

Summary of Small Meeting on June 17, 2026

Q&A

Q1: You are planning a ship finance balance of 1.3 trillion yen for the fiscal year ending March 31, 2029. What is the feasibility of this?

A1: We believe the probability of achieving this is high. The background is that global demand for ship replacement is in full swing, and in addition, due to the recent rise in geopolitical risks, there is an increasing number of cases where traditional shipping routes cannot be used, leading to longer transport distances. As a result, the number of ships required for transport is increasing, and the demand for funds from shipowners is extremely strong. We are receiving numerous project consultations, and we are not in a situation where we are concerned about a lack of projects. Therefore, we recognize that the plan for 1.3 trillion yen is at a level that is fully achievable.

Q2: With strong demand for ship finance, are there any bottlenecks?

A2: There are no major bottlenecks at this time. Due to rising ship prices and the trend toward larger vessels, the loan amount per ship is increasing. For this reason, credit concentration risk may become an issue in the future. However, at present, we are not in a situation where we are missing out on deals due to constraints on capital adequacy ratios or foreign currency funding. We selectively engage in deals by comprehensively assessing ship values, operator creditworthiness, spreads commensurate with risk, and the financial condition and capital contribution capacity of shipowners, while carefully evaluating profitability and risk.

Q3: How do you perceive the strengths and challenges of the Hirogin Group?

A3: The strength of our Group lies in our corporate solution capabilities, which are rooted in the business potential evaluations we have cultivated over many years. Hiroshima Bank was a pioneer in business potential evaluations, prioritizing dialogue with clients based not only on financial information, but also on their business content and future prospects. In particular, in our transactions with regional companies, including those in the automotive industry, we take pride in our track record of grasping the actual conditions of companies that cannot be fully judged by balance sheets and income statements alone, and connecting this to both financial and non-financial support. Based on these relationships, we believe our strength lies in our ability to provide a wide range of solutions by leveraging the functions of each Group company, extending beyond lending to include M&A, business succession, human resource referrals, and DX support. On the other hand, a challenge we face is improving the profitability of our securities portfolio. While we have been reviewing our portfolio, there is still room to further enhance our earning power. We believe that steadily improving this area will lead to an increase in the profitability of the entire Hirogin Group.

Q4: To what extent do you anticipate the expansion of funding demand from semiconductor-related companies?

A4: We believe that the economic ripple effects from large-scale investments, centered on Micron Memory Japan, will be very significant. On the other hand, as Micron Memory Japan is a foreign-affiliated company with a global funding structure and access to government subsidies, the scope for our direct involvement in financing is limited. However, there is a possibility that the entry of supplier companies and their capital investments will gain momentum in the future. In particular, if movements emerge where overseas primary suppliers collaborate with local companies when entering the market, we can expect funding and solution demand, including from secondary suppliers. While we are not at a stage where we can provide specific figures at this time, we believe there is a possibility that we will be able to show specific deals and results within the next few years, and we will continue to advance our efforts.

Q5: Are semiconductor-related suppliers already present in Hiroshima Prefecture? Do you expect them to enter from outside the prefecture or from overseas in the future?

A5: The primary suppliers we currently anticipate are mainly overseas companies. Micron Memory Japan also has bases in Singapore and Taiwan, and we see the possibility that overseas suppliers with whom they have business relationships at those bases may do business in Hiroshima. We intend to support local companies in becoming involved as secondary suppliers by facilitating matching between such overseas suppliers and domestic companies, preferably local ones. Unlike the structure in Kumamoto Prefecture, where major domestic manufacturers are doing business on a large scale, we have high expectations for

the entry of overseas suppliers and their collaboration with local companies.

Q6: You have raised the annual growth rate target for business loan balances to 6%. What is the feasibility of this?

