

Hirogin Holdings, Inc. Summary of Q&A – Investor Briefing
May 25, 2026

Q1. Looking back on your tenure, could you share what you feel you have accomplished, as well as what remains unfinished or still needs to be addressed?

A1. (President Heya)

With respect to last fiscal year's results and progress toward the final year of the Medium-Term Management Plan, we are still only halfway there, and personally I would like to aim even higher.

At the same time, we have been proactive in investing in human capital, and we are seeing steady changes in employee mindset across the organization. That said, my sense is that around 70% of employees have embraced these changes positively, while some still retain more traditional ways of thinking. How we expand this momentum across the entire organization remains one of our key challenges going forward.

Q2. With inflation progressing, there is a possibility of increased lending demand as well as withdrawals from deposits. Could you comment on recent trends and the company's capacity to respond from both a funding and capital perspective?

A2. (Senior Managing Executive Officer Hiroe)

In our core regional markets, appetite for capital investment remains very strong, and this is contributing to growth in our loan balance. On the other hand, we are seeing some movement in deposits, particularly among individual customers, reflecting increased spending associated with inflation. As a result, there is currently some gap between loan growth and deposit growth. However, at this point, we believe we maintain sufficient flexibility from both a funding and capital perspective to respond appropriately. That said, if this trend continues over a prolonged period, it could begin to affect our funding environment, as you indicated. We will continue to monitor developments closely and respond flexibly as needed. For the time being, we remain focused on securing stable deposits while implementing measures tailored to the needs of both individual and corporate customers. In addition, we recognize the importance of diversifying funding sources. Alongside short-term market funding, and given bond issuance last year, we believe bond issuance could also become one of our funding options going forward.

Q3. There appears to be accelerating consolidation and management integration across the regional banking sector. How do you view this trend?

A3. (Senior Managing Executive Officer Hiroe)

Population decline is progressing particularly in regional areas, and it is difficult to deny

the possibility that the market may shrink over the medium to long term. In that sense, we recognize that industry consolidation or management integration could emerge as a realistic development at some point in the future. That said, there are currently no specific discussions or plans under consideration at our company regarding consolidation or business integration. We view industry consolidation as one possible strategic option for the future. For now, however, our priority is to continue pursuing growth independently and enhancing our corporate value through our own efforts.

Q4. Regarding future balance sheet management, you expect business loans to grow at around 6% annually. In which areas do you plan to drive this growth? Also, as loan growth continues, deposit accumulation will become increasingly important. Could you explain how you are thinking about loan growth and overall loan-deposit management?

A4. (Senior Managing Executive Officer Hiroe)

Business lending in our home market will continue to be a key focus. In addition to supporting regional economic activity through financing, expanding lending locally also contributes to deposit growth by broadening customer relationships. We also intend to continue leveraging our strengths in areas with strong funding demand, including ship finance and regional development finance. Through these initiatives, we believe the approximately 6% annual growth rate currently assumed for business loans can be maintained going forward. In addition, while maintaining our regional focus, we will continue to selectively pursue structured finance opportunities such as LBO financing in metropolitan areas where appropriate, while maintaining a balanced and profitable loan portfolio.

Q5. Under the fully phased-in Basel III finalization basis, your capital ratio may remain slightly below the 10% level you are targeting. Given this, and with ROE expected to improve as policy rates rise, should investors expect a similar level of shareholder return going forward?

A5. (Senior Managing Executive Officer Hiroe)

Regarding capital policy, as we explained at the time of last year's bond issuance, we are managing our capital while incorporating the impact of Basel III finalization, with a capital ratio of around 10% as one benchmark. As a bank, maintaining soundness remains a fundamental priority, and we intend to continue operating with that level firmly in mind. At the same time, capital exceeding that benchmark may be allocated not only to growth investments but also to shareholder returns, which we regard as an important strategic option. As for shareholder returns, our current basic policy remains a dividend payout ratio of 40%. In addition, depending on capital accumulation and other factors, we intend to continue executing share buybacks in a flexible and timely manner. As the

market has increasingly recognized both the benefits of rising interest rates and our strategic initiatives, our share price has risen to a level where PBR of 1x is now within sight. Against this backdrop, we are increasingly focused not only on share buybacks but also on enhancing returns through dividends. While it is difficult to comment on specific future return levels at this stage, our approach toward shareholder returns remains unchanged, and we intend to continue enhancing returns while keeping current levels in mind.

Q6. From the perspective of employees working on the front line, which of the company's human capital initiatives have been most effective? Also, what do you believe will be important in further improving employee engagement and fostering a culture of challenge?

A6. (Employee A)

One initiative I have found particularly impactful is the internal internship program. Even younger employees who may still feel they lack sufficient knowledge or experience are able to raise their hand and participate in opportunities like this, which I think is extremely meaningful. It makes me feel that the company genuinely provides opportunities for challenge and growth to younger employees, and that this culture is becoming more deeply rooted. At the same time, one challenge is that those who actively take on challenges can still be somewhat concentrated among a limited group of employees. If more employees across the organization were encouraged and supported to step forward without fear of failure, I believe the organization would become even stronger.

