation fuels, such as LNG, methanol, and ammonia. As such, demand for new ships may remain high also in and after 2030.

In the meantime, although the Japanese shipbuilding industry once accounted for about 50% of new shipbuilding volume worldwide, the percentage now falls below 20% as a result of intensified competition with China and South Korea since mid-2000s. The industry is

faced with the challenge of securing and training human resources against the backdrop of the declining population in Japan as well as building a system to supply internationally competitive ships powered by next-generation fuels.

► Trend of the volume of new ships built



Key strategies

① Supporting the growth of a maritime cluster through shipping finance

Through shipping finance, which is one of Hiroshima Bank's traditional strengths, we provide stable funding to local shipbuilding and shipping industries, irrespective of market conditions, so we can contribute to the sustainable growth of these industries.

② Supporting growth through collaboration among industry, government, academia, and finance

We support the growth of the shipping industry by securing and training human resources who will work for the industry in the future, as well as by responding adequately to climate change, through collaboration with government agencies, educational institutions, local companies, etc.

KPIs

Outstanding loans to the shipbuilding and shipping industries as of March 31, 2029

1.1 trillion

Result as of March 31, 2025: ¥967.8 billion

Our actions

Held a special lecture at West Japan's largest international maritime exhibition "Bari-Ship 2025"

In May 2025, Kazuo Kiyomune, President of Hiroshima Bank, conducted a special lecture titled "Expanding the horizons of the future together with the shipbuilding and marine transportation industry" at Bari-Ship 2025, the largest international maritime exhibition in West Japan that was held in the maritime city of Imabari.

In this lecture, the President recapped initiatives by Hiroshima Bank for the shipbuilding and marine transportation industry over the years as well as shared initiatives for "expanding the horizons of the future" that were outlined through dialogue with customers and industry parties.

The President set forth "support for securing the highest market share of orders received for next-generation vessels by 2030" for the shipbuilding industry and "support for new initiatives by customers aimed at diversifying business" for the marine transportation industry, and declared our support for the sustainable growth of the Setouchi maritime cluster.



Initiatives for shipbuilding industry

Supported the sustainable growth of the Setouchi maritime cluster

- Handled equipment funding for next-generation vessel construction, etc.
- Introduced start-up companies in order to enhance efficiency
- Assisted with supply of human resources from Group companies

Initiatives for marine transportation industry

Supported increasingly diversifying businesses

- Expanded loan mediation functions, including equity
- Accommodated funding needs to the fullest by elevating expertise in appraising vessel value
- Assisted with forays into overseas markets and business succession

Improvement of global tonnage share
(Initiatives for marine transportation industry)

×

Highest market share of orders received for next-generation vessels
(Initiatives for shipbuilding industry)

Our people

Helping local companies that are taking on the challenge of transforming the maritime industry

With its concentration of a great many shipbuilding and marine transportation industries as Japan's largest maritime city, Imabari City in Ehime Prefecture is unparalleled in the world. The Imabari Branch of Hiroshima Bank is slated to mark the 110th anniversary of its opening in July 2026. Having built strong relations with our customers in the shipbuilding and marine transportation industries over the years, we have consistently demonstrated our loan mediation functions as a regional financial institution without being affected by fluctuations in maritime market conditions.

At Bari-Ship 2025, I was deeply impressed at how the Setouchi maritime cluster united as one to boldly take on the challenge of transformation in the areas of SX and DX with a view to the region's future. In the future, we intend to go beyond traditional



Takashi
Shimatani
Deputy Branch Manager,
Imabari Branch
Hiroshima Bank

shipping finance to tackle the reinforcement of new side-by-side support, including alliances between the Group and external parties such as startup companies and do our part for the sustainable development of the Setouchi maritime cluster.

Industrial Innovation

Materiality 5

■ Ideal state 10 years from now

Transforming industrial structure and developing start-ups and ventures

Helping to create a vibrant region. We believe, to this end, it is important that the companies and types of businesses attractive to young people will grow and they can secure employment and income in the region. The Group has been working to support local start-ups and ventures that other financial institutions have not been

able to adequately support. The Mid-Term Management Plan 2024 aims to realize a vibrant region by further strengthening the collaborations among industry, government, academia, and finance based on past initiatives, thereby continuously supporting the development of the regional economy.

Past initiatives

The Group has a solid track record of bringing up industries that contribute to the revitalization and development of the region for more than 20 years, which includes the Hiroshima Venture Subsidy program offering subsidy to ventures through the Hiroshima Venture Development Fund. In April 2019, Hiroshima Bank, Hiroshima Prefecture, Hiroshima University, Hiroshima Industrial Promotion Organization, and Hiroshima Venture Development Fund jointly formed the Hiroshima Next Innovation Council, a consortium of industry, government, academia, and finance. While the consortium regularly exchanges information regarding the development of startups and ventures, the Group has incorporated such information into its measures.

As a specific initiative, the Hiroshima Open Accelerator (from 2019), an acceleration program that supports

the creation of new businesses by companies in Hiroshima Prefecture, has been participated in by 24 companies to date, and has made accomplishments such as implementing 50 collaborative projects with startups. Hiroshima Tech Planter (from 2020), which supports the discovery and commercialization of research seeds at universities and other institutions, has discovered 45 promising research seeds and provided support for their commercialization, working to transform the region's industrial structure.

We will continue to work to realize a vibrant region by organically linking the Group's past initiatives and organizations that are striving to develop startups and ventures, including government bodies and universities within the region.



Hiroshima Tech Grand Prix 5th Award Ceremony



31st Hiroshima Venture Grant Presentation Ceremony

Key strategies

① Creating new businesses

We will work to assist local businesses in transforming their businesses in line with changes in the external environment and the times. We also support people who aim to start a new business.

② Accelerating the growth of newly created businesses

We will make the most of our network as a regional financial group to put newly created businesses on a growth trajectory through efforts such as support for expanding sales channels and providing solutions of the Group.

③ Providing financial support necessary for growth

We will provide financial support necessary for growth, such as limited partnership investments in external funds, equity support through Hirogin Capital Partners, and providing new fundraising measures such as ventures debt, depending on the growth stage of the businesses.

KPIs

Number of start-ups and ventures supported (FY2024 to FY2028)

800

FY2024 result: 131

Our actions

To “connect” regional industries to the next generation, it is essential that each business operator develops its business sustainably through the innovation of its technologies and services. In the era of volatility, uncertainty, complexity, and ambiguity (VUCA) where predicting the future is difficult, we believe it is extremely challenging to adapt to changing external environments and achieve growth on one’s own.

On the other hand, it is also true that there are many startups with innovative technologies and services throughout Japan. We believe that by promoting open innovation that “connects” businesses in the region with startups across the country, we can realize the transformation of the industrial structure of the entire region.

Held TSUNAGU Hiroshima

In November 2024, we held for the first time a matching event that connects companies in Hiroshima Prefecture with promising startups across Japan and encourages open innovation (business co-creation). This event, among the largest of its kind in the Chugoku and Shikoku regions, was attended by about 3,400 people, who exchanged in business talks with the 126 startups with a booth presence at the event. Examples of co-creation also arose alongside this.

To further promote this initiative going forward, we are planning to hold a second event in November 2025. Our goal is to tie it into regional revitalization through open innovation and the sustainable growth and forward development of companies in Hiroshima Prefecture.



Operation of Hiromalab

In December 2022, we opened and started operating the co-working space Hiromalab in central Hiroshima City with the aim of creating and supporting the growth of predominantly locally-based startups and supporting the creation of new businesses by location companies.

By holding a variety of events from seminars on entrepreneurship and new businesses to pitches by startups, we promote exchange among fellow attendees and community-forming and, in doing so, provide support for entrepreneurs and the creation of new businesses by local companies.



Our people

Carving a path to the future through co-creation with startups

In order to link Hiroshima’s multitude of world-class industries to the next generation, new innovations in technologies and services are essential. With that in mind, in November 2024, we conducted the first holding of “TSUNAGU Hiroshima 2024,” a large-scale event that matches business operators predominantly based in Hiroshima Prefecture with startup companies. Around 3,400 attendees were on hand at the event, greatly exceeding our expected number. We received the following feedback from local companies that participated: “We experienced cutting-edge technology offered by startups, and strongly felt that we want to utilize it in our own organization as well.” “We had the opportunity to encounter startups with whom we would like to consider working together.” Going forward, alongside boosting recognition of this event, we hope to



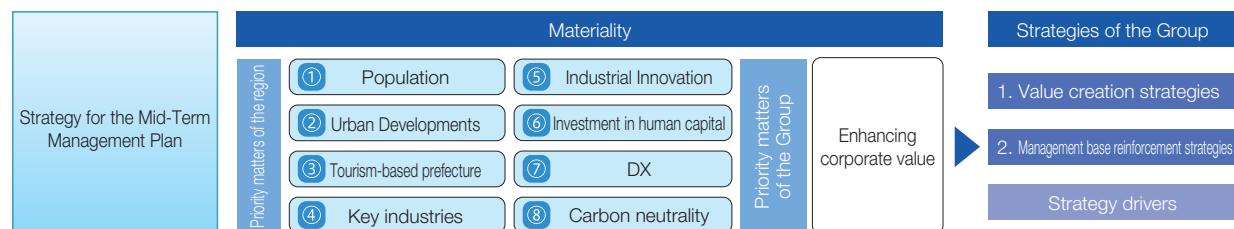
Kotaro Hara
Deputy Manager of the
Corporate Solutions Office,
Solutions Sales
Department
Hiroshima Bank

advance the creation of opportunities to “tsunagu,” or “connect,” others while also taking new experimental efforts into consideration, such as the participation of overseas startup companies.

Initiatives for Corporate Business Areas

Positioning of the initiatives

Solving Materiality (priority matters of the region) to create a vibrant region



Key points of value creation strategies: Initiatives targeting growth and development of our customers (corporate)

- As a complete partner who takes care of every stage of customers from establishment to closure of business, we will expand solutions according to business stage, leading to business creation and industrial innovation.
- We will also strengthen our digital response in the corporate business area with a view to exploring customer contact points that combine the best of digital and human aspects.

Overview of the Mid-Term Management Plan 2024



Key indicators



The background and current situation of the initiatives

In order to meet the diverse needs of our corporate customers, the Group has been working to provide support tailored to the characteristics of local industries by practicing customer-oriented consulting sales based on feasibility studies.

Under such circumstances, the environment surrounding financial institutions is changing dramatically due to factors such as the shrinkage of the regional economy, intensifying competition due to the entry of companies from different industries, efforts to meet social demands such as decarbonization, and the development of a digital society through DX. In order for the Group to become a company that is needed by customers in the future, it is necessary to strengthen our efforts to revitalize the region, as well as to respond to environmental changes such as the increasingly sophisticated customer needs, decarbonization, and DX.

Going forward, we will contribute to the realization of a vibrant region through the growth and development of our customers by promoting initiatives such as fostering industry through support for startups and ventures, creating new businesses through various alliances, demonstrating our loan mediation functions based on feasibility studies, expanding non-financial solutions, and strengthening our digital response through the best mix of "digital x human" customer contact points.

Creating new businesses and developing industries

Offering subsidies to local entrepreneurs

The Group has been operating the Hiroshima Venture Subsidy program since FY2002 which aims to discover and foster promising ventures and entrepreneurs that are eager to start new businesses or commercialize their ideas. To date, the program has provided subsidies totaling 398 million yen to 432 parties.

In FY2024, we increased the grant ceiling to 10 million yen for general applicants and to 500 thousand yen for student applicants. During the year, a total of 18 million yen was awarded to three general applicants and four student applicants to help them commercialize their ideas and encourage further growth.



Strengthening initiatives toward industrial innovation through collaboration among industry, government, academia and finance

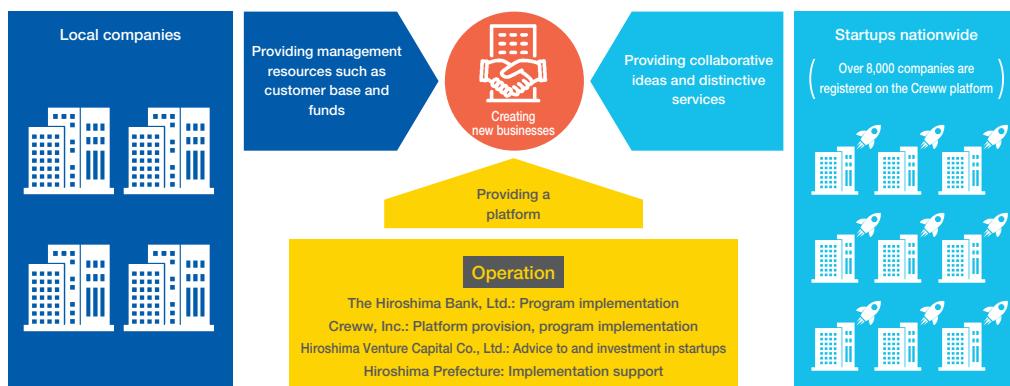
In April 2019, five organizations, Hiroshima Bank, Hiroshima Prefectural Government, Hiroshima University, Hiroshima Industrial Promotion Organization, and Hiroshima Venture Development Fund formed a consortium (Hiroshima Next Innovation Council) with the aim of creating new industries and businesses through innovation.

The consortium regularly exchanges information with the aim of building the Innovation Ecosystem within the region, and also focuses on collaboration between the measures of each organization.

Creating new businesses by companies in the region

Since FY2019, in collaboration with Creww, Inc., we have been implementing an acceleration program called Hiroshima Open Accelerator with the aim of creating new businesses through open innovation, linking the management resources of companies in Hiroshima Prefecture with the distinctive services of startups nationwide.

In fiscal 2024, which marked the sixth round of the program, two companies from Hiroshima Prefecture participated. A total of six collaboration proposals with startups were selected, aiming to explore new business fields, enter different industries, and address challenges within their respective sectors, and efforts are now underway toward commercialization.

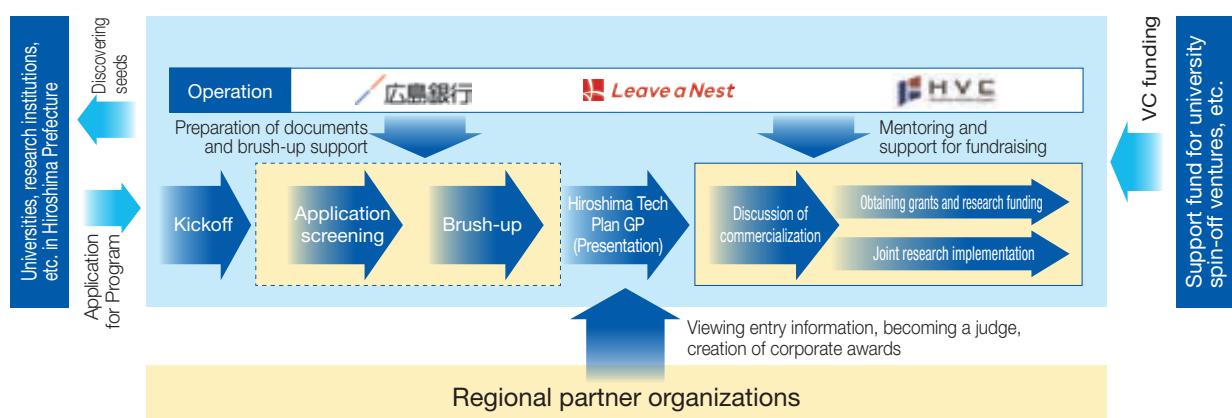


Initiatives for Corporate Business Areas

Discovery of research seeds from universities and other institutions

Since FY2020, in partnership with Leave a Nest Co., Ltd., we have been co-hosting HIROSHIMA TECH PLANTER, an acceleration program aimed at discovering the seeds of research from universities and other institutions and providing consistent support starting from commercialization to growth.

To date, the program has enabled five new companies to be incorporated, thereby advancing the commercialization of research seeds.



Support for university spin-off ventures in Hiroshima Prefecture

In April 2020, we invested in the Investment Limited Partnership for Supporting Spin-Off Ventures of Hiroshima University and Other Universities in Hiroshima Prefecture, which was established with the aim of regional revitalization through sustainable regional economic development and job creation by investing in ventures that originate from research seeds held by universities and research institutions in Hiroshima Prefecture, including Hiroshima University, and from researchers, students and other related parties, and by improving corporate value.

To date, we have provided a total of 229 million yen in funding support to 13 parties through this limited partnership, helping high-potential university spin-off ventures to grow.



Supporting the overseas expansion of startups and other companies

As part of the Hiroshima Prefectural Government's Hiroshima Unicorn 10 project, we were commissioned by the government to implement the Hiroshima Unicorn 10 ASIA CO-CREATION PROGRAM, which provides support for startups and SMEs that seek to develop business in the Southeast Asian market.

In fiscal 2024, for the six selected companies, we provided hands-on support for business model development and introduced potential partner companies and investors necessary for developing their business locally.

We will continue to serve as the program office in FY2025, with the aim of enhancing hands-on support and market research assistance.



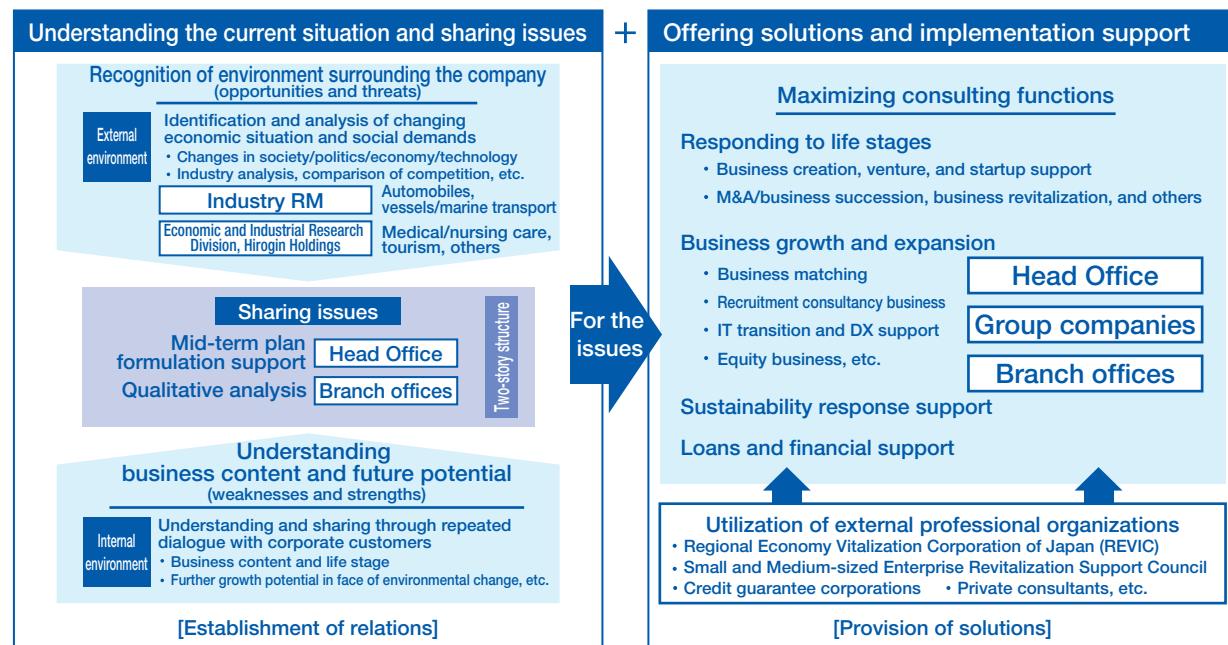
■ Taking risks strategically

■ Strengthening loan mediation solutions leveraging feasibility studies

Since the establishment of the Automobile-Related Measures Office in January 2001, we have been working on feasibility studies that enable understanding of customers' businesses from both quantitative (financial) and qualitative perspectives to respond to the funding needs of companies in the region.

To realize the visions of the management based on a correct understanding of the current situation of the company through feasibility studies, we will actively work to provide the necessary loan mediation solutions by sharing the issues that need to be addressed with corporate customers.

■ Hiroshima Bank's feasibility studies



■ Strengthening financial support in line with the life stages of companies

With Hirogin Capital Partners at the center, we provide equity investment for customers who work to solve regional issues and grow their business.

Going forward, we will also consider taking initiatives for venture debt to meet the needs of startups and venture companies.

■ Examples of initiative

Example ①

Support for the development of a mid-term plan for a local restaurant chain that struggled due to the COVID-19 pandemic



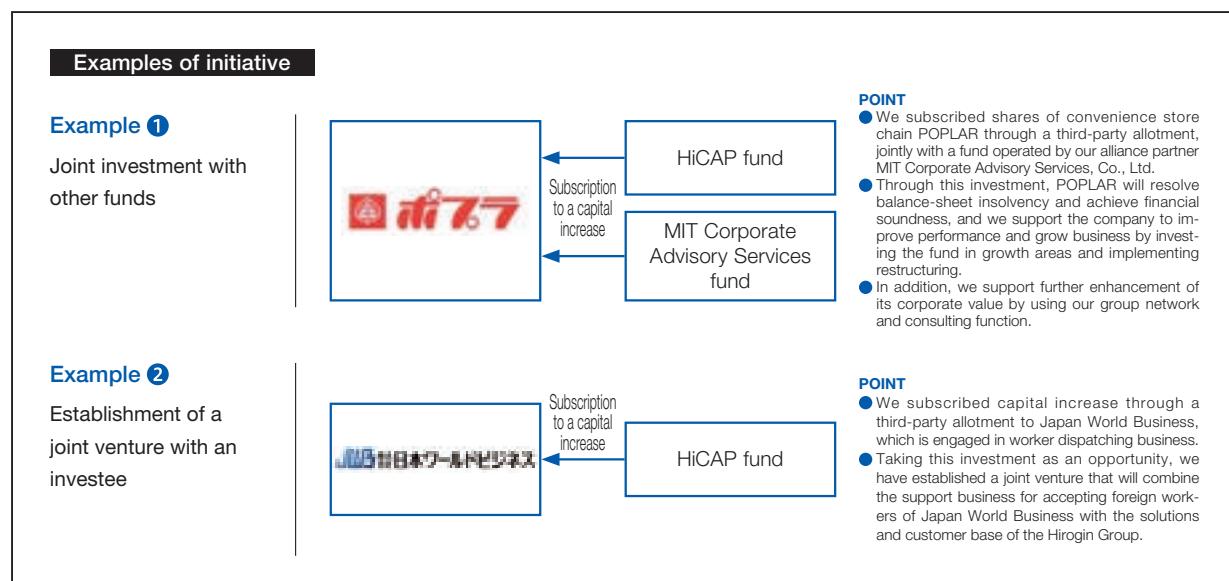
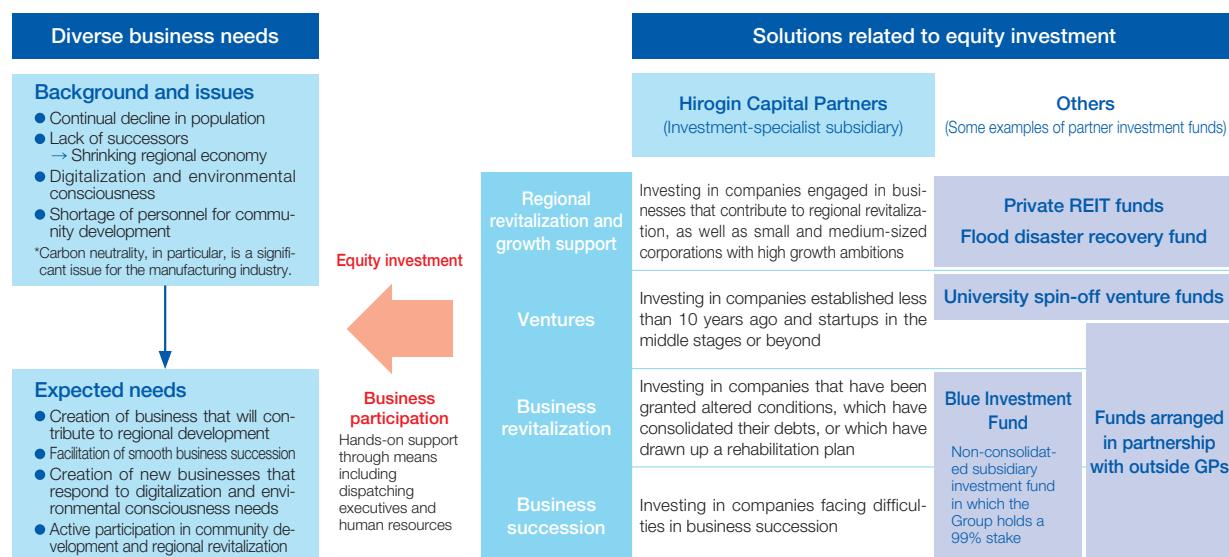
- A restaurant chain that mainly operates in the prefecture
- The company's performance deteriorated significantly due to the COVID-19 pandemic, and its financial position was also damaged.
- As the main bank, we provided escort-runner-style support for the following initiatives through the formulation and implementation of a mid-term plan, including analysis of the current situation.
 - ✓ Financial support to help stabilize cash flows
 - ✓ Consideration for closure of unprofitable restaurants
 - ✓ Financial support for opening new restaurants in business categories with strong performance
 - ✓ Monthly profit and loss management support
 - ✓ Support in preparing materials needed to explain the contents and progress of the mid-term plan to financial institutions they do business with
- Sales recovered due to a rebound in demand for eating out following the end of the COVID-19 pandemic, and the company returned to profitability due in part to its efficiency improvement effort during the pandemic.

Initiatives for Corporate Business Areas

Strengthening initiatives for equity business

In order to contribute to the growth of regional companies, the Group has established investment funds at Hirogin Capital Partners, targeting four areas: Business Revitalization Fund, Business Succession Fund, Venture Fund, and Regional Revitalization Fund. With these funds in place, we are actively making equity investment in our business partners who are working to solve local issues and grow their businesses.

Going forward, leveraging Hiroshima Bank's feasibility studies, we will provide funds through equity investment and support our regional corporate customers' growth by strengthening our hands-on support initiatives, such as formulating a business plan or using our resources including the dispatch of personnel.

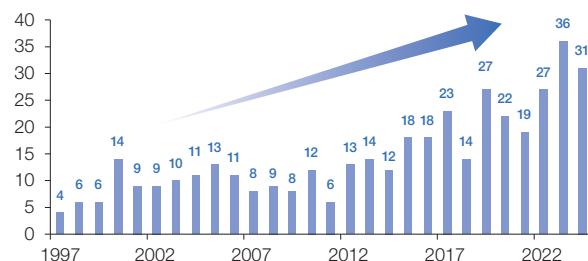


Strengthening efforts to support corporate customers for business succession and business expansion

The Group, mainly through Hiroshima Bank, provides support through M&A operations and others for the solution of issues relating to business succession and expansion in order to support sustainable growth of our corporate customers.

Going forward, leveraging Hiroshima Bank's feasibility studies, we will aim to build a one-stop framework to meet all manner of needs concerning business expansion, business succession, from succession to family members or employees to third-party succession (M&A), to support our corporate customers' business.

► Number of M&A contracts successfully executed



Examples of initiatives for business succession

We support customers as an advisor from the phase of considering the direction of business succession. For customers who have decided the direction, we provide tailored solutions.

We work to support customers to solve the issue of business succession. We provide solutions to their needs under a one-stop service platform, from succession to family members or employees to M&A, which may change according to the situation of the company or family.

Example of Company A (support for family succession and M&A)

Month and year	Details of support
-2015	● Discussion continued on the future direction of business succession, whether to succeed the business to the son or transfer it to a third person.
2016–2020	● After a series of discussions, it was decided to transfer the business to a third party. ● We negotiated with several business succession candidates, but we were unable to reach an agreement on the terms.
January 2021	● The president suddenly passed away. The spouse who was a director has been appointed as the new president.
March 2021	● Although the company received a proposal from another M&A intermediary and decided to go ahead with a third-party succession, the decision was temporarily suspended due to the opposition of the employees.
February 2022	● We acted as an intermediary between the employees and began providing support for the third-party succession.
March 2023	● We introduced a candidate by which synergy is expected, and supported the M&A process until the completion of share transfer.

Examples of initiatives for business expansion

We are involved in the phase of building business strategies for companies aiming to expand their business, and we also focus on making optimal M&A proposals that contribute to growth support.

In order to respond to the ever-changing business environment, we are working to solve various issues faced by our corporate customers.

Example of Company B (growth support)

Month and year	Details of support
2013–2021	● We were involved in supporting the overseas expansion of the company and the formulation of its mid-term management plan. We identified the current situation and organized the issues, and then decided on an action plan for the future (acquiring companies in the same industry outside the area in a bid to acquire new business partners and technologies).
April 2022–April 2023	● In addition to making full use of Hiroshima Bank's information network, we also worked with our alliance partners (M&A brokerage firms, consulting firms, external funds, etc.) to search for transfer deals that match the needs for information outside our business area.
February 2024	● We introduced a candidate that matched the needs and supported the M&A process until the completion of share transfer.

Initiatives for Corporate Business Areas

■ Promoting DX

■ Initiatives for DX promotion support

In recent years, mid-tier companies and SMEs in local cities have faced tough challenges such as shrinking workforces and markets, forcing them to urgently improve operational efficiency and productivity. Furthermore, the rapid advancement of digital technologies such as AI, data, and the cloud makes it difficult to drive digital transformation on their own, especially given the shortage of skilled personnel. For this reason, METI's DX Support Guidance expects regional financial institutions to support their DX journey and lead sustainable economic development in the region.

Against this backdrop, the Group has conducted feasibility studies through dialogue with customers, and provided relevant consulting support or solutions based on the understanding of the actual state. In April 2025, we established a new DX consulting organization staffed with dedicated consultants within the Corporate Solutions Office of the Solutions Sales Department at Hiroshima

Bank in order to further enhance our capabilities and contribute to corporate growth by supporting customers in solving management issues and improving productivity.

Specifically, we offer the following suite of solutions through this Office, with more to come:

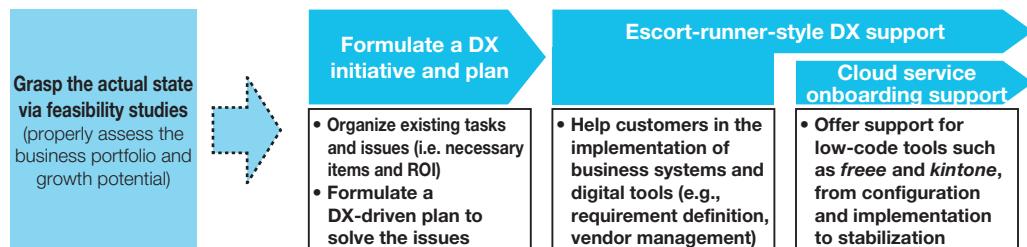
① Formulation of a DX initiative and plan that links customers' management targets with management/field level issues, and selection of the optimal solution,

② End-to-end, escort-runner-style DX support from the implementation to the stable operation of digital tools, and

③ Cloud service onboarding support that includes configuration, implementation and stabilization of cloud services such as *freee* and *kintone*.

We also remain committed to helping our customers solve their management issues through collaboration with Hirogin IT Solutions, other group companies and external alliance partners.

■ Flow of DX consulting support



We accompany our customers throughout their transformation journey, from consulting phase (i.e., organize the current issues and plan solutions) to deployment phase (development, implementation and stabilization of digital tools) with an understanding of the actual state via feasibility studies.

Meanwhile, the threat of cyber-attacks is increasing every year, heightening the risk of business disruption and information leaks. To help our customers promote DX with peace of mind, Hirogin IT Solutions has opened a cybersecurity training facility called the CYBERGYM Hiroshima Arena to support cybersecurity measures for the corporate customers in the region. It aims to enhance their risk management, provide employee education and refine management structures.

We also utilize our own IDC (Internet Data Center) to help ensure business continuity for our customers in the event of a cyber-attack by protecting their IT assets and providing immutable backup services to safeguard their data against ransomware attacks (preventing data from being encrypted or deleted).



[CYBERGYM Hiroshima Arena]

■ Strengthening digitalization efforts

Expansion of corporate solutions using digital technologies

Hiroshima Bank launched the Hirogin Business Portal, a portal site for business operators, in June 2022. This is an initiative for the digitalization of various transactions with corporate and individual business owner customers. Meanwhile, in response to the full digitization of bills and checks by the end of fiscal 2026, the Hirogin Business Web Service introduced a new service called Hirogin Business Web Service Inquiry and Transfer Service (Light Plan) in April 2024, which has a monthly free basic fee plan with a limited number of transfers.

In February 2025, the Bank launched the Hirogin Quick Pay Access Service (Quick Paycheck for short), an advanced salary payment service to help local companies overcome the challenges of consistently securing talent and maintaining employment, while also meeting the needs of employees and job seekers looking for diversity

in how they work and receive their salary. By offering people the freedom to receive their wages through the service, we will contribute to resolving issues in the region while creating new value by transforming the traditional monthly payday system.

Furthermore, amid challenges in improving back-office operational efficiency, Hiroshima Bank launched the Hirogin Smart Fine in June 2025 to help our corporate customers improve productivity and promote DX. We will support our customers' DX efforts by centrally managing and streamlining the entire process, from invoice receipt to payment, on the Hirogin Smart Fine's dedicated platform. We also plan to add functions such as personalized financial advice based on the information obtained from payment data, and intend to gradually enhance the service.

Hirogin Business Portal Hirogin Business Web Service	Hirogin Quick Pay Access Service	Hirogin Smart Fine
 <ul style="list-style-type: none"> The Hirogin Business Portal offers services including balance/transaction history inquiries and loan applications. The Hirogin Business Web Service enables users to transfer money, pay taxes/fees and other bills. 	 <ul style="list-style-type: none"> Employees can receive their earned wages via smartphone without waiting for payday. Employers can enhance employee benefits through monetary support while also accommodating increasingly diverse salary payment options. 	 <ul style="list-style-type: none"> Seamlessly integrates invoice data generated by digital invoicing services, such as Bill One provided by Sansan, Inc., into our dedicated platform. Customers can intuitively create payment data on the platform, integrate the data to the Hirogin Business Web Service, and make payments.

■ Offering wide-ranging services to meet our customers' needs

In addition to offering our own solutions, the Group is expanding the range of services we provide through agency and business-matching contracts so that our customers can swiftly resolve the management issues and improve

operational efficiency. Amidst IT talent shortages and slow progress in digitalization, we provide optimal solutions swiftly and flexibly to the diverse challenges faced by businesses.

■ Support for corporate customers (examples)

Support for corporate customers (examples)	SaaS name	Cooperating Group companies
Service for back-office efficiency improvement (including digitization of expense reimbursement and invoicing)	Raku Raku Seisan/Raku Raku Meisai/Raku Raku Seikyu, Bugyo Cloud series, Bill One, Bakuraku, etc.	Hirogin IT Solutions
DX service for sales force: business card management for corporate customers	Business card management solutions (Sansan, SKYPC, etc.)	Hirogin IT Solutions
Sales management service for wholesalers and retailers	Orion ONE Saiphis, etc.	Hirogin IT Solutions
Service for medical and nursing care professionals	Dr.HELPER (pathology information system), e-medical record system (HOPE), etc.	Hirogin IT Solutions

Initiatives for Corporate Business Areas

Promoting SX

Initiatives to enhance sustainability at business partners

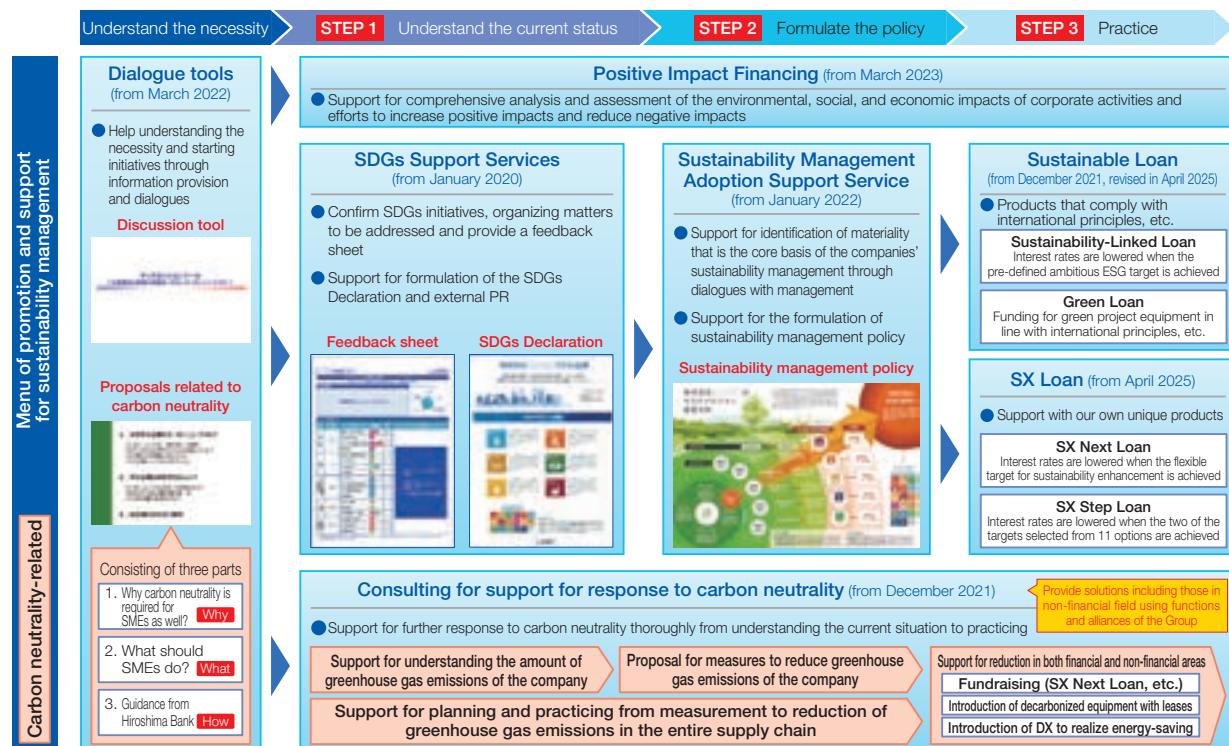
The Group aims to contribute to the growth and development of local companies by leveraging all the Group's functions and alliances to solve the environmental and social issues faced by the region and customers.

In particular, since Hiroshima Bank became the first regional financial institution to establish the SDGs Support Services in January 2020, it has consistently viewed the support of local companies' efforts to improve their sustainability as the responsibility of a regional financial

institution, and has developed and expanded solutions that support the introduction and implementation of sustainability management for corporate customers from both financial and non-financial perspectives.

In addition, regarding carbon neutrality, we provide solutions in collaboration with Group companies and alliance partners, mainly in response to the needs and initiatives identified through dialogue with our business partners.

Overview of consulting related to the sustainability of business partners



SDGs Support Services

Features
<ul style="list-style-type: none"> Confirm SDGs initiatives, organizing matters to be addressed and provide a feedback sheet Support for the formulation of SDGs Declaration
Number of cases
768 (from the start of service in January 2020 to March 31, 2025)

Sustainability Management Adoption Support Services

Features
<ul style="list-style-type: none"> Support for identification of materiality that is the core basis of the companies' sustainability management through dialogues with management Support for the formulation of sustainability management policy
Number of cases
44 (from the start of service in January 2022 to March 31, 2025)

Sustainable Loan

Features
<ul style="list-style-type: none"> Provide two types of loans of Sustainability-Linked Loan and Green Loan under a finance framework that is consistent with the guidelines stipulated by the Ministry of the Environment and other organizations
Number of cases
76/¥24.2 billion (from the start of service in December 2021 to March 31, 2025)

Positive Impact Finance

Features
<ul style="list-style-type: none"> Support for comprehensive analysis and assessment of the environmental, social, and economic impacts of corporate activities and efforts to increase positive impacts and reduce negative impacts
Number of cases
8/¥1.6 billion (from the start of service in March 2023 to March 31, 2025)

■ Strengthening initiatives to support human resources for sustainable management

Hirogin Human Resources

Hirogin Human Resources provides a variety of solutions, including a recruitment consultancy business, training business, and human resources consulting business, to help solve corporate customers' issues related to people, such as securing human resources, strengthening human resources development, and improving productivity.

In addition to its recruitment consultancy business, training business, and human resources consulting business, which it has operated since it was established in 2021, it has been pursuing the expansion of its operations, including a worker dispatching business, through M&As, since April 2022.

■ Top 10 challenges facing company owners in Hiroshima Prefecture

Price trends	59.4%
Labor shortages	49.9%
Wage trends	39.0%
Trends in the US economy	34.1%
Exchange rate fluctuations	22.9%
Interest rate trends	21.6%
The rise of protectionist and exclusionary policies	12.2%
Trends in the Chinese economy	10.0%
Occurrence of natural disasters	8.8%
Escalating geopolitical risks (e.g., international situations)	6.5%

Source: Hirogin Holdings Survey of Company Owners, first half of FY2025 (conducted in April 2025)

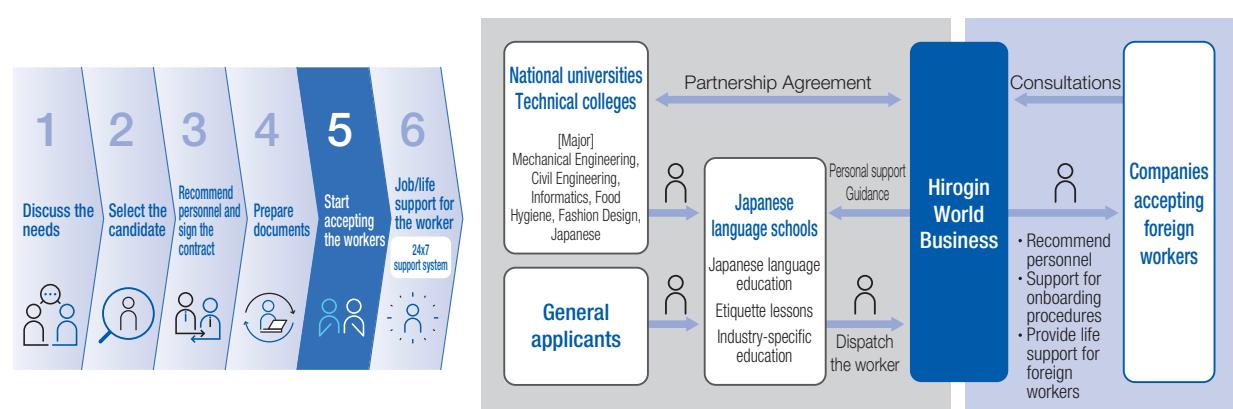
■ Outline of Hirogin Human Resources businesses and services

Businesses and services	Details	Results (FY ended March 31, 2025)
Recruitment consultancy business	• Introduces management and specialist human resources • Provides support for strengthening human resource recruitment	Number of contracts executed: 151 (Up 30 year-on-year)
Training business	• Holds training programs and seminars for all levels, from new employees to executive management • Supports implementation of internal training programs such as dispatching lecturers	Number of participants: 2,584 (Up 397 year-on-year)
Human resources consulting business	• Consulting related to HR and labor (e.g., responding to workstyle reforms, various consulting related to labor management) • HR system construction consulting (e.g., review of evaluation system and compensation system, HR system design support)	Number of consulting contracts signed: 142 (Up 32 year-on-year)
Worker dispatching business	• Primarily dispatch of clerical personnel (e.g., office staff for sales, accounting, general administration)	Number of contracts executed: 31 (Down 8 year-on-year)
Employee benefits and welfare support	• Provision of "Benefits and Welfare Support," which bundles health management, self-development, asset formation/loans, and discounts and special offers in a single package	Number of companies applied: 5

Hirogin World Business

Hirogin World Business, a joint venture we established with a local partner in September 2024, provides comprehensive support for corporate customers in various industries who intend to hire workers from abroad. This includes recommending the most suitable residence status, staffing, providing pre-arrival training/post-arrival life support, and offering long-term employment assistance when hiring foreign workers.

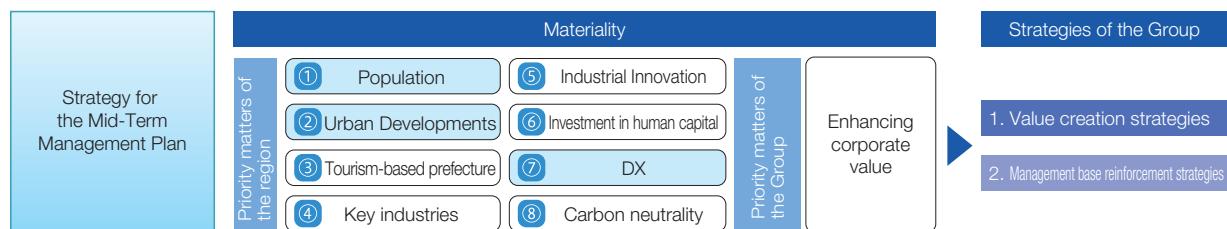
We identify outstanding foreign talent to support our corporate customers in securing human resources and ensuring stable employment, based on partnership agreements with relevant parties such as prestigious national universities in Indonesia.



Initiatives for Retail Business Areas

Positioning of the initiatives

Solving Materiality (priority matters of the region) to create a vibrant region



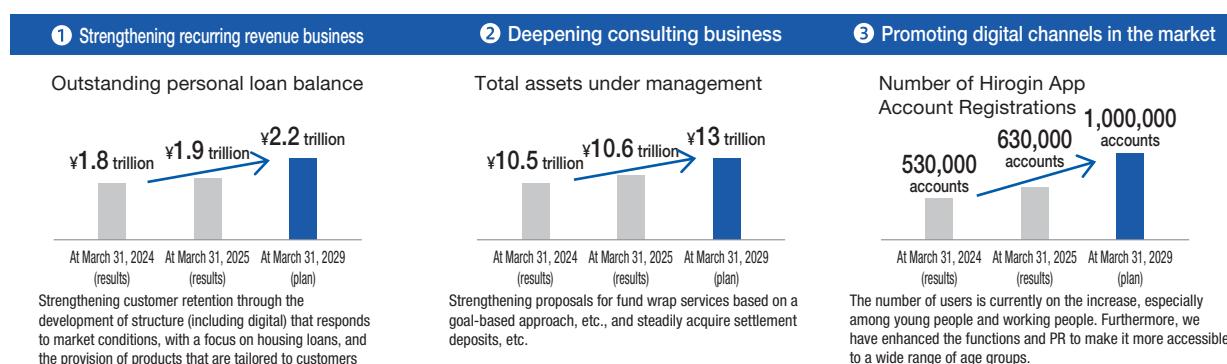
Key points of value creation strategies: Initiatives targeting growth and development of our customers (retail)

- In the era of the 100-year life, we contribute to the realization of our customers' affluent lifestyles through the provision of financial and non-financial services.
- We uncover the latent needs of our customers in response to their life events, and provide solutions as a Group to resolve any issues.

Overview of the Mid-Term Management Plan 2024



Key indicators



The background and current situation of the initiatives

In order to meet all sort of needs of retail customers in line with their life plans, the Group has been working to strengthen our systems, including strengthening cooperation between banks and securities companies, expanding our inheritance and trust services, improving our Head Office and branch offices, and penetration of customer-oriented sales activities. In such an environment, facing changes in the investment mindset towards the recent era of the 100-year life and new competitors including those from different industries, in order to further enhance our support for asset formation and make it a

sustainable business, by establishing a sales system tailored to customer attributes and anticipated needs (expansion of wealth management, remote interviews, and app based transactions), strengthening our recurring revenue business through goal-based approaches and escort-runner style support, and creating services that include non-financial services through collaboration with external alliance partners, we will contribute to the realization of affluent lifestyles for our customers in the region.

Supporting customer asset formation

Support for increasing assets, including real estate and movable property, with an awareness of the customer's balance sheet

The Group is working to provide total support for life plans based on the future dreams of our customers and their families, with the Hiroshima Bank's Life Design Service at the core.

At Life Design Service, we ask about our customers' life plans, household income and expenditure, balance sheets (asset status) including non-financial assets such as real estate, etc., and together we create a life design that will serve as a blueprint for the future.

At the same time, we listen carefully to our customers' thoughts and concerns, which have become apparent through the creation of their life designs, and provide a wide range of information and services, including

non-financial fields, at the optimal time, going beyond just financial support.

In May 2023, we introduced a fund wrap service to provide escort-runner style support for the realization of customers' dreams through mid- and long-term asset management. In November 2024, we opened the Hirogin Life Consulting Plaza by combining the loan and asset management services at our Head Office and branch offices to offer personalized asset management services to customers.

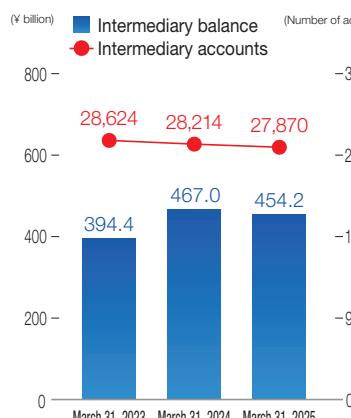
Going forward, we will continue to serve as a concierge for our customers to help enrich their lives, through total support for their individual life plans.

Enhancing banking-securities collaboration

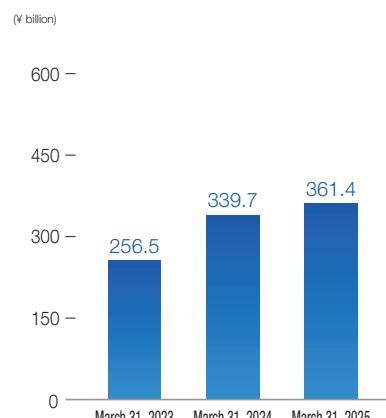
At Hirogin Group, Hiroshima Bank and Hirogin Securities have established a system for addressing customers' consultation needs and requests related to advanced, specialized asset management and inheritance issues, at a one-stop platform, primarily through their 17 joint

branches. In doing so, they have built an appropriate operational management system based on preventive measures against adverse effects (firewall regulations) pursuant to the Financial Instruments and Exchange Act.

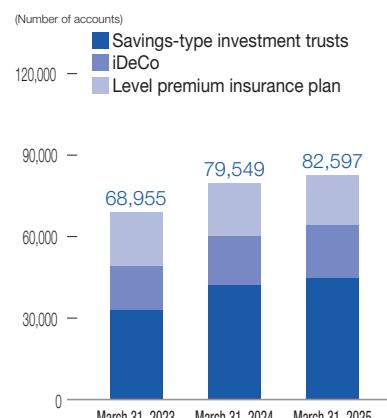
Trends in the number of intermediary accounts and balance (Hirogin Securities)



Trends in investment trusts balance (Group)



Number of customers of products or services conducive to asset formation (Group)



Initiatives for Retail Business Areas

■ Creation of non-financial services for retail customers

Life Partner Service

The Hirogin Life Partner service, started in September 2017, provides an optimum solution for customers' various everyday concerns and problems.

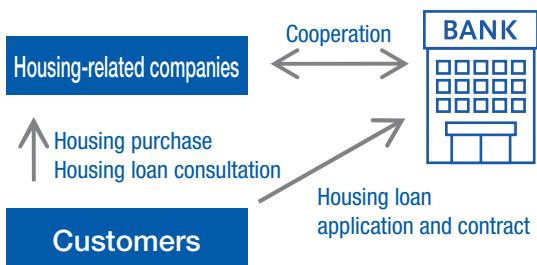


■ Strengthening contact with asset formation customers

Strengthening response to loan needs

Hiroshima Bank is working to expand its customer base through collaboration with regional businesses such as housing-related companies, and will continue to accommodate customers' financial needs by enhancing its relationships with local construction companies.

In addition, in order to strengthen our response to loan needs utilizing DX, we have also started accepting preliminary housing loan applications online from April 2024. We are also promoting the shift to online services for other loans, with the aim of improving customer convenience.



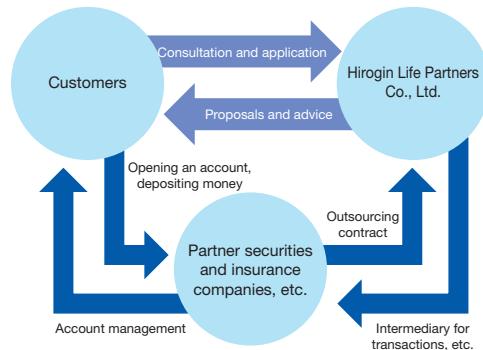
Strengthening collaboration with online brokers

Since April 2020, Hiroshima Bank has been providing financial product intermediary services for online transactions with Rakuten Securities and SBI Securities, and transactions, particularly among young people, are increasing.

In July 2024, in order to strengthen our approach to the rapidly expanding number of online brokerage users, we started providing asset formation advice through seminars and online consultations at the financial product intermediary company Hirogin Life Partners.

By combining the highly convenient systems and wide range of products/services offered by online brokers with the consulting capabilities of our Group, we will provide high-quality financial services and expand the asset management base in the region.

Hirogin Life Partners



■ Expansion of customer base from alliance partners, etc.

■ Expanding alliance partners

In addition to expanding our customer base by enhancing the Group's own unique products/services, we will also expand our business base with local customers by mutually complementing each other's strengths through collaboration with major platformers and companies in different industries.

We have been working to enhance customer convenience through cross-functional collaborations with broad services under the Rakuten Group, including alliances with Rakuten Securities and Rakuten Life Insurance in July 2024, Rakuten Point in October 2024, and Rakuten Card in November 2024.

■ Strengthening our approach to students and their parents

In light of the growing importance of financial education, Hirogin Group has assigned financial education advisors at the Hiroshima Bank Head Office, and provides seminars on financial literacy and asset formation to students and their parents in the region.

We also aim to nurture future innovators through the operation of our kids' programming school and help

regional elementary school pupils develop their ability to turn ideas into reality and communicate their thoughts.



■ Strengthening digitalization efforts

■ Supporting our customers' asset formation and enhancing their experience with the Hirogin app

Hiroshima Bank is working to improve the convenience and peace of mind offered by its financial services with the Hirogin app, which serves as a primary contact point for users aged 20 to 50, who account for around 70% of total users. In FY2024, we added functions to allow them grow their assets for the future and prepare for risks, all within a digital environment:

The Life Plan Simulation function enables users to visualize their asset plans and create financial plans that align with their life designs, with the aim of providing escort-runner-style support for people in the asset formation phase, thereby helping to expand the assets of our retail customers in the medium to long term.

The Insurance Policy Management function enables users to centrally manage their insurance policies within the app. This provides customers with peace of mind and an easy-to-use experience, enabling them to review their policies at any time as well as quickly and easily confirm details in an emergency.

We will remain focused to be a digital concierge by

providing functions that enable everything from financial transactions to preparation for the future through the Hirogin app, along with tailored information and proposals for each customer.



■ Cashless payment services that attract young people

■ HIROGIN Debit

No annual fee for life for primary members of Standard Card!



It's simple—Payments are made directly from your bank account.



Accepted at many stores
Works overseas too!

Available to customers aged 15 and older, meeting the cashless needs of young people.

■ Hirogin Rakuten Card

Get Rakuten Points worth 7,000 yen when you sign up, use it three times, and designate a Hiroshima Bank account!

*The benefits (including limited-time points) are subject to conditions. Usage limits, point amounts, etc., may change by campaign period. For details, please check the Hirogin Rakuten Card website.



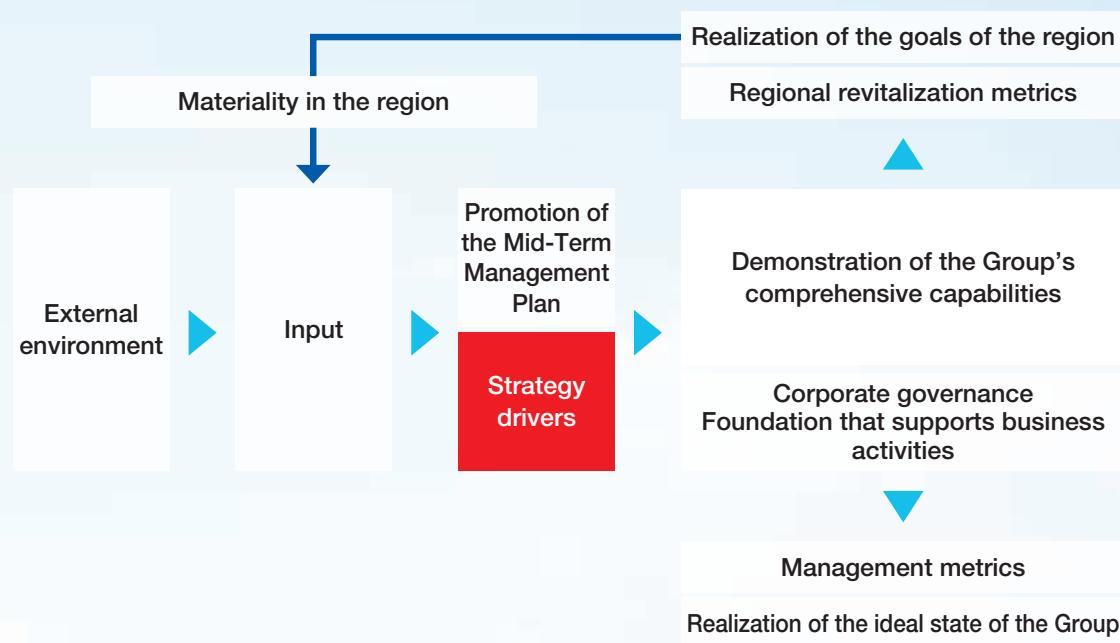
The product features of our card, such as the point redemption rate and annual fee (permanently free), are the same as the standard Rakuten Card, and it is also eligible for the Hirogin Point Service.

We aim to increase future transactions by encouraging first-time credit card applicants to choose the Hirogin Rakuten Card.

A photograph of a sailboat's mast and rigging on the left, sailing on a blue ocean. A horizontal gradient bar with colors red, yellow, and blue is positioned below the text.

What We Will Change to Realize Sustainable Growth

Positioning within the value creation story described in this section



What we want to communicate in this section

- **Approaches and strategies for SX, DX, and AX, which are strategy drivers**
- **Approaches and initiatives for human capital management**
- **Approaches and initiatives for DX strategies**
- **Structures and initiatives to promote carbon neutrality**

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Taking on challenges without fear of failure to realize a vibrant region

Minoru Fujihiro

Managing Executive Officer

Ideal state 10 years from now and current issues (through the “As is - To be” gap analysis)

The Group's ideal state 10 years from now is to contribute to the realization of a vibrant region and demonstrate an overwhelming presence in the region, and we believe that we need to contribute to solving the materiality and social issues in the region. To this end, it is essential to develop human resources who have acquired a high level of expertise to provide advanced solutions and management capabilities to maximize the power of the organization. To nurture the kind of workforce we require, we will, more than ever, expand investment in human capital and systematically support autonomous career development through the development of measures in areas related to the “five pillars to maximize human capital.”

We also recognize that it is important to contribute to the revitalization of the region beyond the boundary of the Group, and we will continue to take on challenges without fear of failure, such as providing support to develop local human resources at our training facility and delivering an HR development project across companies in the prefecture.

Human resource strategies to enhance corporate value (linkage of management strategies and human resource strategies)

Based on the belief that it is essential for sustainable enhancement of corporate value to effectively recruit, develop, and place human resources as a bearer of management strategy implementation, the Group strategically places human resources to each of its priority areas, including regional development business, corporate business areas (including equity business and shipping), wealth management, securities investment/ALM, and IT, digitalization and MEJAR-related.

Specifically, we will put approximately 240 employees (cumulative total through FY2028) into our priority areas by reviewing our sales structure and improving operational efficiency through digitalization. We are reinforcing portfolio management of specialized human resources primarily by focusing on the recruitment and development of human resources who demonstrate a high level of expertise by means of actively hiring mid-career professionals and providing employees with experiences beyond the Group boundary through, for example, trainings and traineeships in other companies.

Human resource development policy

We aspire to be an organization where all employees can demonstrate their abilities and expertise to the fullest toward a prosperous future for the regional community as a trusted Regional Comprehensive Services Group by closely offering thorough support to customers. We will develop human resources who can contribute to solving our customers' challenges, based on “personal integrity” that will be needed in the coming era, by continually striving for self-improvement for the future to become “a generalist with both expertise and management capabilities” or “a specialist capable of generating solutions.”

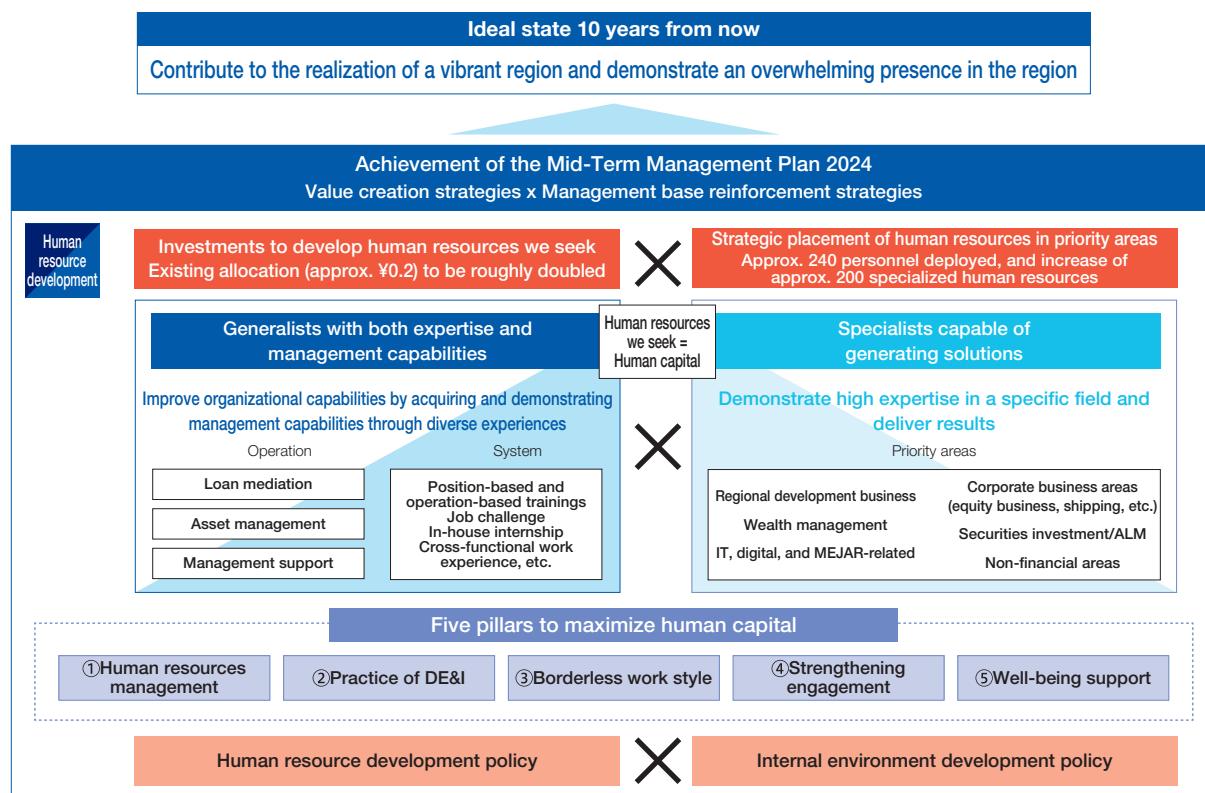
Internal environment development policy

We promote the creation of workplaces in which employees with diverse viewpoints and values can perform at their best based on their own intentions and awareness. In order for each and every employee to achieve their own ideal way of working, we are not only fostering a culture where they can develop their career paths on their own and take on new initiatives, but also developing an environment where a diverse range of career and experience can be utilized. We will also make conscious efforts to enhance the well-being of all employees with an aim to be a company where they can take pride in being part of the Hirogin Group.

Overview of Group human resource strategy

We formulated Mid-Term Management Plan 2024 by backcasting from the ideal state 10 years from now. The Plan positions the human resource strategy as one of the core strategies for strengthening the management base to support the value creation strategies for the growth and development of the community and customers, and to accomplish this strategy, we are implementing measures in each of the "five pillars to maximize human capital."

In addition, regarding the Group's human capital investments, we are working to formulate investment plans, verify their effectiveness, compare them over time and sophisticate our analysis under a framework that clarifies the scope and categories of investments and enables comprehensive and quantitative progress management. As a KPI, we have set the amount of human capital investment per employee and will strive to expand human capital through consistent investments.



The Group's human capital investment

(¥ million)	Classification	Specific example	KPIs			(Plan)
			FY2023 FY2024 FY2025			
			Human capital investment per employee	155 thousand yen	208 thousand yen	220 thousand yen
Investment in human capital	Development investment	• Investments to develop human resources we seek	Cost of implementing training programs Reskilling expenses such as self-development incentive fund, etc.	240	384	436
	Investment in human resources	• Personnel costs to develop human resources we seek	Personnel costs for training participants and trainees Personnel costs for the human resource development departments, etc.	360	419	425
Total development investments			600	803	861	(Plan) FY2030 300 thousand yen
Investment in human capital			411	1,047	1,788	
Base-line investment	• Investments in wellbeing of employees and realization of DE&I, etc.	Wage increase (raising the base salary) and review of the Group's employment conditions and recruitment activities to secure diverse human resources Employee wellness program	Total	1,011	1,850	2,649
	• Investments that serve as the foundation for building an attractive organization	Upgrades to training center and personnel system, cost of conducting engagement survey, etc.	2,093	437	1,686	Base-line investment In FY2025, we will invest in upgrading working infrastructure.
Grand total			3,104	2,287	4,335	

*Human capital investment per employee = total investment in human resource development / average number of employees during the period

Investment in human capital
 ▶ For investment in development, we will continue to proactively expand training programs, including those for enhancing management skills and those for enhancing expertise.
 ▶ For investment in human resources, a key contributor will be improvements in employment conditions through revisions to the personnel system.

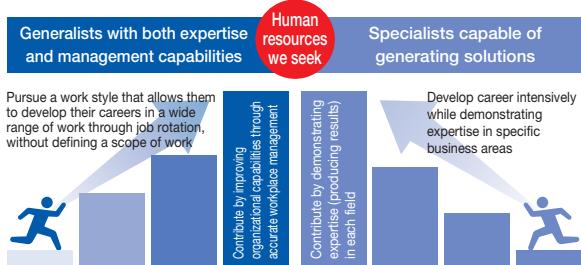
Base-line investment
 ▶ In FY2025, we will invest in upgrading working infrastructure.

■ Human resources management

To realize our purpose, corporate philosophy, and business strategies, the Group is striving to establish a solid organizational foundation that enables continuous value creation for all stakeholders by clarifying the human resources we seek and putting a development system in place.

Human resources we seek

The Group defines human resources we seek as generalists with both expertise and management capabilities and specialists capable of generating solutions, and will systematically support their autonomous career development.



Generalists with both expertise and management capabilities

■ Efforts to improve management capabilities

Based on the belief that the improvement of organizational capabilities through accurate workplace management at manager and supervisor level will lead to fulfilling our purpose and achieving the management plan, we conduct

position-based and theme-based training programs designed to enhance the management capabilities of employees.

At Hiroshima Bank, we also provide training to all managers and supervisors.

■ Development of future executives

The Group conducts the Hirogin Management School as part of its succession plan, which is designed to foster future management candidates. The School offers the curriculums in the table on the right and also makes recommendations to the management after the training is completed.

In addition, we continuously dispatch employees to MBA programs in Japan and overseas in an effort to foster future executives at an early stage of their careers.

position-based and theme-based training programs designed to enhance the management capabilities of employees.

At Hiroshima Bank, we also provide training to all managers and supervisors.

► Number of trainees in the Hirogin Management School (FY2024)

Program	Details	Number of trainees
Hirogin Management School (Practical)	• Program to nurture a sense of mission • Organizational reform	12 persons
Hirogin Management School (Upper)	• Technovate strategies • Design thinking, leadership	19 persons
Hirogin Management School (Intermediate)	• Critical thinking • Business strategy, facilitation	37 persons

► Company-sponsored enrollment in MBA programs (cumulative total as of March 31, 2025)

Program	Number of employees enrolled
MBA programs outside Japan	24 persons
MBA programs in Japan	24 persons

covers a wide range of qualifications not limited to finance-related ones, to actively support employees in addressing all customer needs and improving their career and expertise.

► Number of major qualification holders (as of March 31, 2025)

Details	Number of holders
Number of FP 1st-grade and CFP holder* (Group)	478 persons
Senior M&A Expert (Group)	207 persons
IT Passport (Group)	2,514 persons

*Persons holding two or all of the above qualifications are counted as one.

■ Support for advancement in expertise

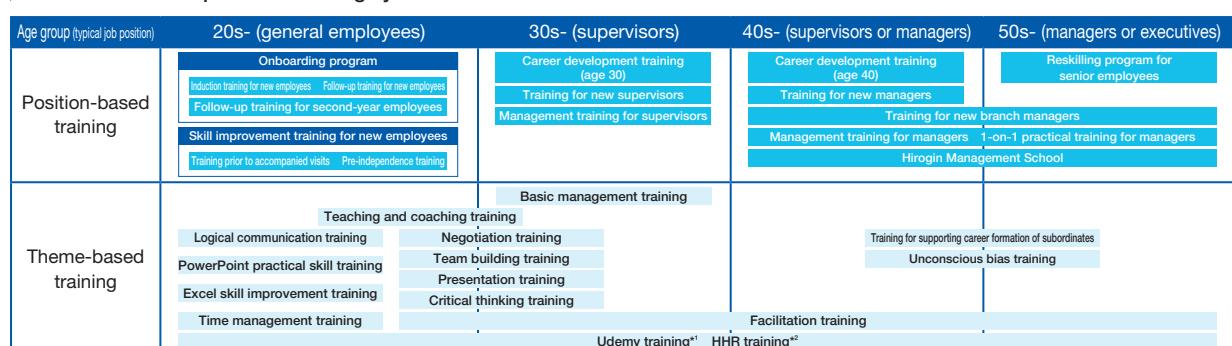
At Hiroshima Bank, we have established a Meister Certification System as a final goal of operational skills for general employees, so that they can improve their operational skills according to their careers. In addition, we have a self-development incentive fund system that

► Number of certified Meisters (FY2024)

Category of Meister	Number of certified persons	Number of newly certified persons
Consulting*	18 persons	4 persons
Corporate	67 persons	8 persons
Retail	85 persons	5 persons

*Of Corporate or Retail Meisters, a higher level of Meister recognized for those who practice consulting sales at a high level and have a certain level of skill in the other business as well.

► Illustrative career path and training system



*1 Training utilizing video content provided by Benesse Corporation

*2 With the aim of broadening perspectives through cross-functional learning, employees are sent to seminars for clients hosted by Hirogin Human Resources

Specialists capable of generating solutions

Based on the belief that the provision of accurate solutions by specialists with advanced expertise will lead to the development of the region and customers and the accomplishment of the Group's management strategies, we aim to further enhance our expertise not only through internal training but also through the expansion of exter-

nal training and the dispatch and secondment of trainees. In addition, by actively hiring mid-career human resources, we believe that knowledge and experience that cannot be obtained only within the company can be returned to the company, and this will lead to further improvement of our specialists.

Strengthening management of specialized human resources portfolio

In order to strategically place human resources as part of our efforts to achieve the goals of the Mid-Term Management Plan 2024, we define "specialized human resources" as those who demonstrate a high level of expertise in our priority areas and continuously produce results to contribute to enhancing our corporate value, and strive to strengthen management of their portfolio by placing a particular focus on their recruitment, development, and placement. In April 2024, we assigned personnel dedicated to the management of specialized human resources at the Personnel & General Affairs

Group to work closely with the administration divisions in each priority area, with the aim of achieving integrated human resources management linked to the business model of each priority area.

At Hiroshima Bank, we also introduced a talent management system in February 2025. Scheduled to be rolled out to the entire Group, the system will help effective recruitment, development, and placement based on open and digital human resources management, which will lead to accomplishment of our management strategy.

Allocation of resources to priority areas

Priority areas		Human resources to be deployed (FY2028, compared to FY2023)	Number of specialized human resources in priority areas ¹ (FY2028, compared to FY2023)	Revenue effects (FY2028, compared to FY2023)
Developing businesses that leverage the Group's strengths	Regional development business	+ approx. 15 persons (FY2024: + 2 persons)	+ approx. 15 persons (FY2024: + 8 persons)	+ approx. ¥2 billion
	Corporate business areas ² (equity business, shipping, etc.)	+ approx. 100 persons (FY2024: + 25 persons)	+ approx. 50 persons (FY2024: + 19 persons)	+ approx. ¥11 billion
Business areas undergoing restructuring	Securities investment and ALM	+ approx. 7 persons (FY2024: + 2 persons)	+ approx. 10 persons (FY2024: + 1 person)	+ approx. ¥16 billion
	Wealth management	Raise about 25 of the current human resources to specialized human resources through development		+ approx. ¥1 billion
Investment for growth that contributes to improving profitability	IT, digital, and MEJAR-related	+ approx. 100 persons (FY2024: + 23 persons)	+ approx. 100 persons (FY2024: + 20 persons)	Create new businesses and increase efficiency by coping with MEJAR, utilizing DX, etc.

¹ The definition of requirements for "specialized human resources" in each area will be reviewed in the event of changes in strategy or other changes due to changes in the external environment.

² The corporate business areas consist of business revitalization, support for mid-term plan formulation, M&A, business succession, equity business, shipping, and global solutions. The number of specialized human resources is the total number of specialized human resources in each area (if the same person falls under more than one area, he/she is counted in duplicate).

³In addition to the above, we plan to deploy approximately +15 persons in non-financial areas such as HR and labor consulting by Hirogin Human Resources.

Example of strengthening management of specialized human resources portfolio in priority areas

To secure human resources we seek in the priority areas, we manage the human resources portfolio by setting several domains per area as in the table below. We

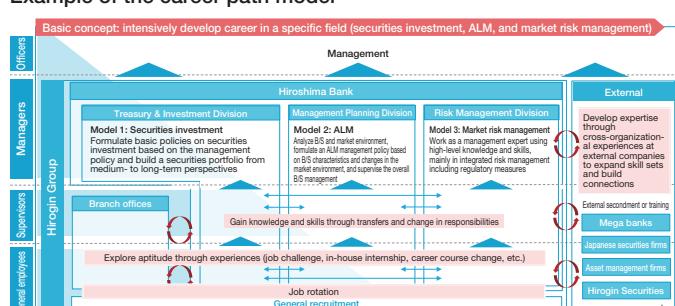
divide the level of expertise into three phases and set clear requirements and development systems for each, which we disclose together with the career path model.

Example of management of the specialized human resources portfolio

Human resources portfolio	Market trading (Results) (Plan)				Financing, general affairs and planning (Results) (Plan)				ALM (Results) (Plan)				Market risk management (Results) (Plan)			
	FY2024	...	FY2028	FY2024	...	FY2028	FY2024	...	FY2028	FY2024	...	FY2028	FY2024	...	FY2028	
Expertise demonstration phase	7	...	10	5	...	7	3	...	4	4	...	5				
Specialized human resources	12	...	12	8	...	9	0	...	1	4	...	5				
Expertise enhancement phase	11	...	14	9	...	9	3	...	3	3	...	4				
Basics learning phase	30	...	36	22	...	25	6	...	8	11	...	14				
Total for the above four areas as follows																

FY	FY2024	FY2025	FY2026	FY2027	FY2028
Human resources portfolio	19	43	21	23	26
Expertise demonstration phase	24	23	44	47	53
Expertise enhancement phase	26	29	30	31	30
FY total	69	73	77	79	83

Example of the career path model



¹ The number of specialized human resources is the total number of specialized human resources in each area (if the same person falls under more than one area, he/she is counted in duplicate).

² The career path model indicated here is simplified.

■ Diversity, equity and inclusion practices

■ Overview of promotion of diversity at the Group

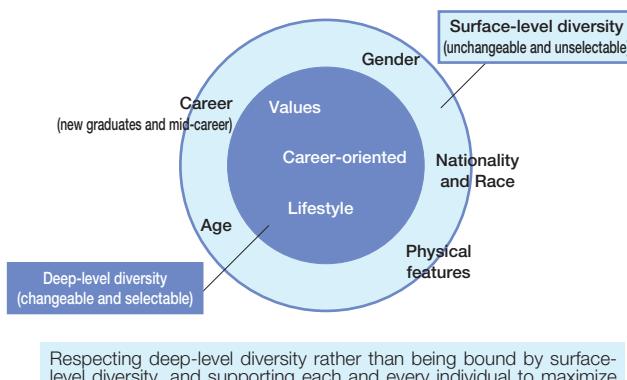
The Group believes that the purpose of diversity, equity and inclusion (DE&I) is to build an organization in which everyone can maximize their potential to take an active role, respecting deep-level diversity, rather than being bound by surface-level diversity.

Aiming to be an organization in which everyone takes an active role, we are hiring a diverse range of human resources (hiring new graduates, half male and half female; strengthening mid-career hiring; achieving the legally mandated employment ratio of people with disabilities; and introducing reemployment until the age of 70). In particular, we aim to actively employ people with disabilities, exceeding the legally mandated employment rate, and have established a special subsidiary and are

employing people with disabilities through inclusion at all Group companies.

Meanwhile, the Group has a long way to go in terms of diverse human resources playing an active part, with only about 10% of women, who account for 40% of the workforce, being promoted to managerial positions. Diversity at the decision-maker level is a key growth driver for us, and we need to increase the percentage of women in managerial and supervisory positions as soon as possible. We are striving to speed up the identification of issues and implementation of measures to achieve our goal of reaching a 30% ratio of women in managerial and supervisory positions by 2030.

► DE&I's objective: For everyone to take an active role



► Goals and current status

Indicators	FY ended March 31, 2025	FY ended March 31, 2026	FY ended March 31, 2021
	Results	Goals	Goals
Ratio of women in managerial positions	11.8%	15%	Approx. 25%
Ratio of women in managerial and supervisory positions	19.3%	22%	Approx. 30%
Ratio of women in candidates for managerial and supervisory positions	36.1%	37%	Approx. 45%
Ratio of women to new employees	49.7%	Approx. 50%	
Ratio of women to all employees	41.5%	42%	Approx. 45%
Number of mid-career employees	62 persons	66 persons	Approx. 100 persons
Rate of employment of people with disabilities	2.8%	3.0%	3% or more

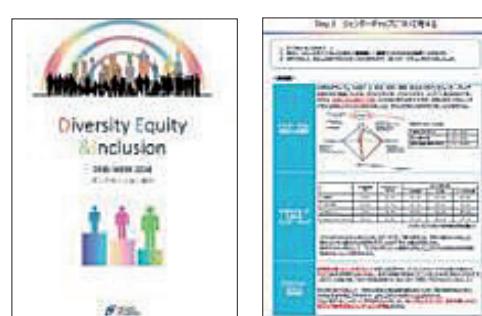
■ Holding DE&I Week

The Group has been holding the DE&I Week since FY2022 based on a proposal by employees. It aims to deepen group-wide understanding and awareness of DE&I during the Human Rights Week (December 4–10) and develop an organization where diverse human resources take active roles.

In FY2024, we held study sessions by branch and department, targeting all Group employees. We provided content with a focus on dialogue at each workplace, using original teaching materials that included a video message from the President; case studies based on the survey of employees on words or actions not bound by surface-level diversity (unchangeable attributes such as age and gender) that made them happy at their workplace (e.g. given or entrusted with a role), and initiatives of the organization where members with restrictions such as nursing care, childcare, medical care, and disabilities can play active roles and grow without being alienated from works that provide a sense of fulfillment; and a video of discussion between LGBTQ members and our officers.

As a result, 96% of approx. 3,000 Group members said in the survey that their understanding of the organi-

zational benefits of promoting DE&I "greatly deepened" or "deepened." We will continue such initiatives to truly promote DE&I.



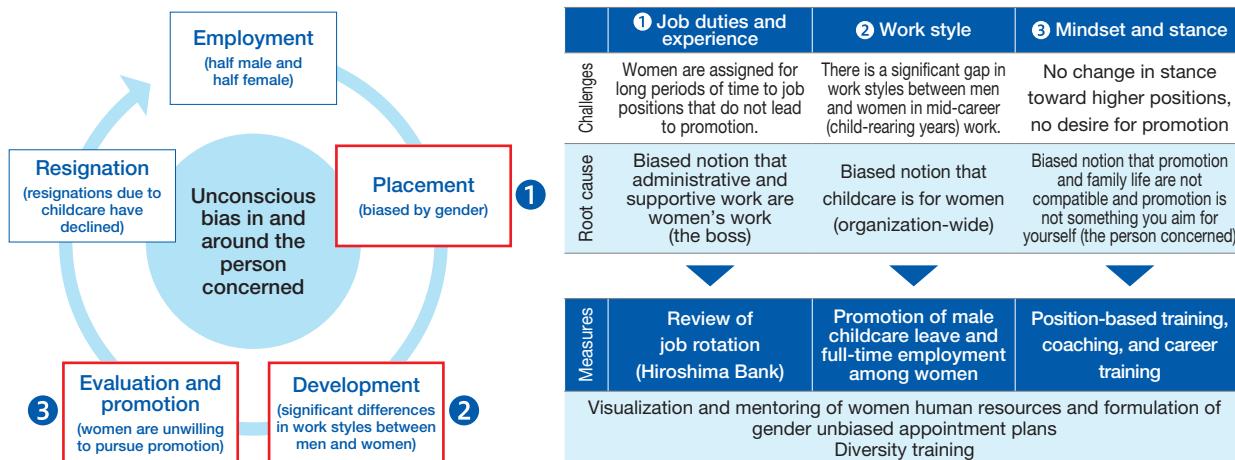
<DE&I Week programs>

Day 1	Why DE&I are necessary for an organization
Day 2	Reflecting on gender gaps
Day 3	Reflecting on working with people with disabilities
Day 4	Deepening understanding of LGBTQ
Day 5	Diverse work styles (for everyone to play an active role)

Identifying causes of gender gaps

The Group has identified three reasons why the ratio of women in managerial positions remains low compared to the ratio of male to female employees: ① gender bias in placement, ② differences in work styles between men

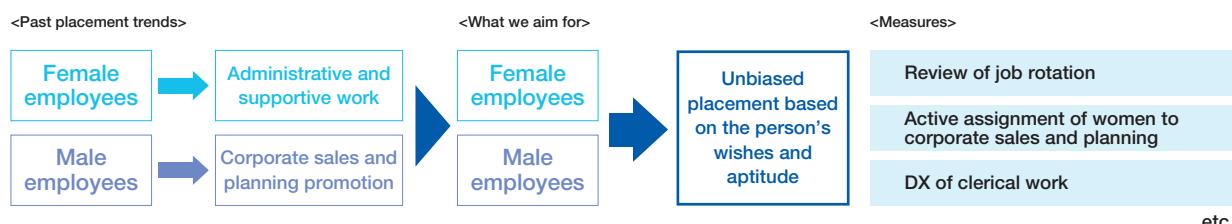
and women, and ③ women's attitude toward promotion, and is planning and implementing measures to resolve each issue.



1 Gender bias in placement

In the past, regarding employee placements, there has been a tendency to assign women to administrative and supportive work and men to corporate sales, planning promotion, and other work. Such a placement has led to the creation of gender disparities in subsequent development

systems, promotions, and appointments. Based on these issues, we will review job rotations and actively assign women to corporate sales and planning positions, and promote unbiased placement according to the wishes and aptitude of each individual, regardless of gender.



Example of reassigned women playing active roles

At the Itsukaichi Branch of Hiroshima Bank, a female employee who had long been in charge of loan operations was reassigned to corporate relations and discovered that local women business owners lacked peer-to-peer relationships. Right after taking the new position, she proposed and planned seminars and networking events for women business owners, with the aim of building their community. She successfully held the event shortly after, with cooperation of the branch and employees of other departments.



View of the seminar

<Seminar program>	
Part 1	Lecture "For Hiroshima to develop and grow with power of women"
Part 2	Networking event

At the seminar, which gathered women business owners and executives of about 20 local client companies, the executive officer and General Manager of the Group's Sustainability Coordination Division gave a lecture, and the participants and Hiroshima Bank employees discussed problems women face, as well as their roles as managers and leaders.

The participants gave feedback that many women succeed business unexpectedly, unlike men who are expected to be successors, and it is important to **train employees regardless of gender** on the premise that **women can also become successors**; and that **both men and women grow and become confident by breaking free from the status quo**, and we should keep this in mind when developing successors. This is a good example of a female employee promoting local diversity by successfully carrying out planning operations in a corporate relations position, to which few women have been assigned in the past.

② Differences in work styles between men and women

To truly achieve DE&I, it is necessary to realize a gender-neutral work style. In view of the current situation in which the burden of housework and childcare is disproportionately placed on women, based on the assumption

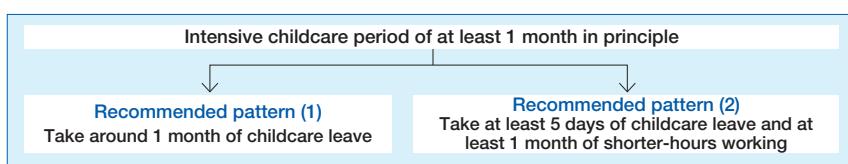
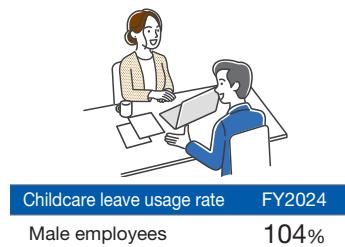
that they work long hours, we are trying to achieve a gender-neutral work style by promoting the participation of men in childcare and introducing a unique shorter-hours working system.



■ Men's participation in childcare (introduction of male childcare leave and shorter-hours working system)

Furthermore, since 2022, we have been encouraging male employees to take a period of intensive childcare of at least one month, by taking advantage of the childcare leave and shorter-hours working system, with the aim of encouraging

men to participate in the care of their children. By incorporating not only childcare leave but also shorter-hours working into the system, we aim to make it normal for men to go home early to pick up their children at nursery school, etc.



*Based on the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members, the calculation for the period in question (April 1, 2024, to March 31, 2025) is made by dividing the number of workers who took childcare and other care leave by the number of workers who, or whose spouses, gave birth. All men workers whose spouses gave birth are to take childcare leave within two years from the childbirth in principle. As some workers take childcare leave over two fiscal years after their spouse gives birth, the childcare leave usage rate exceeded 100% in FY2024.

■ Prevention of women's mommy track (introduction of unique shorter-hours working system)

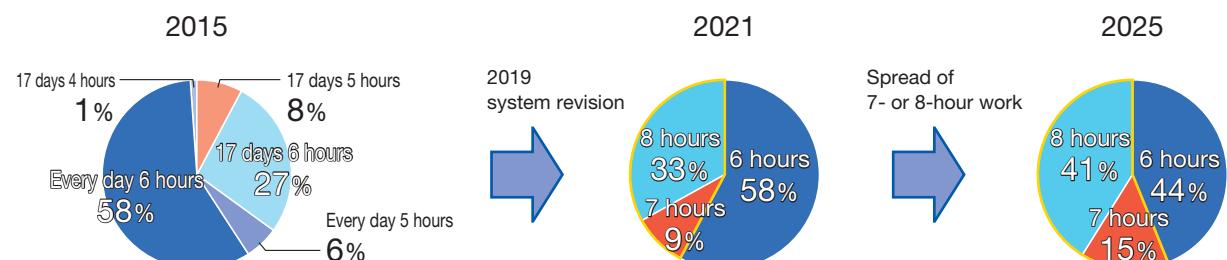
In light of the issue of women taking shorter working hours over longer periods of time being a factor in mommy track, we have revamped our shorter-hours working system at all Group companies beginning in 2019. By extending the period of time that had previously been available only until the children in employees' care were in the lower grades of elementary school, but this has been extended to the 6th grade. At the same time, by setting the total acquisition period to 5 and a half years, we encouraged fragmented acquisition when it was truly necessary. With the revision of this system, the work

hours of employees working shorter hours at Hiroshima Bank have changed significantly. The application period for shorter-hours working has been shortened and more women are reviewing their working hours in a short period of time. In addition, while many female employees caring for children had previously chosen to work 6 hours or less, more than half now have chosen to work 7 hours or more. At the same time, overtime hours are decreasing company-wide, and the gap in work hours between employees working shorter hours and those working regular hours is shrinking.

► Usage example (conceptual diagram)



► Breakdown of employees working shorter hours (as of April 1 of each year)



③ Women's attitude toward promotion

In addition to gender bias in placement and differences in work styles between men and women, excessive consideration from others who feel sorry for letting women work too hard, as well as women's doubt about their own capabilities have often kept them from challenging opportunities and growth experiences compared to men.

At the same time, for women to advance in their career, they need to first take up higher positions and leave their posts to successors.

Everyone hesitates to take on first-time duties and difficult tasks.

However, only actions and experiences help develop confidence. We therefore provide position-based training that encourages women to understand the above and take a step forward on their own.

Besides gaining awareness, women may need supporters or someone to talk to about their career. To help them develop their career more effectively, we provide cross-mentoring meetings with current officers to women managers in anticipation of promotion to officer positions, professional coaching to women supervisors, and career consultation by a professional career consultant to general female employees.

Target	Measures
Women managers	Training for improving problem-solving skills + Mentoring meetings with officers
Women supervisors	Training for improving problem-solving skills + Professional coaching
Young female employees	Career support training
Young to mid-career female employees	Role model café

Measures common to issues ①-③

To address all three issues, we provide diversity training to employees. In addition, in order to ensure not only a change in attitude or mindset but also a correction of the resulting promotion disparity, we are formulating and putting in place a plan for mid- to long-term training and gender-neutral appointment of manager and supervisor-level employees.

Currently, many female employees have fixed roles and work in the same department for a long time

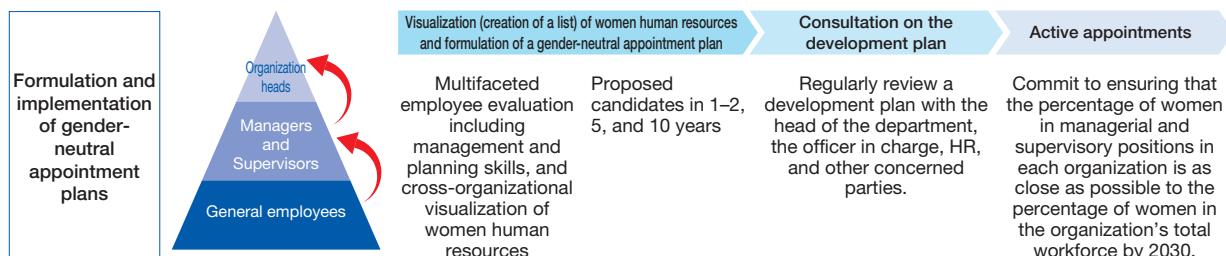
compared to men, and department managers who hold authority over human resources have few occasions to learn about female employees in other departments who have capabilities and potential fit for promotion. Therefore, we are developing a system to share their multifaceted evaluation list among the officers, department managers, and HR as reference for placement or promotion.

► Diversity management (unconscious bias) training

For managers In FY2024, diversity management training was conducted for all organization heads at Hiroshima Bank to recognize the existence of unconscious bias and realize the success of diverse human resources.

For supervisors In FY2024, diversity management training was conducted to supervisory positions at Hiroshima Bank, which are pre-managerial positions.

► Formulation of a plan for mid- to long-term development and gender-neutral appointment of manager and supervisor-level personnel

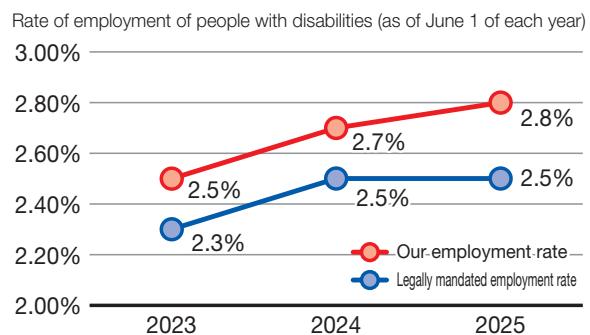


Respect of diversity and promotion of active participation of people with disabilities

The Group places value on developing a workplace where various human resources can demonstrate their capabilities and feel a sense of fulfillment in their life and work. As part of such effort, we actively employ people with disabilities.

We believe that a workplace where all people, with or without disabilities, are respected, have a role to play, and work with a sense of fulfillment is the basis of a sustainable organization, and it is an important challenge in management.

Therefore, we promote employment of right persons in right positions not only at the special subsidiary but all across the Group to truly achieve DE&I.



As support for employees with disabilities and other employees, we have a group-wide support system including mental health social workers to attentively help each person's active participation in work.

To be a role model for the regional community, we will continue to actively employ people with disabilities, contribute to realizing a society where everyone can play an active role, and aim to achieve the legally mandated employment rate of 3% as soon as possible. We will also actively give back to the community, for example by accepting workplace tours and practical training of people with disabilities and holding seminars.

Number of employees with disabilities (as of August 1 of each year)

Group company name	2024	2025	Change
Hiroshima Bank	71 persons	78 persons	+7 persons
Hirogin Business Service (special subsidiary)	35 persons	43 persons	+8 persons
Other Group companies	12 persons	15 persons	+3 persons

■ Obtainment of Monisu Certification by a special subsidiary

Hirogin Business Service, a special subsidiary of the Group, received the Monisu Certification (certification for SMEs excelling in employment of people with disabilities) from the Ministry of Health, Labour and Welfare on September 20, 2024, for its efforts in stable employment and retention of people with disabilities.

The Monisu Certification is given to businesses that not only comply with laws on employment of people with disabilities but also meet certain criteria in their comprehensive efforts such as long-term continuation of employment, consideration for the workplace environment, and development of support systems.

Centering around Hirogin Business Service, we will continue to improve comfort and satisfaction at work for employees with disabilities across the Group to develop a workplace where everyone plays an active role.



Respect of diversity and LGBTQ+

The Group actively promotes understanding of LGBTQ+ in order to develop a workplace where diverse genders are respected and everyone can be true to themselves with peace of mind.

During the Hirogin Group DE&I Week*1 in FY2024, we distributed a video of an interview with LGBTQ+ persons for employees to watch. It received positive feedback from employees, who said they felt closer to LGBTQ persons and wanted to be conscious of diversity in their speech and action.

In FY2025, we will review and develop internal systems to develop a comfortable work environment for all employees including LGBTQ+ members. Alongside efforts to become an attractive company that respects diversity, we will work on obtaining the PRIDE Index.

We also established HATAful Pride as part of the HATAful*2 local business network project, and carry out LGBTQ awareness activities in the local community.

<Initiatives planned by HATAful>



HATAful plans to be the main sponsor of the Hiroshima Pride Parade which will be held for the first time in Hiroshima Prefecture in 2025. We will continue to expand our activities in cooperation with the local community in order to create a society where all people can live their life to the fullest.

*1 DE&I Week: See page 79.

*2 HATAful: See page 90.

■ Borderless work style

The Group is promoting the acquisition of diverse values and skills and active challenges in new environments, while working to create an environment in which all em-

ployees can transcend various boundaries of time, place, organizational affiliation, career, and other factors to maximize the capabilities they possess.

Realizing flexible and efficient work styles

Through the development of various systems that enable flexible working styles regardless of time and location, many employees of the Group are utilizing flextime and remote working systems, and a hybrid working style combining office work and remote work has taken root. Furthermore, with the aim of fostering awareness of the need to reform work styles, Hiroshima Bank has designated every Wednesday as a “day for increasing productivity even more” for departments at the Head Office,

making work hours 8 hours or less. We are also promoting flexible and efficient work styles by introducing a work hour interval system (11 hours) for all employees. The average number of days of paid leave taken per employee in FY2024 was 15.3 days (down 0.4 days from the previous year).

Average number of paid leave taken per employee 15.3 days (down 0.4 days from the previous year)

Average monthly overtime hours per employee 8.2 hours (up 0.12 hours from the previous year)

Support for proactive challenge and growth

In April 2023, the Group introduced the Cross-functional Work Experience Program “Hirameki ☆ 1Day’s). The program aims to allow employees to create opportunities for new experiences on their own and foster innovative thinking, thereby invigorating the organization. Employees volunteer to take on new challenges that are not currently available in their career path, for example at outside companies. In October 2023, we introduced a system that allows side jobs related to community contribution, learning and growth. (As of June 30, 2025, 36 employees had utilized this system.) The purpose of the system is to motivate employees to contribute to the local community and to revitalize the region, and to increase the diversity and

expertise of employees by acquiring new knowledge and information and forming personal networks, which will lead to organizational revitalization and innovation.

▶ Number of users of various systems for borderless work styles (Hiroshima Bank)

Details	FY2024 results
Number of internal internship participants	306 persons
Number of transferred employees due to use of job-challenge system	40 persons (+12 persons from the previous year)
Number of applicants for Hirameki ☆ 1Day's	22 persons (including 19 applying to work at outside companies)

* Job-challenge system: 109 applicants in FY2024

Acquisition of diverse values and skills

The Group welcomed 62 mid-career hires on board in FY2024, with the goal of hiring 66 in FY2025. We will continue to actively recruit mid-career human resources with a wealth of experience from other industries than the financial circles.

In addition to the system to welcome back former employees who left for various reasons such as career change, marriage, and nursing care, Hiroshima Bank

launched an alumni network in November 2024 to build a medium-to-long-term relationship with alumni (former employees) who know the Company well and have gained experiences and knowledge elsewhere. It will strive to gain diverse human resources and improve corporate value by providing latest company information and recruiting mid-career workers.

Voices of rehired employees



Mina Dobashi
Branch office

I joined Hiroshima Bank as a new graduate and then resigned once, but I returned to the job thanks to the welcome-back system. I gave birth during my former employment and had to review my work style due to changes in my life. The shorter-hours working system and various leaves make it easy to balance work and childcare. I can respond flexibly even when my child has a sudden fever, and I feel a sense of peace working at Hiroshima Bank once again.

Voices of mid-career hires



Shuji Hirashige
Solutions Sales Department

I joined Hiroshima Bank in 2024 and propose solutions to local medical institutions and nursing care providers as a person in charge of medical business. I strive to give first-hand advice and solve local issues, leveraging my former experience in developing new businesses and improving management. Hiroshima Bank has a culture of respecting others and taking joy in each other's growth. You can propose your ideas freely and work at peace even if you are changing your career from other industries. In the future, I hope to support the medical and nursing care industry and further revitalize Hiroshima.

■ Strengthening engagement

The Group's corporate culture is based on a spirit of challenge, which is the foundation of all our efforts, and we work to increase engagement of each and every

employee by fostering an organizational culture where they take interest in others and praise each other.

Fostering a culture of praising and taking on challenges

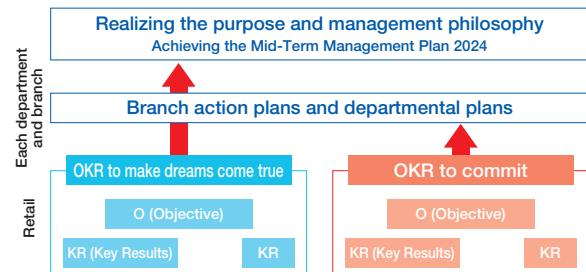
The Group is developing an environment to create an organization that is not afraid of change and where taking on challenges is just a matter of course. Specifically, we strive to foster a culture of taking on bold challenges and supporting each other's efforts and instill a culture of praise, by holding business contests open to all Group employees and promoting activities of the Future Creativity Working Group aimed at envisioning the future of the community and the Group.

In FY2023, we also introduced a new evaluation system aimed at breaking away from a top-down corporate culture. The new system focuses on goalsetting based on the intrinsic motivation of the individual employee, rather than being solely caught up in internal competition or short-term results, and evaluates efforts made toward achieving those goals.

We implemented a goal-setting framework called

OKR (objectives and key results) with the aim of aligning all employee activities with the direction of the Group's management philosophy. This is intended to enhance job satisfaction and motivation among our employees.

► Introduction of Hirogin's version of OKR



Support for retention and quick integration of employees

The Group is enhancing onboarding programs under the belief that prevention of resignation and support for retention and quick integration of employees help maximize the return on investment in their development.

We regularly revise the training for new employees based on careful surveys and analysis to provide it appropriately. As a result, the rate of employees who resign within their first three years is remaining low.

Also, at Hiroshima Bank, we newly created an original onboarding handbook in March 2025 to retain mid-career hires and help their immediate integration. Based on surveys and analysis of past mid-career hires and their departments, the handbook is highly practical for helping quick integration.

► Attrition rate for employees within their first three years (as of March 31, 2025)

<Reference>

Group company name	FY2021 Entry	FY2022 Entry	FY2023 Entry (2 years passed)	FY2024 Entry (1 year passed)
Hiroshima Bank	21.2%	13.5%	4.1%	0.0%
Hirogin Securities	25.0%	11.0%	0.0%	0.0%
Hirogin Lease	0.0%	16.7%	12.5%	0.0%
Hirogin IT Solutions	18.2%	12.5%	0.0%	4.5%

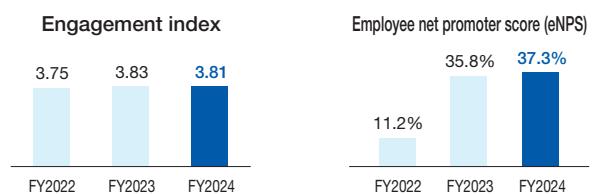
*The attrition rate for employees within their first three years (including new graduates and mid-career hires) is calculated as follows: (Number of employees who left the company within their first three years among those who joined in the applicable fiscal year) / (Total number of hires in the applicable fiscal year) × 100%.