(Employee B)

One initiative that I feel has been particularly effective is the reverse mentoring program, which creates opportunities for dialogue with senior management. In the past, there was perhaps a stronger tendency to work toward goals or policies set by management or headquarters. Today, however, employees are increasingly thinking independently, understanding the company's direction, and translating that into their own actions. I feel this shift has had a positive impact on day-to-day operations. To further enhance engagement and a culture of challenge, I believe it is important that the mindset of "it's a waste not to challenge yourself" becomes more widespread throughout the organization. The environment where the company listens when employees raise their hand and provides opportunities is already taking shape, and I think it is important for younger employees to make the most of those opportunities.

(Employee C)

I feel that opportunities to gain experiences outside of day-to-day work, such as the internal internship program and reverse mentoring, have contributed significantly to building a culture of challenge. These “non-routine” experiences provide major opportunities for growth. Going forward, I believe it will be increasingly important to create a workplace environment where we listen carefully to the goals and aspirations of younger employees and junior colleagues, and work together to identify what they can do now to achieve those goals. As someone in a mid-career position myself, I would like to continue supporting junior colleagues so they can take on challenges with confidence.

(Additional comment from President Heya)

I would like to add one point. Enhancing employee engagement and fostering a stronger culture of challenge is also an important issue for us as management. While some employees actively step forward and take on new challenges, others still hesitate to take the first step. How we can support those employees is something we see as particularly important. We want to create an environment where employees can easily speak with colleagues who have already taken part in these programs, lowering the psychological barriers to challenge. By strengthening systems that support employees across the organization, we hope to turn each person’s desire to “give it a try” into action and further broaden the culture of challenge.

Q7. While the final-year targets in the Medium-Term Management Plan were revised upward, the target for corporate solutions remained unchanged at JPY 11 billion. Given loan growth and revised assumptions for policy interest rates, why was the corporate solutions target left unchanged?

A7. Corporate solutions revenue mainly consists of fee-based income from services such as M&A advisory, business succession support, and derivatives, and therefore has a different earnings structure from lending income. In addition, the JPY 11 billion target itself was set as a highly ambitious target from the outset. For this reason, we did not revise the target in the latest Medium-Term Management Plan review. That said, while JPY 11 billion remains the baseline target, we intend to continue aiming higher and pursuing further upside beyond that level.

Q8. How would you describe your own strengths as a manager and leader?

A8. (Senior Managing Executive Officer Hiroe)

Under the current leadership structure with President Heya and Senior Managing Executive Officer Kiyomune, my first priority is to steadily carry forward the direction and momentum that has been built to date. We believe ours is fundamentally a people-centered organization, and that the company’s growth depends on enabling

every employee to fully demonstrate their capabilities. For that reason, I see my role as maintaining close communication with employees and helping foster a corporate culture in which each person feels encouraged to take on challenges and contribute actively. Going forward, I hope to continue engaging in open dialogue both internally and externally as we work toward sustainable growth and further enhancement of corporate value.

Q9. A question for the employees on the panel: What has been the most challenging part of your work since joining the company, and how did you overcome it?

A9. (Employee A)

Even within corporate banking, the needs of each client and the nature of the work can differ significantly depending on the customer. Because of that, I often struggled with determining what to prioritize and how best to approach dialogue with clients. That has been the most challenging part of my work since joining the bank. To overcome this, I made a conscious effort to thoroughly report, communicate, and consult with my supervisors and senior colleagues, learning step by step through their advice and guidance. Through that process, I have gradually become more comfortable in my role and increasingly confident in handling client interactions.

(Employee B)

The most challenging work I have experienced was supporting a subsidy application project. I was involved in a large-scale investment project of approximately JPY 10 billion, and worked closely with the client through multiple revisions to the business plan before ultimately achieving approval. It was a highly demanding assignment, but seeing it through to completion gave me a strong sense of personal growth. As I was still relatively early in my career, I relied heavily on support from specialized teams at headquarters throughout the process. I believe one of the bank's greatest strengths is the depth of expertise available within those headquarters teams, particularly in the corporate solutions area. Leveraging that support, I continue to work on solving clients' management challenges today.

(Employee C)

The area I find most challenging is continuing to deepen the quality of dialogue with clients. Previously, many conversations centered primarily on financing needs. However, since the establishment of the holding company structure in 2020, the range of services we can offer as a group has expanded significantly. As a result, discussions with clients increasingly go beyond financing and extend to broader management and business issues. This requires us to develop a deeper understanding of each client's business environment and industry position, and to engage with management from the same

perspective. Continuing to strengthen that capability is currently my biggest challenge.

Q10. If the terminal policy rate reaches around 1.5%, borrowers' interest burden may rise, which could make it more difficult to secure lending spreads commensurate with credit risk. In such an environment, would it still be possible to maintain appropriate loan pricing and secure profitability?

A10. As you pointed out, in a rising interest rate environment, negotiations with clients over loan terms become more frequent, and there may be situations where securing spreads commensurate with credit risk becomes more challenging. Against this backdrop, we will continue to carefully assess the profitability of each transaction based on our internal benchmarks, while working to ensure appropriate loan pricing. We recognize this as an important ongoing issue and will continue to address it carefully going forward.