Enhancement of employee engagement

As an indicator of the Group's sustainable growth, we conduct the employee attitude survey from the perspectives of expectations and realities, including their empathy with our purpose and corporate culture, and enthusiasm for their work. In FY2024, the engagement index was 3.81, and eNPS was 37.3%.

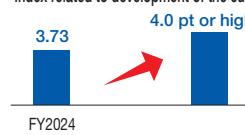
From the FY2024 survey, we also began to quantify the progress in developing our valuable corporate culture of praising each other and taking on new challenges. With the belief that we must establish and develop a culture of taking on new challenges without fearing failure in order to achieve our purpose and management policy, we will continue to build a relationship of trust with our employees and improve the workplace environment and culture to create an attractive corporate culture and workplace environment where employees can work with pride.

► Results of the FY2024 Hirogin Holdings employee attitude survey



*The engagement index is a metric that represents the enthusiasm, motivation, and depth of trust employees have in the company. It is the average value of the 5-point scale evaluation (with 5 being the highest).

Index related to development of the culture of praising each other and taking on new challenges



*Average value of the 5-point scale evaluation (with 5 being the highest), calculated based on answers to questions related to development of the culture of praising each other and taking on new challenges.

Well-being support

The Group strives to achieve well-being at workplace so that employees, who put our purpose into practice, can perform their best. To be specific, we support their physical and mental health (physical well-being), financial

enrichment (financial well-being), spontaneous career development (career well-being), and attachment and commitment to their community and organization (social well-being).

Physical well-being initiatives

We consider the physical and mental health of employees as a top priority and promote health and productivity management group-wide in line with the Hirogin Group Health Management Declaration.

The Group and Hiroshima Bank received the White 500 certification as one of top Outstanding Organizations of KENKO Investment for Health 2025 (large enterprise category), while Hirogin Lease and Hirogin Human Resources were certified as Outstanding Organizations of KENKO Investment for Health (SME category).

The Group and Hiroshima Bank were also selected as the Sports Yell Company 2025 for supporting and promoting sports activities to improve health of employees.

▶ Outstanding Organizations of KENKO Investment for Health 2025 White 500



Outstanding Organizations of KENKO Investment for Health 2025 (large enterprise category) White 500 certification logo

▶ Sports Yell Company 2025



Sports Yell Company 2025 certification logo

▶ Outstanding Organizations of KENKO Investment for Health 2025 (SME category)



Outstanding Organizations of KENKO Investment for Health 2025 (SME category) certification logo

Financial well-being initiatives

We promote financial well-being under the belief that it is important for our employees to not only feel satisfied at work but also enjoy their personal life when it comes to leading a holistically fulfilling life. For that, it is essential to enrich compensation which is the foundation of their lives.

As employees are increasingly burdened due to recent price hikes, we are continuously improving the level of compensation. Under the Mid-Term Management Plan 2024, we focus on improving profitability and revising systems at each company to standardize the level of compensation that currently varies by group company.

Company name	FY2023		FY2024		FY2025
	Base salary increase		Base salary increase		HR system revision
Hiroshima Bank					
Hirogin Securities					
Hirogin Lease		2%		3%	
Hirogin IT Solutions					Approx. 10% (Annual salary increase rate including bonuses)

*Level for university graduates open to any work location

*See page 88 for revision of the HR system

To help employees build their wealth, we have organized the Hirogin Holdings Employee Stock Ownership Plan, whereby we subsidize 10% of the contribution amount as an incentive. In FY2023, we increased the incentive amount and introduced the ESOP trust, and the employee participation rate in the stock ownership plan is high, at approximately 80%.

▶ Status of the Employee Stock Ownership Plan

Encouragement of participation in the Employee Stock Ownership Plan

— Percentage of shares held by the Employee Stock Ownership Plan to the number of shares issued (excluding treasury shares)



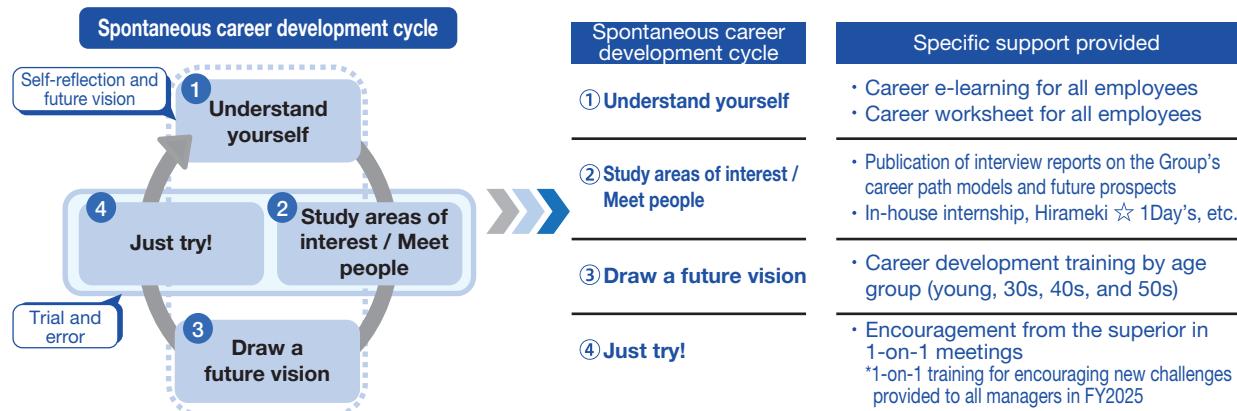
March 31, 2021 March 31, 2022 March 31, 2023 March 31, 2024 March 31, 2025



Career well-being initiatives

We believe that a sense of satisfaction and fulfillment related to work and career is an important factor that affects the employees in terms of both their work performance and the quality of their personal life. To achieve career well-being of all employees, we provide organizational support for them to break away from company-led, passive career development and pioneer their career on their own.

Specifically, we set a four-step spontaneous career development cycle and provide a variety of group-wide support so that employees can reflect on, examine, and select their career in each step.



Social well-being initiatives

We believe that social well-being is achieved by employees having affection for their community and organization and taking spontaneous actions for such community and organization.

Using the in-house social media platform called TUNAG, we promote active communication between employees of different ages, positions, and group companies, to nurture a culture where each employee takes on challenges as practitioners. Also, to respond to the outflow of population from Hiroshima Prefecture, we worked with other Hiroshima-based companies to establish HATAful, a network aimed at further developing attractive workplaces where anyone can be true to themselves in Hiroshima. We are striving to make it an employee-centered, cross-organizational platform that unites companies in Hiroshima and brings forth change. By helping employees become attached to their community and organization through these initiatives, we will increase well-being in the entire region and contribute to sustainable development.

► Examples of posts on in-house social media TUNAG Share your stories of failure! ★ Failure story relay

To eliminate negative perceptions of failure and encourage new challenges without fearing failure, employees are taking turns in sharing their stories of failure that helped them become who they are today.

The story relay began with the idea of a branch office employee, and 11 officers have taken the baton so far to share their experiences of failure.

Young employees say they enjoy the stories so much that they even bookmark them to read again and again. It is spreading a message that positive failures are full of lessons and hints for growth.



■ Drastic revision of the human resources system

As part of efforts to achieve the high ideas and goals set in the Mid-Term Management Plan 2024, the Group

drastically reviewed the human resources system to strengthen the five pillars for maximizing human capital.

Concept behind revision of the human resources system

We recognize that, in order to achieve the high ideas and goals set in the Mid-Term Management Plan 2024 launched last fiscal year, we need to improve the effectiveness of the system (human capital strategies) in which the Group's human resources, who implement our value creation strategies, can demonstrate their capabilities to the maximum. We therefore decided to drastically review the traditional human resources system in line with the human capital strategies.

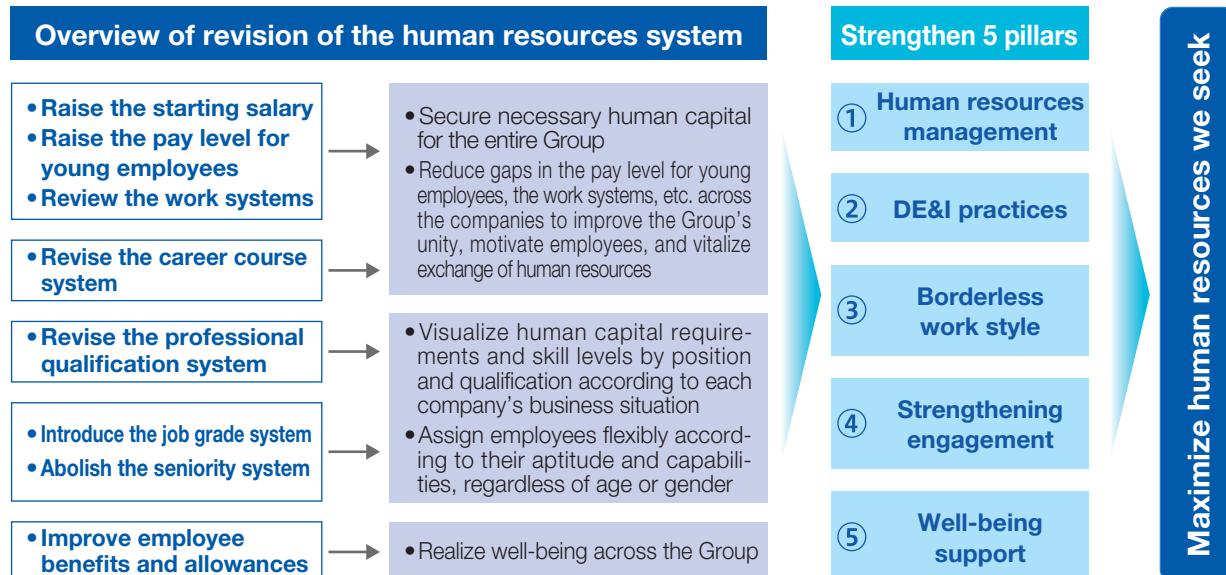
In FY2024, we repeatedly discussed and examined how the system should be to achieve our ideals, and consequently decided to significantly revise the human resources system at four Group companies (Hiroshima Bank, Hirogin Securities, Hirogin Lease, and Hirogin IT Solutions).

The revision will allow us to maximize (secure,

develop, promote active participation of, and retain) the human capital and enhance the organizational capacity while considering various work-related needs of employees, in order to establish human capital strategies as a sustainable system and improve the well-being of employees in a highly balanced manner.

The four companies subject to the revision will also standardize the pay level for young employees and vitalize exchange of human resources to further nurture the Group's unity and build an organization where diverse human resources can work according to their aptitude.

The Group's investment in human capital through the revision is expected to be around 2.5 billion yen, and the annual wage raise rate including bonuses will be approximately 10%.



Is Hiroshima Bank a Great Place to Work?

Reviewing Human Capital Management in Light of Comments on an Employer-Review Site

We conducted a text analysis on the comments about Hiroshima Bank on OpenWork (openwork.jp), an employer-review website operated by OpenWork Inc.*1 For this analysis, we adopted an analytical approach developed by Credit Pricing Corporation. Under this approach, we used AI to quantify Hiroshima Bank's organizational culture by two measures: employee friendliness and job satisfaction. The purpose was to obtain insights about how well human capital has been managed at Hiroshima Bank and what issues need to be addressed.

Employee-friendliness score

Becoming One of the Most Employee-Friendly Regional Banks through HR Management Initiatives

Hiroshima Bank supports flexible and efficient workstyles as part of its longstanding commitment to workstyle reform. It also supports gender-neutral workstyles as part of its commitment to diversity, equity, and inclusion. Over the past 10 years, we have seen a significant increase in the bank's employee-friendliness score on OpenWork.

An analysis of the most frequently occurring phrases revealed, encouragingly, many positive phrases such as **“great workplace for women”** and **“bosses and colleagues are supportive.”** Also prominent, however, were phrases such as **“women are treated protectively.”** We consider this problematic in light of the lessons we learned about how a desire to care for women led to gender bias in job assignments (a tendency to spare women from tough assignments). We are now working to eliminate gender bias in reassessments (see page 80) so that more employees will feel confident to say that **“work is assigned without gender distinction.”**

► Word cloud of phrases related to employee friendliness (July 2007 to March 2025)



December 2014	March 2025		
Employee-friendliness score ^{**}	Employee-friendliness score ^{**}	Rank among regional banks ^{**}	Rank among 10 biggest regional banks by market cap ^{**}
98.93	109.96	11th out of 48 banks	1st out of 10 banks

► Word cloud of phrases related to employee friendliness (last year)



Job- satisfaction score

Better Employee Management for Even Greater Job Satisfaction

Hiroshima Bank has a longstanding commitment to talent development. In order for each and every employee to achieve their own ideal way of working, the bank fosters a culture where they can develop their career path on their own and take on new initiatives and develops an environment where a diverse range of career and experience can be utilized.

An analysis of the most frequently occurring phrases revealed a rise in phrases highlighting growth and empowerment such as “**empowers growth**” and “**empowers me to satisfy the needs of the customer at hand**” and phrases highlighting career autonomy such as “**young employees can easily take the initiative**” and “**I can do the work I want to do**.”

On the other hand, we also noted comments such as **“depends on the branch.”** To ensure that all the workplaces are empowering and that they contribute continually to every employee’s growth, we are organizing employee-management training for all managers and supervisors (see page 77) and taking other steps to create an empowering workplace for all.

► Word cloud of phrases related to job satisfaction (July 2007 to March 2025)



December 2014	March 2025	Job-satisfaction score ^{**}	Rank among regional banks ^{†,‡}	Rank among 10 biggest regional banks by market cap ^{**}
Job-satisfaction score ^{**}	Job-satisfaction score ^{**}	101.04	8th out of 47 banks	3rd out of 10 banks
		110.62		

► Word cloud of phrases related to job satisfaction (last year)



*1: The analysis covers review data for Hiroshima Bank collected from July 14, 2007 to March 31, 2025, comprising a total of 546 accumulated reviews.

*2: The employee-friendliness and job-satisfaction scores are shown as relative values, with 100 representing the average score of companies listed on the TSE Prime or Standard market.

*3: The industry classifications used in this ranking (ranking among regional banks) were independently determined by Credit Pricing Corporation based on disclosed information and other sources. However, some companies were excluded from the comparative analysis, such as those with fewer than 50 cumulative reviewers in each category.

*4: The companies used for comparison in this ranking (rank among 10 biggest regional banks by market cap) are the top 10 companies by market capitalization as of August 4.

⁴ The companies used for comparison in this ranking (rank among 10 biggest regional banks by market cap) are the top 10 companies by market capitalization as of August 4, 2025, within the industry category (regional banks) described in Note 3. For listed bank holding companies, the comparison is made using the largest subsidiary bank in terms of employee count.

Feature 3

Making Hiroshima Bank an Even Greater Place to Work in the Region

Promoting Diversity, Equity, and Inclusion in the Region

Hiroshima Prefecture has been experiencing a serious and ongoing net outflow of residents, particularly among young people and women. We believe that creating a community where younger and child-rearing generations can work regardless of age or gender will help curb the net outflow of residents and increase the number of people who want to work in Hiroshima Prefecture. On this belief, we have launched initiatives in which we engage with residents to make the prefecture a place that embraces diversity and offers empowering jobs for all.

HATAful: A Network of Local Stakeholders Concerned about the Net Outflow

HATAful

The first such initiative was launched in May 2024. Determined to create more attractive jobs in the prefecture, we launched the HATAful project, which involves a network of companies that create colorful and attractive ways of working. The network brings together The Chugoku Electric Power Co., Inc., Mazda Motor Corporation, and the Hiroshima Prefectural Government with the determination that the net outflow of residents is not just a matter for the public sector but something we all have an interest in addressing. In September 2024, we invited the leaders of the organizations to attend a HATAful event. At the event, future plans for HATAful were announced and the attendees pledged their full commitment. Multiple HATAful projects are now in the pipeline or underway. Each project involves collaboration beyond organizational boundaries. The idea is that, through such boundary-transcending exchanges, the employees of each organization will gain an appreciation of the value and benefits of working for a local employer and then spread this positive attitude to others, creating a snowball effect.



September 2024: Leaders of the HATAful organizations pledge their commitment

HATAful initiatives



Hiroshima Career Passport

Hiroshima offers plenty of opportunities to transcend organizational boundaries and excel.



Hiroshima En-Job

Hiroshima is a great place to work and a great place to live. A joint workation in a uniquely Hiroshima setting



HATAful

On the HATAful logo, the green represents the abundant natural resources, the blue represents the Seto Inland Sea, and the yellow represents Hiroshima's famous lemons. The final color, red, evokes Hiroshima more than any other color does.

DE&I for Setouchi

Working with Chugin Financial Group to Promote DE&I for Setouchi

In March 2025, we entered a partnership with Chugin Financial Group, Inc. titled Partnership Agreement for Promoting Sustainability in the Sanyo Region. The purpose of the agreement is to contribute to local economic development and sustainability in the Sanyo region, where the two organizations primarily operate. Under this agreement, the two corporate groups actively commit to promoting diversity, equity, and inclusion in the region.

Jointly hosting a seminar on women as future business leaders (held on July 3 and 29, 2025)



We organized a seminar for business leaders struggling with the challenges of leadership succession and empowering women. The seminar was titled, Creating a DE&I Movement for Setouchi: Women as Future Business Leaders. Against a backdrop in which leadership successors are typically men, the seminar presented cases where leadership was passed to a daughter. The seminar also featured a panel discussion among DE&I managers and female employees from the two corporate groups.

Participant feedback

I heard about how an organization can transition from a model centered on the chairman's strong leadership to one in which the company president allows more teamwork. I gained a strong understanding of how this allows women to play to their strengths.

Seminar program

Part 1	Presentations and panel discussion
	(1) Using the power of diversity to navigate an age of shrinking population Making the company and the region an attractive choice for jobseekers (2) When a father hands the baton to his daughter The realities of business succession (3) The moment I switched into full gear What a female employee who doesn't want to be a manager really thinks—and how she's grown
Part 2	Networking and information exchange meeting
	Networking session with women leaders and candidates for leadership

Presenting at the Expo 2025 Osaka, Kansai (held on July 10, 2025)



In collaboration with Chugin Financial Group and Toget-HER, a network of women leaders in Japan, we held a special event at the Expo 2025 Osaka, Kansai on empowering women and addressing social issues. At the event, speakers from our Group and the Chugin Group delivered presentations about the shared problem of Hiroshima and Okayama's net population outflow. The event as a whole sent out the message that eliminating gender bias can stimulate the regional economy and that solidarity is the key to solving the challenges.

Seminar program (excerpt)

Theme 1	Thinking together with the wider world
	Thinking with a Setouchi model ● Panel discussion 1 How can we stop the outflow? Solidarity will change the local communities
Theme 2	● Panel discussion 2 Who will change local communities? (1) The future for a regional area: Talent from other regions hold the key ● Panel discussion 3 Who will change the region? (2) The future for a regional area: Women will lead the way
Theme 3	Thinking together with members of the public sector, private sector, and media

SX, DX, and AX (Three Transformations)



DX

Kazuyuki Ishihara

Executive Officer; General Manager,
DX Administration Division

Throughout the Hirogin Group, we embrace digital transformation to help communities thrive and our clients grow. Under the Mid-Term Management Plan 2024, which started in the previous fiscal year, we have positioned DX as one of the strategy drivers and are strengthening our company-wide transformation efforts while expanding the scope of our initiatives to customers and local communities. We aim to support the growth of our customers and contribute to the development of the region by providing the know-how and resources we have cultivated to date to promote DX.

We are working on company-wide optimization of internal DX, reiterating that DX needs to be promoted company-wide, not just in specific divisions/departments.

The DX Administration Division promotes and supports DX initiatives in each of the Group's divisions/departments, and is itself responsible for leading cross-organizational transformation initiatives.



The Group obtained DX Certification, established by the Ministry of Economy, Trade and Industry, in October 2022. This certification signifies that the Group has been recognized as a DX Certified Company by the government, indicating its readiness exceeds a certain level for promoting DX transformation. We regard this certification as evidence of our commitment to DX for our customers and shareholders. Simultaneously, we will utilize this as an opportunity for all Group employees to collaborate together on DX initiatives, going forward.

* Hirogin Holdings, Inc. obtained the certification following an evaluation of the entire Hirogin Group.

Strategy drivers

DX

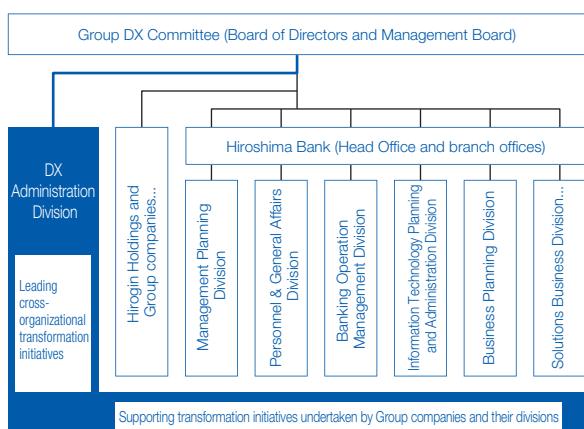
Digital transformation

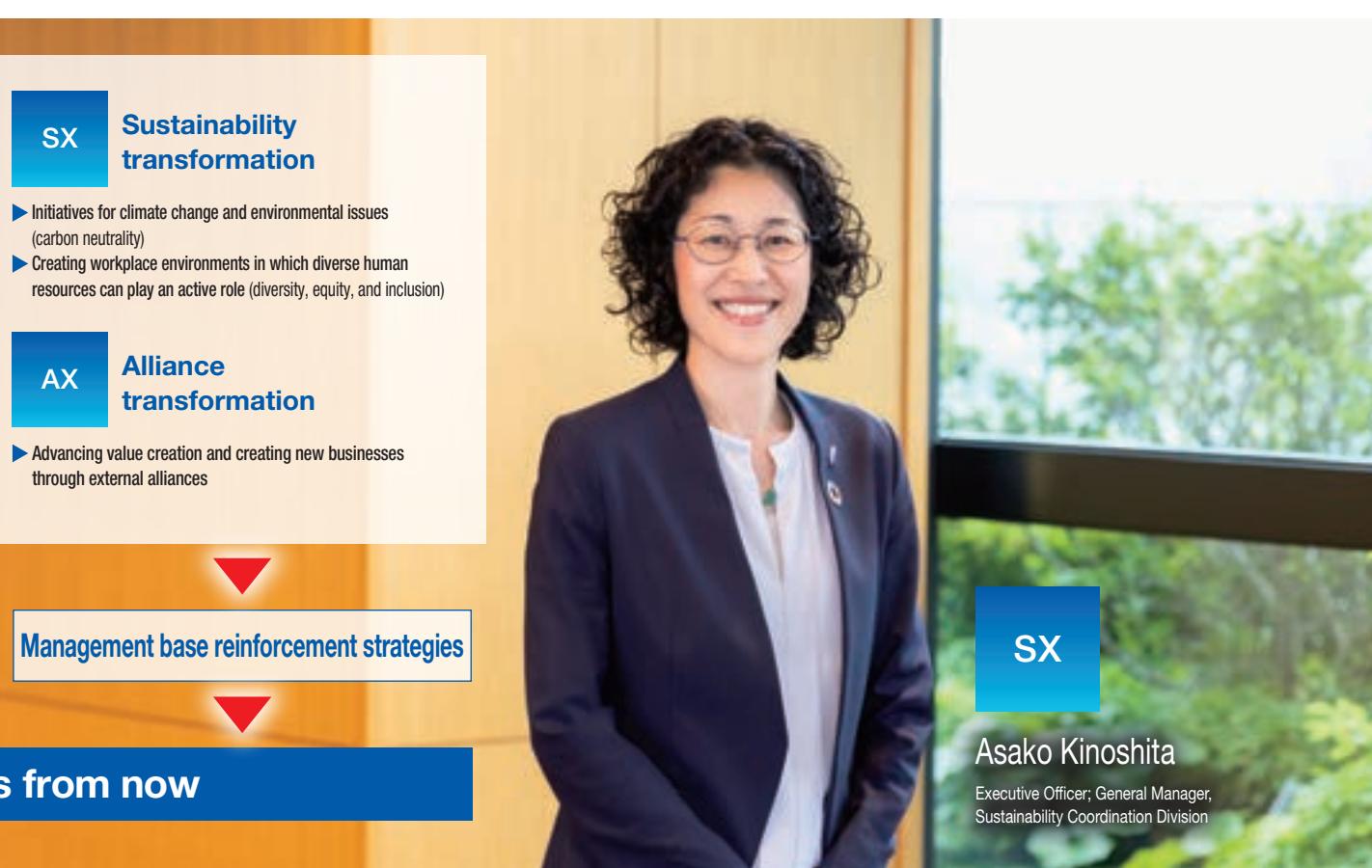
- ▶ Providing new value with DX as the basis for all measures
- ▶ Foster a transformation in awareness of all employees, including management, in the Group, and promote proactive DX initiatives

Value creation strategies

Achieving our goals

Without being bound by preconceptions or stereotypes, we are all committed to achieving our vision of delivering new value to the region, customers, and employees with DX as the basis for all measures.





The world today faces the crisis of climate change along with a host of other socio-environmental issues that require action across national and organizational boundaries. Yet, the world is also growing increasingly divided and polarized. In Japan, communities are dwindling with the double impact of a declining birthrate and population concentration in large cities, creating a series of challenges for regional companies. The sheer scale and complexities of the problems can make us feel powerless, but the borderless nature of the problems creates an impetus for solidarity. As a Regional Comprehensive Services Group, we have an opportunity to stand as the hub of this solidarity effort. This is the time to show what we are made of.

Believing that solidarity can be socially transformative, we are creating new structures to transcend organizational barriers in communities and regional barriers in Japan.

We launched a local business network, HATAful, to co-create amazing job opportunities in Hiroshima Prefecture. The partners in this boundary-transcending include Mazda Motor Corporation, The Chugoku Electric Power Co., Inc., the Hiroshima Prefectural Government, and local enterprises. Alongside this, we have an event where people can interact and build networks across organizational boundaries and an LGBTQ support project to create an employee-friendly workplace culture. In just a few months, we have developed and launched initiatives, reaching more than 300 allies and helping communities thrive.

In March 2025, we signed a partnership with Chugin Financial Group, Inc., and committed to a sustainability transformation right across the Setouchi region. This commitment includes conserving the Seto Inland Sea's ecosystem as a shared natural resource and promoting diversity, equity, and inclusion in the region. In this and other ways, we have pledged to be a leader in the sustainable transition.

As part of our commitment to protecting natural capital, we are doing more to support local carbon transition. For example, we are building a local network for public-pr

vate partnership and organizing client seminars and other educational content for communities and enterprises.

As for diversity, equity, and inclusion, we jointly organized seminars for senior managers to highlight how diversity can be a great asset in a time of labor shortages. The seminars were held in July 2025 in Hiroshima, Okayama, and at the Expo 2025 Osaka, Kansai. Attendees considered how the difficulties in securing leadership succession can be exacerbated by an unconscious bias—the notion that the successor should be the leader's son or son-in-law. They then discussed client businesses that transferred leadership to the leader's daughter and considered whether, in some cases, expectations may have been set lower or the successor may not have been nurtured for leadership adequately. Also discussed was the question of what should be done now to ensure that all employees feel empowered to perform to their full ability. The seminars made an impact considering the positive feedback we received from the attendees, who said that they realized how potentially beneficial diversity, equity, and inclusion can be.

The ultimate purpose of these acts of solidarity is to build up a band of allies. Many people are unhappy with their organization or community but feel they are unable to change things on their own. We want to encourage more people to commit to building "paradise" around them, even if it just in a 5-meter radius. We want to spark in people the aspiration to stop blaming the older generation and to instead take responsibility, as the present generation, and ensure that the next generation will inherit an organization or community to be proud of. This campaign requires something impactful, even if on a small scale. A regional city, as a microcosm of the broader society, is an ideal field for taking on this challenge. We will continue to use the power of solidarity to drive social change in a way that a single organization could never do on its own. In this way, we will make Setouchi a beacon of hope for Japan as it confronts the problems it faces.

■ Our Goals 10 Years from Now

In the Mid-Term Management Plan 2024, launched in the previous fiscal year, the Group clarified the promotion of DX as a key materiality in the region. Positioning DX as a strategic driver toward the goals 10 years from now of creating a vibrant region, we are advancing DX initiatives across all Group companies and employees. Additionally, for the growth and development of our customers, the

Group leverages its accumulated expertise and resources to advance DX initiatives for our customers and the region. We will continue to strengthen our efforts to create an environment in which DX engagement is embedded in the daily practices of all Group employees, contributing to the transformation of our customers and the region.

■ DX in the Hirogin Group

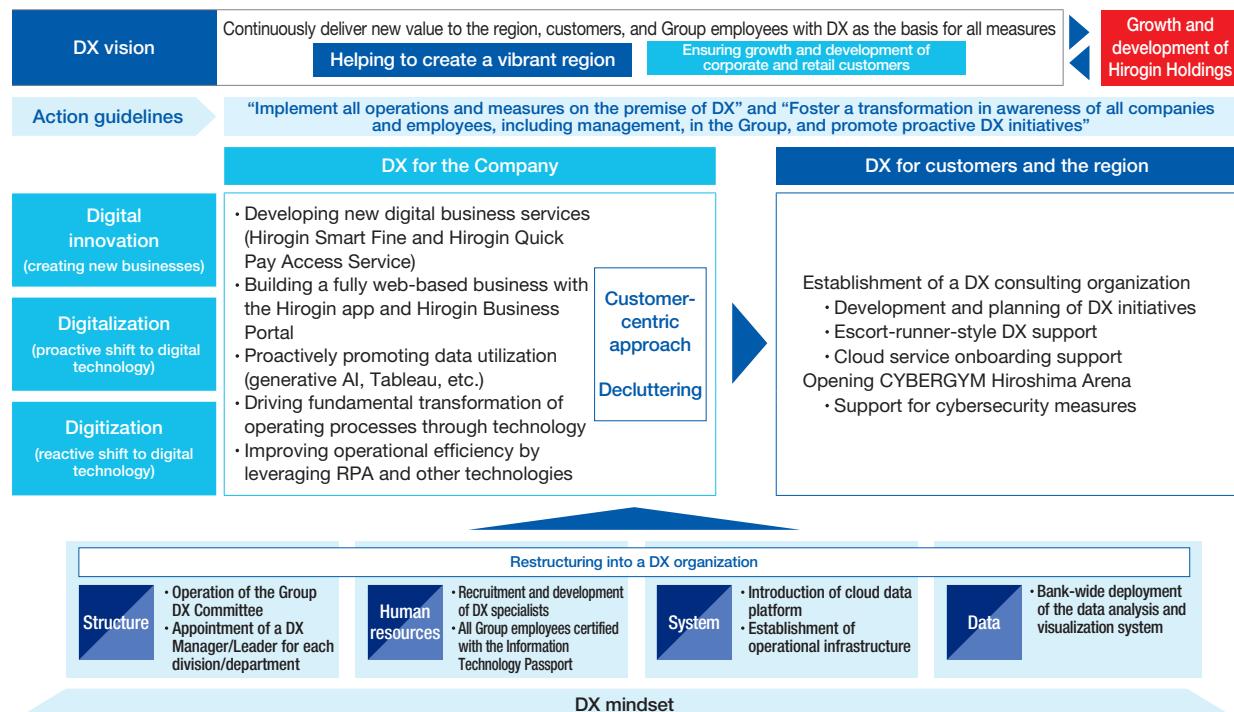
The Group has implemented DX strategies in alignment with the Mid-Term Management Plan 2024. Building on our DX efforts within the Group, we will now apply the insights gained to drive the growth and development of our customers and the region.

In addition to the tool implementation support and system development efforts, we will strengthen our DX consulting initiatives to assist customers in enhancing competitiveness through digitalization.

For the regional community, we will advance collaborative initiatives with organizations, including local governments, while fostering next-generation digital human resources in coordination with educational institutions and other entities.

Through its efforts to foster a transformation in awareness of all companies and employees, including management, in the Group and promote proactive DX initiatives utilizing data and digital technology, the Group remains committed to continuously delivering new value.

► Overall picture of DX strategies



► KPIs (during the Mid-Term Management Plan period)

	Numerical targets	As of March 31, 2025
Development of DX human resources	More than 60 DX specialists	27 persons
Improvement of IT literacy across Group companies	Information Technology Passport acquisition rate for Group employees: 80%	66%
DX-related investment	¥10.0 billion (including ¥7.5 billion allocated for DX-focused system investment)	¥2.1 billion

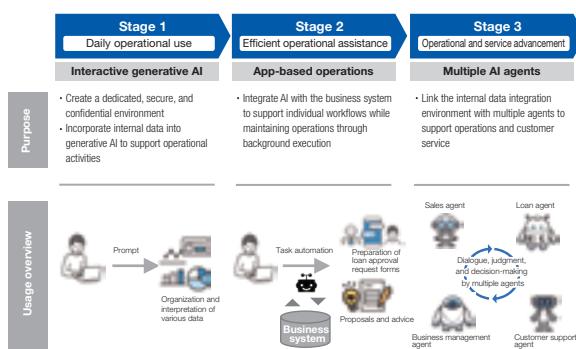
■ Major initiatives for DX and future directions

Use of generative AI

The Group advances the use of generative AI through two approaches: general-purpose utilization (democratization) and integration into individual operations. For general-purpose utilization (democratization), we collect internal and external use cases and share them across the Group. We also launched a prompt site (for instructions provided to generative AI) to enhance usability.

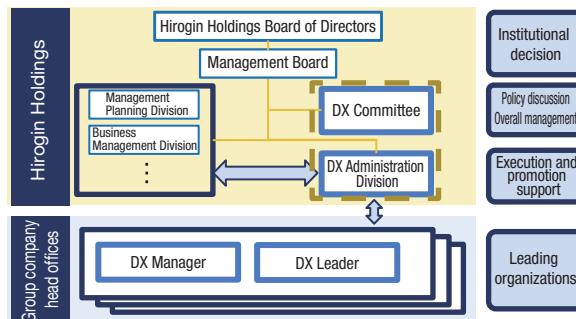
Additionally, for integration into individual operations, we aim to establish workflows that incorporate generative AI executing in the background, independent of user literacy. Generative AI will first be applied to the preparation of loan approval request forms starting in the second half of FY2025, with potential rollout to other operations under consideration. We aim to maximize operational efficiency and value creation within the Group by reforming operating processes in alignment with other

measures and increasing the number of projects integrated into individual operations, while advancing discussions on fundamental operational reviews using AI agents.



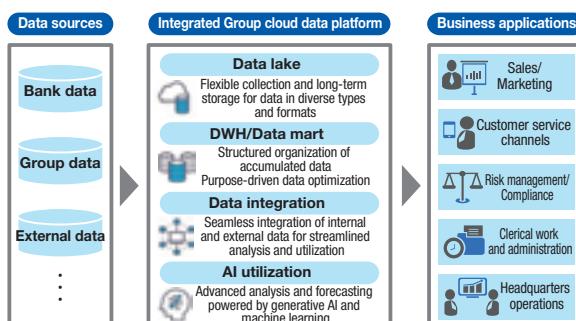
DX promotion and governance management structure

The Group deploys a DX Manager and DX Leader for each operating division/department of the Group companies to build a structure for promoting DX centered on each operating division/department. We have established the Group DX Committee, which deliberates on policies and strategic directions for DX projects to strengthen governance management, while enabling proactive DX investments independent of conventional IT investment decision-making processes.



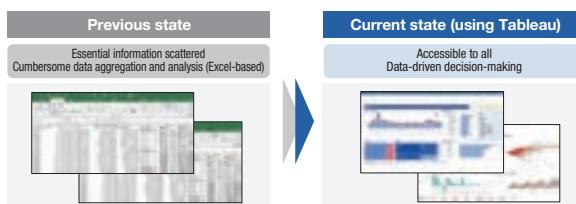
DX system infrastructures

Currently, the Group operates a cloud data platform for specific business areas. We are now considering the introduction of an integrated Group cloud data platform with flexible connectivity and high scalability to further enhance AI utilization and democratize data access moving forward. This platform, once implemented, will accelerate the advancement of data utilization across the Group and foster an environment that supports business transformation, enabling the pursuit of greater corporate competitiveness and the creation of new value.



Data utilization

In June 2024, as part of our initiatives to achieve advanced data utilization, we introduced the data analysis and visualization system "Tableau," which was made immediately available for all employees at Hiroshima Bank. Building on this approach, we are working to "promote the Group-wide data utilization and strengthen the data utilization in decision-making."



■ Ideal state 10 years from now and current challenges

The region of Hiroshima and other three prefectures (Okayama, Yamaguchi, and Ehime), which is the Group's main sales base, has a large amount of greenhouse gas emissions per population due to the region with the thriving manufacturing industry. In particular, the region's leading industries, the automobile and vessel sectors are expected to consider and respond to transitions (smooth transition to a decarbonized society) at the business model level, such as the shift to EVs and next-generation fuel ships.

However, momentum towards carbon neutrality among local SMEs is lacking in breadth, and there is no clear pathway towards a region-wide decarbonized society.

In these circumstances, the Hirogin Group, which is building coexistence and co-prosperity relations with the region, recognizes the urgent need to accelerate its efforts to achieve carbon neutrality in the region, not only from the perspective of the sustainability of the natural environment but also from the perspective of the sustainability of the local industry.

Based on the above recognition, the Mid-Term Management Plan 2024, which started in April 2024, defines the response to carbon neutrality as one of the materiality and positions Sustainability Transformation (SX) as

► CO₂ emissions per population by prefecture (FY2022)

Rank	Prefecture	Emission/population (t-CO ₂ /person)
1	Oita	24.0
2	Okayama	21.0
3	Yamaguchi	20.4
4	Hiroshima	13.8
5	Wakayama	13.3
6	Ibaraki	12.8
7	Mie	11.7
8	Ehime	10.8
9	Chiba	9.8
10	Fukui	9.4
Nationwide average		7.6

Source: Estimated by the Company based on the Ministry of the Environment "Estimation of Current Status of CO₂ Emissions by Field" and the Ministry of Internal Affairs and Communications "Population Estimates"

the strategy driver to realize our ideal state 10 years from now; "helping to create a vibrant region" and "increasing corporate value." As a Regional Comprehensive Services Group, we will accelerate our efforts through our core business to achieve a smooth transition to a region-wide decarbonized society by promoting and supporting carbon neutrality within the Group and among our business partners.

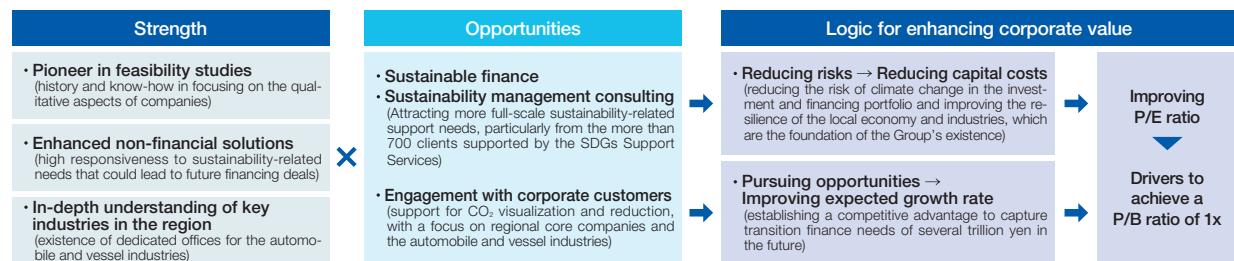
■ Carbon-Neutrality Strategies to Increase Corporate Value

We see the movement toward carbon neutrality as a challenge for our business partners and the region and an opportunity for the Group to demonstrate its significance as a Regional Comprehensive Services Group by utilizing the strengths we have built up over the years.

The Group has cultivated a decades-long history of feasibility studies against the backdrop of the vital need to combine not only financial information but also non-financial information (qualitative aspects) of business partners from the perspective of industry clusters to deepen corporate understanding, due to the regional characteristics of manufacturing, particularly in the automobile industry. This history and know-how of focusing on the qualitative aspects of companies has given the Group an excellent position to face the non-financial issues of our business partners, coupled with the expansion of non-financial

solutions accelerated after the transition to a holding company structure in October 2020 and the existence of a dedicated offices for the automobile and vessel sectors.

We will further strengthen sustainability management consulting and engagement initiatives with business partners, leveraging these historical strengths. We will also accelerate initiatives to achieve a P/B ratio of 1x through improving our P/E ratio by raising investors' expectations for the medium- to long-term sustainable growth of the Group from the perspectives of both reducing risks (reducing the risk of climate change in the investment and financing portfolio and improving the resilience of the local economy and industries, which are the foundation of the Group's existence) and pursuing opportunities (establishing a competitive advantage to capture transition finance needs of several trillion yen in the future).



Overall picture of carbon neutrality strategies

Until now, our efforts have focused on responding to social demands (must-oriented) based on the Paris Agreement and the TCFD Recommendations. However, in the Mid-Term Management Plan 2024, we aim to respond to the “Helping to create a vibrant region” and “Increasing corporate value (will-oriented), and we will promote carbon neutrality (CN) of the Group, our corporate

customers, and regions. We are working to create value in a way that all stakeholders can feel, with the aim of realizing our ideal state 10 years from now: becoming “a leader in the creation of advanced sustainability regions,” “a future creation partner that is closer to companies than anyone else in ten years,” and “a focus for carbon neutral strategies in the regional bank sector.”



	Areas	Response Policy	Specific measures (example for consideration)	Stakeholders
CN measures	(1) Carbon neutrality of the Group	① Sophisticated climate change response based on TCFD recommendations ② Systematic implementation of Scope 1 and 2 reductions	• Develop a transition plan for investment and financial portfolio • Enhance ESG dialogue with investors	Shareholders/ Investors
	(2) Carbon neutrality of corporate customers	③ Identifying the actual state and providing support to achieve reductions through engagement for Scope 3 Category 15	• Collaborative engagement with regional core companies • Promote in-house production of solutions as a core element of engagement • Develop generalists with CN expertise	Natural environment
	(3) Carbon neutrality of the region	④ Expansion of financial and non-financial solutions to support the decarbonization of business partners ⑤ Area-wide initiatives for decarbonization in collaboration with external stakeholders (regional core companies and government)	• Sophistication of feasibility studies • Promote transition finance • Develop human resources specialized in CN area and upgrade alliance strategies • Organize renewable energy and carbon credit projects • Establish a finance framework for collaboration with governments	Employees Customers Regional community

Key KPIs

	Areas	KPIs (target year)	FY2024 results
CN targets and results	(1) Carbon neutrality of the Group	• Scope 1 & 2 CN achievement (2030)	• Scope 1+2: 5,252.1 t-CO ₂ (Reduction of 71.1% from FY2013)
	(2) Carbon neutrality of corporate customers	• 1,000 people qualified as advisor for decarbonization under the Ministry of Environment's certification program (2026) • Scope 1, 2, & 3 CN achievement (2050)	• 923 people qualified as advisor for decarbonization Achievement: 92.3%
	(3) Carbon neutrality of the region	• Cumulative amount of executed sustainable finance transactions: ¥2 trillion (2021 to 2030) • Of which, the cumulative amount of executed environmental finance transactions: ¥1 trillion (2021 to 2030)	• Sustainable finance transactions: ¥788.0 billion (total) Achievement: 39.4% (4 years/10 years) • Environmental finance transactions: ¥559.0 billion (total) Achievement: 55.9% (4 years/10 years)
		• Of which, the cumulative amount of executed environmental finance transactions in Hiroshima: ¥430.0 billion (2021 to 2028)	• Environmental finance transactions in Hiroshima: ¥186.1 billion (total) Achievement: 43.3% (4 years/8 years)

Carbon neutrality of the Group

The Group has established a mid- and long-term target of “aiming at achievement of carbon neutrality of the Group’s greenhouse gas emissions (Scope 1 and 2) by FY2030” in order to reduce greenhouse gas emissions of the Group.

As for progress towards Scope 1 and 2 reduction targets, we completed the switch to renewable energy for the electricity used at our three main facilities (the Head Office building, the Genesis Building (Data Center), and the Chuo Building (Administration Center)), which account for nearly half of our Scope 2 emissions by FY2023. We also reduced greenhouse gas emissions by approximately 71% in FY2024 compared to FY2013.

The Group considers that it is important to have dialogues with the awareness and attitude of “working together” when encouraging business partners to reduce greenhouse gas emissions. We will steadily continue to carry out initiatives to reduce greenhouse gas emissions of the Group.

■ Further promotion of energy saving (reduction in Scope 1 and 2)

We consider “energy saving” to be the basis for Scope 1 and 2 reductions, also from the perspective of economic rationality. In addition to promoting our traditional eco-friendly office activities, we actively invest in energy savings in our buildings.

For example, in May 2021, we rebuilt our new Head Office building with high environmental performance, working to improve energy efficiency.

Furthermore, in November 2023, we reopened the Tokaichi Branch of the Hiroshima Bank and the Miyoshi Branch of Hirogin Securities as sustainable buildings. We are also actively working to switch our buildings to net zero energy buildings (ZEB), for example by obtaining registration as a “ZEB Leading Owner” under the Ministry of the Environment’s “FY2023 ZEB Demonstration Project” at Hiroshima Bank.

■ Purchasing agriculture-derived J-Credit

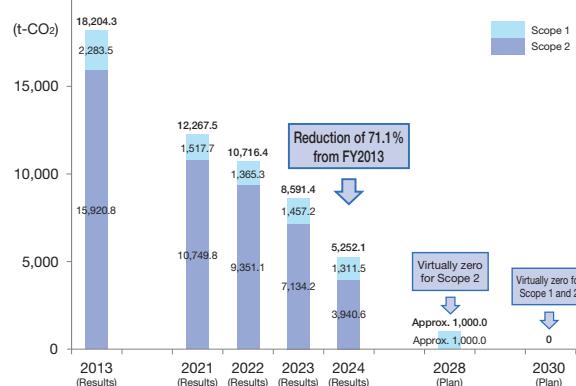
Hiroshima Bank purchased agriculture-derived J-Credits, equivalent to 100 t-CO₂, certified by Rev0 Inc. in February 2025. This initiative involves generating J-Credits by suppressing and reducing methane gas emissions through the extension of the midsummer drainage period in wet-rice cultivation. This is the first project of its kind in Hiroshima, and our bank is the first company to purchase these credits.

We will advance initiatives to preserve the rich natural environment of our region, including both mountainous and rural areas, while enhancing the profitability of agricultural enterprises and supporting the sustainability of local agriculture, with the aim of passing these assets on to future generations in an improved state.

Mid- and long-term target for the reduction of greenhouse gas emissions (Scope 1 and 2)

Aiming at achieving carbon neutrality of greenhouse gas emissions (Scope 1 and 2) of the Group by FY2030

► Results of greenhouse gas emissions (Scope 1 and 2)



Four types of ZEB		ZEB-certified buildings
ZEB ^{*1}	3 buildings	Tokaichi Branch, Yasu Branch, and Fukuyama South Branch
Nearly ZEB ^{*2}	4 buildings	Hiro Branch, Fukuyama North Branch, Mukainada Branch, and Gion Branch
ZEB Ready ^{*3}	9 buildings	Hirogin Career Co-creation Center, Kaita Branch, Midorii Branch, Onomichi Kurihara Branch, Hiroshima Personal Loan Center, Furuichi Branch, Okayama Branch, Kojima Branch, and Kasaoka Chuo Branch
ZEB Oriented ^{*4}	0 buildings	—

*1: Buildings that achieve a primary energy consumption reduction of 100% or more through energy saving and energy creation

*2: Buildings that achieve a primary energy consumption reduction of 75% or more through energy saving and energy creation

*3: Buildings that achieve a primary energy consumption reduction of 50% or more through energy-saving

*4: Buildings with a total floor area of 10,000 m² or more that achieve a reduction in primary energy consumption stipulated for each use through energy saving



► Certification Ceremony



Carbon neutrality of corporate customers

To reduce greenhouse gas emissions at corporate customers, the Group established a mid- and long-term target of “aiming at the achievement of the carbon neutrality of the entire supply chain’s greenhouse gas emissions including the investment and financing portfolio (Scope 1, 2, and 3) by FY2050.”

As the Group indirectly bears the climate change risks of its corporate customers through the financing operations of its main subsidiary, Hiroshima Bank, etc., the

Group recognizes that climate change risks via its investment and financial portfolio constitute a significant portion of the Group’s climate change risks. Under such circumstances, given the lack of momentum toward carbon neutrality among local SMEs, we are prioritizing efforts to calculate and reduce greenhouse gas emissions (financed emissions, FE) in business loans from the perspective that we, as a regional financial institution, should focus on engagement with local SMEs.

Mid- and long-term target for the reduction of greenhouse gas emissions (Scope 3)

Aiming at the achievement of carbon neutrality of greenhouse gas emissions (Scope 1, 2, and 3) of the entire supply chain including the investment and financing portfolio by FY2050

► Results of greenhouse gas emissions (Scope 3 Category 15)

Unit: Million t-CO₂

	Energy		Transportation						Materials and buildings					Agriculture, food, and forest products				Others	Total
	Electric power	Oil and gas	Air cargo transportation	Air passenger transportation	Marine transportation	Railroad transportation	Truck services	Automobiles and parts	Metals and mining	Chemical goods	Building materials	Capital goods (buildings, etc.)	Real estate management and development	Beverages	Agriculture	Packaged foods and meat	Paper, forest products		
Total of FE (vs. previous FY)	2.51 (0.08)	1.73 (-0.02)	0.00 (0.00)	0.33 (0.04)	4.84 (-0.09)	0.08 (0.02)	0.44 (0.03)	1.94 (0.71)	1.01 (0.18)	0.78 (0.02)	0.04 (0.00)	6.37 (-1.90)	0.26 (0.09)	0.05 (0.02)	0.12 (-0.01)	2.49 (-0.09)	0.39 (0.02)	3.96 (0.17)	27.35 (-0.74)
Scope 1 & 2	1.63	0.98	0.00	0.25	2.22	0.05	0.28	0.08	0.61	0.30	0.00	0.44	0.01	0.00	0.08	1.80	0.16	0.65	9.56
Scope 3	0.88	0.74	0.00	0.08	2.61	0.03	0.16	1.86	0.40	0.48	0.04	5.93	0.25	0.05	0.04	0.68	0.24	3.31	17.78
Total of the destinations in local areas and the main and semi-main destinations	0.27	0.95	0.00	0.04	2.27	0.04	0.29	0.31	0.35	0.34	0.03	1.89	0.04	0.01	0.09	1.61	0.16	2.81	11.49
Scope 1 & 2	0.24	0.68	0.00	0.03	1.04	0.03	0.19	0.03	0.21	0.13	0.00	0.27	0.00	0.00	0.07	1.19	0.04	0.46	4.60
Scope 3	0.03	0.27	0.00	0.01	1.24	0.01	0.10	0.28	0.13	0.21	0.03	1.62	0.04	0.01	0.03	0.43	0.12	2.35	6.88

*Scope 3 Category 15 emissions

• Scope of calculation: Corporate loans and project finance as of the end of FY2024 are included, classified with reference to the sectors recommended for disclosure in the TCFD recommendations. Please note that sectors lacking the necessary data for calculation are excluded.

• Calculation method: Calculations are performed based on the Partnership for Carbon Accounting Financials (PCAF) Standard, utilizing corporate disclosure data and other sources. When data is not available, estimates are made using emission factors and other values cited from the PCAF database. The PCAF database does not include Scope 3 downstream emission factors.

• Financed Emissions = Greenhouse gas (GHG) emissions by investment and financing recipients x attribution factors (attribution factors: investment and financing costs/(debt + equity for each client and project))

• Due to factors such as the expansion of customer GHG emission disclosures, changes in the PCAF calculation standards, and revisions to industrial classifications, the calculation results may change significantly in the future.

• Data quality score: Scope 1 3.42, Scope 2 3.43, Scope 3 3.45

Topics

Received a Special Selection Committee Chairman’s Prize in the ESG Finance Award Japan

In February 2025, we received a Special Award at the ESG Finance Award Japan, hosted by the Ministry of the Environment to promote and expand ESG finance and enhance its quality.

Reason for the Award

- Our Group has established a framework that thoroughly evaluates the viability of regional industries while actively incorporating non-financial insights, such as each industry’s characteristics and expertise, into our banking operations. We are taking deep-dive approaches to address challenges, especially for industries where transition is essential, such as shipping and automobiles.
- Our efforts to reduce CO₂ emissions by utilizing biomass fuels—such as those derived from discarded oyster rafts—in the casting process of automobile manufacturing are tied to addressing carbon neutrality challenges. We achieve this through the commercialization of circular economy initiatives and the development of value chains, and expect to show promising growth in the future.



■ Engagement with the automobile sector

Hiroshima Bank focuses on engagement in the automobile sector, a key industry in the region, to achieve carbon neutrality throughout the parts supply network (supply chain) of parts manufacturers centered on Mazda Motor Corporation.

In FY2023, we began to study and support the carbon-neutralization of the casting process for the production

of automobile parts (establishing a supply chain for the fuel conversion from coal coke to biomass).

We established a carbon-neutral consulting service for automobile suppliers in FY2024. Going forward, we will expand our solution menu in line with our efforts in the three pillars of Mazda's carbon-neutral initiatives: energy conservation, renewable energies, and carbon neutral fuels.

FY2021	FY2022	FY2023	FY2024
<ul style="list-style-type: none"> Conduct scenario analysis on transition risks in the automobile sector*1 Consider support for automobile suppliers to create new businesses in consideration of ESG factors*2 	<ul style="list-style-type: none"> Analyze the composition of CO₂ emissions in the automobile sector on a sub-sectoral basis*3 Provide support for four automobile-related manufacturing companies to visualize CO₂ emissions and formulate reduction plans*4 	<ul style="list-style-type: none"> Consider support for assisting carbon neutrality of casting processes in the manufacture of automobile parts*5 Sign a memorandum of understanding for sophisticated support for the automobile industry with six regional banks that are focusing on supporting the automobile industry 	<ul style="list-style-type: none"> Establishment of a carbon-neutral consulting service for automobile suppliers

*1: Initiatives through the adoption of and participation in the TCFD Climate Risk/Opportunity Scenario Analysis Pilot Program Support Project, a publicly solicited project of the Ministry of the Environment

*2: Initiatives through the adoption of and participation in the FY2021 Community ESG Finance Promotion Project, a publicly solicited project of the Ministry of the Environment

*3: Initiatives through the adoption of and participation in the Financial Institutions Portfolio Carbon Analysis Pilot Program Support Project, a publicly solicited project of the Ministry of the Environment

*4: Initiatives in the commissioning of the Manufacturing Industry Support Project for Carbon Neutrality, a project by Hiroshima Prefecture

*5: Initiatives through the adoption of and participation in the FY2023 Community ESG Finance Promotion Project, a publicly solicited project of the Ministry of the Environment

■ Engagement with the vessel sector

Hiroshima Bank focuses on engagement with the vessel sector, a key industry in the region, focusing on the international vessel/ship rental/leasing business (ship owners), which accounts for a large proportion of its financing portfolio.

Based on the Poseidon Principles*4, which the Hiroshima Bank signed in FY2023, the bank calculated and disclosed its Portfolio Climate Alignment score for its

ship-financing portfolio against climate change targets for FY2024.

Based on the knowledge gained through this initiative and future trends in environmental regulations, we continue to promote dialogue with our corporate customers to ensure their sustainable growth.

**The Bank's Portfolio Climate Alignment
(as of December 31, 2023): +7.7%*5**

FY2021	FY2022	FY2023	FY2024
<ul style="list-style-type: none"> Conduct scenario analysis on transition risks in the vessel sector*1 	<ul style="list-style-type: none"> Analyze the composition of CO₂ emissions in the vessel sector on a sub-sectoral basis*2 Provide support for four shipbuilding-related manufacturing companies to visualize CO₂ emissions and formulate reduction plans*3 	<ul style="list-style-type: none"> Sign up to the Poseidon Principles*4 	<ul style="list-style-type: none"> Disclosure of the Portfolio Climate Alignment*5 score for our ship-financing portfolio against climate change targets

*1: Initiatives through the adoption of and participation in the TCFD Climate Risk/Opportunity Scenario Analysis Pilot Program Support Project, a publicly solicited project of the Ministry of the Environment

*2: Initiatives through the adoption of and participation in the Financial Institutions Portfolio Carbon Analysis Pilot Program Support Project, a publicly solicited project of the Ministry of the Environment

*3: Initiatives in the commissioning of the Manufacturing Industry Support Project for Carbon Neutrality, a project by Hiroshima Prefecture

*4: Established to contribute financially to the greenhouse gas emission reduction targets for international shipping adopted by the International Maritime Organization (IMO).

*5: Calculated the deviation between the actual GHG emissions of financed vessels and the benchmark values set by the Poseidon Principles, using a weighted average based on the outstanding loan balance. This indicator shows the degree of alignment with the IMO targets, where 0% indicates full alignment (a negative score indicates reductions exceeding the target pace, while a positive score indicates reductions below the target pace).

Carbon neutrality of the region

The Group recognizes the need for engagement at the regional level in collaboration with regional core enterprises, local governments, and other entities.

In December 2021, we concluded a collaboration agreement with The Chugoku Electric Power Co., Inc. to help regional companies respond to carbon neutrality. In addition to working together on solutions, we regularly hold decarbonization seminars for local companies.

In September 2024, we submitted a joint proposal with Higashihiroshima City for the Ministry of the Environment's 5th Decarbonization Leading Areas initiative, and were selected as a Decarbonization Leading Area—the first such designation in Hiroshima.

We will continue to work closely with regional core companies and governments to build momentum for carbon neutrality in the region.

► Major collaboration agreements concluded with regional core companies and local governments

Date of conclusion	Counterparty	Name of the agreement
December 2021	The Chugoku Electric Power Co., Inc.	Collaboration agreement to help regional companies respond to carbon neutrality
March 2023	Hiroshima Gas Co., Ltd.	Business alliance agreement to support companies in Hiroshima in their efforts for carbon neutrality
February 2024	Kure City, Sojitz Corporation, NEC Networks & System Integration Corporation	Comprehensive collaboration agreement for realizing a decarbonized society
March 2025	Chugin Financial Group, Inc.	Partnership Agreement for Promoting Sustainability in the Sanyo Region

Response to TCFD Recommendations

The Company and its subsidiary, Hiroshima Bank, announced their agreement to the Task Force on Climate-related Financial Disclosures (TCFD), and have enhanced the quality and quantity of disclosure of information on the impact of risks and revenue opportunities related to climate change on the Group's business activities, revenue, etc. according to the TCFD framework.

TCFD Report

For more information on the Group's response to climate change based on the TCFD recommendations, please refer to the TCFD Report, which is disclosed on the Company's website.



<https://www.hirogin-hd.co.jp/csr/environmental-initiative/index.html>

Governance (Four Pillars of the TCFD Recommendations (1))

The Board of Directors of the Company recognizes that response to climate change and other issues surrounding sustainability is an important management issue, and

has built a structure of governance for response to climate change that is led by the Board of Directors.

■ Governance for response to climate change of the Board of Directors

The Board of Directors of the Company performs a decision-making function for a more sophisticated response to climate change by formulating the Group's management plan and integrated risk management policy based on the deliberations and examinations on climate change response in the Group Sustainability Promotion Committee and Group Comprehensive Risk Management Committee.

The Board of Directors of the Company also performs a supervision function related to business execution for climate change response by receiving reports on the implementation status of the above management plan and integrated risk management regularly or as necessary.

Details of the Board of Directors deliberations on climate change (FY2024)	
① Progress of mid- and long-term targets to realize carbon neutrality in the region	<ul style="list-style-type: none"> Progress of mid- and long-term targets for the reduction of greenhouse gas emissions (Scopes 1, 2, and 3) Progress of mid- and long-term targets for sustainable finance
② Future action plans for achieving carbon neutrality strategies in the Mid-Term Management Plan 2024	<ul style="list-style-type: none"> Enhance disclosure and dialogue for corporate value enhancement Strengthen engagement with corporate customers Strengthening collaboration with local governments and regional core companies to achieve regional decarbonization
③ Management of climate change risks as a top risk	<ul style="list-style-type: none"> Status of implementation of responses based on a climate change response policy in our Risk Appetite Statement
④ Response to TCFD Recommendations	<ul style="list-style-type: none"> Status of responses to enhance sophistication and disclosure of climate change responses based on TCFD recommendations
⑤ Officer compensation system	<ul style="list-style-type: none"> Incorporating sustainability and ESG metrics, including climate change response, into performance-based monetary compensation
⑥ Results of internal audits	<ul style="list-style-type: none"> Group-wide progress on Sustainability Transformation (Carbon Neutrality) (SX) initiatives

■ Business execution structure related to climate change response

The Company established the Group Sustainability Promotion Committee (chaired by the Representative Director and President) as a consultation organization of the Company's President. The Committee deliberates and considers response to climate change and other issues surrounding sustainability, and reports the status regularly (every six months) or as necessary to the Board of Directors.

The Company also established the Sustainability Coordination Office in the Sustainability Coordination Division for the purpose of strengthening coordinating functions related to response to climate change and other issues surrounding sustainability.

Strategy (Four Pillars of the TCFD Recommendations (2))

The entire Hirogin Group will strengthen its responses, including the further enhancement and strengthening of solutions, by putting all functions and alliances of the Group to effective use to provide solutions, including in

■ Perceived climate change risks and opportunities

The Group perceives physical risks resulting from changes in the natural environment in connection with rising temperature and other factors, as well as transition risks resulting from changes in the social and economic environment in connection with the transition to a carbon-free society, as climate change risks. The Group

Perceived risks
<ul style="list-style-type: none"> Physical risks <ul style="list-style-type: none"> Increase in credit costs and risk assets due to deterioration in local customers' management caused by extreme weather conditions (damage to equipment or disruption of the supply chain) Deterioration of asset value due to damage to held assets Transition risks <ul style="list-style-type: none"> Increase in credit costs and risk assets due to deterioration in local customers' management caused by increases in the costs of responding to the transition to a carbon-free society, etc. Decline in public trust caused by delays in responding to social demands, etc.

non-financial areas, for the realization of carbon neutrality not only in the Group but also in the region and among corporate customers.

also recognizes as climate change opportunities the provision of products and services that appropriately cater to the adaptation to and mitigation of changes in the social and economic environment and climate change accompanying the transition to a carbon-free society.

Perceived opportunities
<ul style="list-style-type: none"> Opportunities <ul style="list-style-type: none"> Increase in capital investment needs by business partners Creation of innovation through development of related technologies Increase in consulting opportunities for business conversions <p>Further enhancement and strengthening of solutions, including in non-financial areas, that put all functions and alliances within the Group to effective use</p> <p>Opportunity to demonstrate the Group's significance as a Regional Comprehensive Services Group</p>

■ Degree of concentration of credit exposure of carbon-related assets

Based on the TCFD Recommendations, Hiroshima Bank, the Group's major subsidiary, has recognized the balance of credit extended to important sectors as "carbon-related assets" for the purposes of internal climate change risk management, and has measured the degree of concentration of credit exposure in those sectors (as of March 31, 2025).

Target sector	Percentage of credit balance
Energy*	2.9%
Transportation	14.3%
Materials and buildings	10.1%
Agriculture, food, and forest products	2.2%
Total	29.4%

*Excluding renewable energy power generation businesses

■ Scenario analysis

The Group conducts scenario analysis of physical and transition risks at its major subsidiary, Hiroshima Bank. As a result of the current scenario analysis, we assess that the impact on our credit portfolio is limited. Howev-

er, by further promoting and supporting corporate customers' carbon neutrality action, we will strive to improve not only the Group's resilience but also that of our corporate customers.

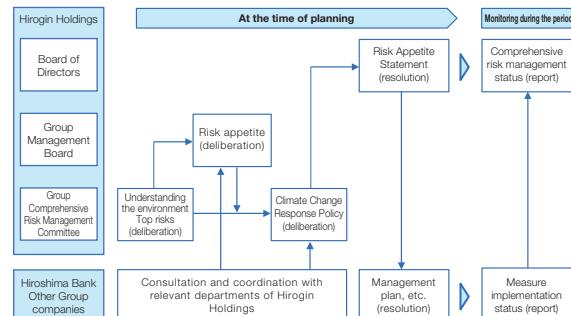
	Physical risks	Transition risks
Risk events analyzed	<ul style="list-style-type: none"> Business suspensions at credit recipients due to flood or landslide disasters, financial deterioration resulting from direct damage to business facilities, and damage to collateral assets 	<ul style="list-style-type: none"> Deterioration in the financial condition of credit recipients due to the introduction of carbon taxes accompanying the transition to a decarbonized society, increased energy costs, fluctuations in demand, additional capital expenditures, and R&D expenses.
Target portfolio	<ul style="list-style-type: none"> Business loans and housing loans in Japan 	<ul style="list-style-type: none"> Four sectors selected for analysis are "Energy," "Automotive and parts," "Maritime transport," and "Land transport" among those defined as "carbon-related assets" in the TCFD recommendations.
Scenarios	<ul style="list-style-type: none"> RCP8.5 (4°C Scenario) and RCP2.6 (2°C Scenario) of the Intergovernmental Panel on Climate Change (IPCC) 	<ul style="list-style-type: none"> The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Scenarios (Phase V): Net Zero 2050 Scenario and Current Policies Scenario
Analysis method	<ul style="list-style-type: none"> Estimated degree of impact on borrower's collateral properties in light of the location, structure, etc. of business facilities 	<ul style="list-style-type: none"> Impact estimates are calculated by combining a company-specific methodology for projecting financial performance through 2050 based on transition scenarios with a sector-level expansion methodology.
Analysis result	<ul style="list-style-type: none"> Credit expenses likely by 2050: ¥5.8 to 6.7 billion cumulative 	<ul style="list-style-type: none"> Credit expenses likely by 2050: ¥25.8 billion cumulative

Risk management (Four Pillars of the TCFD Recommendations (3))

In our comprehensive risk management process based on the risk appetite framework, the Group has built a climate change risk management structure within the comprehensive risk management framework. This includes the recognition, assessment, and management of climate change risks as “top risks.”

Specifically, the Group defined the Climate Change Response Policy in its Risk Appetite Statement and established a semi-annual monitoring system to monitor the implementation status of our subsidiaries’ responses based on the Climate Change Response Policy.

► Diagram of the management cycle related to climate change risks



■ Investment and financing policy

The Group has established an “Policy on Investment and Financing for Environmental and Social Solutions (the investment and financing policy),” (investment and financing policy) which incorporates initiatives to be considered in our operations. This policy includes measures such as aiming to reduce the outstanding balance of project fi-

nance loans for coal-fired power plant construction projects—which are considered to have a high environmental impact—to zero by 2035, based on an assessment of the materiality of risks and impacts on the environment and society.

Businesses for which investments and financing are prohibited

- ① Businesses that develop and manufacture inhumane weapons such as nuclear weapons and cluster bombs
- ② Businesses involved in human rights abuses such as human trafficking or forced labor

Businesses that require careful consideration when making such investments and loans

① Coal-fired power generation business

In principle, we will not invest in or finance new construction projects because coal-fired power plants are said to have higher greenhouse emissions than other power generation methods and involve the risk of increasing concerns about climate change and air pollution.

However, careful consideration may be given to initiatives on an exceptional basis, accounting for matters such as the background and distinguishing features of each project, based on each country's energy policies and circumstances and international guidelines, such as the OECD Arrangement on Officially Supported Export Credits. This prohibition also does not apply in unavoidable cases—for example, to respond to disasters or other emergencies. In addition, support is provided for advanced eco-friendly technologies such as carbon capture and storage as initiatives to help reduce greenhouse gas emissions.

In light of the above, the Group aims to achieve a zero balance by 2035 for project finance for the construction of coal-fired power plants.

② Coal mining business

Coal mining, if not properly managed, may cause industrial accidents due to coal mine accidents and impact the ecosystem due to hazardous waste. After checking our customers' implementation status of environmental and social considerations, we will make careful decisions on new businesses.

We will not invest in or finance new businesses that use the Mountain Top Removal (MTR) method, which has a significant impact on the environment.

③ Oil and gas mining business

Oil and gas mining may cause pollution of oceans and rivers due to accidental spills and have a negative impact on residents and society. Therefore, we will carefully decide on new businesses after checking our customers' implementation status of environmental and social considerations.

④ Palm oil plantation development business

While palm oil is an essential raw material for daily life, it may have negative impacts on climate change and residents, such as child labor, human rights abuses, and the cutting and burning of natural forests in development. Therefore, we will require the acquisition of certifications such as RSPO*1 and the disclosure of respect for policies such as NDPE*2 and carefully decide on new businesses after checking our customers' implementation status of environmental and social considerations.

*1: Roundtable on Sustainable Palm Oil (RSPO) certification: An international certification indicating that products are made from sustainable palm oil-derived raw materials or contribute to their production

*2: NDPE: A policy that stipulates environmental and human rights considerations of No Deforestation, No Peat and No Exploitation

⑤ Large-scale forest logging business

Large-scale forest logging may have negative impacts on climate change and ecosystems. Therefore, we will carefully decide on new businesses after checking the status of acquiring certification, such as FSC*3 and PEFC*4, and our customers' implementation status of environmental and social considerations.

*3: Forest Stewardship Council (FSC) certification: An international certification indicating that products are produced from properly managed forests

*4: Programme for the Endorsement of Forest Certification Schemes (PEFC) certification: An international certification for maintaining sustainable forests

Indicators and Targets (Four Pillars of the TCFD Recommendations (4))

The Group has set targets for reducing greenhouse gas emissions and promoting sustainable finance and is taking steps to achieve carbon neutrality for itself and its business partners. In addition, we are strengthening measures to realize carbon neutrality in the region, in-

cluding establishing a target for reducing greenhouse gas emissions in Hiroshima as “regional revitalization metrics” under the Mid-Term Management Plan 2024 from April 2024.

■ Reduction of greenhouse gas emission

Target setting items	Details of targets	Target fiscal year
Greenhouse gas emissions (Scope 1 and 2)	Realization of carbon neutrality	FY2030
Greenhouse gas emissions (Scope 1, 2, and 3)	Realization of carbon neutrality	FY2050

Unit: t-CO ₂						
Calculated items	Scope of calculation	FY2013	FY2021	FY2022	FY2023	FY2024
Scope 1 (Fuel combustion)	Consolidated	2,283.5	1,517.7	1,365.3	1,457.2	★ 1,311.5 Reduced by 42.6%
Scope 2 (Purchased electricity)		15,920.8	10,749.8	9,351.1	7,134.2	★ 3,940.6 Reduced by 75.2%
Scope 1 & 2 Total		18,204.3	12,267.5	10,716.4	8,591.4	★ 5,252.1 Reduced by 71.1%
Scope 3 Category 1 (Purchased goods and services)	Hiroshima Bank (Non-consolidated)	13,261.7	14,815.7	12,112.3	9,050.9	11,777.5 Reduced by 11.2%
Scope 3 Category 3 (Energy-related activities)		1,236.6	1,601.0	1,508.4	1,426.7	1,433.0 Increased by 15.9%
Scope 3 Category 4 (Upstream transportation and distribution)		1,674.7	1,799.7	1,712.0	1,626.7	1,654.6 Reduced by 1.2%
Scope 3 Category 6 (Business travel)		392.2	398.2	433.0	580.6	579.6 Increased by 47.8%
Scope 3 Category 7 (Employee commuting)		725.8	760.9	801.2	1,074.3	1,072.6 Increased by 47.8%
Scope 3 Category 15 (Investments and financing)		Please see page 98 for the calculation of financed emissions.				

*Scope 1 and 2 emissions

• Scope of calculation: The Company and its consolidated subsidiaries are covered.

• Emission factor: The emission factor for electricity for the current fiscal year (market-based) is the basic emission factor from the List of Emission Factors by Electric Utility (for submission in 2025). The emissions based on basic emission factors take into account the CO₂ reduction effect of renewable electricity, off-site PPAs, and non-fossil certificate introduced at some sites, such as the Head Office building. The CO₂ emission factors for other than electricity are based on the List of Calculation Methods and Emission Coefficients in the Calculation, Reporting, and Publication System (Updated on December 12, 2023 (partially revised on July 11, 2024)) (Ministry of the Environment and Ministry of Economy, Trade and Industry).

• Calculation method: The Group's greenhouse gas emissions are calculated by our calculation standards, which were developed with reference to the GHG Protocol. Quantification of greenhouse gas emissions is subject to uncertainties in the measurement of activity data, the determination of emission factors, and the scientific uncertainties associated with the determination of global warming potentials.

• Third-party assurance: Third-party assurance (limited assurance) by KPMG AZSA Sustainability Co., Ltd. has been obtained for indicators marked with ★.

■ Sustainable finance

The Group has set the amount of environmental finance implemented in Hiroshima as a target for sustainable finance. To accelerate decarbonization support for our client companies in Hiroshima, we have increased upward our target for environmental finance implemented in Hiroshima. (Amount executed for FY2021 to FY2028: +¥130 billion; for FY2024 to FY2028: +¥120 billion)

Target setting items	FY2021	FY2022	FY2023	FY2024	(Cumulative for four years)	Cumulative progress rate
Amount executed in sustainable finance (¥2 trillion/FY2021 to FY2030)	¥122.0 billion	¥211.9 billion	¥220.0 billion	¥234.1 billion	¥788.0 billion	39.4% (4 years/10 years)
Of which, the amount executed in environmental finance (¥1 trillion/FY2021 to FY2030)	¥85.0 billion	¥150.3 billion	¥158.7 billion	¥165.0 billion	¥559.0 billion	55.9% (4 years/10 years)
Of which, the amount executed in environmental finance in Hiroshima (¥430.0 billion/FY2021 to FY2028)	¥26.8 billion	¥51.0 billion	¥52.2 billion	¥56.1 billion	¥186.1 billion	43.3% (4 years/8 years)

*Scope of calculation of sustainable finance

• Investments, loans, and leases that contribute to solving environmental issues: renewable energy, vehicles, ships, and other equipment that reduce environmental impacts, etc.

• Investments, loans, and leases that contribute to solving social issues: SDGs-related, medical/welfare/education-related equipment, initial funding for startups, business succession, BCP, public infrastructure, etc.

*Scope of calculation of environmental finance

• Of the above scope of calculation of sustainable finance, those that fall within the scope of investments and financing, and leases that contribute to solving environmental issues

Response to TNFD Recommendations

The loss of biodiversity is considered a serious threat, just like climate change. Biodiversity is a vital element that maintains healthy ecosystems and supports the natural resources essential to our lives, such as food, water, and air. Activities conducted by businesses can have adverse effects on biodiversity. For example, deforestation, land development, and overexploitation of biological resources can be cited. Therefore, businesses are strongly urged to avoid biodiversity loss, utilize natural resources in a sustainable manner, and conduct operations accordingly.

Analysis of the relationship between each sector and natural resources

The Hiroshima Bank analyzed the exposure and impacts on natural resources by sector in its corporate lending portfolio using the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE), a tool for analyzing natural resource dependencies, impacts, and risks recommended for use in the TNFD framework, to identify nature-related risks and opportunities.

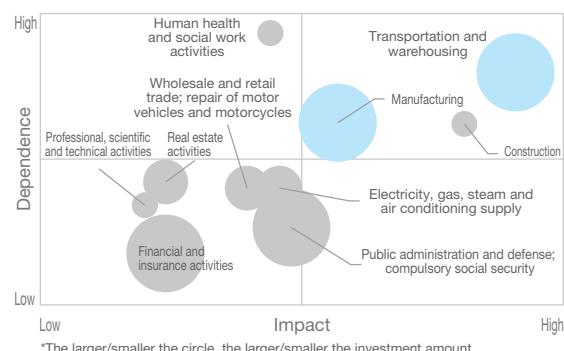
Identification of important sectors

Based on analyses using ENCORE, we identified key sectors by multiplying the Dependency and Impact scores for the top 10 sectors in portfolio exposure.

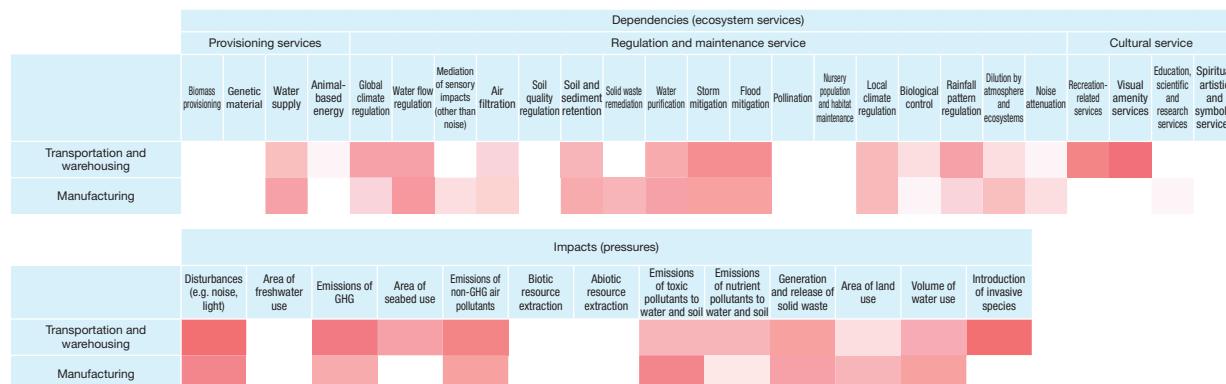
Analyses have identified “Transportation and Warehousing (including the shipping sector)” and “Manufacturing (including the automobile sector)” as sectors with significant dependence and impact.

Going forward, we will explore enhancing our analyses beyond ENCORE results, including identifying sectors requiring priority action and pinpointing natural resources.

The Group believes that under our Environmental Policy, we have a responsibility to protect the rich natural environment of our local communities, including the Seto Inland Sea, and to pass it on to future generations in an improved state. To actively and continuously advance initiatives addressing nature-related issues in our environmental conservation activities, we are analyzing various risks and opportunities related to natural resources. Through these initiatives, the Group will advance our commitment to nature positivity and contribute to achieving a sustainable society for the future.



The identified ENCORE results of “Transportation and warehousing” and “Manufacturing”



*Items in darker colors indicate significant dependencies or impacts.

Case Studies on Initiatives for the Conservation of Natural Resources and Biodiversity (Nature Positive)

Participation in the Setouchi Nagisa Forum

As part of our efforts to strengthen initiatives for the conservation of regional biodiversity and natural resources, the Company joined the Setouchi Nagisa Forum in September 2024. This forum was established through collaboration with participating companies and organizations, primarily in the Seto Inland Sea region.

In light of the current decline of seaweed beds in the Seto Inland Sea, the Setouchi Nagisa Forum aims to bring together diverse stakeholders—including businesses, academia, and local governments—to collaboratively

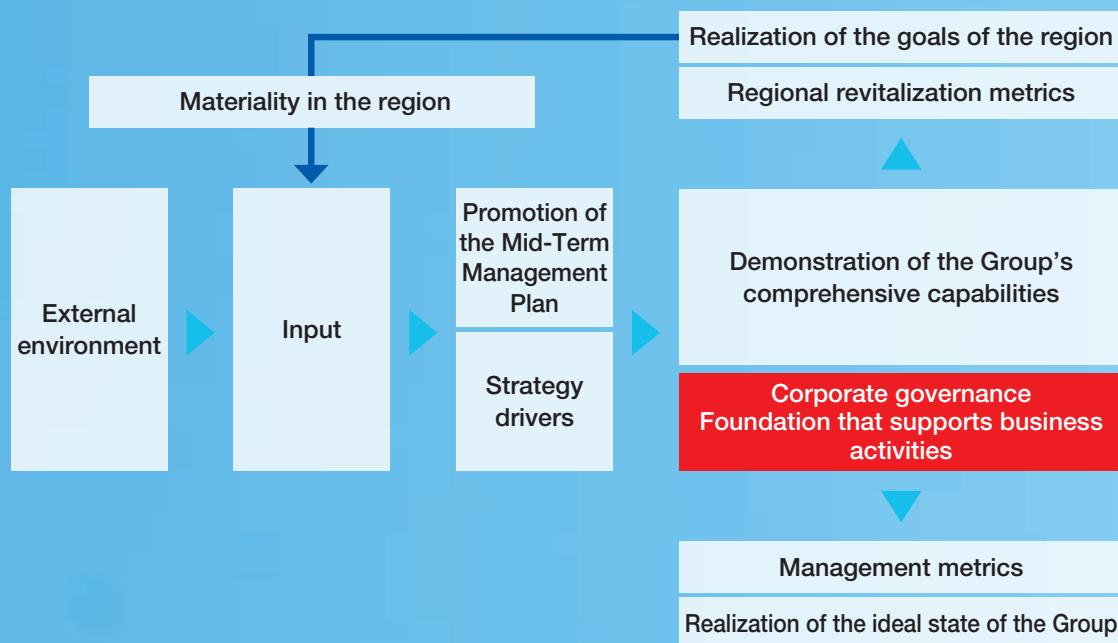
implement the following initiatives for the conservation and restoration of the seaweed beds and tidal flats in the Seto Inland Sea:

- ① Field survey of seaweed beds (seaweed beds and soil)
- ② Identifying the cultivation conditions for seaweed (algae)
- ③ Education and community contribution project
- ④ Research on seaweed bed conservation utilizing corporate assets
- ⑤ Seaweed (algae) breeding
- ⑥ Development utilizing seaweed (algae)

How We Will Strengthen Our Management Base



Positioning within the value creation story described in this section



What we want to communicate in this section

- **Approaches and initiatives for sophistication of governance**
- **Various risks and IT-related strategies and security**
- **Dialogue and communication with stakeholders**

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Message from the Chairperson of the Board of Directors



With the goal of increasing the Group's corporate value, I will continue making persistent efforts as Chairperson of the Board of Directors to enhance the Board effectiveness and ensure that the external Directors fully fulfill their roles.

Koji Ikeda Representative Director and Chairman

As a Company with an Audit and Supervisory Committee, we will work to sophisticate the governance through transition to a holding company structure

It has been about five years since we transitioned to a holding company structure in October 2020 as a Company with an Audit and Supervisory Committee.

The goal in adopting the Company with an Audit and Supervisory Committee system was to build highly effective group governance and strengthen group management by separating management supervision and business execution, allowing the holding company to focus on managing and supervising the group management. In addition, by delegating authority over key business execution matters, we aimed to establish a structure that enables faster decision-making and efficient business operations.

Over the past five years, we have steadily advanced the sophistication of the governance and improvement of issues aligned with the purpose of transitioning to a holding company structure and adopting the Company with an Audit and Supervisory Committee system. These include abolishing the concurrent post of holding company president and bank president, introducing free discussions on "important themes in management" in the Board of Directors' meetings and executive presentations by Group company presidents. Going forward, we will continue making persistent efforts to establish a highly effective corporate governance structure.

As the Chairperson of the Board of Directors, I will continuously enhance the Board effectiveness

One of my main responsibilities as Chairperson is to keep enhancing the Board effectiveness. That requires ensuring external Directors fully fulfill their roles.

It has now been seven years since I assumed the role of Chairperson, including my time at Hiroshima Bank. During this period, I have worked to establish a decision-making and supervision structure that better reflects the opinions of external Directors. Specifically, I have brought important agenda items to the Board of Directors' meetings in formative stages before any direction is finalized, enabling repeated discussion through a rally-type exchange between the execution and supervision sides.

The success of these efforts is continuously evaluated through the annual evaluation and analysis of the Board effectiveness, and we strive to further sophisticate governance and address the issues identified.

On the other hand, one issue that remains is the limited participation of internal Directors in the Board of Directors' meetings. Probably because internal Directors often express their views during preliminary discussions and deliberations on the executive side such as at Management Board meetings, the Board of Directors meetings still tend to be perceived primarily as a forum for hearing the opinions of external Directors. We hope to gradually change this atmosphere.

Revitalizing discussions in Board of Directors' meetings is an important role and responsibility of the Chairperson, and I remain committed to continuously enhancing the Board effectiveness through various approaches.

■ Progress in strengthening corporate governance

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Purpose / Management Policy	• Reviewed the Management Policy			• Established the Purpose • Established the Brand Personality		
Basic policy for Corporate Governance	• Newly established	• Amended based on revisions in CG Code				
Strategy	• Formulated and started the Mid-Term Management Plan 2020		• Formulated the Mid-Term Management Plan 2024	• Started the Mid-Term Management Plan 2024		
Organization	• Transitioned to a holding company structure					
Separation of supervision and execution	• Adopted the organizational format of a "Company with an Audit and Supervisory Committee"	• Abolished the concurrent post of holding company president and bank president			(Hiroshima Bank: Transitioned to a Company with an Audit and Supervisory Committee)	
Nomination and compensation	• Established the Group Nomination and Compensation Advisory Committee	• Newly established a skills matrix	• Revised the skills matrix			
	• 3 external Directors (of which, 1 female director)		• 4 external Directors (of which, 1 female director)	• 5 external Directors (of which, 2 female directors)		
	• Established policies regarding decisions on the details of individual compensation of Directors			• Reviewed the performance-linked monetary compensation system (reviewed the pay scale aligned with the new Mid-Term Management Plan)	• Reviewed the performance-linked monetary compensation system (added ROE and ESG-related indicators, etc.)	
Sophistication of deliberations and operation of the Board of Directors	<p>★ Introduced free discussions on "important themes in management" ★ Introduced execution presentations by Group company presidents</p>					
	★ Reviewed the process of formulating the management plan ★ Reviewed the operation of advance explanatory meetings ★ Categorized agenda items into regular reports on business execution, important proposals and other matters, and allocated discussion time according to the importance of each category	★ Enhanced information sharing with external officers on the preliminary review process by the executive side (shared in advance materials and minutes of the Group Management Board meeting, etc.)	★ Presented in advance agenda items that should be deepened in particular for discussion (marked those items as [Special] on the agenda of Board of Directors meetings)	★ Strengthened explanations to external officers on the preliminary review process by the executive side (posted materials on key points of opinions expressed at the Group Management Board meeting, etc.)		
Strengthening of dialogues with shareholders		★ Strengthened and enhanced IR activities by the President and Director & Senior Managing Executive Officers, etc. ★ Enhanced feedback to the Board of Directors on opinions and requests from investors and other stakeholders				
Enhancement of officer training		★ Held two officer training seminars annually				
Sophistication of the management personnel development process			★ Strengthened discussion on the management personnel development process ★ Newly established the Meeting for Exchange of Opinions with External Officers			
Diversity of core human resources		• Set targets for the ratio of women in managerial positions	★ Raised the targets for the ratio of women in managerial positions, etc.	★ Appointed the Company's first female executive officer ★ Newly established the DE&I Coordination Office		

The star (★) mark indicates major measures for improvement and sophistication to address issues identified in the evaluation of the Board effectiveness.

Interview with External Directors



Harumi Matsumura

External Director

Yoshinori Shinmen

External Director

Q1

How do you evaluate the first year of the mid-term management plan, and what are your expectations and challenges for realizing a vibrant region?

Shinmen: The financial results for the fiscal year ended March 2025 marked a record high. While this achievement was supported by the increase in policy interest rates, it was primarily the result of efforts by front-line representatives to raise loan interest rates, backed by accurate support from headquarters and branch office management, and made possible by the understanding of our business partners.

Matsumura: As the financial results show, performance has been extremely strong, and I find it reasonable that President Heya rated the first-year results of the mid-term management plan at 80 out of 100. I also heard that the remaining 20 points reflected areas where “internalizing the challenges through the backcasting concept” and “awareness of corporate culture transformation” have yet to fully take hold.

I highly value President Heya’s commitment to internalizing challenges through the backcasting concept as demonstrated by his personal visits to locations across Japan where he has engaged in dialogue with the field personnel. In these visits, he has

explained our goals 10 years from now, which indicate the ideal state of the region and the Group, and the significance of advancing the Mid-Term Management Plan 2024 as an effort to instill a sense of ownership within each field organization. One notable achievement was the strong first-year performance in environmental financing, which exceeded initial expectations and led to a major upward revision of the cumulative environmental financing target in Hiroshima Prefecture, to achieve ¥180.0 billion to ¥300.0 billion by FY2028. I see this as a strong example of how the alignment between management and the fields has enhanced frontline capabilities in corporate solutions. I hope this kind of success is shared widely and built upon to create more achievements in the future.

Shinmen: At the Board of Directors’ meetings, we continuously discuss about how to revitalize the regional economy. While the current mid-term management plan looks ahead over the next 10 years, I have explained to the future generation that, assuming the regional population decline continues, it is also necessary to think about building the region’s future 20 to 30 years from now.

Hiroshima is a strong region in manufacturing, and our corporate customers have focused on cost reduction. To sustain a vibrant economy in Hiroshima over the long term, I believe it is essential to boldly reallocate management resources by focusing on human resources and capital investment in highly productive

business domains and by working to create new products and services.

Hirogin Group has been actively promoting regional revitalization through various solutions, including hosting the startup development event TSUNAGU Hiroshima, introducing human resources from executive management to operational staff, mainly through Hirogin Human Resources, and offering support services for accepting foreign skilled talent, mainly through Hirogin World Business, which was established last year. From activities such as HATAful, a project across companies in the prefecture that aims to eliminate the excess population outflow from Hiroshima Prefecture, I expect them to serve as initiatives to promote the return of former residents and attract new residents from other regions.

Matsumura: What I particularly want to highlight in regional revitalization is that, with the ongoing increase of net outflow of residents in Hiroshima Prefecture, the percentage of women considering returning to Hiroshima to work remains low. I believe there are complex issues not yet reflected in data, such as creating a more work-friendly environment, ensuring equal treatment between men and women, and fostering awareness throughout the region. As a female Director myself, I actively raise these issues not only at Board of Directors' meetings but also in various other areas and I am committed to promoting women's active participation within the Hirogin Group. As a leading company in the region, we have significant influence over other companies, and I am confident that this attitude will serve as a driving force to lead the entire region forward.

Q2

Please tell us about your efforts to improve the Board effectiveness and communication with the field personnel.

Shinmen: In managing the Board of Directors meetings, continuity with the Board has been strengthened by involving not only the responsible departments but also the executive officers in charge in the advance explanatory meeting held the day before the Board of Directors' meeting. Additionally, Chairman Ikeda, who serves as Chairperson, focuses on creating an atmosphere that encourages open discussion. As a result, new comments from external Directors as well as from executive officers who have already expressed their opinions at the Management Board meetings have increased. Starting this fiscal year, a new initiative was introduced to create opportunities for free exchange of opinions regardless of assigned duties. This approach is advancing efforts to improve the quality of consensus building leading to management decisions.

Matsumura: I completely agree with what Mr. Shinmen just explained and I also highly value this new initiative. In the past, external Directors were mainly involved in the discussions, but now, everyone actively

participates and shares their own opinions. Under Chairman Ikeda's leadership, discussions have taken on greater depth.

At a study session for female managers held on a holiday, attendance was optional, yet many employees participated voluntarily, and active exchanges of opinions took place. I see this as a good sign of a workplace with open communication. Furthermore, there are many opportunities for direct exchanges of opinions between young and mid-career employees at branch offices and headquarters and the external Directors. I believe this open dialogue across the entire organization is a major strength in advancing our mid-term management plan.

Shinmen: Through repeated exchanges of opinions with employees working at branch offices, I have come to understand that there are many energetic employees who possess both intellectual curiosity and a strong ability to showcase their talents. At the same time, as sales support becomes more centralized and headquarters functions are strengthened, there is a growing proactive awareness around the question, "What should we do as the frontline of sales?" To encourage this awareness, I believe we have transitioned from the phase of listening to ideas from the field to the phase of actively turning them into concrete initiatives.

Matsumura: I believe that the distance created between headquarters and the field is partly due to the vertical organizational structure. While everyone in the field works together as one team, multiple departments at headquarters tend to operate independently, which can make coordination more difficult. To address this, it may be worth adopting a more flexible approach, such as an amoeba-based organizational structure that promotes cross-departmental collaboration within headquarters and strengthens communication between headquarters and the field.

Q3

How is the Group responding to changes in the external environment, from the perspectives of competitive advantages and areas for improvement?

Shinmen: Amid increasing uncertainty in the financial market environment, including geopolitical risks and rising interest rates, the Hirogin Group has been consistently working to improve the profitability of its securities portfolio. Top management and the relevant departments hold monthly discussions to review operations. This also reflects the Group's sincere commitment to addressing management issues.

I also value the fact that the Group is conducting explanatory training sessions for customers in response to environmental changes such as rising in-



**I deeply empathize with
the Group's attitude to work in
step with regional communities
and its challenge to create value
beyond finance**

terest rates. While valuing a relationship of trust with business partners, building a structure that allows both sides to respond quickly to change is an important attitude to take as a financial institution.

To respond to unavoidable issues such as the declining population and the transition to a decarbonized society, it is essential to support the transformation of the region's industrial structure through assistance for initiatives like expanding the business scale of local companies via M&A and investment, and restructuring the business portfolio. I believe that strengthening the competitiveness of the entire region will strengthen the Group's competitive advantage.

Matsumura: Even as a regional bank, I believe it is essential to maintain a strong awareness of speed and competitiveness in order to respond to changes in the external environment. From my experience in the distribution industry, I have come to realize that both speed and a sense of scale are essential when responding to change. I sometimes feel that the regional banking industry tends to act too cautiously, which I also see as one of the issues.

In that context, I am paying close attention to the Group's future strategies, especially given that in March 2025, a collaboration agreement was concluded with Chugin Financial Group under the theme of "regional revitalization in the Sanyo region" in the sustainability area. I think that taking a broad regional perspective and developing ideas with regional competition in mind is a key survival strategy.

Shinmen: As Ms. Matsumura pointed out, in today's fast-changing environment, agility is important, and I feel it is essential to break away from fixed ideas and actively leverage the flexible ideas of Group members, including young employees. It is also important to make use of the knowledge of our alliance partners. I am somewhat concerned about the Group's slight delay in moving toward open architecture for its systems, but by leveraging its position as a follower, it can flexibly incorporate practices from other banks and potentially

gain a competitive advantage. Beyond systems, strengthening collaboration will become increasingly important as the Hirogin Group pursues scale benefits and alliance synergies that it cannot achieve alone.

Matsumura: I believe the Hirogin Group's competitive advantage lies in its community-based network and its supportive approach that works closely alongside customers. However, although having many local employees is a strength of the organizational culture, there is still an issue with flexibility in responding to change. I want to support efforts to promote understanding of the importance of incorporating diverse viewpoints from both inside and outside the region to strengthen competitiveness.

Q4

**What are your thoughts on the
current state and issues of
human resources development
and succession plan?**

Shinmen: Since performance evaluations at branch offices were abolished, a culture of engaging with customers from a medium- to long-term perspective has been gradually taking root. It is important to develop talent who are customer-focused, can identify and deal with issues independently, and are capable of thinking ahead about how to respond to environmental changes over the medium- to long-term.

I also believe it is important to develop human resources ranging from the frontline to management who can think about how to create new workflows, business models, and life and work styles for themselves and their customers, and who can persuade those around them and their customers to help bring these ideas into reality. From among these human resources, the next generation of management should emerge as part of a long-term succession plan. The young generation demonstrates a proactive attitude by

**Through questions and dialogue
from an external perspective,
I will continue to provide
opportunities for change and
growth to the Group**



expressing ideas with flexibility and taking on new challenges. Also, President Heya and other members of management maintain an open attitude, actively listening to employees. Within this open corporate culture, I expect to see a virtuous cycle in which all levels of the organization, from young employees to top management, collaborate to formulate and share a future vision and work together to develop the human resources needed to bring that vision into reality.

Matsumura: I agree with Mr. Shinmen. I also share President Heya's strong belief in the importance of a corporate culture that embraces challenges. I expect that having an attitude that values uniqueness and differentiation will contribute to strengthening the brand going forward.

For the brand renewal project, I was involved in the discussions from a visual perspective. I found that what matters in branding is not just improving how things look, but how effectively the company's culture and values are communicated. I believe that having a clear perspective on the value Hirogin Holdings will provide to society will become increasingly important.

Regarding the succession plan, it is important to identify the next generation of leaders from a fresh perspective, rather than continuing to follow past practices. To achieve this, I believe it is important to pay more attention to the potential of young human resources and create an environment where diverse career paths can be developed.

Q5

**Please share your thoughts on
the efforts to enhance corporate
value and the roles expected of
external Directors.**

Shinmen: All Directors are constantly considering how to enhance corporate value and executive management that is conscious of capital cost and share price.

I believe that in order to enhance corporate value for regional financial institutions, the productivity of the local economy as their management base needs to increase, and expanding the scale of local companies that need to achieve this will be the key factor. It is also necessary to enhance corporate competitiveness through human resources development and the use of digital technology.

In particular, improving operational efficiency and service quality through advanced technologies such as AI is an extremely important theme, and this also applies to the Hirogin Group. Promoting initiatives that leverage the strengths of each group company while organically linking them through DX is necessary to avoid the conglomerate discount.

As external Directors, we have the responsibility to contribute to enhancing corporate value by ensuring the soundness and transparency of management by leveraging our diverse backgrounds and expertise. Going forward, we hope to continue working closely with the management team to support better decision-making.

Matsumura: I believe that the true value of a regional financial institution lies in how it can contribute to the key industries in the region. By supporting local companies in solving their issues through the solution business and assisting in the realization of carbon neutrality, the Hirogin Group can lead the region in the sustainability area and improve its social evaluation. Although financial business will remain the core, I believe that having a sincere commitment to the region and taking actions toward solving issues will likely be key factors in gaining recognition from shareholders. As external Directors, we hope to contribute to the evolution of the company's business model by offering diverse viewpoints rather than just performing the supervision function.

Basic approach

While fulfilling its social responsibility and public mission, the Hirogin Group strives to earn a high evaluation and unshakable trust from our stakeholders such as customers and shareholders, by improving the soundness, efficiency, and transparency of management, and thereby works to achieve sustainable growth and improvement.

of corporate value over the medium to long term. To attain this goal, based on the intent and spirit of the Corporate Governance Code of the Tokyo Stock Exchange, Inc., we set out the following five principles in an effort to realize effective corporate governance.

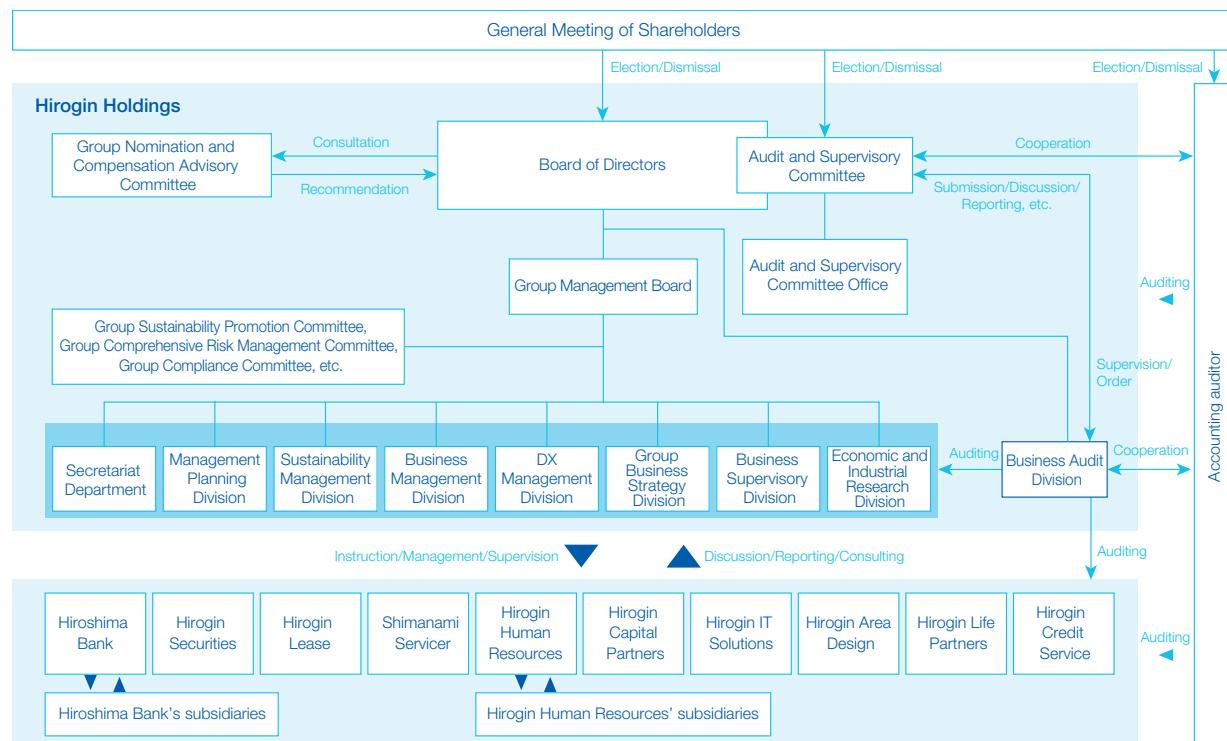
1. We respect shareholders' rights, secure equality and develop an appropriate environment for the exercise of the rights.
2. We strengthen measures in the sustainable development goals (SDGs) adopted by the United Nations and corporate social responsibility (CSR), and work in effective collaboration with all stakeholders, including the regional community, customers and employees, thereby fostering a corporate culture and climate in respect for their rights and standpoints.
3. We maintain transparent management by providing fuller disclosure in a timely and appropriate manner.
4. Our Board of Directors supervises the Company's business execution effectively and makes decisions swiftly, based on its fiduciary responsibility and accountability to shareholders.
5. We promote constructive dialogues with shareholders and respond appropriately.

Corporate governance structure

By adopting the “Company with an Audit and Supervisory Committee” system, the Company aims to strengthen auditing and supervisory functions by granting voting rights at the Board of Directors to Directors who are Audit and Supervisory Committee Members (including multiple external Directors), and also aims to streamline the management and strengthen its functions by delegating authority over business execution to Representative Directors. Through such measures, we aim to further enhance corporate governance and increase corporate value.

By adopting the “Company with an Audit and Supervisory Committee” system, the Company establishes a system to allow the internal audit departments to support not only the Board of Directors but also the Audit and Supervisory Committee, and thereby aims to ensure the Group’s sound and sustainable growth as well as its social trust through highly effective and systematic auditing utilizing internal control systems by the Audit and Supervisory Committee.

Corporate governance structure (As of April 1, 2025)



Board of Directors

The Company's Board of Directors consists of 11 members, including five external Directors. The Board convenes once a month, in principle, and is responsible for making management decisions and overseeing business execution. The Board of Directors determines the basic management policy, management strategy, and management planning of the Group (including responses to issues

surrounding sustainability and important matters relating to strategies utilizing digital technology, etc.) and important matters relating to risk management, compliance and internal audits and other matters. It also stipulates "Basic Policy on the Establishment of Internal Control System," develops an internal control structure based on the policy, etc. and supervises the status of business execution.

Specific details considered by the Board of Directors (FY2024)

(1) Matters relating to the basic management policy, management strategy, and management planning of the Group

- Status of internalizing and embedding our Purpose
- Branding initiatives
- Response status after formulating the Mid-Term Management Plan 2024
- Group management plan/sales plan
- Status and development of management of each Group company
- Progress of the project to sophisticate Hiroshima Bank's backbone system, etc.

(2) Responses to issues surrounding sustainability and matters relating to strategies for utilizing digital technology, etc.

- Sustainability transformation (SX)
- Digital transformation (DX)
- Cybersecurity
- Digital marketing
- HR system revision, etc.

(3) Matters relating to risk management, compliance and internal audits

- Group Risk Appetite Statement
- Group compliance program
- Group's basic plans for internal audit, etc.

(4) Matters relating to corporate governance

- Evaluation of effectiveness of the Board of Directors
- Status of maintenance and operation of internal control systems
- Status of compliance with the Corporate Governance Code of the Tokyo Stock Exchange
- Status of the Company's shares and IR implementation
- Cross-shareholdings
- Development process for management personnel and management personnel candidates (succession plan)
- Revision of the monetary performance-linked compensation system for officers, etc.

Audit and Supervisory Committee

The Company has four Directors who are Audit and Supervisory Committee Members, three of whom are external Directors. They are tasked with auditing the execution of duties by Directors, and hold a meeting of the Audit and Supervisory Committee once a month in principle. Each of the Directors who are Audit and Supervisory Committee Members actively utilizes the information

and knowledge acquired through the execution of audit and other duties for the deliberations and other discussions at the Board of Directors, thereby ensuring the effectiveness of the supervisory functions of the Board of Directors and promoting appropriate decision-making on business matters.

Group Nomination and Compensation Advisory Committee

To ensure the transparency and objectivity of the decision-making process for nomination and compensation of Directors, Audit and Supervisory Committee Members, and executive officers of the Company and major Group companies, the Board of Directors of the Company has established the Group Nomination and Compensation Advisory Committee comprised of two Representative

Directors and five independent external Directors. Regarding matters relating to the election of and the amounts of compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) and executive officers, the Company makes decisions by resolutions at the Board of Directors meeting, based on deliberations and reports at the committee.

► Composition of independent external Directors in each organization

Board of Directors 11 Directors



Independent external Directors
5 Directors
(of which, 2 female directors)

Audit and Supervisory Committee 4 Directors



Independent external Directors
3 Directors
(of which, 1 female director)

Group Nomination and Compensation Advisory Committee 7 Directors



Independent external Directors
5 Directors
(of which, 2 female directors)

Sophistication of corporate governance through evaluation of effectiveness of the Board of Directors

For the purpose of strengthening its functions, the Board of Directors of the Company strives to further enhance the effectiveness of the Board by analyzing and evaluating its effectiveness every fiscal year in regards to the composition and operational status of the Board of Directors, based on Directors' self-appraisal, and examining and implementing improvement measures for identified issues.

In FY2024, based on the analysis and evaluation of the effectiveness of the Board of Directors in FY2023, the Company worked on enhancing the effectiveness of the Board of Directors as described below.

The Company will continue to promote efforts to further enhance the effectiveness of the Board of Directors, with the goal of realizing effective corporate governance.

Plan: Examination and response policy for FY2024 based on the results of analysis and evaluation for FY2023

- (1) Measures to sophisticate the deliberations at Board of Directors meetings
- (2) Measures to sophisticate the operation of the Board of Directors
- (3) Measures to sophisticate the management personnel development process

Do: Implementation of measures to enhance effectiveness of the Board of Directors based on the examination and response policy for FY2024

(1) Measures to sophisticate the deliberations at Board of Directors meetings

- In order to deepen strategic discussions in the Board of Directors, the Board of Directors made free discussions on "important themes in management" from a medium- to long-term perspective after setting the annual schedule.
- In order to promote discussions on the direction of management strategies at Group companies in the Board of Directors, the Board of Directors organized execution presentations delivered by Group companies (except for Hiroshima Bank) regarding self-analysis (issue recognition and growth strategies) from a medium- to long-term perspective, etc.

Free discussions on "important themes in management" in the Board of Directors and implementation status of execution presentations delivered by Group companies (FY2024)

1. Free discussions on "important themes in management"

- Past initiatives and future actions toward digital transformation (DX) (July 2024)
- Past initiatives and future actions toward sustainability transformation (SX) (August 2024)
- Development process for management personnel and management personnel candidates (succession plan) (August 2024)
- Status of internalizing and embedding our Purpose (February 2025)

2. Execution presentations by Group companies

<ul style="list-style-type: none"> • Management status of Hirogin Lease (August 2024) • Management status of Hirogin IT Solutions (August 2024) • Management status of Hirogin Capital Partners (August 2024) • Management status of Hirogin REIT Management (August 2024) • Management status of Shimanami Servicer (September 2024) • Management status of Hirogin Human Resources (September 2024) • Management status of Hirogin Knowledge Square (September 2024) 	<ul style="list-style-type: none"> • Management status of Hirogin Life Partners (September 2024) • Management status of HIROGIN GLOBAL CONSULTING (September 2024) • Management status of Hirogin Securities (September 2024) • Management status of Hirogin Credit Service (September 2024) • Management status of Hirogin Area Design (September 2024) • Management status of Hirogin Business Service (September 2024)
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Do: Implementation of measures to enhance effectiveness of the Board of Directors based on the examination and response policy for FY2024 (*Continued)

(2) Measures to sophisticate the operation of the Board of Directors

- In order to allocate time to important agenda items, the Board of Directors has continued to hold the advance explanatory meetings for the external officers as usual, on the day before the Board of Directors meeting. In addition, the Board of Directors has implemented measures to ensure substantial discussion time for important agenda items, such as deciding in advance which agenda items should be deepened in particular for discussion and allocating more discussion time to those items at the Board of Directors meeting.
- In order to further invigorate discussions at the Board of Directors and ensure that external officers can adequately access information possessed by the executive side, the Board of Directors has provided more detailed explanation to external officers on the preliminary review process for its agendas by the executive side. Specifically, information such as key opinions expressed at meetings of the Group Management Board and each committee has been provided.

(3) Measures to sophisticate the management personnel development process

- In order to enhance the exchange of opinions and dialogues between external officers and the executive side, the Board of Directors established the Meeting for Exchange of Opinions with External Officers in FY2023. Also in FY2024, it held a total of six meetings for management personnel and management personnel candidates as well as younger/mid-career employees and others at Group companies to exchange opinions with external officers. The Board of Directors has also implemented measures to sophisticate the management personnel development process, such as holding free discussions on the theme of the development process for management personnel and management personnel candidates (succession plan).

Implementation status of the Meeting for Exchange of Opinions with External Officers (FY2024)

- Younger employees at Hirogin Securities, Hirogin Lease, and Hirogin IT Solutions (August 2024)
- Younger employees at Hiroshima Bank branch offices (September 2024)
- Mid-career employees at Hiroshima Bank branch offices (September 2024)
- Management personnel and management personnel candidates at Hiroshima Bank (November 2024)
- Employees seconded from Hiroshima Bank to Group companies (January 2025)
- Mid-career employees at Hirogin Securities, Hirogin Lease, and Hirogin IT Solutions (March 2025)

Check: Evaluation and analysis of the effectiveness of the Board of Directors in FY2024

(1) Status of maintenance and operation of internal control systems

- The Board of Directors received a report at the Board of Directors meeting held in March 2025 on the status of maintenance and operation of internal control systems for FY2024 and confirmed that there were no issues with their effectiveness.

(2) Evaluation and analysis of the effectiveness of the Board of Directors

- From February to March 2025, the Company, with the advice of an external organization, conducted a questionnaire survey for all Directors who are members of the Board of Directors to evaluate and analyze the effectiveness of the Board of Directors. The responses were submitted directly to the external organization, thereby ensuring anonymity.
- The Board of Directors evaluated and analyzed its effectiveness for FY2024 at the Board of Directors meeting held in May 2025 based on the report on the survey results compiled by the external organization, and confirmed that effectiveness has been secured in the Board of Directors of the Company.
- The Board of Directors confirmed that its effectiveness was enhanced throughout FY2024. In particular, the measures taken throughout FY2024 to improve the issues recognized in the effectiveness evaluation of the Board of Directors in FY2023 were all appreciated positively.
- For further enhancement of effectiveness of the Board of Directors for the future, the Board of Directors confirmed that the Board of Directors would continuously take actions to sophisticate the deliberations of the Board of Directors and the management personnel development process, and shared the acknowledgment that further initiatives would be required to sophisticate the monitoring function of the Board of Directors.

Action: Examination and response policy for FY2025 based on the results of analysis and evaluation for FY2024

- (1)Measures to sophisticate the deliberations at Board of Directors meetings
- (2)Measures to sophisticate the monitoring function of the Board of Directors
- (3)Measures to sophisticate the management personnel development process

Board of Directors and Executive Officers (As of June 25, 2025)

Directors



Koji Ikeda
Representative Director and Chairman

April 1977 Joined Hiroshima Bank
April 2006 Executive Officer; General Manager, Fukuyama Sales Division, Hiroshima Bank
April 2008 Managing Executive Officer; General Manager, Fukuyama Sales Division, Hiroshima Bank
April 2009 Managing Executive Officer; General Manager, Management Planning Division, Hiroshima Bank
June 2009 Managing Director; General Manager, Management Planning Division, Hiroshima Bank
April 2011 Managing Director, Hiroshima Bank
June 2012 President (Representative Director), Hiroshima Bank
June 2018 Chairman (Representative Director), Hiroshima Bank
October 2020 Chairman (Representative Director), the Company (current position)
April 2022 Chairman, Hiroshima Bank (current position)



Kazuo Kiyomune
Director & Senior Managing Executive Officer

April 1986 Joined Hiroshima Bank
October 2008 General Manager, Loan Business Planning Department of Banking Business Planning Division, Hiroshima Bank
April 2010 General Manager, Loan Business Planning Department of Loan Business Planning Division, Hiroshima Bank
April 2013 General Manager, Honkawa Branch, Hiroshima Bank
April 2015 General Manager, Otemachi Branch, Hiroshima Bank
April 2018 Executive Officer; General Manager, Kure Branch and Kure City Hall Sub-branch, Hiroshima Bank
April 2020 Managing Executive Officer, Hiroshima Bank
June 2020 Director & Managing Executive Officer, Hiroshima Bank
October 2020 Director & Managing Executive Officer, the Company (current position)
April 2022 Director & Senior Managing Executive Officer, the Company (Representative Director), Hiroshima Bank (current position)
President (Representative Director), Hiroshima Bank (current position)



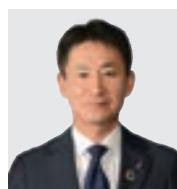
Yuji Hiroe
Director & Senior Managing Executive Officer

April 1989 Joined Hiroshima Bank
April 2011 General Manager, Yoshijima Branch, Hiroshima Bank
April 2013 General Manager, Loan Business Planning Department of Loan Business Planning Division, Hiroshima Bank
April 2016 General Manager, Fukuyama Ebisumachi Branch, Hiroshima Bank
April 2018 General Manager, Personnel & General Affairs Division, Hiroshima Bank
April 2020 Executive Officer; General Manager, Kure Branch and Kure City Hall Sub-branch, Hiroshima Bank
April 2022 Managing Executive Officer, Hiroshima Bank
June 2022 Director & Managing Executive Officer, Hiroshima Bank
April 2024 Director & Senior Managing Executive Officer, Hiroshima Bank (current position)
Senior Managing Executive Officer, the Company
Director & Senior Managing Executive Officer, the Company (current position)



Toshio Heya
Representative Director and President

April 1983 Joined Hiroshima Bank
April 2008 General Manager, Hiroshima-Higashi Branch, Hiroshima Bank
April 2011 General Manager, Management Planning Division, Hiroshima Bank
April 2013 Executive Officer; General Manager, Head Office Business Department, Hiroshima Bank
April 2015 Managing Executive Officer; General Manager, Head Office Business Department, Hiroshima Bank
April 2016 Managing Executive Officer, Hiroshima Bank
June 2016 Director & Managing Executive Officer, Hiroshima Bank
June 2018 President (Representative Director), Hiroshima Bank
October 2020 President (Representative Director), the Company (current position)
April 2022 Director, Hiroshima Bank



Shinichi Yokomi
Director & Senior Managing Executive Officer

April 1989 Joined Hiroshima Bank
October 2010 General Manager, Kudamatsu Branch, Hiroshima Bank
April 2013 General Manager, Private Banking Promotion Office of Personal Sales Division, Hiroshima Bank
April 2017 Deputy General Manager, Asset Management Division, Hiroshima Bank
April 2018 General Manager, Asset Management Division, Hiroshima Bank
October 2018 General Manager, Management Planning Division, Hiroshima Bank
April 2020 Executive Officer; General Manager, Management Planning Division, Hiroshima Bank
October 2020 General Manager, Management Planning Group of Management Planning Division, the Company
November 2021 General Manager, Management Planning Group of Management Planning Division, General Manager, Sustainability Office, the Company
April 2022 Managing Executive Officer, Hiroshima Bank
June 2022 Managing Executive Officer, Hiroshima Bank
April 2024 Director & Senior Managing Executive Officer, Hiroshima Bank
June 2024 Director & Senior Managing Executive Officer (Representative Director), Hiroshima Bank (current position)
Director & Senior Managing Executive Officer, the Company (current position)



Ryuichi Aoki
Director (Audit and Supervisory Committee Member)

New appointment

April 1989 Joined Hiroshima Bank
April 2012 Associate General Manager, Risk Management Department of Risk Management Division, Hiroshima Bank
April 2016 General Manager, Nagoya Branch, Hiroshima Bank
April 2019 General Manager, Corporate Planning Division, Hiroshima Bank
April 2021 General Manager, Risk Management Division, Hiroshima Bank
General Manager, Risk Coordination Group of Business Management Division, the Company
April 2023 Senior General Manager, Risk Management Division, Hiroshima Bank
June 2023 Full-time Company Auditor, Hiroshima Bank
June 2025 Director (Audit and Supervisory Committee Member), the Company (current position)

External Directors



Yoshinori Shinmen
Director

April 1980 Joined Bank of Japan
March 2007 General Manager, Kyoto Branch, Bank of Japan
July 2009 Internal Auditor, Bank of Japan
November 2010 Consultant, The Securities Analysts Association of Japan
October 2011 Director-General, The Securities Analysts Association of Japan
August 2015 Chair, The Securities Analysts Association of Japan
August 2017 Director, The Securities Analysts Association of Japan
June 2020 External Director, Hiroshima Bank
June 2023 External Director, the Company (current position)



Harumi Matsumura
Director

April 1976 Joined Seibu Department Stores, Ltd. (currently Sogo & Seibu Co., Ltd.)
June 2004 Representative Director, HENRI CHARPENTIER Co., Ltd. (currently SUZETTE Co., Ltd.)
July 2011 Senior Executive Officer, JS Group Corporation (currently LIXIL Corporation)
Senior Executive Officer, LIXIL Corporation
November 2016 Executive Officer, Executive Vice President, LIXIL Group Corporation (currently LIXIL Corporation)
Director and Senior Managing Officer, LIXIL Corporation
July 2019 Outside Director, Rock Field Co., Ltd. (current position)
June 2022 External Director, Kamigumi Co., Ltd. (current position)
June 2023 External Company Auditor, Hiroshima Bank
June 2024 External Director, the Company (current position)



Hiroko Tani
Director (Audit and Supervisory Committee Member)

August 1989 Registered as a certified public accountant
June 2004 Employee of KPMG AZSA & Co. (currently KPMG AZSA LLC)
July 2018 Representative, Tani Certified Public Accountant Office (current position)
July 2019 Representative Partner, Choshu Audit Corporation
June 2020 External Member of the Board of Directors (Audit & Supervisory Committee Member), Kyushu Electric Power Co., Inc.
June 2022 External Director (Audit and Supervisory Committee Member), the Company (current position)



Toshiaki Kitamura
Director (Audit and Supervisory Committee Member)

April 1983 Joined Fujitsu Limited
July 2000 Associate Professor, Center for Information and Multimedia Studies, Kyoto University
April 2002 Professor, Department of Computer and Network Engineering, Faculty of Information Sciences, Hiroshima City University
April 2014 Guest Senior Researcher, Green Computing Systems Research Organization, Waseda University (Guest Professor, Research Council)
April 2016 Fellow, Oscar Technology Corporation
July 2016 Professor emeritus, Hiroshima City University (current position)
June 2022 External Director (Audit and Supervisory Committee Member), the Company (current position)



Yuji Okuma
Director (Audit and Supervisory Committee Member)

April 1982 Joined TOKYU LAND CORPORATION
June 2011 Director, TOKYU LAND CORPORATION
October 2013 Director, Tokyu Fudosan Holdings Corporation
April 2015 President and Representative Director, Tokyu Fudosan Holdings Corporation
April 2017 President & CEO, TOKYU LAND CORPORATION
June 2020 Representative Director and Vice Chairman, Tokyu Fudosan Holdings Corporation
Chairman, TOKYU LAND CORPORATION
April 2021 Vice Chairman, Tokyu Fudosan Holdings Corporation
April 2022 Director, Tokyu Fudosan Holdings Corporation
June 2022 Representative Director and President, Tokyu Research Institute, Inc.
July 2022 Special Advisor, TOKYU LAND CORPORATION (current position)
June 2024 External Director (Audit and Supervisory Committee Member), the Company (current position)
January 2025 Director and Chairman, Tokyu Research Institute, Inc. (current position)

Executive Officers

Minoru Fujihiro
Managing Executive Officer

Kenichiro Fujii
Managing Executive Officer

Toshihide Horii
Executive Officer

Kazuyuki Ishihara **Asako Kinoshita** **Noriyoshi Nakamaru**
Executive Officer Executive Officer Executive Officer

Skills matrix of Directors

In order to identify skills, etc. owned by Directors based on the management strategies of the Group, the Board of Directors of the Company establishes and discloses the skills

matrix of Directors based on the deliberations at the Group Nomination and Compensation Advisory Committee, and utilizes it when nominating candidates for Directors.

Directors			Experience and expertise			
Name	Gender	Position	Management strategy/sustainability	Legal affairs/risk management	Business strategy	DX/IT/System
Koji Ikeda	Male	Chairman (Representative Director)	●	●	●	●
Toshio Heya	Male	President (Representative Director)	●	●	●	●
Kazuo Kiyomune	Male	Director & Senior Managing Executive Officer	●	●	●	
Shinichi Yokomi	Male	Director & Senior Managing Executive Officer	●		●	
Yuji Hiroe	Male	Director & Senior Managing Executive Officer	●		●	●
Ryuichi Aoki	Male	Director (Audit and Supervisory Committee Member)		●	●	

External Directors			Areas of expertise particularly expected			
Name	Gender	Position	Corporate management/sustainability	Economy/finance	Financial affairs/accounting	DX/IT/System
Yoshinori Shinmen	Male	Director		●		
Harumi Matsumura	Female	Director	●			
Hiroko Tani	Female	Director (Audit and Supervisory Committee Member)			●	
Toshiaki Kitamura	Male	Director (Audit and Supervisory Committee Member)				●
Yuji Okuma	Male	Director (Audit and Supervisory Committee Member)	●			

(Note) The above lists do not show all knowledge, experiences, capabilities, etc. possessed by each Director.

Development of successors to management

The Group has put in place a rank-based training system and clarifies the standards and abilities required for each job position and rank in order to develop human resources systematically. The training system includes the "Hirogin Management School" aimed at developing management personnel from a medium- to long-term perspective. The Hirogin Management School provides a program in which selective employees who are expected to undertake future management of the Bank learn to demonstrate the "ability of thinking befitting of a corporate manager (management strategy, business reform, etc.)." (Please see page 77 for details.)

In addition, in order to enhance the exchange of opinions and dialogues between external officers and the executive side, the Board of Directors established the Meeting for Exchange of Opinions with External Officers in FY2023. Also in FY2024, it held a total of six meetings for management personnel and management personnel candidates as well as younger/mid-career employees and others at Group companies to exchange opinions with external officers. The Board of Directors has also implemented measures to sophisticate the management personnel development process, such as holding free discussions on the theme of the development process for management personnel and management personnel candidates (succession plan).

Roles of external Directors and their support system

At the Board of Directors meetings, external Directors provide advice on decision-making by the Board of Directors and overall management, based on their knowledge and ideas different from those of internal Directors. They also receive reports on the results of internal audits and accounting audits, as well as reports on the state of internal controls from the division in charge of internal controls. The external Directors have the role of supervising management from a neutral, fair, and objective perspective outside the Company.

We have introduced a system for external Directors to review and check in advance the agenda items of a meet-

ing of the Board of Directors and its reporting materials even from outside the Company, and we provide them with devices for reviewing purposes. Furthermore, the secretariat and various departments responsible for administrative work for Board of Directors meetings hold advance explanatory meetings on documents for external Directors, and there is also a support system put in place such as developing an environment to review the Company's internal information such as internal regulations and notices as well as Hiroshima Bank's internal rules and notices.

Officer training

The Company provides appropriate training opportunities for external Directors to ensure that they can effectively fulfill their roles and responsibilities, such as by arranging and providing training for newly appointed Directors through outside institutions and organizations, as well as by holding presentations on the governance structure and management strategies and policies of the Group.

Furthermore, the Company has enhanced and strengthened measures in FY2024 to provide Directors

with further knowledge and information and to improve the effectiveness of the Board of Directors, such as holding officer training seminars on the themes of customer-oriented business operations in June 2024 and human capital management and financial well-being in December 2024 as part of initiatives to enhance the effectiveness of the Board of Directors.

Officer compensation system

The Company has stipulated policies regarding decisions on the details of individual compensation of Directors based on resolutions at Board of Directors meetings, in light of the results of deliberations at the Group Nomination and Compensation Advisory Committee (the majority members being independent external Directors), which is comprised of Representative Directors and independent external Directors.

■ Policies regarding decisions on the details of individual compensation of Directors

a. Basic policy

Compensation, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply) of the Company shall be determined based on a compensation system that is linked to shareholder interests so as to fully function as an incentive to work for the sustainable growth and enhancement of the corporate value of the Group, and the basic policy is to determine compensation of individual Directors at an appropriate level from the perspectives of transparency, objectiveness and fairness.

Specifically, compensation, etc. of Directors excluding external Directors shall consist of fixed-amount compensation, performance-linked compensation, and stock-based compensation. For the sake of neutrality in view of responsibilities, compensation for external Directors is only composed of fixed-amount compensation.

As a bank holding company, the Company will establish and operate a compensation plan in an integrated manner with The Hiroshima Bank, Ltd., which is a subsidiary bank of the Company, and in the event that concurrent positions are held at the Company and the Bank, compensation, etc. shall be prorated at a fixed rate.

b. Policy regarding the determination of the amount of individual compensation, etc. as fixed-amount compensation (monetary compensation) (including the policy regarding the determination of the timing, etc. of the compensation, etc.)

Fixed-amount compensation shall be monthly basic compensation and shall be determined based on job titles and paid on a regular basis during the term of office after comprehensively taking into consideration factors such as the compensation and salary levels of officers and employees of Group companies under the Company and the status of officer compensation at other companies of a similar scale.

c. Policy regarding the determination of the amount of individual compensation, etc. as performance-linked compensation (including the policy regarding the determination of the timing, etc. for payment of the compensation, etc.)

Performance-linked compensation shall be monetary compensation (paid at a certain time each year) that reflects performance indicators and is calculated each business year according to the degree of achievement of those performance indicators, and shall be determined based on job titles with the aim of raising awareness of the contribution to improve business performance.

Specifically, from the perspective of ensuring transparency, objectivity, and fairness and fully fulfilling accountability to shareholders and other stakeholders, the following three items shall be used as performance indicators: the Company's profit attributable to owners of parent and capital efficiency (consolidated ROE) as financial factors; and the evaluation from external organizations on sustainability (ESG) initiatives as non-financial factors. The performance-linked compensation, which is calculated by multiplying the job title-based standard amount established by resolution of the Board of Directors by the payment ratio linked to said performance indicators, is paid after the end of each business year.

The performance-linked coefficients are as shown in "Attached Table 1".

d. Policy regarding the determination of individual compensation, etc. as stock-based compensation (non-monetary compensation) (including the policy regarding the determination of the timing, etc. for payment of the compensation, etc.)

Stock-based compensation shall be calculated and paid based on an amount obtained by multiplying the fixed-amount compensation determined based on job titles by a certain percentage with the aim of clarifying the link between officer compensation and the Company's share price. The stock compensation plan is managed by the officer compensation BIP trust. During the trust period, certain points are granted, and Directors will receive the delivery of the shares in accordance with the number of points accumulated at the time Directors retire from both the Company and The Hiroshima Bank, Ltd.

However, in the event of non-conformity as stipulated separately, the Company may request the refund of the amount equivalent to the share delivery.

Furthermore, we updated the monetary performance-linked compensation system for Directors and executive officers in April 2025. Specifically, we reviewed the performance-linked coefficients taking into account the rise in interest rate level (profit level). Also, we added the Company's consolidated ROE and the evaluation from external organizations on ESG initiatives as new performance indicators in order to sustainably enhance capital efficiency and further promote sustainability and ESG management.

e. Policy regarding the determination of the ratio of monetary compensation, performance-linked compensation, and non-monetary compensation to the amount of individual compensation, etc. of Directors

The ratios of compensation by type for Directors shall be set so that the ratio of fixed-amount compensation : performance-linked compensation : stock-based compensation satisfies approximately 56 : 16 : 28 when the performance-linked compensation is a standard amount (performance-linked coefficient: 1.000). This ratio reflects the comprehensive consideration on matters such as the status of officer compensation at other companies of a similar scale from the perspective of providing an incentive to aim for the sustainable growth and enhancement of corporate value of the Group and an increase in the share price of the Company while emphasizing the stability and soundness of management as a bank holding company.

f. Matters regarding the determination of details of individual compensation, etc. for Directors

Details of all individual compensation, etc. for Directors shall be determined by the Board of Directors based on deliberations and findings of the Group Nomination and Compensation Advisory Committee, which is composed of Representative Directors and independent external Directors (the majority of the Committee members are independent external Directors).

(Attached Table 1) Coefficients used in the calculation of performance-linked compensation

(a) Those using profit attributable to owners of parent as a performance indicator

Profit attributable to owners of parent (yen)	Performance-linked coefficient
More than 55 billion	1.500
More than 50 billion – 55 billion or less	1.375
More than 45 billion – 50 billion or less	1.250
More than 40 billion – 45 billion or less	1.125
More than 35 billion – 40 billion or less	1.000
More than 30 billion – 35 billion or less	0.875
More than 25 billion – 30 billion or less	0.750
More than 20 billion – 25 billion or less	0.625
20 billion or less	–

(b) Those using capital efficiency (consolidated ROE) as a performance indicator

YoY percentage change in consolidated ROE	Performance-linked coefficient
15% or more	1.250
5% or more – less than 15%	1.125
0% or more – less than 5%	1.000
-15% or more – less than 0%	0.875
Less than -15%	0.750

(c) Those using the evaluation from external organizations on sustainability (ESG) initiatives as a performance indicator

Degree of YoY improvement in external organizations' ESG evaluation (performance-linked coefficient)	MSCI-ESG ratings			
	Deteriorated	Maintained	Improved	
FTSE ESG scores	Deteriorated	0.750	0.875	1.000
	Maintained	0.875	1.000	1.125
	Improved	1.000	1.125	1.250

■ Officer compensation system

	Fixed-amount compensation	Performance-linked compensation	Non-monetary compensation (stock-based compensation*)
Directors (excluding Directors who are Audit and Supervisory Committee Members)	●	●	●
Directors who are Audit and Supervisory Committee Members	●	—	—
External Directors	●	—	—
Executive Officers	●	●	●

* A system that utilizes a framework known as an officer compensation board incentive plan (BIP) trust. Utilizing compensation amounts for eligible officers as funds contributed by the Company and its consolidated subsidiary Hiroshima Bank, the trust acquires shares of the Company, and provides the shares and cash equivalent to disposal of the Company's shares upon officers' retirement from both the Company and Hiroshima Bank.

Cross-shareholdings

As shown below, the Group has established the policies regarding cross-shareholdings of listed shares and the exercise of voting rights in order to ensure the appropriateness of cross-shareholdings. Our basic policy is not to engage in cross-shareholding, except where it is deemed that the holding has a rationale such as the development of the regional economy or improvement of corporate value. As for shares held, we examine the rationale for each shareholding, also taking ESG perspectives into account, and if we cannot find sufficient rationale for the shareholding, we will decide whether to continue to hold them after having dialogue with the issuing company.

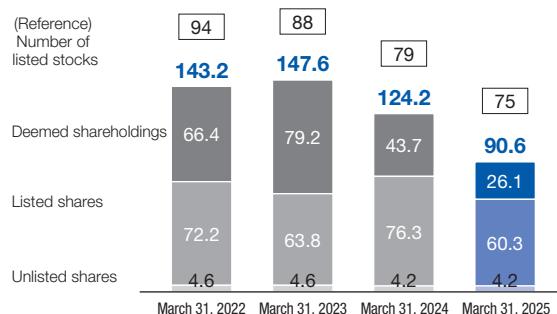
In the event that a company holding the Company's shares as cross-shareholdings expresses an intention to sell or otherwise dispose of the Company's shares, the Group will not prevent them from doing so by implying a reduction in transactions with the Group or by any other means.

As a medium- to long-term shrink target of cross-shareholdings, the Group aims to reduce the total mar-

ket value of shareholdings of shares other than unlisted shares and deemed shareholdings to "less than 15% of the Group's consolidated net assets" by the end of March 2029 (final fiscal year of the Mid-Term Management Plan 2024).

► Cross-shareholdings of shares

(¥ billion; based on the market value)



■ (Reference) Policies regarding cross-shareholdings of listed shares and the exercise of voting rights

(1) Policies regarding cross-shareholdings of listed shares

- The Group has a basic policy of not engaging in cross-shareholding, except where it is deemed that the holding has a rationale such as development of the regional economy or improvement of corporate value.
- As for shares held, the Board of Directors reviews the significance of holding them periodically by evaluating capital cost against returns, level of contribution by the issuing company to the regional economy, growth potential and future prospects in light of ESG elements, and medium- to long-term profitability of transactions with the Group.

(2) Standards for exercise of voting rights for cross-shareholdings

- In exercising voting rights, the Group determines the exercise of voting rights after examining the management principles and the status of maintenance of corporate governance at the company in question, in addition to the policies described below.
 - Whether or not the company is conducting appropriate decision-making that will lead to medium- to long-term increases in corporate value and improvement of shareholder value
 - Whether or not there is any possibility that it inflicts damage upon the Group as a shareholder
- In particular, the following items shall be examined regarding any potential impacts on corporate value and shareholder value:
 - Proposals for appropriation of surplus that potentially have a significantly detrimental effect on financial soundness
 - Proposals for election of directors and Audit & Supervisory Board members and provision of retirement benefits at companies where misconduct or antisocial behavior incidents occurred or that have recorded losses or paid no dividends for a certain period of time
 - Proposals for anti-takeover measures, among other items

Basic approach

In order to fully justify the trust of customers and shareholders, the Group must be able to ensure appropriate levels of earnings and stable operations, by dealing appropriately with various kinds of risk its operations are subject to, while remaining a soundly managed institution.

Based on our Group Comprehensive Risk Management Regulations laid down by the Board of Directors, the Group decides on a detailed risk management policy for each fiscal year, and appropriately manages all categories of risk on an integrated basis.

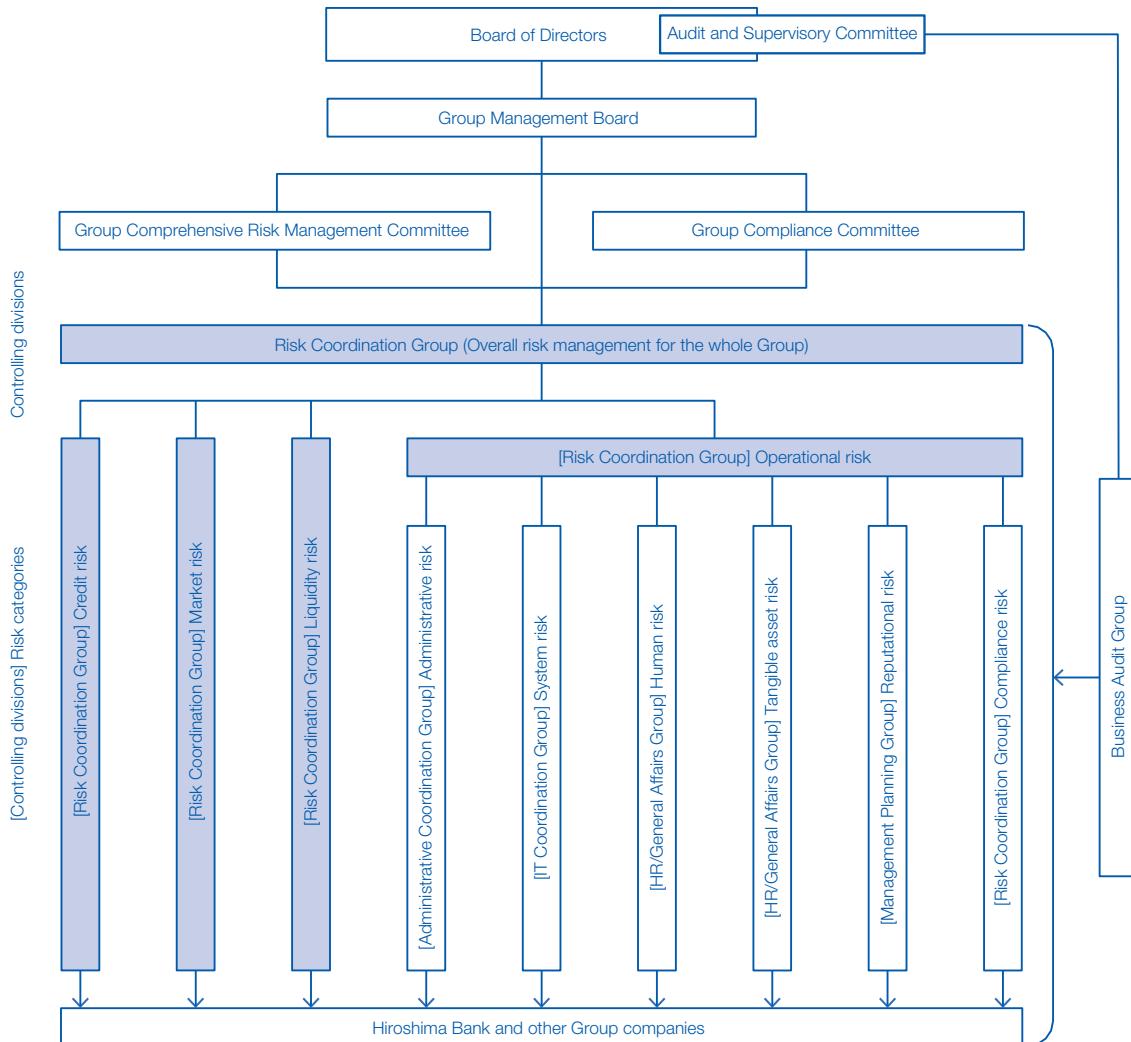
Risk management framework

For management of major categories of risk—credit, market, liquidity and operational risks—we have dedicated offices. The Risk Coordination Group manages risks centrally and comprehensively. To position us to deal appropriately with the increasing diversification and complexity of risk, we have established a Group Comprehensive Risk Management Committee and carry out regular

audits through the Business Audit Group into the appropriateness and effectiveness of our risk management systems.

Under this risk management regime, we aim to ensure sound, profitable operations, while striking an ideal balance between capital adequacy, risk management and earnings imperatives.

► Risk management framework (as of April 1, 2025)



Risk appetite framework

Risk governance

In order to establish robust risk governance, the Group has introduced a risk appetite framework, prepared a risk appetite statement describing the risk appetite framework and risk appetite to make them well understood within the Group.

Risk culture

In order to realize the sustainable development of local communities and the sustainable enhancement of the corporate value of the Hirogin Group, it is essential for each employee to make decisions and act not only in compliance with laws and regulations but also in accordance with the expectations and requests of all stakeholders, including customers, and the Group's Purpose / Management Policy.

The Group recognizes that risk culture is the fundamental concept for organizational and individual deci-

In addition, to ensure that the risk appetite framework functions effectively, we are working to foster a sound risk culture that encourages everyone in the Group to behave in accordance with the Group's values regarding risk-taking and risk appetite.

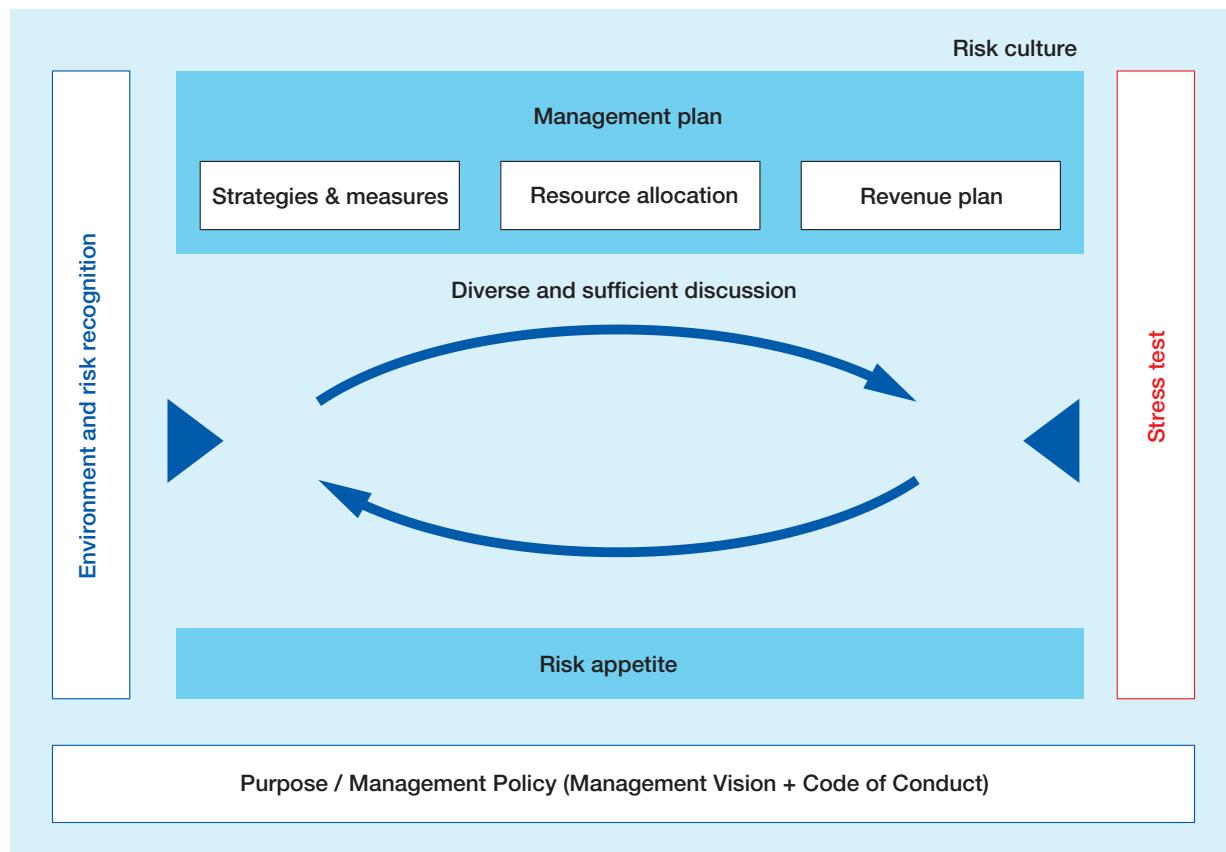
sion-making related to risk recognition, risk-taking, risk management, etc., and that it is a factor to the base for building strong risk governance. Based on that recognition, the Group has established the Hirogin Group's Risk Culture, while ensuring consistency with its Code of Conduct.

In addition, in order to foster and disseminate the risk culture within the Group, we share and spread it through such means as sending messages from management and conducting training.

Risk appetite

The risk appetite framework is positioned as a framework that supports the management of the Group as a whole to "promote risk-taking and control risk," based on the appropriate recognition of the environment and risks.

The introduction of the risk appetite framework clarifies the risk appetite (the type and level of risk that the Group is prepared to accept) for achieving the management plan and enables the Group to pursue more profit opportunities and promote appropriate risk-taking.



IT Strategy (Building a Next-Generation Backbone System)

Preparation for a next-generation backbone system (participation in the MEJAR system and the basic agreement on detailed study)

Hiroshima Bank aims for the migration from a main-frame-based system to a cloud-based system, a next-generation backbone system, by 2030.

In order to achieve the migration, Hiroshima Bank participated in the shared system (MEJAR*), which had been operated by the Bank of Yokohama, Ltd., the Hokuriku Bank, Ltd., the Hokkaido Bank, Ltd., the 77 Bank, Ltd., and the Higashi-Nippon Bank, Limited since January 2010. We also concluded the basic agreement

* MEJAR stands for Most Efficient Joint Advanced Regional banking-system.

to conduct a detailed study toward sharing the system among the six banks.

By participating in the MEJAR scheme, we will realize a next-generation backbone system based on a cloud platform, which enables the flexible provision of financial services and the reduction of IT investment. At the same time, we will promote the DX strategies to achieve the growth of the core business.

Arrangement during the period until migration to a next-generation backbone system (from FY2022 to FY2030)

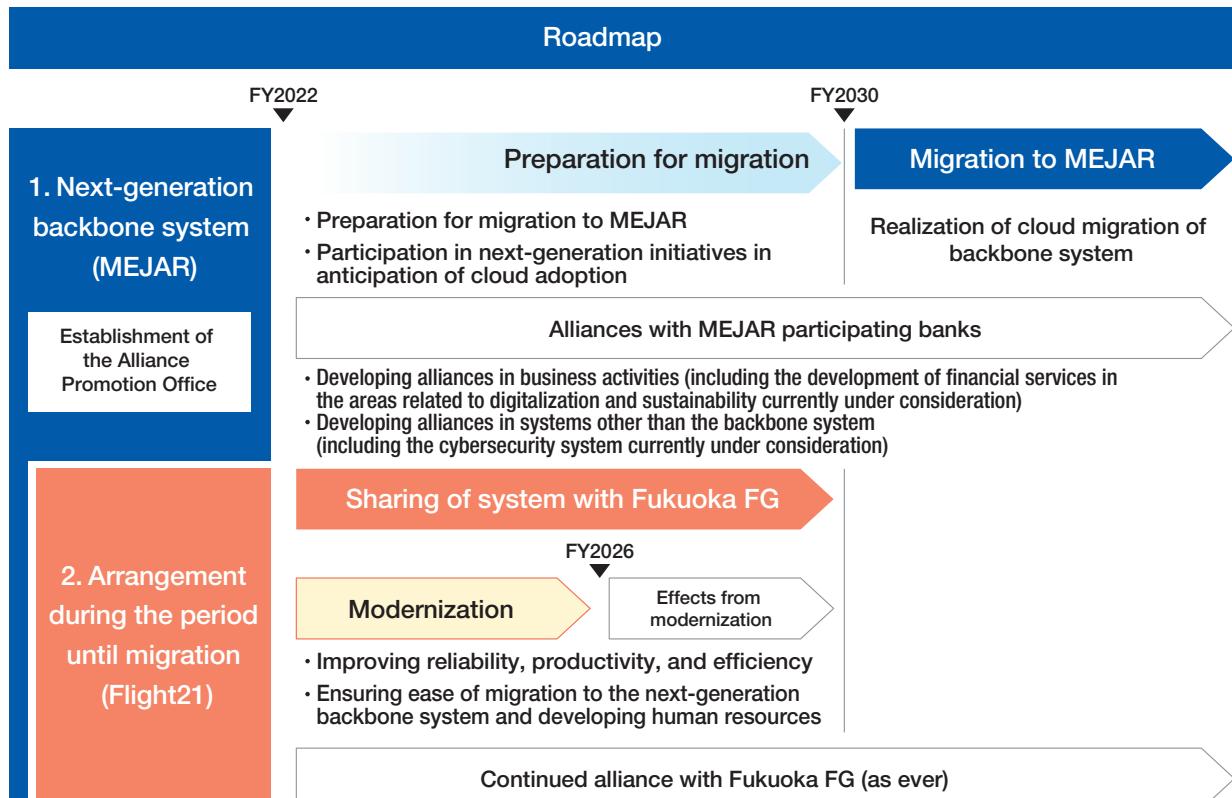
Hiroshima Bank has extended the operation of backbone system Flight21 until FY2030, which has been shared with Fukuoka Financial Group, Inc. (Fukuoka FG), IBM Japan Ltd. (General Manager: Akio Yamaguchi) and Kyndryl Japan KK (President: Takashi Uesaka). At the same time, we started the core banking system modernization for the period from FY2022 to FY2026. Through the modernization, we will work with Fukuoka FG to (1) improve efficiency in the accounting and information systems by renewing of the structure and transitioning to open architecture and (2) newly establish a channel inte-

gration infrastructure and sophisticate it by enhancing the API infrastructure.

Hiroshima Bank and Fukuoka FG have been working together as important partners both in system and business activities, from the go-live in 2003 of the current backbone system (through system sharing) up until now. As a result of Hiroshima Bank's migration to the next-generation backbone system, the two banks will operate systems separately from FY2030 onward. However, we will maintain the business partnership even after FY2030.

► Roadmap for building a next-generation backbone system

1	<p>Preparation for a next-generation backbone system (participation in the MEJAR system and the basic agreement on detailed study)</p> <ul style="list-style-type: none">• Preparation for migration to a cloud-based system in FY2030• Establishment of the Alliance Promotion Office in the Management Planning Division of Hiroshima Bank toward enhancing the cooperation with MEJAR participating banks
2	<p>Arrangement during the period until migration to a next-generation backbone system (from FY2022 to FY2030)</p> <ul style="list-style-type: none">• Continued operation and modernization of the current core banking system (Flight21)



Cybersecurity

Strengthening of cybersecurity measures by establishing specialist division

The Group positions cybersecurity as its top priority management issue with the aim of protecting customers' information assets from increasingly sophisticated cyber-attacks. In April 2024, we newly established the Security Coordination Department specialized in cybersecurity to take various measures.

Specifically, we conduct 24x7 system monitoring jointly with specialized partner companies. At the same time, we take multi-layered technical countermeasures, such as regular vulnerability diagnosis, data encryption, and appropriate management of authentication information. In addition, we are enhancing security with an eye toward migration to the MEJAR next-generation backbone system, which Hiroshima Bank will start sharing from FY2030.

We also adopt people-focused countermeasures in order to raise security awareness and enhance security capabilities of all employees. Examples of people-focused countermeasures include holding regular training

sessions and continuous awareness development through case studies about the importance of information management and the threats of cyber-attacks by using in-house newsletter, e-learning, video content and other media. In this way, we aim to establish their awareness in their daily operation.

Furthermore, we utilize the system of mutual assistance driven by organizations such as Financials ISAC Japan and the CMS-CSIRT, an organization to promote mutual assistance in cybersecurity in cooperation with MEJAR participating banks and NTT Data Regional Banks Joint Center participating banks. We accordingly share information, develop specialists, and continuously conduct practical cyber-attack drills to enhance response capabilities of the entire organization.

Through these initiatives, we will maintain a secure environment that can offer customers peace of mind and reliability.

Basic approach

In order for the Group to secure unwavering trust from our shareholders, investors, and customers, we believe it is important to build a stronger management base and execute compliance-oriented business by further deepening relations with regional community and customers, working thoroughly to address their respective needs and solve their issues, and providing reliable solutions.

In this regard, the Group considers compliance as one of the top priorities of management and has made utmost efforts for establishing a compliance system and encouraging each and every employee to understand the system so that corporate ethics will take root as a culture.

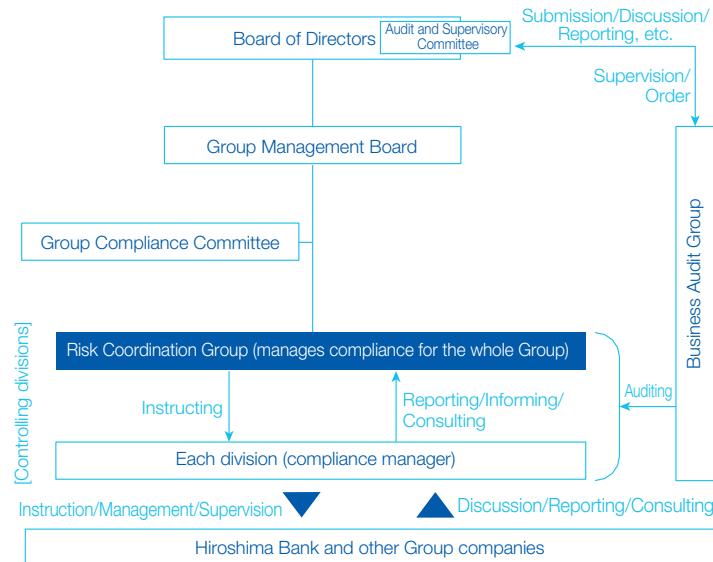
Compliance structure

The Group has established a Group Compliance Committee to follow laws and regulations as well as social norms thoroughly and build corporate ethics, and the committee deliberates and considers matters relating to compliance. In this and other ways, we ensure that we never commit violations of compliance.

In addition, compliance managers have been placed in divisions and branches of each Group company to exchange legal information and monitor daily compliance status. The Group is also continuously striving to strengthen a central management system relating to compliance and management functions through the Risk Coordination Group.

Furthermore, the Business Audit Group reinforces the internal check and balance system by implementing monitoring from an independent perspective.

Compliance structure (as of April 1, 2025)



Compliance program

The Board of Directors resolves on the Group compliance program every fiscal year as a practical plan for realization of desired compliance. Based on the Group compliance program, we carry out relevant measures steadily.

Specifically, the Group has formulated and disclosed the compliance manual on the company intranet, etc., and strived to ensure that all employees are familiar with this manual, through various activities such as rank-based training sessions and training sessions for compli-

ance managers. Also, the Group has been promoting initiatives including the development of a check system by involving executive members actively in compliance and strengthening a central compliance management system.

Progress and achievements of the Group compliance program are reviewed by the Board of Directors every half fiscal year. While striving to identify and solve problems, the Group has been making persistent efforts for putting high-level compliance into practice.

Respect for Human Rights

■ Establishment of a human rights policy

Given that the situation surrounding human rights is increasingly diverse and complex day by day, and that corporations are increasingly responsible for respecting human rights both domestically and internationally, the Group established its human rights policy by a resolution at the Board of Directors meeting in May 2023.

Based on this policy, we will respect the human rights of our various stakeholders, including customers and employees, and thereby contribute to building a society in which everyone can engage in their work with satisfaction and lead fulfilling lives.

Human rights policy (outline)

1. Respect for international norms
2. Elimination of discrimination
3. Fostering of corporate culture that encourages respect for human rights
4. Establishment of comfortable work environment
5. Implementation of fair recruitment
6. Implementation of human rights training
7. Treatment to customers
8. Treatment to suppliers
9. Remedial measures
10. Management framework
11. Information disclosure and dialogue

(For more details, please access the Company's website.)
<https://www.hirogin-hd.co.jp/csr/sdgs/human-rights-policy/index.html>

■ Human rights due diligence

Under its human rights policy, the Group respects international norms including the Guiding Principles on Busi-

ness and Human Rights and works on human rights due diligence in accordance with the following process.

(1) Identify and assess adverse impacts (human rights issues)		(2) Prevent and mitigate adverse impacts	(3) Evaluate effectiveness of initiatives
Employees	<ul style="list-style-type: none"> • Implementation of unfair recruitment screening • Discriminatory remarks/actions and prejudice • Infringement of employees' privacy • Harassments (including abusive or aggressive behavior by customers) • Long working hours, non-compliant work environment, and resulting health damages 	<ul style="list-style-type: none"> • Organizational initiatives for promoting diversity, equity and inclusion • Establishment of hotlines • Enhancement of human rights training for employees based on the human rights policy • Elimination of investigations and questions that may lead to a background investigation in the recruitment screening process 	<ul style="list-style-type: none"> • Periodic examination of human risks • Implementation of an employee questionnaire survey and examination of its result • Monitoring of work status • Examination of reports to hotlines
Customers (including investees and borrowers)	<ul style="list-style-type: none"> • Discriminatory treatment to customers • Infringement of customers' privacy • Lack of safety and soundness for consumers in providing financial and other services • Discrimination, overworking, forced or compulsory labor, child labor, and infringement of human rights in local communities and on regional residents in business activities of investees and borrowers 	<ul style="list-style-type: none"> • Demonstration of check and balance functions for businesses for which investments and financing are prohibited and businesses that require careful consideration when making such investments and loans under the Policy on Investment and Financing for Environmental and Social Solutions • Establishment of the Customer Consultation Office • Enhancement of dialogue with investees and borrowers on human rights issues using discussion tools for feasibility studies 	<ul style="list-style-type: none"> • Implementation of a corporate customer questionnaire survey and examination of its result • Examination of reports to the Customer Consultation Office • Examination of actual situations through audits for outsourcing partners, investees, and borrowers
Suppliers (procurement and outsourcing partners)	<ul style="list-style-type: none"> • Discrimination, overworking, forced or compulsory labor, child labor, and infringement of human rights in local communities in business activities of suppliers 	<ul style="list-style-type: none"> • Preparation of human rights-related check sheets to be used upon new purchase in supplier transactions and outsourcing • Establishment of the Customer Consultation Office 	

■ The Group's initiatives to respect human rights

Prevention of harassment	<p>To prevent internal sexual harassment, abuse of power, and other harassment behaviors in advance, the Group conducts awareness-raising at the Meeting of All Group Companies held at the beginning of every six months ending September and March, and conducts a periodic anonymous questionnaire survey for all employees to detect such behaviors at their early stage. We set up hotlines in the Risk Coordination Group and an external law firm for consultation and complaints about harassment and any perpetrators are strictly punished.</p> <p>We protect Group employees from external harassment such as abusive or aggressive behavior by customers. To this end, we have developed regulations and case studies and work together with external agencies (police and corporate lawyer) to respond appropriately as an organization.</p>
Approach to tackling anti-discrimination and human rights issues (framework and training)	<p>The Group positions the anti-discrimination and human rights issue as an important issue that we should proactively address in the course of our corporate activities. In particular, we recognize that the anti-discrimination issue is the source of various human rights issues.</p> <p>The anti-discrimination and human rights training sessions focus on the anti-discrimination issue to deepen correct understanding and awareness thereof. At the same time, they are held on the theme of diversifying human rights issues taking into account the latest human rights situation, while also disseminating the human rights policy formulated in May 2023.</p>

► Results of training on anti-discrimination and human rights issues for FY2024

Program	Target	
Training for new employees	New employees	135 persons
Training for new supervisors	New supervisors	89 persons
Training for new managers	New managers	62 persons
Training for new branch managers	New branch managers (bank)	39 persons
Training for mid-career hires at the time of being hired	Newly hired mid-career hires (bank)	32 persons
Training for staff at the time of being appointed	Newly appointed staff (bank)	87 persons
Workplace training on anti-discrimination and human rights issues	All employees	

Establishment of the System of Providing Universally Accessible and Inclusive Services

■ Hiroshima Bank's initiatives for improving accessibility

(Branches)

The entrances of all branches are each equipped with at least one automatic door and free from steps. Furthermore, we are promoting the development of tactile paving tiles and *omoiyari* parking lots (those designated under the Parking Permit System and priority parking lots).

(Introduction of various communication methods)

We are diversifying communication methods at the counter of each branch. For example, we are ready for written conversation and utilize a communication support board. The board allows customers to indicate their desired procedure by pointing to a picture with their finger to facilitate smooth communication.

We are also working to offer passbooks and ATM cards with Braille markings.

(Universally designed ATM)

Hiroshima Bank's ATMs are designed to be easily operable by wheelchair users. Each ATM is also equipped with a handset (phone receiver) as a consideration for people with visual disabilities. When you follow the audio guidance to push the corresponding button, you can smoothly make deposit/withdrawal transactions or make a call with staff.

(With support for the Telephone Relay Service)

Support is provided for the Telephone Relay Service, through which an operator serves as an intermediary for calls between Bank staff and customers with hearing or speech disabilities, using sign language or written words. With this service, we have developed the environment where such customers smoothly receive services such as reporting the loss of their cards and account verification in real time.

■ Customer service reform for nurturing an ability to sense customers' inconvenience

We aspire to be a company that provides accessible and inclusive services for diverse people. Underpinned by this aspiration, we strengthened company-wide initiatives relating to reasonable accommodation in FY2024. We strive to help employees not only learn knowledge but also improve Universal Manners through experience, practice, and dialogue.

[Measures implemented in FY2024]

Target	Measures
All employees	E-learning (Act for Eliminating Discrimination Against Persons with Disabilities)
All employees	E-learning (reasonable accommodation)
All employees	Preparation of the training material Universal Manners Handbook
Persons responsible for customer service	Experiential training for service care casts
Bank branch offices	Investigation on the actual situation of customer services
Bank branch offices	Implementation of the lecture to convey the investigation result and accessibility check tests inside branch offices
Bank branch offices	Study sessions on Universal Manners at each branch office

* Universal design and Universal Manners are based on the mindset of valuing an open and comfortable environment and attitude for everyone.



A total of 145 responsible persons playing a core role of providing services at branch offices participated in the experiential training for service care casts with an external lecturer. They learned how to engage appropriately with diverse customers, such as people with disabilities and elderly, pregnant, and LGBTQ+ people to develop practical customer service skills and understanding.

The Universal Manners Handbook, a training material for employees, was prepared by employees with disabilities at our Group company Hirogin Business Service and played a key role in dissemination.



[Excerpt from Universal Manners Handbook]

A specific way to practice Universal Manners



■ Strengthening the system of watching over elderly customers

As a member of the regional elderly support network, Hiroshima Bank promotes the cooperation between 23 branch offices in Hiroshima Prefecture and community general support centers to share information as needed and engage in case-by-case handling. In this way, we are working to create society where elderly people live with the sense of security.

To improve their response capabilities for elderly customers, all Bank employees take a dementia sup-

porter training course to properly understand dementia and learn how to appropriately respond to people with dementia.

Going forward, we will create an environment where all customers can comfortably use our services by making polite responses in order to propose optimal solutions to the needs and troubles of each customer, thereby contributing to the realization of financial services that leave no one behind.

Customer Protection Management

Basic approach

Fully aware of its social responsibility and public mission, the Group strictly observes all laws, regulations, and rules, and conducts its business honestly and fairly from

the customers' viewpoint in accordance with social norms to protect customers and provide greater convenience to them.

Structure of customer protection management

The Group has established the Group Customer Protection Management Regulations at the Board of Directors as a guideline to secure a structure aimed at protecting and enhancing convenience for customers.

In the Group Customer Protection Management Regulations, we formulate policies and management matters regarding explanation to customers, customer support (consultation and complaints), customer information, outsourcing, and conflict of interests, making these known to all of the Group's employees.

In addition, we have designated the Risk Coordination Group as the controlling division and established the Group compliance program at the Board of Directors meeting on an annual basis as basic procedures to be performed to ensure customer protection, and status of progress in the plan is reported to the Board of Directors on a semiannual basis.

Information management

Based on our published Privacy Policy, the Group acquires or provides personal information prudently and strives to continuously improve safety control measures including strengthening system protections against cyber-attacks.

In order to manage customers' valuable information assets in an appropriate and prudent manner, all employees regularly receive training for information security to ensure a high level of awareness when handling information.

We conduct thorough internal audits on handling personal information to improve the effectiveness of information management.

If notification of the purpose of use of personal data, disclosure (including disclosure of records of provision to third parties), correction, or suspension of use of personal information is requested by a customer, the Group responds to the request after verifying the customer's identification.

Solicitation policy

In the solicitation of financial products, Hiroshima Bank complies with the rules below.

1. The Bank endeavors to solicit customers for suitable products in consideration of the customer's knowledge of the product, experience, asset composition, and investment purpose.
2. The Bank endeavors to provide the customer with adequate information on important matters such as the content of the product and details of risks to enable the customer to carry out transactions at their own discretion.

3. The Bank does not solicit customers by providing misleading statements, such as arbitrary decisions or false information.
4. The Bank does not solicit customers in a time or a place causing inconvenience to them.
5. The Bank continues to develop knowledge of products to make sound and appropriate solicitations that satisfy customers.

Internal Audits

Basic approach

The Group believes it is necessary and crucial to construct an effective internal audit system within the Group for the purpose of contributing to achieving our management

plan by adding value to and improving the Group's operation.

Internal audit system

The Group has established internal audit departments independent of audited departments, which perform appropriate checks and balances, in the Company and our major Group companies. They evaluate the appropriateness and effectiveness of each process of governance,

risk management, and risk control at departments under audit, while adopting an attitude of compliance with rules. They also express objective opinions and request improvement on issues identified, or recommend corrections and provide advice.

Hirogin Holdings

The Company has established the Business Audit Division, which is independent of audited departments and reports to the Board of Directors and the Audit and Supervisory Committee. The Business Audit Division serves as the controlling division of the Group's internal audit departments and cooperates with Group companies. In addition, it conducts internal audits in collaboration with the Board of Directors and the Audit and Supervisory Committee. Through such a cooperative framework, the Business Audit Division strives to enhance governance of the entire Group.

The Business Audit Division formulates the Group's basic plans for internal audit by taking into consideration important risk items across Group companies and making an overall coordination of basic plans for the Group's internal audit. The Group's basic plans for internal audit

are approved by the Board of Directors and the Audit and Supervisory Committee.

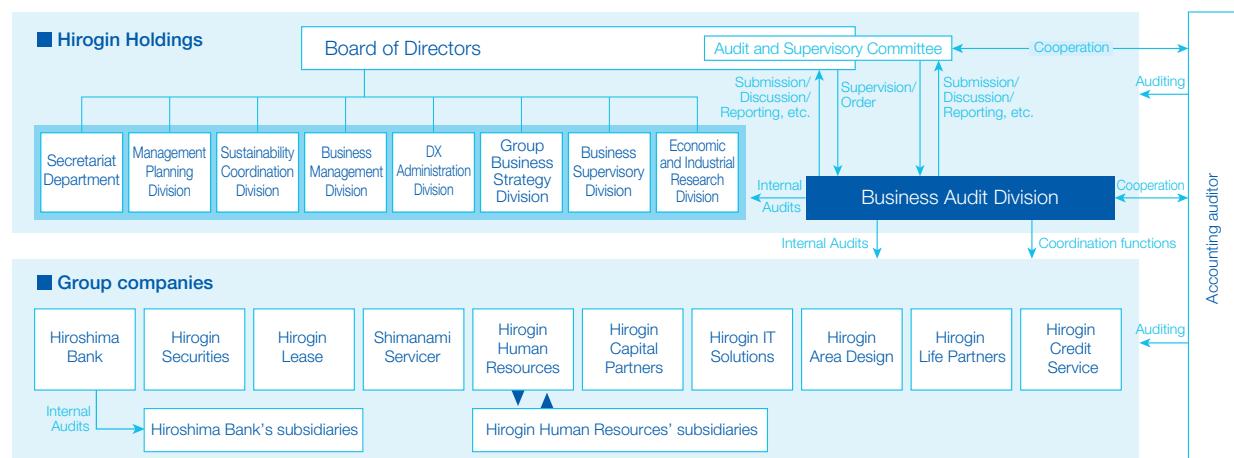
The Group's internal audit departments conduct internal audits in accordance with the Group's basic regulations on internal audit set forth by the Board of Directors and the Audit and Supervisory Committee, as well as with the Group's basic plans for internal audit. The Business Audit Division summarizes the results of internal audits by the Group's internal audit departments and the status of improvements and corrections, and reports to the Board of Directors and the Audit and Supervisory Committee on a regular basis. Through the reports from Group companies' internal audit departments, the Business Audit Division also monitors and examines internal control systems and the status of internal audits of Group companies, and gives instructions or takes other measures if necessary.

Group companies

At the Group's major subsidiaries such as Hiroshima Bank as well, internal audit departments independent from audited departments are established to conduct internal audits. Each of these Group companies formulates basic plans for internal audit in accordance with the Group's basic plans for internal audit, and the plans are determined by the Board of Directors and other organs.

Internal audit results are reported to each president and the Company without delay, while also being reported to the Board of Directors and other organs of the Company and other Group companies on a regular basis.

Internal audit system (as of April 1, 2025)

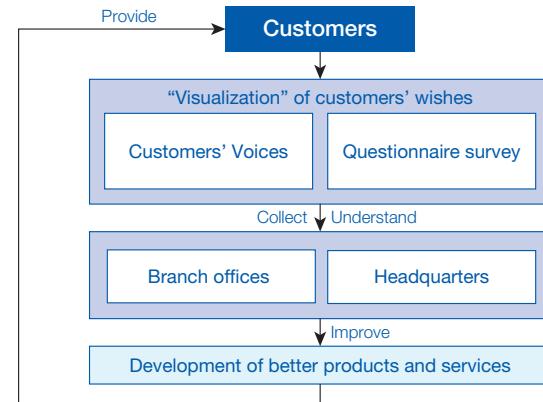


Communication with Stakeholders

Communication with customers

The Group receives numerous opinions and wishes via customers' voices sent to branch offices, the call center, and the website mainly of Hiroshima Bank. In addition, we carry out regular questionnaire surveys aiming at "Visualization" of customers' wishes.

In order to utilize customer feedback to improve satisfaction, we try to identify points for improvement in products and services based on customers' opinions and requests, and make every effort to provide better products and services with branch offices and headquarters working together to consider countermeasures.



Communication with employees

The Group aims to create a lively organization where all employees can autonomously develop their own careers, demonstrating their abilities and expertise to the fullest while being fully engaged and highly motivated.

Hiroshima Bank is promoting interactive communication between supervisors and subordinates, for example, by introducing one-on-one meetings to stimulate communication focused on the ideas and values of individual employees.

► Steps for raising the level of communication in one-on-one meetings



Communication with shareholders and investors

■ Strengthening and enhancing IR activities

We recognize that constructive dialogue with our shareholders is essential for sustainable growth and increasing corporate value over the medium to long term. As part of our efforts to strengthen and enhance our IR activities in view of our shareholder composition, we hold company briefing sessions for institutional investors and individual investors, as well as individual meetings with shareholders in Japan and overseas.

In FY2024, we developed the measures to further strengthen dialogues with shareholders as part of initiatives to enhance the effectiveness of the Board of Directors. We strengthened and enhanced IR activities such as increasing contact points with analysts and institutional investors by the Representative Director and President and Director & Senior Managing Executive Officers

and strengthening the provision of information. At the same time, we made efforts to enhance feedback to the Board of Directors on opinions and requests from shareholders, other market participants, and related parties.

The comments and requests received are used as input for business management and also shared widely within the Group to improve our services and performance.

► IR activities in FY2024

Briefing sessions for institutional investors	6 sessions
One-on-one meetings with institutional investors	43 meetings (including meetings with overseas investors)
Briefing sessions for individual investors and others	4 sessions

► Examples of dialogues that have generated awareness from shareholders and investors

Dialogue theme	Opinions of shareholders and investors obtained through dialogues
Governance	Please break down the skills matrix of Directors (adding sustainability, etc.).
Strategy	Please indicate measures to improve RORA through the use of risk assets and other measures to improve ROE.
Capital policy	Regarding the consolidated capital adequacy ratio, it is better to indicate at what level the Company will purchase its own shares. If it is shown, even if the Company's shares are not purchased every fiscal year, the market will fully evaluate it.
Dialogue with shareholders	Contact with investors should be expanded to hear more from institutional investors.

Measures by the Group
Based on the direction of our medium- to long-term management strategy and considering investors' opinions, we revised the skills matrix of Directors (adding sustainability to necessary skills to promote and strengthen sustainability management).
We enhanced the disclosure of future RORA improvement measures to improve ROE in IR materials (such as "business development utilizing risk assets" and "profit accumulation without utilizing risk assets").
We enhanced the disclosure of our approach to shareholder returns in IR materials, such as indicating that we will aim for a consolidated capital adequacy ratio of approximately 11% and develop capital policies (capital utilization to enhance profitability, shareholder returns, etc.) in line with the level of the capital adequacy ratio.
We increased opportunities for individual meetings with analysts and institutional investors by the Representative Director and President, etc. We held quarterly briefing sessions (small meetings) for institutional investors.

■ Shareholder benefits

To express appreciation for our shareholders' support as well as to increase the attractiveness of investing in our shares to invite more people to hold our shares, the Company offers a shareholder benefit system.

Shareholders who have 100 shares or more of the Company's common shares as listed on the Company's register of shareholders as of the reference date of

March 31 every year are eligible to choose from the benefit options on the table below: (1) Time deposit course/ catalog gift of local products/gift card, (2) two tickets for Hiroshima Museum of Art, and (3) the right to participate in the drawing to win tickets for the three major professional sports events and concerts in Hiroshima.

► Time deposit course/catalog gift of local products/gift card (record date: March 31, 2025)

Name of course	Number of shares held			
	100 shares – below 500 shares	500 shares – below 1,000 shares	1,000 shares – below 5,000 shares	5,000 shares or more
Time deposit course	Details of privileges ^{*1}	—	—	Additional 0.10% to the interest rate presented at branches
	Length of time-deposit	—	—	One year
	Upper limit	—	—	¥5 million
Catalog gift of local products/ Gift card	Details of privileges ^{*2}	Gift card worth ¥500	Gift card worth ¥1,000	Catalog gift equivalent to ¥5,000
				Catalog gift equivalent to ¥15,000

*1 Products eligible for additional interest rates are Super Time Deposit and Super Time Deposit 300. The additional interest rates listed are per annum rates before tax.

*2 The privileges for the catalog gift of local products include shipping and other miscellaneous fees.

Financial Data

Group financial data (for five years)

	FY2020	FY2021	FY2022	FY2023	FY2024
Summary of consolidated performance (¥ million)					
Consolidated gross profit	95,220	92,018	79,370	100,752	112,830
Net interest income	66,805	69,535	66,276	72,913	85,759
Net fees and commissions	19,524	21,115	20,814	24,140	26,058
Net gain on trading account transactions	4,134	4,305	3,288	2,300	2,357
Net other ordinary income	4,755	(2,939)	(11,008)	1,398	(1,344)
Of which, gain (loss) related to bonds	[3,210]	[(7,230)]	[(16,795)]	[(2,443)]	[(6,294)]
General and administrative expenses	57,800	58,031	58,064	57,991	64,194
Credit costs	11,216	12,447	665	15,025	2,925
Gain (loss) related to equity securities	4,517	5,073	(2,297)	7,628	5,557
Share of profit (loss) of entities accounted for using equity method	181	—	—	(17)	56
Others	138	457	437	(1,194)	851
Ordinary profit	31,042	27,070	18,780	34,151	52,176
Extraordinary income (loss)	(107)	5,856	(525)	5,794	(1,135)
Income taxes	9,360	9,984	5,717	12,211	15,196
Profit attributable to owners of parent	21,574	22,906	12,508	27,691	35,835
Summary of consolidated balance sheets (¥ million)					
Total assets	11,009,572	11,603,909	11,496,027	12,790,381	12,131,905
Securities	1,479,829	1,668,228	1,580,832	1,783,523	1,916,703
Loans and bills discounted	6,480,841	6,901,858	7,224,123	7,689,192	7,934,540
Total liabilities	10,492,691	11,107,708	10,997,422	12,255,132	11,627,269
Deposits	8,344,597	8,729,837	8,925,494	9,225,779	9,277,057
Negotiable certificates of deposit	325,478	338,041	326,762	136,410	160,242
Total net assets	516,880	496,200	498,604	535,249	504,636
Shareholders' equity	445,112	461,189	465,920	478,927	497,905
Retained earnings	361,215	377,217	381,782	400,829	423,980
Accumulated other comprehensive income	71,519	34,745	32,421	56,052	6,503
Non-controlling interests	121	138	135	142	100
Financial indicators					
Capital adequacy ratio (%)	10.6	10.37	11.78	11.04	11.04
Cash dividend per share (¥)	24.0	24.0	27.0	37.0	48.0
Dividend payout ratio (%)	34.6	32.5	67.1	41.0	40.5
Total return ratio (%)	34.6	32.5	67.1	52.2	51.7
Book-value per share (BPS) (¥)	1,664.01	1,596.79	1,603.30	1,760.62	1,679.10
Basic earnings per share (EPS) (¥)	69.26	73.75	40.25	90.35	118.55
ROE (%)	4.3	4.5	2.5	5.4	6.9
Number of shares issued (including treasury shares) (shares)	312,370,921	312,370,921	312,370,921	312,370,921	308,775,621
Share price (¥)	677	648	626	1,091	1,211.5
Market capitalization* (¥ billion)	211.5	202.4	195.5	340.8	374.1
P/B ratio (times)	0.41	0.41	0.39	0.62	0.72
P/E ratio (times)	9.8	8.5	15.5	12.0	10.3

* Calculated based on the share prices at the end of fiscal years

Nikkei stock average (¥)	29,178.80	27,821.43	28,041.48	40,369.44	35,617.56
Exchange rate (USD/JPY)	110.71	122.41	133.54	151.33	149.53

Independent Practitioner's Limited Assurance Report

August 25, 2025

To Toshio Heya, Representative Director and President
of Hirogin Holdings, Inc.

KPMG AZSA Sustainability Co., Ltd.

Osaka Office, Japan

Keisuke Inoue, Engagement Partner

Conclusion

We have performed a limited assurance engagement on whether selected environmental performance indicators (the "subject matter information" or the "SMI") for the period from April 1, 2024 to March 31, 2025 included in the Integrated Report 2025 (the "Report") of Hirogin Holdings, Inc. (the "Company") have been prepared in accordance with the criteria (the "Criteria"), which are established by the Company. The SMI subject to the assurance engagement is indicated in the Report with the symbol "★."

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company's SMI for the year ended March 31, 2025 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with the "International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements" issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies the International Standard on Quality Management (ISQM) 1, Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI ("other information"). We have read the other information but have not performed any procedures with respect to the other information. We do not express any conclusions for other information.

Responsibilities for the SMI

Management of the Company is responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.

Inherent limitations in preparing the SMI

As described in the calculation method of greenhouse gas (GHG) emissions in the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- performing a site visit at the Company's headquarters which was determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Note to Readers of the Assurance Report: This is a copy of the Assurance Report (available in Japanese only). The original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

Financial Section

Consolidated Balance Sheet

HIROGIN HOLDINGS, INC. AND CONSOLIDATED SUBSIDIARIES
As of March 31, 2025

For more details about the financial information contained in this annual report, please refer to the financial information that has been made public on Hirogin Holdings website.



<https://www.hirogin-hd.co.jp/english/index.html>

	Millions of yen		Millions of U.S. dollars (Note 1)
	2024	2025	2025
ASSETS			
Cash and due from banks (Notes 4, 14 and 22)	¥ 2,839,819	¥ 1,726,986	\$11,550
Call loans and bills purchased (Note 22)	50,355	63,746	426
Monetary claims bought (Notes 4 and 22)	8,779	8,908	60
Trading assets (Notes 4 and 22)	6,956	8,645	58
Money held in trust (Notes 5 and 22)	24,787	13,022	87
Securities (Notes 4, 6, 7, 10 and 22)	1,783,523	1,916,703	12,819
Loans and bills discounted (Notes 6, 7, 8 and 22)	7,689,192	7,934,540	53,067
Foreign exchanges (Note 6)	7,064	8,027	54
Lease receivables and investments in lease assets	69,683	71,572	479
Other assets (Notes 6, 7 and 22)	137,582	166,571	1,114
Tangible fixed assets (Note 15)	113,173	112,044	749
Intangible fixed assets	13,485	16,295	109
Net defined benefit assets (Note 17)	51,236	48,144	322
Deferred tax assets (Note 18)	1,826	19,701	132
Customers' liabilities for acceptances and guarantees (Note 6)	44,432	55,988	374
Reserve for possible loan losses (Note 22)	(51,517)	(38,995)	(261)
Total assets	¥12,790,381	¥12,131,905	\$81,139
LIABILITIES AND NET ASSETS			
Liabilities:			
Deposits (Notes 7 and 22)	¥ 9,362,190	¥ 9,437,299	\$63,117
Call money and bills sold (Note 22)	819,300	—	—
Payables under repurchase agreements (Notes 7 and 22)	196,778	249,066	1,666
Deposits received for bonds lending/borrowing transactions (Notes 7 and 22)	301,697	310,909	2,079
Trading liabilities	4,443	6,122	41
Borrowed money (Notes 7, 9 and 22)	1,377,528	1,443,553	9,655
Foreign exchanges	661	1,172	8
Due to trust account	56	79	1
Other liabilities (Notes 9 and 22)	126,157	106,631	713
Net defined benefit liabilities (Note 17)	695	689	5
Reserve for retirement benefits of directors and Audit & Supervisory Board members	150	157	1
Reserve for reimbursement of deposits	1,827	1,668	11
Reserve for point loyalty programs	199	225	2
Reserve for stock payments	1,043	942	6
Reserve under Special Laws	38	40	0
Deferred tax liabilities (Note 18)	5,031	—	—
Deferred tax liabilities for land revaluation reserve	12,899	12,719	85
Acceptances and guarantees	44,432	55,988	374
Total liabilities	¥12,255,132	¥11,627,269	\$77,764
Net Assets (Note 11):			
Common stock:			
Authorized – 1,000,000,000 shares	¥ 60,000	¥ 60,000	\$ 401
Issued – 308,775,621 shares			
Capital surplus	25,209	22,209	149
Retained earnings	400,829	423,980	2,836
Common stock in treasury	(7,111)	(8,284)	(55)
Total stockholders' equity	¥ 478,927	¥ 497,905	\$ 3,330
Net unrealized holding gains (losses) on available-for-sale securities (Note 4)	¥ 23,949	¥ (18,486)	\$ (124)
Net deferred gains on hedging instruments	1,303	1,923	13
Land revaluation reserve	26,269	25,877	173
Remeasurements of defined benefit plans	4,529	(2,811)	(19)
Total accumulated other comprehensive income	¥ 56,052	¥ 6,503	\$ 43
Stock acquisition rights (Note 23)	¥ 126	¥ 126	\$ 1
Non-controlling interests	142	100	1
Total net assets	¥ 535,249	¥ 504,636	\$ 3,375
Total liabilities and net assets	¥12,790,381	¥12,131,905	\$81,139

See notes to consolidated financial statements.

Consolidated Statement of Income

HIROGIN HOLDINGS, INC. AND CONSOLIDATED SUBSIDIARIES
Year ended March 31, 2025

	Millions of yen		Millions of U.S. dollars (Note 1)
	2024	2025	2025
Income:			
Interest income:			
Interest on loans and discounts	¥ 82,770	¥ 91,442	\$ 612
Interest and dividends on securities	20,137	28,675	192
Other interest income	3,586	4,596	31
Trust fees	175	149	1
Fees and commissions	36,233	38,233	256
Trading income	2,300	2,357	16
Other operating income	29,303	27,434	183
Other income	18,683	8,522	57
Total income	¥ 193,191	¥ 201,410	\$ 1,347
Expenses:			
Interest expenses:			
Interest on deposits	¥ 4,106	¥ 10,504	\$ 70
Interest on borrowings and rediscounts	10,697	13,665	91
Other interest expenses	18,776	14,784	99
Fees and commissions	12,268	12,324	82
Other operating expenses	27,905	28,778	192
General and administrative expenses (Note 12)	57,991	64,194	429
Other expenses (Note 13)	21,498	6,116	41
Total expenses	¥ 153,245	¥ 150,369	\$ 1,006
Income before income taxes	¥ 39,945	¥ 51,041	\$ 341
Income taxes (Note 18):			
Current income taxes	¥ 17,711	¥ 16,067	\$ 107
Deferred income taxes	(5,500)	(871)	(6)
Total income taxes	¥ 12,211	¥ 15,196	\$ 102
Net income	¥ 27,734	¥ 35,845	\$ 240
Net income attributable to noncontrolling interests	¥ 42	¥ 10	\$ 0
Net income attributable to owners of the parent	¥ 27,691	¥ 35,835	\$ 240

	Yen	U.S. dollars (Note 1)
Amounts per share of common stock (Note 25):		
Net assets	¥1,760.62	\$11.23
Net income	90.35	0.79
Diluted net income	90.30	0.79
Cash dividends applicable to the year (Note 11)	37.00	0.32

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

HIROGIN HOLDINGS, INC. AND CONSOLIDATED SUBSIDIARIES
Year ended March 31, 2025

	Millions of yen		Millions of U.S. dollars (Note 1)
	2024	2025	2025
Net income	¥27,734	¥ 35,845	\$ 240
Other comprehensive income (Note 24):			
Net unrealized holding gains (losses) on available-for-sale securities	32,452	(42,436)	(284)
Net deferred gains (losses) on hedging instruments	(2,187)	620	4
Remeasurements of defined benefit plans	(5,931)	(7,340)	(49)
Total other comprehensive income	¥24,332	¥(49,156)	\$ (329)
Comprehensive income	¥52,066	¥(13,311)	\$ (89)
Attributable to:			
Comprehensive income attributable to owners of the parent	¥52,023	¥(13,321)	\$ (89)
Comprehensive income attributable to noncontrolling interests	42	10	0

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

HIROGIN HOLDINGS, INC. AND CONSOLIDATED SUBSIDIARIES
Year ended March 31, 2025

Item	Millions of yen				
	2024				
	Stockholders' equity				
Item	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
Balance at the beginning of current period	¥60,000	¥25,209	¥381,782	¥(1,071)	¥465,920
Changes of items during the period					
Dividends from surplus			(9,794)		(9,794)
Net income attributable to owners of the parent			27,691		27,691
Purchase of common stock in treasury				(6,294)	(6,294)
Disposal of common stock in treasury		0		435	435
Increase in retained earnings arising from increase of associates accounted for using equity method			447		447
Increase in treasury shares arising from increase of associates accounted for using equity method				(181)	(181)
Reversal of land revaluation reserve			701		701
Net changes of items other than stockholders' equity					
Total changes of items during the period	—	0	19,046	(6,039)	13,006
Balance at the end of current period	¥60,000	¥25,209	¥400,829	¥(7,111)	¥478,927

Item	Millions of yen							
	2024							
	Accumulated other comprehensive income							
Item	Net unrealized holding gains (losses) on available-for-sale securities	Net deferred gains on hedging instruments	Land revaluation reserve	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of current period	¥ (8,502)	¥ 3,490	¥26,971	¥10,461	¥32,421	¥126	¥135	¥498,604
Changes of items during the period								
Dividends from surplus								(9,794)
Net income attributable to owners of the parent								27,691
Purchase of common stock in treasury								(6,294)
Disposal of common stock in treasury								435
Increase in retained earnings arising from increase of associates accounted for using equity method								447
Increase in treasury shares arising from increase of associates accounted for using equity method								(181)
Reversal of land revaluation reserve								701
Net changes of items other than stockholders' equity	32,452	(2,187)	(701)	(5,931)	23,630	—	7	23,637
Total changes of items during the period	32,452	(2,187)	(701)	(5,931)	23,630	—	7	36,644
Balance at the end of current period	¥23,949	¥ 1,303	¥26,269	¥ 4,529	¥56,052	¥126	¥142	¥535,249

Item	Millions of yen				
	2025				
	Stockholders' equity				
Item	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
Balance at the beginning of current period	¥60,000	¥25,209	¥400,829	¥(7,111)	¥478,927
Changes of items during the period					
Dividends from surplus			(13,076)		(13,076)
Net income attributable to owners of the parent			35,835		35,835
Purchase of common stock in treasury				(5,001)	(5,001)
Disposal of common stock in treasury				828	828
Cancellation of common stock in treasury		(2,999)		2,999	—
Reversal of land revaluation reserve			392		392
Net changes of items other than stockholders' equity					
Total changes of items during the period	—	(2,999)	23,151	(1,172)	18,978
Balance at the end of current period	¥60,000	¥22,209	¥423,980	¥(8,284)	¥497,905

Item	Millions of yen						
	2025						
	Accumulated other comprehensive income						
Item	Net unrealized holding gains (losses) on available-for-sale securities	Net deferred gains on hedging instruments	Land revaluation reserve	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests
Balance at the beginning of current period	¥ 23,949	¥1,303	¥26,269	¥ 4,529	¥ 56,052	¥126	¥142
Changes of items during the period							
Dividends from surplus							(13,076)
Net income attributable to owners of the parent							35,835
Purchase of common stock in treasury							(5,001)
Disposal of common stock in treasury							828
Cancellation of common stock in treasury							—
Reversal of land revaluation reserve							392
Net changes of items other than stockholders' equity	(42,436)	620	(392)	(7,340)	(49,549)	—	(42)
Total changes of items during the period	(42,436)	620	(392)	(7,340)	(49,549)	—	(42)
Balance at the end of current period	¥(18,486)	¥1,923	¥25,877	¥(2,811)	¥ 6,503	¥126	¥100
							¥504,636

Item	Millions of U.S. dollars (Note 1)				
	2025				
	Stockholders' equity				
Item	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Total stockholders' equity
Balance at the beginning of current period	\$401	\$169	\$2,681	\$(48)	\$3,203
Changes of items during the period					
Dividends from surplus			(87)		(87)
Net income attributable to owners of the parent			240		240
Purchase of common stock in treasury				(33)	(33)
Disposal of common stock in treasury				6	6
Cancellation of common stock in treasury		(20)		20	—
Reversal of land revaluation reserve			3		3
Net changes of items other than stockholders' equity					
Total changes of items during the period	—	(20)	155	(8)	127
Balance at the end of current period	\$401	\$149	\$2,836	\$(55)	\$3,330

Item	Millions of U.S. dollars (Note 1)							
	2025							
	Accumulated other comprehensive income							
Item	Net unrealized holding gains (losses) on available-for-sale securities	Net deferred gains on hedging instruments	Land revaluation reserve	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Non-controlling interests	Total net assets
Balance at the beginning of current period	\$ 160	\$ 9	\$176	\$ 30	\$ 375	\$ 1	\$ 1	\$3,580
Changes of items during the period								
Dividends from surplus								(87)
Net income attributable to owners of the parent								240
Purchase of common stock in treasury								(33)
Disposal of common stock in treasury								6
Cancellation of common stock in treasury								—
Reversal of land revaluation reserve								3
Net changes of items other than stockholders' equity	(284)	4	(3)	(49)	(331)	—	(0)	(332)
Total changes of items during the period	(284)	4	(3)	(49)	(331)	—	(0)	(205)
Balance at the end of current period	\$124	\$13	\$173	\$(19)	\$ 43	\$ 1	\$ 1	\$3,375

Consolidated Statement of Cash Flows

HIROGIN HOLDINGS, INC. AND CONSOLIDATED SUBSIDIARIES
Year ended March 31, 2025

	Millions of yen		Millions of U.S. dollars (Note 1)
	2024	2025	2025
Cash flows from operating activities:			
Income before income taxes	¥ 39,945	¥ 51,041	\$ 341
Depreciation of fixed assets	6,566	7,123	48
Impairment losses on fixed assets	1,110	688	5
Gain on return of retirement benefit trust	(6,423)	—	—
Share of loss of entities accounted for using equity method	17	(56)	(0)
Net change in reserve for possible loan losses	12,144	(12,522)	(84)
Net change in net defined benefit assets	29,767	3,091	21
Net change in net defined benefit liabilities	(14)	(5)	(0)
Net change in reserve for retirement benefits of directors and Audit & Supervisory Board members	5	7	0
Net change in reserve for reimbursement of deposits	1,390	(159)	(1)
Net change in reserve for point loyalty programs	22	26	0
Net change in reserve for stock payments	128	(100)	(1)
Net change in reserve under special laws	10	2	0
Interest income	(106,494)	(124,714)	(834)
Interest expense	33,581	38,955	261
Net losses (gains) on securities transactions	(5,185)	736	5
Net losses (gains) on dispositions of fixed assets	(492)	444	3
Net change in trading assets	3,642	(1,689)	(11)
Net change in trading liabilities	(3,552)	1,678	11
Net change in loans	(465,068)	(245,348)	(1,641)
Net change in deposits	109,933	75,109	502
Net change in borrowed money excluding subordinated loans	363,667	66,024	442
Net change in due from banks other than from the Bank of Japan	(3,626)	(4,826)	(32)
Net change in call loans and bills purchased	(15,667)	(13,519)	(90)
Net change in call money and bills sold	835,544	(767,011)	(5,130)
Net change in deposits received for bonds lending/borrowing transactions	(101,015)	9,212	62
Net change in foreign exchanges (assets)	4,514	(962)	(6)
Net change in foreign exchanges (liabilities)	(1,715)	510	3
Amortization of goodwill	140	140	1
Interest received	104,357	122,841	822
Interest paid	(32,377)	(36,505)	(244)
Other – net	(25,458)	(42,989)	(288)
Subtotal	779,400	(872,776)	(5,837)
Income taxes refund (paid)	3,934	(24,657)	(165)
Net cash provided by (used in) operating activities	783,335	(897,433)	(6,002)
Cash flows from investing activities:			
Purchases of securities	(417,446)	(601,631)	(4,024)
Proceeds from sales of securities	228,069	253,037	1,692
Proceeds from redemption of securities	72,916	144,672	968
Increase in money held in trust	(5,503)	(4,094)	(27)
Decrease in money held in trust	21,803	15,551	104
Purchases of tangible fixed assets	(11,573)	(4,044)	(27)
Purchases of intangible fixed assets	(5,865)	(6,319)	(42)
Proceeds from sales of tangible fixed assets	1,350	311	2
Payments for retirement of tangible fixed assets	(28)	(0)	(0)
Purchases of stocks of associates accounted for using equity method	(3,109)	—	—
Net cash used in investing activities	(119,386)	(202,518)	(1,354)
Cash flows from financing activities:			
Dividends paid	(9,772)	(13,047)	(87)
Dividends paid to noncontrolling interests	(35)	(52)	(0)
Purchases of treasury stock	(6,294)	(5,001)	(33)
Proceeds from sales of treasury stock	277	481	3
Payments of lease liabilities	(93)	(97)	(1)
Net cash used in financing activities	(15,919)	(17,718)	(118)
Effect of foreign exchange rate changes on cash and cash equivalents	56	10	0
Net change in cash and cash equivalents	648,085	(1,117,659)	(7,475)
Cash and cash equivalents at the beginning of year	2,154,953	2,803,038	18,747
Cash and cash equivalents at the end of year (Note 14)	¥2,803,038	¥ 1,685,379	\$11,272

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

HIROGIN HOLDINGS, INC. AND CONSOLIDATED SUBSIDIARIES
As of March 31, 2025

1 Basis of presenting consolidated financial statements

Hirogin Holdings, Inc. (the "Company"), incorporated on October 1, 2020, is a holding company of The Hiroshima Bank, Ltd. (the "Bank") and other 23 subsidiaries and four affiliated companies (collectively the "Group"). The Group engages mainly in banking business together with leasing business, financial instruments business, managing and collecting loans, consulting business, investment business, IT-related services and other.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The Company maintains its accounting records in Japanese yen, the currency in which the Company is incorporated and operates. In preparing the accompanying consolidated financial statements and notes thereto, Japanese yen figures less than one million yen have been rounded down to the nearest million yen, except for per share data, in accordance with the Financial Instruments and Exchange Act and Enforcement Regulation concerning the Banking Act of Japan. Therefore, total or subtotal amounts shown in the accompanying consolidated financial statements and notes thereto do not necessarily agree with the sums of individual amounts. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to U.S. \$1.00. Such translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2 Principles of consolidation

The consolidated financial statements include the accounts of the Company and 12 subsidiaries (12 in 2024) for the year ended March 31, 2025.

Under the control and influence concepts, the companies over which the Company is able to exercise control, directly or indirectly, are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for using the equity method.

All significant intercompany balances and transactions have been eliminated.

As of March 31, 2025, there are 12 subsidiaries (nine in 2024) which are not consolidated because the total assets, total income, net income, retained earnings and total other comprehensive income of these companies would not have a material effect on the consolidated financial statements.

As of March 31, 2025, there are five companies which are not treated as subsidiaries while the Company holds more than half of their voting rights, since the investment was made by the Company's unconsolidated subsidiary which engages in the investment business for the purpose of investment development for capital gains instead of controlling the companies.

As of March 31, 2025, there is no unconsolidated subsidiary (none in 2024) but one affiliated company (one in 2024) which is accounted for using the equity method.

As of March 31, 2025, there are 12 unconsolidated subsidiaries (nine in 2024) and three affiliated companies (two in 2024) which are not accounted for using the equity method because net income (corresponding to the share of interests), and other comprehensive income of the company would not have a material effect on the consolidated financial statements.

As of March 31, 2025, there are seven companies which are not treated as affiliated companies while the Company holds 20% or more and 50% or less of their voting rights, since the investment was made by the Company's unconsolidated subsidiary which engages in the investment business for the purpose of investment development for capital gains instead of controlling the companies.

Goodwill incurred for three consolidated subsidiaries is amortized using the straight-line method over a period of five years.

As of March 31, 2024 and 2025, the fiscal year ending dates are March 31 for 12 consolidated subsidiaries.

3 Significant accounting policies

Trading assets and trading liabilities

The Group adopted mark-to-market accounting for trading assets and trading liabilities including securities, monetary claims and financial derivatives for trading purpose. Trading assets and trading liabilities are recorded on a trade date basis, and revenues and expenses related to trading securities transactions are also recorded on a trade date basis. Securities and monetary claims for trading purposes are stated at market or fair value at the balance sheet date. Financial derivatives such as futures and option transactions are stated at a deemed settlement amount at the balance sheet date. Unrealized gains or losses incurred by the mark-to-market method are charged to income.

Securities

All companies are required to examine the intent of holding each security and classify those securities as (a) securities held for trading purposes (hereinafter, "trading securities"), (b) debt securities intended to be held to maturity (hereinafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and an affiliated company, and (d) for all other securities that are not classified in any of the above categories (hereinafter, "available-for-sale securities").

Trading securities are stated at fair value. Gains and losses realized on disposal and unrealized gains and losses from market value fluctuations are recognized as gains or losses in the period of the change. Held-to-maturity debt securities are stated at amortized cost. Equity securities issued by subsidiaries and affiliated companies which are not consolidated, nor accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with available fair values are stated at fair value. Unrealized gains and unrealized losses on these securities (including unrealized holding gains (losses) arising from foreign exchange fluctuation except cases where market value hedging is applied to hedge foreign exchange risk) are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sale of such securities are computed using moving-average cost.

However, equity securities, etc. which do not have a market price are carried at cost determined by the moving-average method.

Debt securities with no available fair value are stated at amortized cost, net of the amount considered not collectible.

If the fair value of held-to-maturity debt securities, equity securities issued by subsidiaries and affiliated companies not consolidated, nor accounted for by the equity method, and available-for-sale securities declines significantly, such securities are stated at fair value and the difference between the fair value and the carrying amount is recognized as loss in the period of the decline. If the fair value of equity

securities issued by unconsolidated subsidiaries and affiliated companies not on the equity method is not readily available, such securities should be written down to net asset value with a corresponding charge in the income statement in the event net asset value declines significantly. In these cases, such fair value or the net asset value will be the carrying amount of the securities at the beginning of the following year.

When fair values of available-for-sale securities decline by 50% or more of the acquisition cost at the balance sheet date, the Group writes down such securities to the fair values and records the related write-downs as loss in its consolidated statements of income. When fair values of available-for-sale securities decline by 30% or more but less than 50% of the acquisition cost, write-downs to the fair values may be recognized for certain issuers based on evaluation of issuers' debtor classification.

Derivatives and hedge accounting

Companies are required to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

(1) Hedging against interest rate fluctuations

The consolidated banking subsidiary (the "Bank") applies deferred hedge accounting pursuant to the treatment regulated by "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Practical Guideline No. 24 on March 17, 2022) to hedge transactions such as interest rate swaps entered into to mitigate interest rate risk arising from financial assets and liabilities. The Bank assesses the hedge effectiveness by considering the adequacy of offsetting movement of the fair value by the changes in interest rates through classifying the hedged items such as loans and the hedging instruments such as interest rate swaps by their maturity.

With respect to hedging transactions to fix the cash flows, hedging instruments (e.g. interest rate swaps) are designated to hedged items collectively by interest rate indices and tenors in accordance with JICPA Industry Audit Committee Practical Guideline No. 24. Since material terms related to hedged items and hedging instruments are substantially identical, and such hedging transactions are deemed highly effective, the assessment of effectiveness is based on the similarity of the terms.

(2) Hedging against foreign currency fluctuations

The Bank applies deferred hedge accounting to hedge transactions such as currency swaps and foreign exchange swaps entered into to mitigate foreign exchange risk arising from foreign-currency-denominated financial assets and liabilities.

The Bank applies the hedge accounting pursuant to "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Practical Guideline No. 25 on October 8, 2020) to currency swap transactions and foreign exchange swap transactions for the purpose of funds lending and borrowing in different currencies. The Bank assesses the hedge effectiveness by confirming that the positions of hedge instruments (currency swap and foreign exchange swap transactions) do not exceed the corresponding foreign-currency-denominated monetary receivables and payables as hedged items.

For securities denominated in foreign currencies, the Bank identifies the issues of securities denominated in foreign currencies as hedged items in advance and applies market value hedging to those securities as comprehensive hedging under the condition of spot-forward liabilities in excess of acquisition costs on a foreign currency basis and other.

Tangible fixed assets (except for lease assets)

Tangible fixed assets of the Bank except for land utilized for business operations are stated at cost less accumulated depreciation. Accumulated impairment losses are deducted from acquisition costs.

The Bank depreciates its tangible fixed assets under the straight-line method over their estimated useful lives. Estimated useful lives of major items are as follows:

Buildings: 22–50 years

Others: 3–20 years

The Company and its other consolidated subsidiaries depreciate their tangible fixed assets mainly using the declining-balance method (except for facilities attached to buildings acquired on or after April 1, 2016, which are depreciated using the straight-line method) based on the estimated useful lives of those assets.

Accumulated depreciation for tangible assets as of March 31, 2024 and 2025 amounted to ¥48,663 million and ¥48,806 million (\$326 million), respectively.

Deferred revenue deducted from the acquisition cost was ¥12,733 million and ¥12,733 million (\$85 million) as of March 31, 2024 and 2025, respectively.

Land revaluation reserve

In accordance with the Act on Revaluation of Land (Act No. 34, March 31, 1998; the "Act"), land for business purposes of the Bank has been revalued as of the date indicated below. The tax equivalent with regard to the valuation differences was recognized as "Deferred tax liabilities for land revaluation" in liabilities, and the amount net of deferred tax liabilities for land revaluation was stated as "Land revaluation surplus" in equity.

Date of revaluation: March 31, 1998

The method of revaluation of assets set forth in Article 3, Paragraph 3 of the Act:

Fair values are determined based on land price determined using the method established and published by the Commissioner of the National Tax Agency of Japan in order to calculate land value used for determining taxable amounts subject to landholding tax stipulated in Article 16 of the Landholding Tax Act, which is stipulated in Article 2, Item 4 of the Order for Enforcement on Act on Revaluation of Land (Order No. 119, March 31, 1998), with reasonable price adjustments.

The difference between the total fair values and the total carrying amounts of land for business purposes which was revaluated pursuant to Article 10 of the Act as of March 31, 2024 and 2025 was ¥18,891 million and ¥17,295 million (\$116 million), respectively.

Intangible fixed assets (except for lease assets)

Intangible fixed assets are amortized using the straight-line method. Software utilized by the Group is amortized over the period in which it is expected to be utilized mainly for five or ten years.

Lease assets

Lease assets of the finance leases included in "Tangible fixed assets" other than those that transfer the ownership of leased property to the lessees are depreciated using the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

Reserve for possible loan losses

The Bank records its reserve for possible loan losses in accordance with a predetermined standard for write-offs and provisions as follows:

For loans to borrowers who are legally bankrupt due to special liquidation, etc. ("legally bankrupt" borrowers) or borrowers in a similar financial condition ("virtually bankrupt" borrowers), the reserve for possible loan losses is provided in the carrying amounts of such loans which are stated after directly setting off the uncollectible amounts as mentioned below, less the disposable value of collaterals and the estimated recoverable value from relevant guarantees.

For loans to borrowers who are not bankrupt at present, but likely to become bankrupt in future ("possibly bankrupt" borrowers), the reserve for possible loan losses is provided in the amounts considered to be necessary after comprehensively evaluating the borrower's overall financial conditions out of the amounts remaining after deducting the disposable value of collaterals and the estimated recoverable value from relevant guarantees from the carrying amounts of the loans.

Among loans to major borrowers who are possibly bankrupt and those with restructured loans, for loans to borrowers

whose cash flows from collection of principal and interest can be reasonably estimated, the reserve for possible loan losses is provided in the amount of differences between the amount obtained by discounting the said cash flows at the contractual interest rate before restructuring and the carrying amounts of the loans (cash flow estimation method).

For other loans, the reserve for possible loan losses is provided based on the expected credit losses for the coming year or the coming three years. Expected credit losses are determined by adding necessary adjustments such as future prospects, etc. to the loss rate obtained by the average rate of actual loan losses for certain past periods based on bad debts for the past one year or the past three years.

The sales-related department conducts asset assessments for all the loans in accordance with the self-assessment rule, and their assessments are audited by the asset audit department, which is independent from the sales-related department.

For collateralized or guaranteed loans to legally bankrupt and virtually bankrupt borrowers, the estimated uncollectible amounts, which are the amounts remaining after deducting the appraisal value of collaterals and the recoverable value from relevant guarantees, are directly set off against the carrying amounts of the loans. Such amounts directly set off against those loans at March 31, 2024 and 2025 were ¥20,422 million and ¥25,550 million (\$171 million), respectively.

Other consolidated subsidiaries record the reserve for possible loan losses at the necessary amounts considering the historical bad debt ratio for general loans, and at the estimated uncollectible amounts for specific loans to possibly bankrupt borrowers.

Employees' severance and retirement benefits

The liabilities and expenses for severance and retirement benefits were determined based on the amounts actuarially calculated using certain assumptions.

The Bank provides allowance for employees' severance and retirement benefits at March 31, 2025 based on the estimated amounts of projected benefit obligation and the fair value of the plan assets at those dates. Actuarial gains and losses were recognized in expenses using the straight-line method over 14 years, which was not longer than the average of the estimated remaining service lives, commencing with the following period.

In calculating the projected benefit obligation, the straight-line method is used to attribute the expected benefit attributable to the respective fiscal year. Prior service costs were recognized in the consolidated statements of income as incurred.

Other consolidated subsidiaries adopt the simplified method for the calculation of net defined benefit liability and expenses for severance and retirement benefits.

Reserve for retirement benefits of directors and Audit & Supervisory Board members

Reserve for retirement benefits of directors and Audit & Supervisory Board members is provided for in payment of retirement benefits to directors, corporate auditors and other executive officers, in the amount deemed accrued at the fiscal year-end.

Reserve for reimbursement of deposits

Reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal.

Reserve for point loyalty programs

Reserve for point loyalty programs is provided for the estimated expenses based on an estimate of the future usage of points. Points are granted through card usage under the point loyalty program operated by a consolidated subsidiary and the point loyalty program designed to promote card usage.

Reserve for stock payments

Reserve for stock payments is provided for the Company's stock payment to directors (excluding outside directors and directors who are members of the audit committee) and executive officers of the Company and directors (excluding outside directors) and executive officers of the Bank based on the Director Share Payment Regulations at the estimated amount at the fiscal year-end.

Reserve under Special Laws

Reserve under special laws is provided for contingent liabilities and provided for compensation for losses from securities-related transactions or derivative transactions, pursuant to Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the related cabinet order.

Foreign currency translation

The consolidated financial statements of the Bank are maintained in Japanese yen. Assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet dates, etc.

Income taxes

Income taxes consist of corporation tax, enterprise tax and inhabitant tax. The provision for income taxes is computed based on the pretax income of the Company and each of its consolidated subsidiaries with certain adjustments required for consolidation and tax purposes. The asset and liability approach is used to recognize deferred tax assets and liabilities for tax loss carryforwards and the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Valuation allowances are recorded to reduce deferred tax assets based on the assessment of the recoverability of the tax benefits.

Consolidated statements of cash flows and cash equivalents

In preparing the consolidated statements of cash flows, cash and due from the Bank of Japan are considered to be cash and cash equivalents.

Amounts per share

Net assets per share is calculated by dividing net assets by the number of common stocks outstanding at the year-end (excluding "treasury stock").

Net income per share is calculated by dividing net income attributable to owners of the parent by the average number of shares of common stock outstanding during the year (excluding "treasury stock").

Cash dividends per share represent the actual amounts declared as applicable to the respective years.

Significant accounting estimates

The following items, which are items of accounting estimates recorded in the consolidated financial statements for the current year, may have significant effects on the consolidated financial statements for the following year:

• Reserve for possible loan losses

Accounting estimates associated with reserve for possible loan losses are considered to be material, since loans and other receivables of consolidated subsidiaries engaged in the banking business account for a relatively high portion in the consolidated balance sheet of the Group and therefore the recording of reserve for possible loan losses have a significant impact on the operating performance and financial position of the Group.

(1) Amount recorded in the consolidated financial statements as of March 31, 2024 and 2025

March 31	Millions of yen			Millions of U.S. dollars
	2024	2025	2025	
Reserve for possible loan losses	¥ 51,517	¥ 38,995	\$ 261	
(Of which amount recorded by consolidated subsidiaries engaged in the banking business)	¥(48,929)	¥(36,235)	\$ (242)	

(2) Information about the contents of significant accounting estimates for the identified item

a. Calculation method for the amount recorded in the consolidated financial statements for the year ended March 31, 2025

The calculation method for reserve for possible loan losses is stated in "Reserve for possible loan losses" under Note 3 "Significant accounting policies."

As of March 31, 2025, no modification was made as a result of the consideration of necessary modification such as future projections, in computing the expected loan loss rate.

Asset assessments described in "Reserve for possible loan losses" above refer to the classification in accordance with the risk of recovery and loss probabilities that are investigated and analyzed specifically after classifying debtors depending on their circumstances associated with the loans and receivables they hold based on the self-assessment criteria, and appropriate write-offs and the recording of provisions according to debtor classification are implemented. Debtors are classified into normal borrowers, borrowers who require special attention, possibly bankrupt borrowers, virtually bankrupt borrowers and legally bankrupt borrowers in accordance with the outcome of investigation of the repayment ability of debtors based on the financial position, cash management status, profitability, etc. of the debtors.

b. Main assumptions used in calculating the amount recorded in the consolidated financial statements for the year ended March 31, 2025

On the premise that there is a certain correlation between the historical loan loss rate and the future expected loan loss rate, for normal borrowers, borrowers who require special attention (including borrowers of restructured loans) and possibly bankrupt borrowers, the Group, in principle, records reserve for possible loan losses at an amount corresponding to the expected loan losses which are determined by multiplying the expected loss rate computed based on the historical loss rate.

The Group determines the debtor classification, based on the credit risk rating system, by comprehensively taking into account the following: i) projections about business continuity and profitability, considering not only the immediate business continuity but also the absence of significant concerns about eventual collectability, ii) reasonableness of management improvement plans, etc., iii) ability to repay debt and iv) the status of support from financial institutions, in consideration of the characteristics of the industry, etc., after investigating the debtor's ability to repay the debt based on the actual financial position, cash management status, profitability, etc. of the debtor, and confirming the lending terms and the fulfilment status of loans.

Furthermore, if the management reconstruction is expected to proceed in line with reasonable and highly feasible management improvement plans, such loans will not fall under the category of restructured loans or possibly bankrupt loans.

Of the possibly bankrupt borrowers and borrowers of restructured loans whose unsecured credit amount exceeds a certain amount, if the future cash flows from the collection of the principal and interest of the loans

held by such borrowers can be reasonably estimated, reserve for possible loan losses are recorded using the estimation of future cash flows from the collection of the principal and interest based on management improvement plans, etc. as a main assumption, considering the actual management condition of the borrower. In addition, for certain possibly bankrupt borrowers, additional reserve for possible loan losses is recorded at an amount that is not expected to be recovered in the future.

As of March 31, 2024, the Company records reserve for possible loan losses, based on assumptions that credit risk is highly likely to increase in the future for debtors in specific industries and debtors for which loan conditions were restructured and whose financial conditions are deteriorated after the lapse of a certain period of time.

As of March 31, 2025, the Company records reserve for possible loan losses, based on assumptions that credit risk is highly likely to materialize in the future for debtors for which loan conditions were restructured and whose financial conditions show no signs of improvement.

c. Effects on the consolidated financial statements for the following fiscal year

Main assumptions used for calculating the amount of reserve for possible loan losses, such as expected loan losses based on the historical loan loss rate by debtor classification, debtor classification as of the fiscal year end, estimated recoverable amounts based on estimated disposal value of collateral and guarantees, involve uncertainties of significant estimates.

Main assumptions related to the estimation of reserve for possible loan losses are based on best available information as of the preparation of the consolidated financial statements, but they might affect the performances and financial position of the Group depending on factors such as significant changes in external environment, the deterioration of the management status of the borrowers, the fulfillment status of management improvement plans, a significant deviation of the expected amount of decline in collateral value compared to the assumption at the time of recording reserve for possible loan losses.

Accounting changes

Application of Accounting Standard for Current Income Taxes
Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022), etc. are applied from the beginning of the year ended March 31, 2025. There is no impact from the application on the Company's consolidated financial statements.

Unapplied new accounting standards

Accounting Standard for Leases, etc.

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

As part of efforts to align Japanese GAAP with international standards, the ASBJ has been discussing the development of an accounting standard for leases that would require lessees to recognize an asset and a liability for all leases, in line with international accounting standards. As a general policy, while IFRS 16's single accounting model serves as a basis, the ASBJ has primarily adopted its major provisions, rather than all of its provisions. Accordingly, the new accounting standard was issued with the aim of being simple and practical, as well as compatible with the application of IFRS 16 provisions in non-consolidated financial statements without requiring adjustments.

As the accounting treatment for lessees, a single accounting model is applied to all leases in the same manner as IFRS 16, whereby depreciation on the right-of-use asset and interest expense on the lease liability are recognized, regardless of whether the lease is a finance lease or an operating lease.

(2) Date of application

These standard and guidance are scheduled to be applied from the beginning of the year ending March 31, 2028.

(3) The effect of applying the accounting standards, etc.

The effect of applying the accounting standards, etc. is under evaluation.

Additional information

Transactions vesting treasury stocks through trust to directors, etc.

The Company and the Bank, which is a subsidiary of the Company, has introduced the Plan using a structure called a BIP (Board Incentive Plan) Trust for directors, etc. aiming at improvement of the mid- and long-term performance as well as an increase in the awareness of contributions to increasing corporate value.

(1) Outline

The Plan grants specified points to directors, etc. depending on the Director Share Payment Regulations. The Company's shares and cash in the amount of converted value of the Company's shares equivalent to the number of such points may be granted and paid through the trust at the time of retirement. The Company's shares to be granted to directors are acquired using cash trusted by the Company in advance.

(2) The Company's shares remaining in the trust

1. The shares of the Company remaining in the trust are recorded as treasury stock under net assets at the carrying amount.
2. The carrying amount of the Company's shares remaining in the trust is ¥1,652 million and ¥1,304 million (\$9 million) at March 31, 2024 and 2025, respectively.
3. The number of the shares of the Company remaining in the trust is 2,176 thousand and 1,718 thousand shares at March 31, 2024 and 2025, respectively.

Transactions in which the Company's shares are issued to employees, etc. through a trust

The Company has introduced an employee incentive plan, the Employee Stock Ownership Plan ("ESOP") Trust, for the Group's employees. This plan aims to provide incentives for medium- to long-term stock price improvement, achieve performance targets, and enhance awareness of participating in management.

(1) Outline

The Company establishes a trust for employees, who are members of the "Hirogin Holdings For Employee Stock Ownership Plans" (hereinafter, the "Hirogin ESOP") and satisfy certain requirements, as beneficiaries. The trust will acquire the number of the Company's shares expected to be acquired by the Hirogin ESOP during the predetermined trust period. Thereafter, the trust sells the Company's shares to the Hirogin ESOP on a certain date each month. At the end of the trust, if there is any trust income due to an increase in the stock price, the money will be distributed to each beneficiary in proportion to the contribution ratio. In the event that a loss on sale is incurred due to a decline in the stock price and the liability for the trust assets remains, the Company will repay the Bank in a lump sum in accordance with the guarantee clause in the loan agreement. Thus, there will be no additional burden on the employees.

(2) The Company's shares remaining in the trust

1. The shares of the Company remaining in the trust are recorded as treasury stock under net assets at the carrying amount.
2. The carrying amount of the Company's shares remaining in the trust is ¥2,274 million and ¥1,792 million (\$12 million) at March 31, 2024 and 2025, respectively.
3. The number of the shares of the Company remaining in the trust is 2,538 thousand and 2,001 shares at March 31, 2024 and 2025, respectively.

(3) Carrying amount of borrowed money accounted for by applying the gross method.

The carrying amount of borrowed money accounted for by applying the gross method is ¥2,295 million and ¥1,785 million (\$12 million) as of March 31, 2024 and 2025, respectively.

4 Securities

- (1) Trading securities included in "Trading assets," certificates of deposit with banks included in "Cash and due from banks," and trust beneficiary rights included in "Monetary claims bought," which are separately reported from "Securities" in the consolidated balance sheets, are included in this section.

Total amounts of equity securities or investments in capital of unconsolidated subsidiaries and affiliated companies included in "Securities" as of March 31, 2024 and 2025 are as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Equity securities	¥3,588	¥3,649	\$24
Investments in capital	4,888	5,386	36

- (2) The following tables summarize acquisition costs and carrying amounts of securities with available fair values as of March 31, 2024 and 2025:

a) Trading securities:

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Amount of net unrealized gains included in the consolidated statement of income	¥0	¥(45)	\$(0)

b) Held-to-maturity debt securities:

March 31, 2024	Millions of yen		
	Fair value exceeding carrying amount:	Carrying amount	Gross unrealized gains (losses)
National government bonds	¥24,484	¥24,581	¥ 96
Local government bonds	7,280	7,304	24
Corporate bonds	—	—	—
Others	—	—	—
Subtotal	31,764	31,885	120

Fair value not exceeding carrying amount:

National government bonds	—	—	—
Local government bonds	22,230	22,148	(81)
Corporate bonds	—	—	—
Others	—	—	—
Subtotal	22,230	22,148	(81)
Total	¥53,994	¥54,033	¥ 39

March 31, 2025				March 31, 2025			
				Millions of yen			
Fair value exceeding carrying amount:		Carrying amount	Fair value	Gross unrealized gains (losses)		Carrying amount exceeding acquisition cost:	
National government bonds		¥—	¥—	¥—	¥—	Equity securities	¥ 90,428
Local government bonds		—	—	—	—	Bonds:	50,085
Corporate bonds		—	—	—	—	National government bonds	49,676
Others		—	—	—	—	Local government bonds	—
Subtotal		—	—	—	—	Corporate bonds	408
Fair value not exceeding carrying amount:						Others	281,030
National government bonds	24,539	23,373	(1,166)			Subtotal	421,544
Local government bonds	50,590	48,571	(2,018)				
Corporate bonds	—	—	—	Carrying amount not exceeding acquisition cost:			
Others	—	—	—	Equity securities	22,854	30,307	(7,452)
Subtotal	75,129	71,944	(3,185)	Bonds:	1,043,885	1,112,954	(69,069)
Total	¥75,129	¥71,944	¥(3,185)	National government bonds	519,578	561,730	(42,151)
March 31, 2025				Local government bonds	233,146	245,739	(12,593)
Fair value exceeding carrying amount:		Millions of U.S. dollars		Corporate bonds	291,160	305,484	(14,323)
Carrying amount		Carrying amount	Fair value	Others	364,606	390,151	(25,544)
National government bonds	\$—	\$—	\$—	Subtotal	1,431,346	1,533,413	(102,067)
Local government bonds	—	—	—	Total	¥1,852,890	¥1,880,704	¥ (27,814)
Corporate bonds	—	—	—	March 31, 2025			
Others	—	—	—	Millions of U.S. dollars			
Subtotal	—	—	—	Carrying amount exceeding acquisition cost:		Gross unrealized gains (losses)	
Fair value not exceeding carrying amount:				Equity securities	\$ 605	\$ 252	\$ 353
National government bonds	164	156	(8)	Bonds:	335	334	1
Local government bonds	338	325	(13)	National government bonds	332	331	1
Corporate bonds	—	—	—	Local government bonds	—	—	—
Others	—	—	—	Corporate bonds	3	3	0
Subtotal	502	481	(21)	Others	1,880	1,737	143
Total	\$502	\$481	\$21	Subtotal	2,819	2,323	497
c) Available-for-sale securities:				Carrying amount not exceeding acquisition cost:			
March 31, 2024				Equity securities	153	203	(50)
Carrying amount exceeding acquisition cost:		Carrying amount	Acquisition cost	Bonds:	6,982	7,444	(462)
Equity securities	¥ 100,750	¥ 38,876	¥ 61,873	National government bonds	3,475	3,757	(282)
Bonds:	54,586	54,320	266	Local government bonds	1,559	1,644	(84)
National government bonds	—	—	—	Corporate bonds	1,947	2,043	(96)
Local government bonds	27,601	27,521	80	Others	2,439	2,609	(171)
Corporate bonds	26,984	26,798	186	Subtotal	9,573	10,256	(683)
Others	238,543	209,001	29,541	Total	\$12,392	\$12,578	\$186
Subtotal	393,879	302,198	91,681	d) Held-to-maturity debt securities sold			
Carrying amount not exceeding acquisition cost:				There were no held-to-maturity debt securities sold during the years ended March 31, 2024 and 2025.			
Equity securities	35,979	36,791	(812)	(3) Available-for-sale securities sold during the years ended March 31, 2024 and 2025 were as follows:			
Bonds:	950,118	979,171	(29,053)	March 31, 2024			
National government bonds	414,156	431,067	(16,911)	Millions of yen			
Local government bonds	271,568	277,746	(6,177)	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales	
Corporate bonds	264,392	270,357	(5,964)	Equity securities	¥ 37,827	¥ 7,999	¥ 44
Others	357,309	385,613	(28,304)	Bonds:	79,324	5,067	4,881
Subtotal	1,343,407	1,401,577	(58,170)	National government bonds	76,047	5,067	4,828
Total	¥1,737,286	¥1,703,775	¥ 33,510	Local government bonds	—	—	—
				Corporate bonds	3,277	—	53
				Others	106,539	3,254	5,192
				Total	¥223,692	¥16,320	¥10,118

March 31, 2025	Millions of yen		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equity securities	¥ 16,702	¥3,440	¥ 45
Bonds:	134,000	110	4,186
National government bonds	102,597	61	3,627
Local government bonds	31,085	—	559
Corporate bonds	317	49	—
Others	105,808	5,066	4,808
Total	¥256,512	¥8,618	¥9,041

March 31, 2025	Millions of U.S. dollars		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Equity securities	\$ 112	\$23	\$ 0
Bonds:	896	1	28
National government bonds	686	0	24
Local government bonds	208	—	4
Corporate bonds	2	0	—
Others	708	34	32
Total	\$1,716	\$58	\$60

(4) Securities whose holding purpose was reclassified

There were no securities whose holding purpose was reclassified during the years ended March 31, 2024 and 2025.

(5) Impairment of securities

Impairment losses in an amount of ¥49 million and ¥4 million (\$0 million) on bonds were recognized for the years ended March 31, 2024 and 2025, respectively.

(6) Net unrealized holding gains (losses) on available-for-sale securities and other money held in trust at March 31, 2024 and 2025 consisted of the following:

March 31	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Net unrealized holding gains (losses):			
Available-for-sale securities	¥ 33,510	¥(27,814)	\$(186)
Other money held in trust	307	—	—
	33,818	(27,814)	(186)
Deferred tax assets	15,326	25,914	173
Deferred tax liabilities	(25,196)	(16,587)	(111)
Net unrealized holding gains (losses) on available-for-sale securities	¥ 23,949	¥(18,486)	\$(124)

5 Money held in trust

(1) Money held in trust classified as trading purpose

There was no money held in trust classified as trading purpose at March 31, 2024 and 2025.

(2) Money held in trust classified as held-to-maturity

There was no money held in trust classified as held-to-maturity at March 31, 2024 and 2025.

(3) Other money held in trust

	Millions of yen				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
March 31, 2024					
Other money held in trust	¥24,787	¥24,479	¥307	¥307	¥—
March 31, 2025	Millions of yen				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Other money held in trust	¥13,022	¥13,022	¥—	¥—	¥—
March 31, 2025	Millions of U.S. dollars				
	Carrying amount	Acquisition cost	Net unrealized gain (loss)	Unrealized gain	Unrealized loss
Other money held in trust	\$87	\$87	\$—	\$—	\$—

Notes: 1. The carrying amount is calculated using market prices at the fiscal year-end.
2. "Unrealized gain" and "Unrealized loss" are breakdowns of "Net unrealized gain (loss)."

The principal amount of money held in trust with a contract for replacement of losses at March 31, 2024 and 2025 is ¥19,962 million and ¥17,903 million (\$120 million), respectively.

6 Loans and bills discounted

(1) Non-performing loans

Loans based on the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows:

Loans are defined as corporate bonds included in "Securities" in the consolidated balance sheet (limited to those for which the whole or part of the redemption of the principal and payment of interest is guaranteed and the issuance of such corporate bonds is through private placement of the securities (as provided for in Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act)), loans, foreign exchanges, those which are included in the accounts of accrued interest and temporary payments under other assets, customers' liabilities for acceptances and guarantees, etc.

	Millions of yen		2025
	2024	2025	
March 31			
Loans under bankruptcy/ rehabilitation or similar proceedings	¥ 7,367	¥ 9,401	\$ 63
Risk loans	56,320	45,233	303
Delinquent loans past due over three months	1,977	2,015	13
Restructured loans	33,383	27,020	181
Total	¥99,048	¥83,670	\$560

Loans under bankruptcy/rehabilitation or similar proceedings are loans to borrowers under bankruptcy or similar proceedings due to reasons such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, petition for rehabilitation proceedings.

Risk loans are loans for which it is highly unlikely to be able to collect the principal and interest according to the contract due to the deteriorated financial positions and operating performances of the debtors, although they have not gone bankrupt, and which do not fall in the category of loans under bankruptcy/rehabilitation or similar proceedings. Delinquent loans past due over three months are loans on which the payment of principal and/or interest is past due for three months or more from the due date, and which do not fall in the category of loans under bankruptcy/rehabilitation or similar proceedings, or risk loans.

Restructured loans are loans on which terms and conditions have been amended in favor of borrowers, in order to facilitate or assist the borrowers' restructuring by reducing the rate of interest, providing a grace period for the payment of principal or interest, or loan forgiveness, and which are not classified in any of the above categories.

The amounts of above loans are before deducting reserve for possible loan losses.

(2) Bills discounted are accounted for as financial transactions in accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Practical Guideline No. 24). The Bank has rights to sell or pledge commercial bills discounted and foreign bills of exchange purchased without restrictions, and their total face amounts were ¥16,898 million and ¥7,984 million (\$53 million) at March 31, 2024 and 2025, respectively.

7 Assets pledged

At March 31, 2024 and 2025, the following assets were pledged as collateral for certain liabilities of the Group.

March 31	Millions of yen			Millions of U.S. dollars
	2024	2025	2025	
Securities	¥1,100,416	¥1,156,456	\$ 7,734	
Loans and bills discounted	958,560	1,201,430	8,035	
Other assets	1,650	2,929	20	
Total	¥2,060,627	¥2,360,816	\$15,789	

The collateral was pledged to secure:

March 31	Millions of yen			Millions of U.S. dollars
	2024	2025	2025	
Deposits	¥ 1,634	¥ 1,682	\$ 11	
Payables under repurchase agreements	196,778	249,066	1,666	
Deposits received for bonds lending/borrowing transactions	301,697	310,909	2,079	
Borrowed money	1,316,894	1,377,942	9,216	

In addition, securities and other assets not included in the above schedules were pledged as collateral for operating transactions, such as exchange settlements.

March 31	Millions of yen			Millions of U.S. dollars
	2024	2025	2025	
Securities	¥ 1,207	¥ 1,207	\$ 8	
Other assets	50,000	50,000	334	

Other assets include the following:

March 31	Millions of yen			Millions of U.S. dollars
	2024	2025	2025	
Deposits for financial instruments	¥34,675	¥49,484	\$331	
Security deposits	2,007	1,965	13	
Deposits for future trading	521	904	6	

Of the securities received as collateral under transactions with repurchase agreement, those which the Group holds rights of sales or rehypothecation at its discretion amounted to ¥28,051 million and ¥24,555 million (\$164 million) at March 31, 2024 and 2025, respectively.

Bills rediscounted are accounted for as financial transactions in accordance with "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Practical Guideline No. 24), and the total face amount of foreign exchanges purchased, etc. that have been delivered was ¥2 million and ¥- million (\$- million) at March 31, 2024 and 2025, respectively.

8 Commitment line

Commitment line contracts on overdrafts and loans are the contracts, under which the consolidated subsidiaries engaged in the banking business lend to customers up to the prescribed limits in response to customers' application of loan as long as there is no violation of any condition in the contracts. The unused amount within the limits totaled ¥1,825,298 million and ¥1,845,778 million (\$12,345 million) relating to these contracts at March 31, 2024 and 2025, respectively. Among them, the amounts of unused commitment of which term of contracts is less than one year or revocable at any time totaled ¥1,716,154 million and ¥1,722,764 million (\$11,522 million) at March 31, 2024 and 2025, respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions that consolidated subsidiaries engaged in the banking business refuse customers' applications for loans or decrease the contract limits with proper reasons (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of contracts, the consolidated subsidiaries engaged in the banking business obtain real estate, securities, etc., as collateral if considered to be necessary. Subsequently, the consolidated subsidiaries engaged in the banking business perform periodic review of the customers' business results based on internal rules, and take necessary measures to reconsider conditions in contracts and require additional collateral and guarantees.

9 Borrowed money and lease obligations

The weighted average interest rate on the term-end balance of borrowed money maturing in April 2059 was 0.06%. Borrowed money consisted of loans from other financial institutions. Annual maturities of borrowed money and lease obligations included in "Other liabilities" within five years at March 31, 2025 were as follows:

Years ending March 31	Borrowed money		Lease obligations	
	Millions of yen	Millions of U.S. dollars	Millions of yen	Millions of U.S. dollars
2026	¥371,977	\$2,488	¥70	\$0
2027	332,675	2,225	66	0
2028	695,724	4,653	65	0
2029	5,433	36	35	0
2030	6,721	45	1	0

10 Privately placed corporate bonds

The amount of guarantee obligations for privately placed corporate bonds (stipulated in Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act) included in "Securities" was ¥51,306 million and ¥46,638 million (\$312 million) at March 31, 2024 and 2025, respectively.

11 Net assets

Under the Companies Act of Japan, the entire amount of the issue price of shares is required to be accounted for as capital, although a company may, by resolution of its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

The Banking Act of Japan provides that an amount equal to at least 20% of cash dividends and other cash appropriations shall be appropriated and set aside as a legal earnings reserve until the total amount of legal earnings reserve and additional paid-in capital equals 100% of common stock. The legal earnings reserve and additional paid-in capital may be used to eliminate or reduce a deficit by resolution of the stockholders' meeting or may be capitalized by resolution of the Board of Directors. On condition that the total amount of legal earnings reserve and additional paid-in capital remains being equal to or exceeding 100% of common stock, they are available for distributions or certain other purposes by the resolution of the stockholders' meeting. Legal earnings reserve is included in retained earnings in the accompanying financial statements.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Companies Act of Japan.

In accordance with the customary practice in Japan, the appropriations are not accrued in the financial statements for the period to which they relate, but are recorded in the subsequent accounting period in which the stockholders' approval has been obtained. Retained earnings at March 31, 2025 include the amount representing the year-end cash dividend of ¥7,455 million (\$50 million), ¥24.50 (\$0.16) per share, which was approved at the Board of Directors' meeting held on May 12, 2025.

12 General and administrative expenses

The general and administrative expenses include salaries and allowances in the amounts of ¥27,272 million and ¥28,929 million (\$193 million) for the years ended March 31, 2024 and 2025, respectively.

13 Other expenses

Other expenses for the years ended March 31, 2024 and 2025 include the following:

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Write-off of loans	¥ 858	¥3,946	\$26
Provision for reserve for reimbursement of deposits	1,827	504	3
Loss on sales of loans, etc.	300	268	2
Impairment losses on equity securities, etc.	966	104	1
Loss on sales of equity securities, etc.	1,859	45	0
Provision for possible loan losses	13,907	—	—
Loss on disposal of fixed assets	204	486	3
Impairment losses on fixed assets	1,110	688	5
Provision of reserve for financial instruments transaction liabilities	10	2	0

14 Supplementary cash flow information

Cash and cash equivalents

The reconciliation of cash and due from banks in the consolidated balance sheets and cash and cash equivalents in the consolidated statements of cash flows at March 31, 2024 and 2025 was as follows:

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Cash and due from banks	¥2,839,819	¥1,726,986	\$11,550
Foreign currency deposits with banks	(36,781)	(41,607)	(278)
Cash and cash equivalents	¥2,803,038	¥1,685,379	\$11,272

15 Lease transactions

Finance leases

Tangible fixed assets in lease assets mainly consisted of branches. The depreciation method of lease assets is shown in "3. Significant accounting policies."

Operating leases

Future minimum lease payments on operating leases which were not cancelable at March 31, 2024 and 2025 were as follows:

As lessee:

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Due within 1 year	¥—	¥ 4	\$0
Due after 1 year	—	8	0
Total	¥—	¥13	\$0

As lessor:

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Due within 1 year	¥1,123	¥1,001	\$ 7
Due after 1 year	1,674	1,583	11
Total	¥2,798	¥2,585	\$17

16 Derivative transactions

Derivative transactions to which hedge accounting is not applied:

Contracted amount (including notional principal amount), fair value and unrealized gains or losses of financial derivatives at March 31, 2024 and 2025 were as follows:

Interest related:

March 31, 2024	Type	Millions of yen			
		Contracted amount		Fair value	Unrealized gains (losses)
		Over one year			
OTC	Interest rate swaps:				
	Receive fixed, pay variable	¥146,735	¥125,882	¥(2,649)	¥(2,649)
	Receive variable, pay fixed	146,735	125,882	3,845	3,845
	Receive variable, pay variable	—	—	—	—
	Interest rate options:				
	Sell	3,083	3,083	(54)	47
	Buy	3,083	3,083	54	(13)
	Total	¥ —	¥ —	¥ 1,196	¥ 1,230

March 31, 2025	Type	Millions of yen			
		Contracted amount		Fair value	Unrealized gains (losses)
		Over one year			
OTC	Interest rate swaps:				
	Receive fixed, pay variable	¥117,617	¥106,142	¥(3,434)	¥(3,434)
	Receive variable, pay fixed	117,617	106,142	4,424	4,424
	Receive variable, pay variable	—	—	—	—
	Interest rate options:				
	Sell	2,976	2,976	(104)	15
	Buy	2,976	2,976	104	26
	Total	¥ —	¥ —	¥ 989	¥ 1,032

March 31, 2025	Type	Millions of U.S. dollars			
		Contracted amount		Fair value	Unrealized gains (losses)
		Over one year			
OTC	Interest rate swaps:				
	Receive fixed, pay variable	\$787	\$710	\$(23)	\$(23)
	Receive variable, pay fixed	787	710	30	30
	Receive variable, pay variable	—	—	—	—
	Interest rate options:				
	Sell	20	20	(1)	0
	Buy	20	20	1	0
	Total	\$ —	\$ —	\$ 7	\$ 7

Note: Transactions above are marked to market and unrealized gains or losses are recognized in the consolidated statement of income.

Currency related:

March 31, 2024	Type	Millions of yen			
		Contracted amount		Fair value	Unrealized gains (losses)
	Currency swaps	¥755,215	¥645,759	¥ 21	¥ 1,182
	Forward foreign exchange contracts:				
	Sell	115,378	42,329	(6,944)	(6,944)
OTC	Buy	89,159	41,094	8,026	8,026
	Currency options:				
	Sell	200,662	123,472	(4,990)	2,042
	Buy	200,662	123,472	4,989	(1,111)
	Total	¥ —	¥ —	¥ 1,102	¥ 3,195

March 31, 2025	Type	Millions of yen			
		Contracted amount		Fair value	Unrealized gains (losses)
	Currency swaps	¥1,359,519	¥1,167,761	¥ 6	¥ 1,705
	Forward foreign exchange contracts:				
	Sell	125,424	76,511	(6,738)	(6,738)
OTC	Buy	114,604	75,409	7,885	7,885
	Currency options:				
	Sell	135,704	87,583	(4,829)	236
	Buy	135,704	87,583	4,827	618
	Total	¥ —	¥ —	¥ 1,151	¥ 3,707

March 31, 2025	Type	Millions of U.S. dollars			
		Contracted amount		Fair value	Unrealized gains (losses)
	Currency swaps	\$9,093	\$7,810	\$ 0	\$ 11
	Forward foreign exchange contracts:				
	Sell	839	512	(45)	(45)
OTC	Buy	766	504	53	53
	Currency options:				
	Sell	908	586	(32)	2
	Buy	908	586	32	4
	Total	\$ —	\$ —	\$ 8	\$ 25

Note: Transactions above are marked to market and unrealized gains or losses are recognized in the consolidated statement of income.

Others:

March 31, 2024	Type	Millions of yen			
		Contracted amount		Fair value	Unrealized gains (losses)
	Earthquake derivatives:				
	Sell	¥6,770	¥—	¥(51)	¥—
OTC	Buy	6,770	—	51	—
	Total	¥ —	¥—	¥ —	¥—

March 31, 2025	Type	Millions of yen			
		Contracted amount		Fair value	Unrealized gains (losses)
	Earthquake derivatives:				
	Sell	¥8,375	¥—	¥(61)	¥—
OTC	Buy	8,375	—	61	—
	Total	¥ —	¥—	¥ —	¥—

March 31, 2025	Type	Millions of U.S. dollars			
		Contracted amount		Fair value	Unrealized gains (losses)
	Earthquake derivative:				
	Sell	\$56	\$—	\$(0)	\$—
OTC	Buy	56	—	0	—
	Total	\$—	\$—	\$—	\$—

Note: Transactions above are marked to market and unrealized gains or losses are recognized in the consolidated statement of income.

Derivative transactions to which hedge accounting is applied:

The notional principal amount and fair value of financial derivatives at March 31, 2024 and 2025 were as follows:

Interest related:

March 31, 2024

Method of hedge accounting	Type	Main hedge items	Millions of yen		
			Contracted amount	Over one year	Fair value
Deferral method	Interest rate swaps: Receive fixed, pay variable	Loans and bills discounted, securities	¥200,000	¥200,000	¥714
	Total		¥ —	¥ —	¥714

March 31, 2025

Method of hedge accounting	Type	Main hedge items	Millions of yen		
			Contracted amount	Over one year	Fair value
Deferral method	Interest rate swaps: Receive fixed, pay variable	Loans and bills discounted, securities, deposits	¥650,000	¥350,000	¥(4,695)
	Receive variable, pay fixed		265,000	265,000	8,394
	Total		¥ —	¥ —	¥ 3,699

March 31, 2025

Method of hedge accounting	Type	Main hedge items	Millions of U.S. dollars		
			Contracted amount	Over one year	Fair value
Deferral method	Interest rate swaps: Receive fixed, pay variable	Loans and bills discounted, securities, deposits	\$4,347	\$2,341	\$(31)
	Receive variable, pay fixed		1,772	1,772	56
	Total		\$ —	\$ —	\$ 25

Notes: As for interest rate swaps shown above, deferred hedge accounting is applied in accordance with JICPA Industry Audit Committee Practical Guideline No. 24.

Currency related:

March 31, 2024

Method of hedge accounting	Type	Main hedge items	Millions of yen		
			Contracted amount	Over one year	Fair value
Deferral method	Currency swaps	Loans and bills discounted and securities denominated in foreign currencies	¥224,484	¥166,318	¥(36,249)
	Forward foreign exchange contracts		386,678	—	1,376
	Total		¥ —	¥ —	¥(34,872)

March 31, 2025

Method of hedge accounting	Type	Main hedge items	Millions of yen		
			Contracted amount	Over one year	Fair value
Deferral method	Currency swaps	Loans and bills discounted and securities denominated in foreign currencies	¥176,780	¥161,122	¥(26,546)
	Forward foreign exchange contracts		411,927	—	(441)
	Total		¥ —	¥ —	¥(26,988)

March 31, 2025

Method of hedge accounting	Type	Main hedge items	Millions of U.S. dollars		
			Contracted amount	Over one year	Fair value
Deferral method	Currency swaps	Loans and bills discounted and securities denominated in foreign currencies	\$1,182	\$1,078	\$(178)
	Forward foreign exchange contracts		2,755	—	(3)
	Total		\$ —	\$ —	\$(180)

Note: The Bank has applied the deferred hedge accounting stipulated in "Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (JICPA Industry Audit Committee Practical Guideline No. 25).

17 Employees' severance and retirement benefits

1. Overview of retirement benefit plans

Consolidated subsidiaries engaged in the banking business adopt funded or unfunded defined benefit plans and defined contribution plans in order to provide for the employees' retirement benefits. Under the defined benefit pension plans, all of which are funded, lump-sum or annuity payments are provided to employees based on their job position and length of service. Under the lump-sum retirement benefit plans, all of which are funded as a result of the establishment of the retirement benefit trust, lump-sum payments are provided to employees as retirement benefits based on their job position and length of service.

Other consolidated subsidiaries mainly adopt lump-sum payment plans, all of which are unfunded.

2. Defined benefit plans

Changes in projected benefit obligation during the period

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2024	2025	
Projected benefit obligation at beginning of the year	¥41,686	¥38,963	\$261
Service costs during the year	1,104	942	6
Interest cost on projected benefit obligation	16	288	2
Actuarial differences incurred	(1,296)	317	2
Benefits paid	(2,687)	(2,517)	(17)
Other	139	152	1
Projected benefit obligation at end of the year	¥38,963	¥38,147	\$255

Changes in plan assets during the period

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2024	2025	
Plan assets at beginning of the year	¥115,557	¥89,504	\$599
Expected return on plan assets	4,581	3,580	24
Actuarial differences incurred	(1,160)	(9,584)	(64)
Contribution by the business owner (Note)	6,280	3,898	26
Benefits paid	(1,972)	(1,889)	(13)
Partial return of equity securities of retirement benefit trust	(33,876)	—	—
Other	95	92	1
Plan assets at end of the year	¥ 89,504	¥85,602	\$573

Note: For the years ended March 31, 2024 and 2025, the Company made a contribution to cover risks that may arise in the future.

The adjustment of the ending balances of projected benefit obligation and plan assets to net defined benefit liability and net defined benefit assets

At March 31	Millions of yen		Millions of U.S. dollars
	2024	2025	
Funded projected benefit obligation	¥ 38,267	¥ 37,457	\$ 251
Plan assets	(89,504)	(85,602)	(573)
	(51,236)	(48,144)	(322)
Unfunded projected benefit obligation	695	689	5
Net on consolidated balance sheets	¥(50,540)	¥(47,455)	\$(317)

At March 31	Millions of yen		Millions of U.S. dollars
	2024	2025	
Net defined benefit liability	¥ 695	¥ 689	\$ 5
Net defined benefit asset	(51,236)	(48,144)	(322)
Net on consolidated balance sheets	¥(50,540)	¥(47,455)	\$(317)

Components of severance and retirement benefit expenses

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2024	2025	
Service costs—benefits earned during the year	¥ 1,104	¥ 942	\$ 6
Interest cost on projected benefit obligation	16	288	2
Expected return on plan assets	(4,581)	(3,580)	(24)
Amortization of actuarial differences	(2,309)	(736)	(5)
Severance and retirement benefit expenses calculated by simplified method	44	59	0
Gain on return of retirement benefit trust (Note)	(6,423)	—	—
Severance and retirement benefit expenses	¥(12,147)	¥(3,025)	\$(20)

Note: Gain on return of retirement benefit trust is recorded under "Other income."

Components of remeasurements of defined benefit plans included in other comprehensive income (before income taxes and tax effect)

Year ended March 31	Millions of yen		Millions of U.S. dollars
	2024	2025	
Actuarial differences	¥(8,596)	¥(10,639)	\$(71)

Components of remeasurements of accumulated defined benefit plans in accumulated other comprehensive income (before income taxes and tax effect)

At March 31	Millions of yen		Millions of U.S. dollars
	2024	2025	
Unrecognized actuarial differences	¥(6,564)	¥4,074	\$27

Matters concerning plan assets:

Percentage of total plan assets by major category at March 31, 2024 and 2025 is as follows:

	2024	2025
Debt securities	13.3%	26.7%
Equity securities	60.7	53.9
Cash and due from banks	0.2	0.2
Other	25.8	19.2
Plan assets at end of the year	100.0%	100.0%

Note: Total plan assets include the retirement benefit trust established for the corporate pension plans by 26.9% (33.0% in 2024) and the retirement benefit trust established for lump-sum payment plans by 27.3% (25.7% in 2024) at March 31, 2025.

In order to determine the long-term expected return on plan assets, the Group takes into consideration the current and anticipated allocation of plan assets and long-term rate of return on a diverse set of assets that comprise the plan assets.

Major assumptions for actuarial computation for the years ended March 31, 2024 and 2025 are as follows:

	2024	2025
Discount rate	1.2%	1.2%
Rates of expected return on plan assets	4.0%	4.0%
Expected salary increase rate	3.1%	3.1%

Defined contribution pension plan

The amount required to be contributed to the defined contribution pension plan of the Company's consolidated subsidiaries was ¥280 million and ¥303 million (\$2 million) for the years ended March 31, 2024 and 2025, respectively.

18 Income taxes

Income taxes in the consolidated statement of income consist of corporation tax, inhabitant tax and enterprise tax.

Significant components of deferred tax assets and liabilities at March 31, 2024 and 2025 were as follows:

	Millions of U.S. dollars		
	2024	2025	2025
Deferred tax assets:			
Reserve for possible loan losses	¥ 21,154	¥ 18,857	\$126
Net unrealized holding gains (losses) on available-for-sale securities	—	9,327	62
Write-down of securities	971	1,298	9
Depreciation	970	1,048	7
Other	5,052	4,842	32
Subtotal of deferred tax assets	28,148	35,374	237
Valuation allowance for total temporary differences deductible in future periods	(1,181)	(1,632)	(11)
Subtotal of valuation allowance	(1,181)	(1,632)	(11)
Total deferred tax assets	26,966	33,741	226
Deferred tax liabilities:			
Net defined benefit assets	(17,337)	(11,421)	(76)
Gain on contribution or cancellation of securities to employee retirement benefit trust	(2,370)	(1,740)	(12)
Net unrealized holding gains (losses) on available-for-sale securities	(9,869)	—	—
Other	(595)	(877)	(6)
Total deferred tax liabilities	(30,172)	(14,039)	(94)
Net deferred tax assets (liabilities)	¥ (3,205)	¥ 19,701	\$132

A reconciliation of the actual effective tax rate with the normal effective statutory tax rate for the years ended March 31, 2024 and 2025 has been omitted, since the difference between the actual effective tax rate and the normal effective statutory tax rate was less than 5% of the normal effective statutory tax rate.

19 Revenue recognition

Information about disaggregation of revenue from contracts with customers is presented in Note 20 "Segment information."

20 Segment information

a. Overview of reportable segments

The reportable segment of the Group consists of "Banking business" operated by The Hiroshima Bank, Ltd. and "Leasing business" operated by Hirogin Lease Co., Ltd.

b. Basis of measurement for reportable revenue, segment profit or loss, segment assets, segment liabilities and other items

The accounting methods used for the reportable segments are the same as those used for the preparation of the consolidated financial statements. Profit of reportable segments is based on ordinary profit. Intersegment revenue is based on the actual transaction price.

c. Information about reportable revenue, segment profit or loss, segment assets, segment liabilities and other items and disaggregation of revenue

	Millions of yen									
	2024									
	Reportable segment			Other	Total	Adjustments	Consolidated			
	Banking business	Leasing business	Total							
Ordinary revenue:										
Revenue from contracts with customers	¥ 23,503	¥ —	¥ 23,503	¥ 14,864	¥ 38,367	¥ (5,567)	¥ 32,800			
Other revenue	130,713	22,405	153,118	24,020	177,139	(23,868)	153,270			
Total	¥ 154,216	¥22,405	¥ 176,622	¥ 38,884	¥ 215,506	¥ (29,435)	¥ 186,071			
Revenue from external customers	¥ 151,569	¥22,113	¥ 173,682	¥ 12,388	¥ 186,071	¥ —	¥ 186,071			
Intersegment revenue	2,647	292	2,939	26,495	29,435	(29,435)	—			
Total	¥ 154,216	¥22,405	¥ 176,622	¥ 38,884	¥ 215,506	¥ (29,435)	¥ 186,071			
Segment profit	31,487	1,042	32,530	22,302	54,833	(20,682)	34,151			
Segment assets	12,720,169	88,988	12,809,158	522,447	13,331,605	(541,223)	12,790,381			
Segment liabilities	12,234,566	81,201	12,315,767	39,238	12,355,006	(99,874)	12,255,132			
Other items:										
Depreciation	¥ 5,736	¥ 666	¥ 6,403	¥ 184	¥ 6,587	¥ (20)	¥ 6,566			
Interest income	107,666	0	107,667	19,534	127,201	(20,706)	106,494			
Interest expense	33,500	252	33,752	46	33,798	(217)	33,581			

Notes: 1. "Ordinary revenue" corresponds to net sales of general companies.

2. The "Other" category represents business segments not included in any of the reportable segments, including financial instrument trading business, receivables management and collection business, IT related business, etc.

3. (1) "Adjustment" of "Segment profit" in the amount of ¥(20,682) million includes intersegment elimination of ¥(20,547) million and amortization of goodwill of ¥(135) million.

(2) "Adjustment" of "Segment assets" in the amount of ¥(541,223) million represents intersegment elimination.

(3) "Adjustment" of "Segment liabilities" in the amount of ¥(99,874) million represents intersegment elimination.

(4) "Adjustment" of "Depreciation" in the amount of ¥(20) million represents reconciliation related to unrealized gains and losses.

(5) "Adjustment" of "Interest income" in the amount of ¥(20,706) million represents intersegment elimination.

(6) "Adjustment" of "Interest expenses" in the amount of ¥(217) million represents intersegment elimination.

4. Segment profit is reconciled with ordinary profit in the consolidated income statement.

	Millions of yen									
	2025									
	Reportable segment			Other	Total	Adjustments	Consolidated			
	Banking business	Leasing business	Total							
Ordinary revenue:										
Revenue from contracts with customers	¥ 23,835	¥ —	¥ 23,835	¥ 15,264	¥ 39,099	¥ (6,052)	¥ 33,047			
Other revenue	144,785	23,027	167,813	26,413	194,226	(25,905)	168,321			
Total	¥ 168,621	¥23,027	¥ 191,649	¥ 41,677	¥ 233,326	¥ (31,958)	¥ 201,368			
Revenue from external customers	¥ 167,062	¥22,697	¥ 189,759	¥ 11,608	¥ 201,368	¥ —	¥ 201,368			
Intersegment revenue	1,559	329	1,889	30,069	31,958	(31,958)	—			
Total	¥ 168,621	¥23,027	¥ 191,649	¥ 41,677	¥ 233,326	¥ (31,958)	¥ 201,368			
Segment profit	47,716	1,474	49,191	24,934	74,125	(21,948)	52,176			
Segment assets	12,064,317	95,419	12,159,736	515,357	12,675,094	(543,189)	12,131,905			
Segment liabilities	11,607,174	86,699	11,693,873	27,728	11,721,601	(94,332)	11,627,269			
Other items:										
Depreciation	¥ 6,135	¥ 823	¥ 6,959	¥ 202	¥ 7,162	¥ (38)	¥ 7,123			
Interest income	124,838	1	124,839	21,977	146,816	(22,101)	124,714			
Interest expense	38,859	389	39,248	40	39,289	(334)	38,955			

	Millions of U.S. dollars									
	2025									
	Reportable segment			Other	Total	Adjustments	Consolidated			
	Banking business	Leasing business	Total							
Ordinary revenue:										
Revenue from contracts with customers	\$ 159	\$ —	\$ 159	\$ 102	\$ 261	\$ (40)	\$ 221			
Other revenue	968	154	1,122	177	1,299	(173)	1,126			
Total	\$ 1,128	\$154	\$ 1,282	\$ 279	\$ 1,561	\$ (214)	\$ 1,347			
Revenue from external customers	\$ 1,117	\$152	\$ 1,269	\$ 78	\$ 1,347	\$ —	\$ 1,347			
Intersegment revenue	10	2	13	201	214	(214)	—			
Total	\$ 1,128	\$154	\$ 1,282	\$ 279	\$ 1,561	\$ (214)	\$ 1,347			
Segment profit	319	10	329	167	496	(147)	349			
Segment assets	80,687	638	81,325	3,447	84,772	(3,633)	81,139			
Segment liabilities	77,630	580	78,209	185	78,395	(631)	77,764			
Other items:										
Depreciation	\$ 41	\$ 6	\$ 47	\$ 1	\$ 48	\$ (0)	\$ 48			
Interest income	835	0	835	147	982	(148)	834			
Interest expense	260	3	262	0	263	(2)	261			

Notes: 1. "Ordinary revenue" corresponds to net sales of general companies.

2. The "Other" category represents business segments not included in any of the reportable segments, including financial instrument trading business, receivables management and collection business, IT related business, etc. Further, "Other" category in "Revenue from external customers" includes ¥56 million (\$0 million) of share of profit of entities accounted for using equity method.
3. (1) "Adjustment" of "Segment profit" in the amount of ¥(21,948) million (\$147) million includes intersegment elimination of ¥(21,813) million (\$146) million and amortization of goodwill of ¥(135) million (\$1) million.
- (2) "Adjustment" of "Segment assets" in the amount of ¥(543,189) million (\$3,633) million represents intersegment elimination.
- (3) "Adjustment" of "Segment liabilities" in the amount of ¥(94,332) million (\$631) million represents intersegment elimination.
- (4) "Adjustment" of "Depreciation" in the amount of ¥(38) million (\$0) million represents reconciliation related to unrealized gains and losses.
- (5) "Adjustment" of "Interest income" in the amount of ¥(22,101) million (\$148) million represents intersegment elimination.
- (6) "Adjustment" of "Interest expenses" in the amount of ¥(334) million (\$2) million represents intersegment elimination.

4. Segment profit is reconciled with ordinary profit in the consolidated income statement.

Income by service

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Ordinary revenue from external customers:			
Lending	¥ 82,350	¥ 90,801	\$ 607
Investment in securities	37,484	38,148	255
Fees and commissions	36,233	38,233	256
Leasing	22,079	22,696	152
Other	7,922	11,488	77
Total	¥186,071	¥201,368	\$1,347

Note: "Ordinary revenue" corresponds to net sales of general companies.

Information on the amortization and unamortized portion of goodwill by reportable segment

	Millions of yen				
	2024				
	Reportable segment			Other	Total
	Banking business	Leasing business	Total		
Amortization for the period	¥—	¥ 88	¥ 88	¥ 52	¥140
Unamortized balance at year-end	—	176	176	109	286

	Millions of yen				
	2025				
	Reportable segment			Other	Total
	Banking business	Leasing business	Total		
Amortization for the period	¥—	¥88	¥88	¥52	¥140
Unamortized balance at year-end	—	88	88	57	145

	Millions of U.S. dollars				
	2025				
	Reportable segment			Other	Total
	Banking business	Leasing business	Total		
Amortization for the period	\$—	\$1	\$1	\$0	\$1
Unamortized balance at year-end	—	1	1	0	1

Note: "Other" represents amounts of IT related business and worker dispatch business.

21 Related party transactions

Information about related party transactions for the years ended March 31, 2024 and 2025 is omitted since they are immaterial.

22 Financial instruments and related disclosures

1. Status of financial instruments

(1) Policy for financial instruments

The Group conducts financial services such as financial instruments transactions, credit guarantees, leasing and credit card services, with banking as their core activity. Among these businesses, core banking business include fund procurement through deposit-taking and fund management through loans and investment security portfolios. The financial assets and liabilities of the Group are subject to asset liability management ("ALM," comprehensive management of assets and liabilities) in such a way as to prevent adverse impact from interest rate, foreign exchange and market value fluctuation.

(2) Nature and extent of risk arising from financial instruments

Loans and bills discounted are primarily provided to domestic customers, in which the Group is exposed to customers' credit risk. Securities primarily consist of equity securities, bonds and investment trusts held by the Group for the purposes of holding to maturity, pure investment, as well as for the development of regional society and the enhancement of corporate value over the medium to long term.

They are exposed to risk of fluctuation in interest rates and prices in the bond/stock markets and in addition, credit risk arising from downgrading of the issuer's credit rating. Borrowed money, corporate bonds and commercial papers are exposed to liquidity risk, the risk that the Group is unable to meet its obligations as they fall due.

The Group enters into the following derivative transactions, such as currency swaps and forward foreign exchange contracts to meet the financial needs of customers and interest rate swaps for the purpose of optimizing ALM. As part of optimizing ALM, the Group uses hedge accounting, specifying derivatives such as interest rate swaps as hedging instruments, and loans as hedged items.

(3) Risk management for financial instruments

Credit risk management

The Group controls credit risk appropriately in accordance with the "Group Credit Risk Management Rule" which provides the basic policy for credit risk management.

In addition, the Company has in place "internal rating systems" and "self-assessment systems" to objectively identify the credit risk associated with loans, etc., monitors the credit risk management status of the Group companies

and credit concentration risk of the whole Group, accurately assesses the credit risk of individual debtors and portfolios, and provides guidance and advice to the Group companies as necessary.

Market risk management

(i) Market risk management system

The Group controls market risk appropriately in accordance with the "Group Market Risk Management Rule" which provides the basic policy for market risk management.

Furthermore, the Group controls market risk including interest rates by working to improve and strengthen ALM involving not only securities, but also deposits and loans, so as to stabilize earnings.

The Group, in order to strictly implement market risk management of the whole Group, limits the risk position, defines hedging policies as well as reporting and consultation rules in case of a decline in the asset value, and has in place a system for responding to the changes in the market promptly and stabilizing earnings. The status of compliance with the amount of limits is controlled on a daily basis along with position amounts, risk volume, profit and loss status, and other main data.

In addition, as a measure to comply with fair value accounting, the Group implements strict accounting treatments based on the classification by holding purpose and reflects the fluctuations of market prices appropriately in the financial statements.

With regard to trading accounts (for securities and off-balance-sheet transactions that target short-term gains on sales or purchases, and trading at the behest of customers), the Bank has set up designated trading accounts to strengthen the management of these accounts by conducting transparent accounting procedures based on fair value.

(ii) Quantitative information relating to market risk

(a) Financial products for trading purposes

The Group holds securities and derivative transactions including interest-rate and currency swaps for trading purpose.

To measure the amount of market risk, the Group adopts VaR (Value at Risk) using the variance-covariance method (observation period: one year; confidence interval: 99.9%; holding period: one day).

As of March 31, 2025, the entire VaR of the Group was ¥9 million (\$0 million) (¥8 million in 2024).

(b) Financial products held for other than trading purpose

The Group holds various products such as loans, securities, deposits, corporate bonds, and derivatives for other than trading purpose.

To measure the amount of market risk associated with these products, the Group adopts the VaR method using the

variance-covariance method (observation period: one year; confidence interval: 99.9%; holding period: six months for strategic equity investments, three months for securities other than strategic equity investments, and one year for others).

The total VaR as of March 31, 2025 was ¥112,536 million (\$753 million) (¥125,376 million in 2024).

(c) VaR adequacy

The relationship between the VaR calculated with the model and actual gains and losses data is periodically back-tested. The Group has confirmed that the calculating model used for these measurements captures market risk with the necessary degree of accuracy.

However, because VaR is a method of measuring the amount of market risk in terms of the probability of a certain event happening based on past statistical variation, it cannot be used for assessing risk in a market environment characterized by abnormal change.

Management of liquidity risks related to fund procurement

The Group controls liquidity risk appropriately in accordance with the "Group Liquidity Risk Management Rule" which provides the basic policy for liquidity risk management.

The Group controls liquid coverage ratio (LCR) to prepare for cash outflows in times of short-term stress. Moreover, to mitigate long-term fund procurement risks, the Bank manages the gap between low-liquidity loans and stable procurement.

The Group has a structure to conduct liquidity measurements and to secure available reserves over the net cumulative outflow forecasted in an emergency situation.

(4) Supplementary explanation about fair value of financial instruments

Fair value of financial instruments is based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used.

Since the calculations of the reasonably calculated prices are implemented under certain conditions and assumptions, the result of calculations would differ if such calculations are made under different conditions and assumptions.

2. Fair value of financial instruments

Carrying amount, fair value and related difference are as follows. Equity securities, etc. which do not have a market price are not included in the table below (see (Note 1)). In addition, cash and due from banks, call loans and bills purchased, monetary claims bought, foreign exchanges (assets and liabilities), call money and bills sold, payables under repurchase agreements and deposits received for bonds lending/borrowing transactions are omitted since the fair value approximates the carrying amount because of short maturities.

	Millions of yen		
	Carrying amount	Fair value	Difference
March 31, 2024			
(1) Trading assets* ¹			
Trading securities	¥ 1,294	¥ 1,294	¥ —
(2) Money held in trust	24,787	24,787	—
(3) Securities:			
Held-to-maturity debt securities	53,994	54,033	39
Available-for-sale securities* ²	1,716,302	1,716,302	—
(4) Loans and bills discounted	7,689,192		
Reserve for possible loan losses* ³	(48,366)		
Net	7,640,825	7,718,986	78,160
Total assets	¥ 9,437,203	¥ 9,515,403	¥78,200
(1) Deposits	¥ 9,362,190	¥ 9,362,353	¥ 163
(2) Borrowed money	1,377,528	1,374,027	(3,500)
Total liabilities	¥10,739,718	¥10,736,380	¥ (3,337)
Derivative instruments* ⁴ :			
Hedge accounting is not applied	¥ 2,298	¥ 2,298	¥ —
Hedge accounting is applied	(34,158)	(34,158)	—
Total derivative instruments	¥ (31,859)	¥ (31,859)	¥ —

	Millions of yen		
	Carrying amount	Fair value	Difference
March 31, 2025			
(1) Trading assets* ¹			
Trading securities	¥ 1,527	¥ 1,527	¥ —
(2) Money held in trust	13,022	13,022	—
(3) Securities:			
Held-to-maturity debt securities	75,129	71,944	(3,185)
Available-for-sale securities* ²	1,827,890	1,827,890	—
(4) Loans and bills discounted	7,934,540		
Reserve for possible loan losses* ³	(36,876)		
Net	7,897,663	7,890,275	(7,388)
Total assets	¥ 9,815,233	¥ 9,804,659	¥(10,573)
(1) Deposits	¥ 9,437,299	¥ 9,435,769	¥ (1,529)
(2) Borrowed money	1,443,553	1,437,704	(5,848)
Total liabilities	¥10,880,853	¥10,873,474	¥ (7,378)

	Millions of yen		
	Carrying amount	Fair value	Difference
Derivative instruments* ⁴ :			
Hedge accounting is not applied	¥ 2,141	¥ 2,141	¥ —
Hedge accounting is applied	(23,288)	(23,288)	—
Total derivative instruments	¥ (21,147)	¥ (21,147)	¥ —

	Millions of U.S. dollars		
	Carrying amount	Fair value	Difference
March 31, 2025			
(1) Trading assets* ¹			
Trading securities	\$ 10	\$ 10	\$ —
(2) Money held in trust	87	87	—
(3) Securities:			
Held-to-maturity debt securities	502	481	(21)
Available-for-sale securities* ²	12,225	12,225	—
(4) Loans and bills discounted	53,067		
Reserve for possible loan losses* ³	(247)		
Net	52,820	52,771	(49)
Total assets	\$65,645	\$65,574	\$(71)
(1) Deposits	\$63,117	\$63,107	\$(10)
(2) Borrowed money	9,655	9,615	(39)
Total liabilities	\$72,772	\$72,723	\$(49)
Derivative instruments* ⁴ :			
Hedge accounting is not applied	\$ 14	\$ 14	\$ —
Hedge accounting is applied	(156)	(156)	—
Total derivative instruments	\$ (141)	\$ (141)	\$ —

*1. Derivative instruments are not included in trading assets.

*2. Available-for-sale securities include investment trusts whose standard value is deemed as fair value by applying the treatment prescribed in Paragraph 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Accounting Standard Implementation Guidance").

*3. The amounts only include the general reserve for possible loan losses and the specific reserve for possible loan losses provided to "Loans and bills discounted."

*4. Derivative instruments recorded in "Trading assets," "Trading liabilities," "Other assets" and "Other liabilities" are aggregated and shown herein. Assets and liabilities attributable to the derivative contracts are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(Note 1) The carrying amount of equity securities, etc. which do not have a market price is as follows: These amounts are not included in "Available-for-sale securities" in the above table.

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Unlisted equity securities (* ¹) (* ²)	¥8,337	¥8,295	\$55
Investments in partnerships (* ³)	4,888	5,386	36
Other	0	0	0

(*1) Unlisted equity securities are not subject to fair value disclosure requirement in accordance with Paragraph 5 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, September 13, 2024).

(*2) The Company recognized an impairment loss in an amount of ¥966 million and ¥104 million (\$1 million) on unlisted equity securities for the years ended March 31, 2024 and 2025, respectively.

(*3) Investments in partnerships are investments in unconsolidated subsidiaries.

(Note 2) Maturity analysis for financial assets with contractual maturities at March 31, 2024 and 2025

At March 31, 2024	Millions of yen					
	Less than 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years less than 7 years	More than 7 years less than 10 years	More than 10 years
Due from banks	¥2,772,608	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills purchased	50,355	—	—	—	—	—
Monetary claims bought	8,779	—	—	—	—	—
Money held in trust	24,787	—	—	—	—	—
Securities	76,584	145,700	201,231	250,408	343,381	491,699
Held-to-maturity:	—	—	6,830	—	47,680	—
National government bonds	—	—	—	—	25,000	—
Local government bonds	—	—	6,830	—	22,680	—
Available-for-sale:	76,584	145,700	194,401	250,408	295,701	491,699
National government bonds	—	—	23,000	153,000	192,500	55,200
Local government bonds	24,620	66,549	61,821	49,242	54,702	47,736
Corporate bonds	40,922	47,782	49,982	17,810	11,397	128,462
Others	11,041	31,368	59,598	30,354	37,102	260,299
Loans and bills discounted*	1,125,673	688,118	950,640	751,487	943,530	2,410,969
Total	¥4,058,788	¥833,819	¥1,151,871	¥1,001,895	¥1,286,911	¥2,902,668

At March 31, 2025	Millions of yen					
	Less than 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years less than 7 years	More than 7 years less than 10 years	More than 10 years
Due from banks	¥1,644,839	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills purchased	63,746	—	—	—	—	—
Monetary claims bought	8,908	—	—	—	—	—
Money held in trust	13,022	—	—	—	—	—
Securities	60,288	137,323	184,314	330,435	147,740	830,671
Held-to-maturity:	—	1,150	11,210	—	63,230	—
National government bonds	—	—	—	—	25,000	—
Local government bonds	—	1,150	11,210	—	38,230	—
Available-for-sale:	60,288	136,173	173,104	330,435	84,510	830,671
National government bonds	—	—	8,000	238,000	40,500	325,200
Local government bonds	28,680	52,939	41,235	66,172	12,085	44,229
Corporate bonds	24,592	55,232	66,657	11,858	14,333	132,765
Others	7,015	28,002	57,211	14,405	17,590	328,476
Loans and bills discounted*	1,047,978	731,913	1,048,966	767,774	973,540	2,532,660
Total	¥2,838,783	¥869,237	¥1,233,281	¥1,098,210	¥1,121,280	¥3,363,332

At March 31, 2025	Millions of U.S. dollars					
	Less than 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years less than 7 years	More than 7 years less than 10 years	More than 10 years
Due from banks	\$11,001	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills purchased	426	—	—	—	—	—
Monetary claims bought	60	—	—	—	—	—
Money held in trust	87	—	—	—	—	—
Securities	403	918	1,233	2,210	988	5,556
Held-to-maturity:	—	8	75	—	423	—
National government bonds	—	—	—	—	167	—
Local government bonds	—	8	75	—	256	—
Available-for-sale:	403	911	1,158	2,210	565	5,556
National government bonds	—	—	54	1,592	271	2,175
Local government bonds	192	354	276	443	81	296
Corporate bonds	164	369	446	79	96	888
Others	47	187	383	96	118	2,197
Loans and bills discounted*	7,009	4,895	7,016	5,135	6,511	16,939
Total	\$18,986	\$5,814	\$8,248	\$7,345	\$7,499	\$22,494

*Of loans and bills discounted, the portion whose timing of collection is unforeseeable, such as loans to "legally bankrupt" borrowers, loans to "virtually bankrupt" borrowers and loans to "possibly bankrupt" borrowers amounting to ¥62,305 million and ¥52,857 million (\$354 million), are not included in the above table as of March 31, 2024 and 2025, respectively. Loans that do not have contractual maturity, amounting to ¥756,467 million and ¥778,847 million (\$5,209 million) as of March 31, 2024 and 2025, respectively, are not included either.

(Note 3) Maturity analysis for interest-bearing liabilities at March 31, 2024 and 2025

At March 31, 2024	Millions of yen					
	Less than 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years less than 7 years	More than 7 years less than 10 years	More than 10 years
Deposits*	¥ 9,151,806	¥156,269	¥ 47,286	¥ 994	¥ 5,832	¥ —
Call money and bills sold	819,300	—	—	—	—	—
Payables under repurchase agreements	196,778	—	—	—	—	—
Deposits received for bonds lending/ borrowing transactions	301,697	—	—	—	—	—
Borrowed money	225,640	420,185	696,819	5,487	4,242	25,153
Total	¥10,695,222	¥576,455	¥744,105	¥6,481	¥10,075	¥25,153

At March 31, 2025	Millions of yen					
	Less than 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years less than 7 years	More than 7 years less than 10 years	More than 10 years
Deposits*	¥ 9,201,235	¥ 176,178	¥50,584	¥1,336	¥ 7,964	¥ —
Payables under repurchase agreements	249,066	—	—	—	—	—
Deposits received for bonds lending/ borrowing transactions	310,909	—	—	—	—	—
Borrowed money	371,977	1,028,399	12,154	2,881	4,058	24,081
Total	¥10,133,189	¥1,204,577	¥62,739	¥4,218	¥12,022	¥24,081

At March 31, 2025	Millions of U.S. dollars					
	Less than 1 year	More than 1 year less than 3 years	More than 3 years less than 5 years	More than 5 years less than 7 years	More than 7 years less than 10 years	More than 10 years
Deposits*	\$61,538	\$1,178	\$338	\$ 9	\$53	\$ —
Payables under repurchase agreements	1,666	—	—	—	—	—
Deposits received for bonds lending/ borrowing transactions	2,079	—	—	—	—	—
Borrowed money	2,488	6,878	81	19	27	161
Total	\$67,771	\$8,056	\$420	\$28	\$80	\$161

* Deposits on demand are included in "Less than 1 year."

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, fair value is categorized into the lowest level of priority in the fair value measurement among the levels to which each of these inputs belongs.

(1) Financial instruments measured at fair value

March 31, 2024	Millions of yen				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Money held in trust	¥ —	¥ 24,787	¥ —	¥ 24,787	¥ 24,787
Trading assets and securities					
Trading securities:					
National and local government bonds	46	1,247	—		1,294
Available-for-sale securities:					
National and local government bonds	414,156	299,170	—		713,327
Corporate bonds	—	234,519	56,858		291,377
Equity securities	136,729	—	—		136,729
Other	137,271	423,205	—		560,476
Derivatives:					
Interest related	—	5,244	—		5,244
Currency related	—	15,511	658		16,169
Other	—	—	51		51
Total assets	¥ 688,204	¥ 1,003,684	¥ 57,567	¥ 1,749,456	
Derivatives:					
Interest related	¥ —	¥ 3,333	¥ —	¥ 3,333	
Currency related	—	49,279	660		49,940
Other	—	—	51		51
Total liabilities	¥ —	¥ 52,613	¥ 711	¥ 53,325	

March 31, 2025	Millions of yen				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Money held in trust	¥ —	¥ 13,022	¥ —	¥ 13,022	¥ 13,022
Trading assets and securities					
Trading securities:					
National and local government bonds	34	1,492	—		1,527
Available-for-sale securities:					
National and local government bonds	569,255	233,146	—		802,401
Corporate bonds	—	240,413	51,155		291,568
Equity securities	113,283	—	—		113,283
Other	155,874	447,235	—		603,110
Derivatives:					
Interest related	—	13,720	—		13,720
Currency related	—	14,791	2,114		16,905
Other	—	—	61		61
Total assets	¥ 838,448	¥ 963,821	¥ 53,331	¥ 1,855,602	
Derivatives:					
Interest related	¥ —	¥ 9,032	¥ —	¥ 9,032	
Currency related	—	40,619	2,121		42,741
Other	—	—	61		61
Total liabilities	¥ —	¥ 49,652	¥ 2,183	¥ 51,835	

March 31, 2025	Millions of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Money held in trust	\$ —	\$ 87	\$ —	\$ 87
Trading assets and securities				
Trading securities:				
National and local government bonds	0	10	—	10
Available-for-sale securities:				
National and local government bonds	3,807	1,559	—	5,367
Corporate bonds	—	1,608	342	1,950
Equity securities	758	—	—	758
Other	1,042	2,991	—	4,034
Derivatives:				
Interest related	—	92	—	92
Currency related	—	99	14	113
Other	—	—	0	0
Total assets	\$ 5,608	\$ 6,446	\$ 357	\$ 12,410
Derivatives:				
Interest related	\$ —	\$ 60	\$ —	\$ 60
Currency related	—	272	14	286
Other	—	—	0	0
Total liabilities	\$ —	\$ 332	\$ 15	\$ 347

(*1) Investment trusts whose net asset value is deemed as fair value by applying the treatment prescribed in Paragraph 24-9 of the Fair Value Measurement Accounting Standard Implementation Guidance are not included in the above table. The amount of such investment trusts recorded in the consolidated balance sheet is ¥4,250 million and ¥4,495 million (\$30 million) as of March 31, 2024 and 2025, respectively.

(*2) Investments in partnerships to which Paragraph 24-16 of the Fair Value Measurement Accounting Standard Implementation Guidance is applied are not included in the above table. The carrying amount of such investments in partnerships recorded in the consolidated balance sheet is ¥10,141 million and ¥13,030 million (\$87 million) as of March 31, 2024 and 2025, respectively.

(*3) The carrying amount of derivatives to which hedge accounting is applied recorded in the consolidated balance sheet is ¥34,158 million and ¥23,288 million (\$156 million) as of March 31, 2024 and 2025, respectively.

(2) Financial instruments other than those measured at fair value

March 31, 2024	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities:				
National and local government bonds	¥24,581	¥ 29,452	¥ —	¥ 54,033
Loans and bills discounted	—	—	7,718,986	7,718,986
Total assets	¥24,581	¥ 29,452	¥7,718,986	¥ 7,773,020
Deposits	¥ —	¥ 9,362,353	¥ —	¥ 9,362,353
Borrowed money	—	1,364,548	9,478	1,374,027
Total liabilities	¥ —	¥10,726,902	¥ 9,478	¥10,736,380

March 31, 2025	Millions of yen			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities:				
National and local government bonds	¥23,373	¥ 48,571	¥ —	¥ 71,944
Loans and bills discounted	—	—	7,890,275	7,890,275
Total assets	¥23,373	¥ 48,571	¥7,890,275	¥ 7,962,219
Deposits	¥ —	¥ 9,435,769	¥ —	¥ 9,435,769
Borrowed money	—	1,428,457	9,247	1,437,704
Total liabilities	¥ —	¥10,864,227	¥ 9,247	¥10,873,474

March 31, 2025	Millions of U.S. dollars			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities				
Held-to-maturity debt securities:				
National and local government bonds	\$ 156	\$ 325	\$ —	\$ 481
Loans and bills discounted	—	—	52,771	52,771
Total assets	\$ 156	\$ 325	\$ 52,771	\$ 53,252
Deposits	\$ —	\$ 63,107	\$ —	\$ 63,107
Borrowed money	—	9,554	62	9,615
Total liabilities	\$ —	\$ 72,661	\$ 62	\$ 72,723

(Note 1) Description of the valuation techniques and inputs used in the fair value measurements

Assets:

Money held in trust

The fair value of securities managed as trust assets in individually managed money held in trust whose primary purpose is to manage securities is based on the price at the exchange for equity securities, and on the price presented by the counterpart financial institutions or the price at the exchange for bonds, and is classified as Level 2 based on the level of the components. In addition, for money held in trust whose primary purpose is not to manage securities, the carrying amount is considered to be the fair value and classified as Level 2 since the contract terms is short and the fair value approximates the carrying amount.

Notes on money held in trust by holding purpose are described in Note 5 "Money held in trust."

Trading assets and securities

The fair value of trading assets and securities are classified as Level 1 if the unadjusted quoted price in the active market is available. Principally, listed equity securities, national government bonds and listed investment trusts are classified in this category.

The fair value based on the published quoted price of inactive markets is classified as Level 2. Principally, local government bonds, corporate bonds, and housing loan mortgage-backed securities are classified in this category. In addition, for investment trusts with no transaction prices in the market, the standard value is considered to be the fair value and classified as Level 2 if there are no material restrictions that would require compensation for the risk from market participants with respect to cancelation or repurchase requests.

The fair value of private placement bonds is determined by discounting the sum of the principal and interest at a discount rate reflecting risk factors such as credit risk, etc. by each category based on internal rating and period, and is classified as Level 3, since such discount rate is unobservable.

Loans and bills discounted

The fair value of loans and bills discounted is determined by discounting future cash flows at an interest rate assumed in similar new loans by each category based on the type of loans, type of loan interest, certain period, and internal rating.

In addition, the fair value of claims against legally bankrupt, virtually bankrupt and possibly bankrupt borrowers approximates the amount obtained by deducting the amount of reserve for possible loans losses from the carrying amount on the fiscal closing date since bad debts are estimated based on the amount expected to be recoverable from collaterals, guarantees, etc. Accordingly, such amount is considered to be the fair value.

The fair value of loans whose payment due date is not set forth is assumed to approximate the carrying amount from a viewpoint of the estimated payment term, interest rate conditions, etc. Accordingly, the carrying amount is considered to be the fair value.

If the effects of unobservable inputs on the fair value is significant, the fair value is classified as Level 3, and if not, as Level 2.

Liabilities:

Deposits

The fair value of demand deposits is considered to be the payment amount (carrying amount) when required on the fiscal closing date. In addition, the fair value of time deposits is determined as the present value discounting future cash flows categorized by the type of deposit instruments and certain period. The interest rate applicable when accepting new deposits is used as the discount rate. Such fair value is classified as Level 2.

Borrowed money

The fair value of borrowed money is determined by discounting future cash flows at the interest rate assumed in similar new financing by type of financing. If the contract term is short, the carrying amount is considered to be the fair value since the fair value approximates the carrying amount.

If the effects of unobservable inputs on the fair value is significant, the fair value is classified as Level 3, and if not, as Level 2.

Derivatives:

With respect to derivatives, if the unadjusted quoted price in the active market is available, the fair value is classified as Level 1, and principally, bond futures and interest rate futures are included in this category.

However, most of derivatives are traded over the counter and published quoted price does not exist, and accordingly, the fair value is determined using the valuation techniques such as the present value method or Black-Scholes model according to the type of deals and the period until maturity.

Main inputs used in such valuation techniques include interest rate, foreign exchange rate, volatility, etc. Furthermore, price adjustment based on counterparty credit risk and credit risk of consolidated subsidiaries engaged in the banking business is performed. If unobservable inputs are not used, or the effects of such inputs are not significant, the fair value is classified as Level 2. Plain-vanilla type interest rate swaps, foreign exchange forward contracts are included in this category. If significant unobservable inputs are used, the fair value is classified as Level 3 and currency related derivatives and other (such as earthquake derivatives, etc.) are included in this category.

(Note 2) Information about Level 3 fair value of financial instruments measured at fair value

(1) Quantitative information on significant unobservable inputs

At March 31, 2024

Category	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities	Present value method	Discount rate	0.31%-7.89%	0.68%
Private placement bonds				

At March 31, 2025

Category	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities	Present value method	Discount rate	0.50%-6.00%	1.40%
Private placement bonds				

(2) Reconciliation from the beginning balances to the ending balances and gains or losses on valuation included in profit or loss for the period

	Millions of yen	
	Securities: Available-for-sale securities Private placement bonds	Derivatives: Currency related (*3)
March 31, 2024		
Beginning balance	¥54,411	¥(172)
Profit or loss or other comprehensive income:		
Recorded in profit or loss (*1)	(49)	170
Recorded in other comprehensive income (*2)	(163)	—
Net amount of purchases, sales, issuances, and settlements	2,660	—
Transfer into Level 3	—	—
Transfer out of Level 3	—	—
Ending balance	56,858	(1)
Gains or losses on valuation of financial assets and financial liabilities held at the consolidated balance sheet date included in profit or loss for the period (*1)	—	170

	Millions of yen	
	Securities: Available-for-sale securities Private placement bonds	Derivatives: Currency related (*3)
March 31, 2025		
Beginning balance	¥56,858	¥(1)
Profit or loss or other comprehensive income:		
Recorded in profit or loss (*1)	44	(5)
Recorded in other comprehensive income (*2)	(679)	—
Net amount of purchases, sales, issuances, and settlements	(5,067)	—
Transfer into Level 3	—	—
Transfer out of Level 3	—	—
Ending balance	51,155	(7)
Gains or losses on valuation of financial assets and financial liabilities held at the consolidated balance sheet date included in profit or loss for the period (*1)	—	(5)

March 31, 2025	Millions of U.S. dollars	
	Securities:	Derivatives:
	Available-for-sale securities	Currency related (*3)
Beginning balance	\$380	\$(0)
Profit or loss or other comprehensive income:		
Recorded in profit or loss (*1)	0	(0)
Recorded in other comprehensive income (*2)	(5)	—
Net amount of purchases, sales, issuances, and settlements	(34)	—
Transfer into Level 3	—	—
Transfer out of Level 3	—	—
Ending balance	342	(0)
Gains or losses on valuation of financial assets and financial liabilities held at the consolidated balance sheet date included in profit or loss for the period (*1)	—	(0)

(*1) Included in "Trading income" and "Other operating expenses" in the consolidated statement of income for the year ended March 31, 2024. Included in "Trading income," "Other operating income" and "Other operating expenses" in the consolidated statement of income for the year ended March 31, 2025.

(*2) Included in "Net unrealized holding gains (losses) on available-for-sale securities" under "Other comprehensive income" in the consolidated statement of comprehensive income.

(*3) Assets/liabilities and gains/losses arising from derivatives are presented in net amounts and net liabilities and net losses are presented with brackets.

(3) Description of valuation processes used for fair value measurements

The back office of the Group has established policies and procedures for measuring fair value and procedures for use of fair value assessment models. The middle office ensures appropriateness regarding whether such models, inputs used, and fair value resulting from the measurement are compliant with these policies and procedures. The back office determines the level of fair value based on the result of the confirmation. When quoted prices obtained from third parties are used as the fair value, the appropriateness of such prices is verified by appropriate methods such as valuation techniques used and identification of inputs.

(4) Description of sensitivity of the fair value measurement to changes in significant unobservable inputs

The discount rate is an adjustment rate for standard market interest rates such as TIBOR and swap rates and primarily comprises risk premium which is remuneration required by market participants on uncertainties of cash flows of financial instruments arising from credit risk. In general, a significant increase (decrease) in the discount rate will result in a significant decline (increase) in fair value.

23 Stock options

1. No stock option expense was recorded for the year ended March 31, 2025.

2. Outline, size and changes of stock options in the year ended March 31, 2025

(1) Outline of stock options

	Hirogin Holdings, Inc. 1st stock options	Hirogin Holdings, Inc. 2nd stock options	Hirogin Holdings, Inc. 3rd stock options
Persons to whom stock options are granted	Director of the Bank: 1	Director of the Bank: 1	Director of the Bank: 1
Type and number of shares	Common stock: 15,800	Common stock: 16,750	Common stock: 38,100
Date of rights granted	July 28, 2010	July 27, 2011	July 27, 2012
Condition for vesting	Not applicable	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable	Not applicable
Period for exercise of stock options	From October 1, 2020 to July 28, 2040	From October 1, 2020 to July 27, 2041	From October 1, 2020 to July 27, 2042
	Hirogin Holdings, Inc. 4th stock options	Hirogin Holdings, Inc. 5th stock options	Hirogin Holdings, Inc. 6th stock options
Persons to whom stock options are granted	Director of the Bank: 1	Director of the Bank: 1	Director of the Bank: 1
Type and number of shares	Common stock: 22,650	Common stock: 25,650	Common stock: 18,000
Date of rights granted	July 25, 2013	July 30, 2014	July 31, 2015
Condition for vesting	Not applicable	Not applicable	Not applicable
Eligible service period	Not applicable	Not applicable	Not applicable
Period for exercise of stock options	From October 1, 2020 to July 25, 2043	From October 1, 2020 to July 30, 2044	From October 1, 2020 to July 31, 2045
	Hirogin Holdings, Inc. 7th stock options		
Persons to whom stock options are granted	Directors of the Bank: 2		
Type and number of shares	Common stock: 34,500		
Date of rights granted	July 29, 2016		
Condition for vesting	Not applicable		
Eligible service period	Not applicable		
Period for exercise of stock options	From October 1, 2020 to July 29, 2046		

Notes: 1. As the Company was incorporated through a sole-share transfer of the Bank, the Company's stock acquisition rights were granted to the holders of stock acquisition rights issued by the Bank.

2. The number of stock options is converted to the number of shares.

3. Date of rights granted refers to the initial date of rights granted by the Bank.

(2) Size and changes of stock options

a. Number of stock options (converted to number of shares) for the year ended March 31, 2025

	Hirogin Holdings, Inc. 1st stock options	Hirogin Holdings, Inc. 2nd stock options	Hirogin Holdings, Inc. 3rd stock options	Hirogin Holdings, Inc. 4th stock options	Hirogin Holdings, Inc. 5th stock options	Hirogin Holdings, Inc. 6th stock options	Hirogin Holdings, Inc. 7th stock options
Non-vested:							
Outstanding at April 1, 2024	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	—
Outstanding at March 31, 2025	—	—	—	—	—	—	—
Vested:							
Outstanding at April 1, 2024	15,800	16,750	38,100	22,650	25,650	18,000	34,500
Vested	—	—	—	—	—	—	—
Exercised	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Outstanding at March 31, 2025	15,800	16,750	38,100	22,650	25,650	18,000	34,500

b. Price information for the year ended March 31, 2025

	Hirogin Holdings, Inc. 1st stock options		Hirogin Holdings, Inc. 2nd stock options		Hirogin Holdings, Inc. 3rd stock options		Hirogin Holdings, Inc. 4th stock options	
	Yen	U.S. dollars						
Exercise price	¥ 1	\$0.01	¥ 1	\$0.01	¥ 1	\$0.01	¥ 1	\$0.01
Average exercise price	—	—	—	—	—	—	—	—
Fair value at the granted date	652	4.36	644	4.31	446	2.98	820	5.48

	Hirogin Holdings, Inc. 5th stock options		Hirogin Holdings, Inc. 6th stock options		Hirogin Holdings, Inc. 7th stock options	
	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars
Exercise price	¥ 1	\$0.01	¥ 1	\$0.01	¥ 1	\$0.01
Average exercise price	—	—	—	—	—	—
Fair value at the granted date	914	6.11	1,346	9.00	654	4.37

(3) Method of estimating number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to reasonably estimate the number of stock options that will be forfeited in the future.

24 Other comprehensive income

Reclassification adjustments and the related income taxes and tax effects concerning other comprehensive income for the years ended March 31, 2024 and 2025 were as follows:

	Millions of yen			Millions of U.S. dollars
	2024	2025	2025	
Net unrealized holding gains (losses) on available-for-sale securities:				
Amount arising during the period	¥ 54,372	¥(61,531)	\$(412)	
Reclassification adjustments	(7,409)	(101)	(1)	
Before adjustments for income taxes and tax effect	46,963	(61,632)	(412)	
Amount of income taxes and tax effect	(14,511)	19,196	128	
Net unrealized holding gains (losses) on available-for-sale securities	32,452	(42,436)	(284)	
Net deferred gains (losses) on hedging instruments, net of tax:				
Amount arising during the period	(13,636)	(9,014)	(60)	
Reclassification adjustments	10,465	9,913	66	
Before adjustments for income taxes and tax effect	(3,170)	899	6	
Amount of income taxes and tax effect	982	(278)	(2)	
Net deferred gains (losses) on hedging instruments, net of tax	(2,187)	620	4	
Remeasurements of defined benefit plans:				
Amount arising during the period	135	(9,902)	(66)	
Reclassification adjustments	(8,732)	(736)	(5)	
Before adjustments for income taxes and tax effect	(8,596)	(10,639)	(71)	
Amount of income taxes and tax effect	2,665	3,298	22	
Remeasurements of defined benefit plans	(5,931)	(7,340)	(49)	
Total other comprehensive income	¥ 24,332	¥(49,156)	\$(329)	

25 Per share information

Per share information at March 31, 2024 and 2025 for the years then ended is as follows:

	Yen		U.S. dollar
	2024	2025	2025
Net assets per share	¥1,760.62	¥1,679.10	\$11.23
Net income per share	90.35	118.55	0.79
Diluted net income per share	90.30	118.49	0.79

Notes:

1. Net assets per share is computed based on the following information:

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Net assets	¥535,249	¥504,636	\$3,375
Amounts to be deducted from net assets	269	226	2
(Of which, stock acquisition rights)	126	126	1
(Of which, non-controlling interests)	142	100	1
Net assets at March 31 attributable to common stock	¥534,979	¥504,409	\$3,374
Number of shares (in thousands)			
	2024	2025	
Number of shares of common stock at end of the year which was used to compute net assets per share	303,857	300,404	

2. Net income per share and diluted net income per share is computed based on the following information:

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Net income per share:			
Net income attributable to owners of the parent	¥27,691	¥35,835	\$240
Net income not attributable to common shareholders	—	—	—
Net income attributable to owners of the parent of common stock	¥27,691	¥35,835	\$240
Number of shares (in thousands)			
	2024	2025	
Average number of shares of common stock outstanding during the year	306,484	302,258	

	Millions of yen		Millions of U.S. dollars
	2024	2025	2025
Diluted net income per share:			
Adjustment to net income attributable to owners of the parent	¥—	¥—	\$—
Number of shares (in thousands)			
	2024	2025	
Number of shares of common stock that increased during the year	171	171	
(Of which, stock acquisition rights)	171	171	

3. The Company's shares held by The Master Trust Bank of Japan, Ltd. (officer compensation BIP trust account: 76,131 units and ESOP trust account: 76,905 units) are accounted for as treasury stock in the consolidated financial statements and, thus, such shares are not included in "Number of shares of common stock at end of the year which was used to compute net assets per share" and "Average number of shares of common stock outstanding during the year."

The number of shares of the treasury stock at March 31, 2024 and 2025 and the average number of shares of the treasury stock during the years were 4,715 thousand shares and 3,719 thousand shares, respectively and 3,437 thousand shares and 4,158 thousand shares, respectively.

26 Significant subsequent events

(Purchase of treasury stock)

At the Board of Directors' meeting held on May 12, 2025, the Company resolved the following matters pertaining to the purchase of treasury stock, pursuant to the provisions of Article 156 of the Companies Act as applied mutatis mutandis pursuant to the provisions of Article 165, Paragraph 3 of the same act.

1. Reason for purchase of treasury stock

In order to enhance corporate value through the improvement of capital efficiency, while comprehensively considering performance trends, market conditions, etc. with maintaining the Company's consolidated capital adequacy ratio of approximately 11%, based on the Company's "Shareholder Return Policy."

2. Details of purchase

(1) Class of shares subject to purchase
Common stock

(2) Total number of shares to be purchased

6,000,000 shares (Maximum)
(Percentage of total number of shares issued (including treasury stock) as of June 18, 2025: approximately 2.0%)

(3) Total purchase amount

¥5,000 million (\$33 million) (Maximum)

(4) Purchase period

From May 15, 2025 to March 31, 2026

(Cancellation of treasury stock)

At the Board of Directors' meeting held on May 12, 2025, the Company resolved the following matters pertaining to the cancellation of treasury stock pursuant to the provisions of Article 178 of the Companies Act. The cancellation was completed on May 26, 2025.

(1) Class of shares cancelled

Common stock

(2) Total number of shares cancelled

3,447,700 shares

(Percentage of total number of shares issued before cancellation: 1.12%)

(3) Date of cancellation

May 26, 2025

Non-Consolidated Balance Sheets

THE HIROSHIMA BANK, LTD.
As of March 31, 2024 and 2025

	Millions of yen		Millions of U.S. dollars (Note)
	2024	2025	2025
ASSETS			
Cash and due from banks	¥ 2,838,661	¥ 1,725,605	\$11,541
Call loans and bills purchased	50,355	63,746	426
Monetary claims bought	6,793	6,759	45
Trading assets	6,956	8,645	58
Money held in trust	10,487	22	0
Securities	1,779,230	1,912,350	12,790
Loans and bills discounted	7,745,781	7,984,257	53,399
Foreign exchanges	7,064	8,027	54
Other assets	116,239	146,370	979
Tangible fixed assets	106,294	105,251	704
Intangible fixed assets	12,818	15,442	103
Prepaid pension cost	44,671	52,218	349
Deferred tax assets	—	16,456	110
Customers' liabilities for acceptances and guarantees	43,744	55,398	371
Reserve for possible loan losses	(48,929)	(36,235)	(242)
Total assets	¥12,720,169	¥12,064,317	\$80,687
LIABILITIES AND NET ASSETS			
Liabilities:			
Deposits	¥ 9,399,588	¥ 9,471,989	\$63,349
Call money	819,300	—	—
Payables under repurchase agreements	196,778	249,066	1,666
Deposits received for bonds lending/borrowing transactions	301,697	310,909	2,079
Trading liabilities	4,443	6,122	41
Borrowed money	1,360,488	1,419,325	9,493
Foreign exchanges	661	1,172	8
Due to trust account	56	79	1
Other liabilities	89,055	77,769	520
Reserve for reimbursement of deposits	1,827	1,668	11
Reserve for point loyalty programs	150	175	1
Reserve for stock payments	889	774	5
Deferred tax liabilities	2,985	—	—
Deferred tax liabilities for land revaluation reserve	12,899	12,719	85
Acceptances and guarantees	43,744	55,398	371
Total liabilities	¥12,234,566	¥11,607,174	\$77,630
Net Assets:			
Common stock:			
Authorized – 1,000,000,000 shares	¥ 54,573	¥ 54,573	\$ 365
Issued – 312,370,921 shares in 2024 and 2025			
Capital surplus	30,634	30,634	205
Retained earnings	348,889	362,630	2,425
Total stockholders' equity	¥ 434,098	¥ 447,838	\$ 2,995
Net unrealized holding gains (losses) on available-for-sale securities	¥ 23,931	¥ (18,496)	\$ (124)
Net deferred gains on hedging instruments	1,303	1,923	13
Land revaluation reserve	26,269	25,877	173
Total valuation and translation adjustments	¥ 51,504	¥ 9,304	\$ 62
Total net assets	¥ 485,602	¥ 457,143	\$ 3,057
Total liabilities and net assets	¥12,720,169	¥12,064,317	\$80,687

Note: The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to U.S. \$1.00. Such translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Non-Consolidated Statements of Income

THE HIROSHIMA BANK, LTD.
Years ended March 31, 2024 and 2025

	Millions of yen		Millions of U.S. dollars (Note)
	2024	2025	2025
Income:			
Interest income:			
Interest on loans and discounts	¥ 82,751	¥ 91,544	\$ 612
Interest and dividends on securities	21,339	28,713	192
Other interest income	3,575	4,580	31
Trust fees	175	149	1
Fees and commissions	25,928	28,054	188
Trading income	1,328	1,586	11
Other operating income	7,206	4,685	31
Other income	19,031	9,349	63
Total income	¥161,337	¥168,662	\$1,128
Expenses:			
Interest expenses:			
Interest on deposits	¥ 4,107	¥ 10,518	\$ 70
Interest on borrowings and rediscounts	10,622	13,563	91
Other interest expenses	18,770	14,777	99
Fees and commissions	10,827	10,997	74
Other operating expenses	8,363	9,204	62
General and administrative expenses	51,111	56,980	381
Other expenses	20,221	6,026	40
Total expenses	¥124,024	¥122,068	\$ 816
Income before income taxes	¥ 37,312	¥ 46,594	\$ 312
Income taxes:			
Current income taxes	¥ 15,849	¥ 14,350	\$ 96
Deferred income taxes	(5,063)	(704)	(5)
Total income taxes	¥ 10,786	¥ 13,646	\$ 91
Net income	¥ 26,525	¥ 32,948	\$ 220

Note: The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to U.S. \$1.00. Such translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Major Shareholders

(As of March 31, 2025)

Shareholders	Number of shares (Thousand)	Ratio of the number of shares owned to the total number of shares issued (excluding treasury stock) (%)
Master Trust Bank of Japan, T.	40,042	13.15
Custody Bank of Japan, T.	19,638	6.45
Meiji Yasuda Life Insurance	8,204	2.69
Sompo Japan Insurance	7,500	2.46
CP Chemical Inc.	7,463	2.45
Sumitomo Life Ins.	6,038	1.98
Hirogin Holdings For Employee Stock Ownership Plans	5,873	1.93
The Bank of Fukuoka	4,833	1.58
Nippon Life Ins.	3,862	1.26
JP MORGAN CHASE BANK 385781	3,850	1.26

*1 Numbers of shares less than one thousand have been omitted.

*2 Percentage of shares issued is rounded down at the second decimal place.

*3 Shareholding ratio is calculated by deducting treasury stock (4,454 shares).

Stock Information

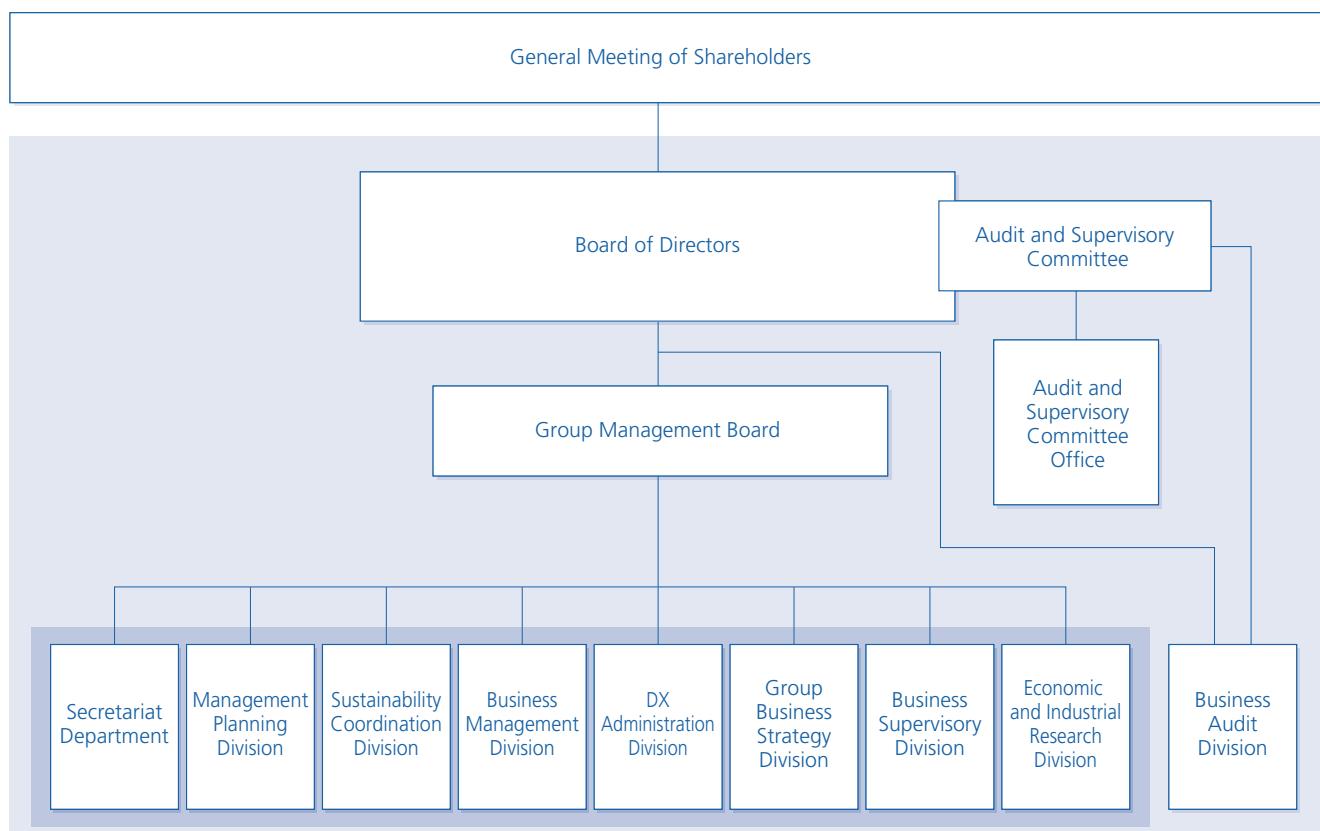
(As of March 31, 2025)

Number of Shares Authorized	1,000,000 thousand
Number of Shares Issued	304,321 thousand (excluding treasury stock (4,454 shares))
Number of Shareholders	102,499

Organization

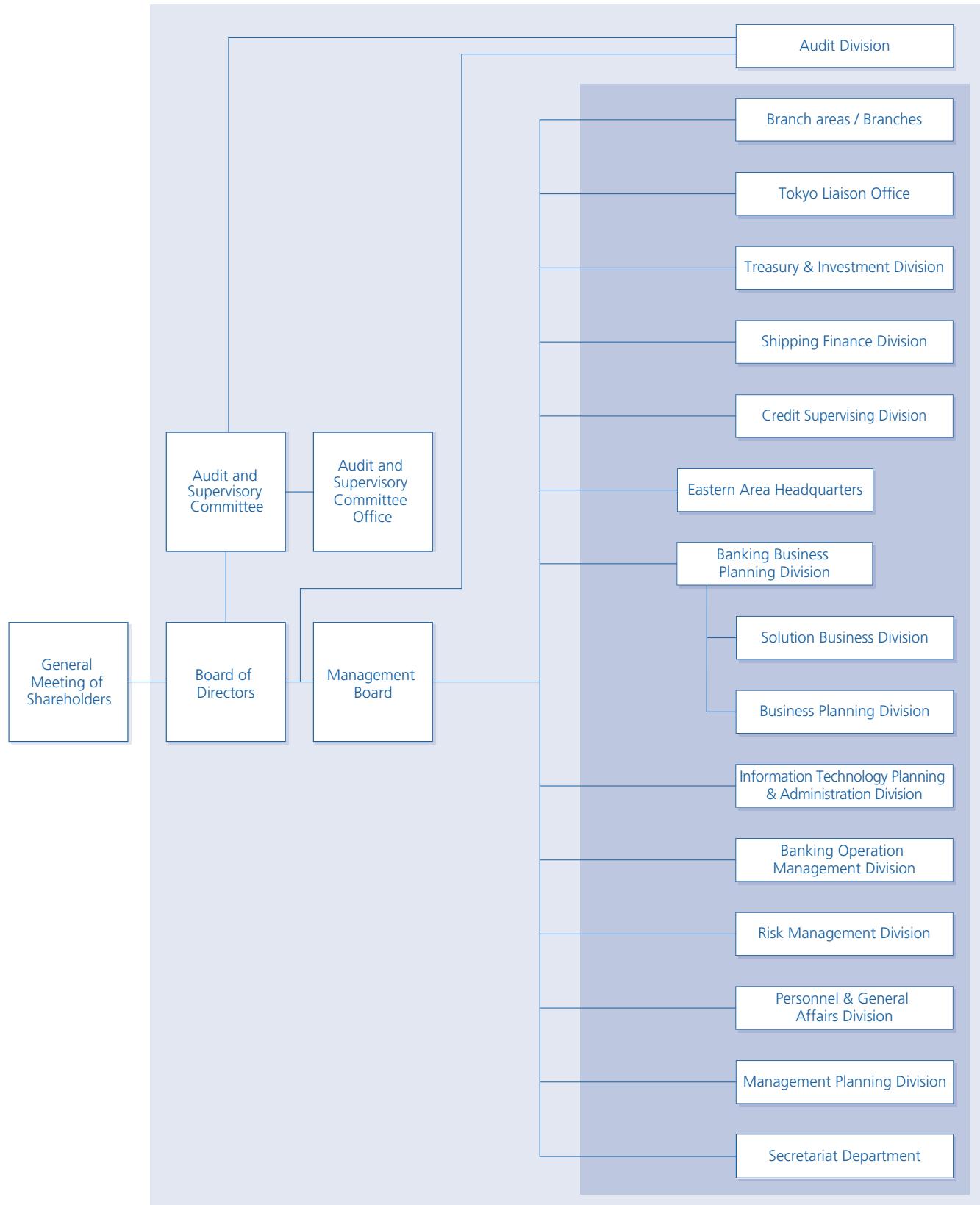
HIROGIN HOLDINGS

(As of April 1, 2025)



Organization

HIROSHIMA BANK
(As of April 1, 2025)





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