A6: We recognize that the 6% annual growth target is a level that is fully achievable. We raised the annual growth target based on the strong growth in business loan balances we have seen recently. However, our policy going forward is not simply to accumulate balances, but to focus on highly profitable loans. In a low-interest-rate environment, expanding the balance sheet itself was important for securing earnings, but in a world with interest rates, loan growth accompanied by quality—that is, profitability—becomes important. In that sense, achieving 6% annual growth while ensuring profitability is not easy, but we have set it as an achievable target.

Q7: What is your view on the feasibility of the 2% annual growth target for deposits?

A7: We recognize that 2% annual growth in deposits is a very ambitious target. Current personal deposits are not reaching 2%, and with increased payments due to rising prices, the pressure for deposit outflows is intensifying. On the other hand, the inflow of funds to households is increasing due to wage growth, and it is important to capture these funds securely. Specifically, we are strengthening inheritance-related services such as testamentary trusts, developing branches where customers can consult on housing loans, deposits, and investments even on holidays, and strengthening payment infrastructure using apps. Regarding deposit acquisition, there is no silver bullet, but by accumulating these measures, we aim to curb deposit outflows and capture fund inflows, thereby achieving our target.

Q8: What are the strengths of the Hirogin Group outside of Hiroshima Prefecture?

A8: In addition to Hiroshima Prefecture, our Group has the "four local prefectures" of Okayama, Yamaguchi, and Ehime as our primary business base. Even outside of Hiroshima Prefecture, our Group's strength lies in our corporate solution capabilities that do not rely solely on loan interest rates. Specifically, we are capable of making a wide range of proposals, including M&A, business succession, personnel placement, and DX support, involving our group companies. In competition with other banks, we are differentiating ourselves not through simple interest rate competition, but through the breadth and quality of these solutions. Even outside the prefecture, we have been able to build relationships, including main bank transactions, with clients who value our Group's proposal capabilities. We will continue to pursue loan growth in the four local prefectures by providing high-value-added proposals, rather than by excessively lowering interest rates.

Q9: What are the factors behind the high loan growth in Ehime Prefecture?

A9: The primary factor is ship finance. Imabari City in Ehime Prefecture forms one of the leading maritime clusters in Japan, with a high concentration of shipowners and shipbuilding-related companies. Based on these regional characteristics, we have been focusing our efforts on ship finance. Currently, against the backdrop of demand for ship replacements and rising ship prices, the demand for ship finance is extremely strong, which is driving the high growth in loan balances in Ehime Prefecture.

Q10: Regarding the capital adequacy ratio, is there a possibility of raising the target from around 10% to around 11% in the future?

A10: At this time, we are considering a capital adequacy ratio of around 10% as a guideline. If the interest rate environment or regulatory environment changes significantly and it is determined that a thicker capital buffer is necessary, there is a possibility that we will review our target level in the future. However, we believe that maintaining a level of around 10% at this time allows us to balance growth investment, shareholder returns, and financial soundness. Therefore, we are not considering raising the capital adequacy ratio target to around 11% at this stage.

Q11: Could you tell us about the current status of time deposits and your future policy?

A11: We expect time deposits to increase going forward. Until now, we have been in an environment where interest rates were almost zero, so liquid deposits were the mainstay. However, as we transition to a world with interest rates, customer interest in time deposits is rising. That said, we do not intend to rely excessively on high-interest-rate competition. While we do offer certain interest rates for campaigns aimed at attracting funds from other banks, we are responding to shifts from existing liquid deposits to time deposits through product designs that leverage our regional characteristics. For example, we are developing deposit products that are supported by local customers, such as products that offer additional

interest based on the performance of the Hiroshima Toyo Carp or Sanfrece Hiroshima FC. We are constantly monitoring the campaign trends of neighboring banks, but we have not confirmed any significant outflow of deposits at this time. We will continue to respond appropriately while monitoring market conditions and the competitive landscape.

Q12: How is interest rate risk managed in ALM regarding long-term time deposits?

A12: When we solicited 3-year time deposits, we utilized interest rate swaps to mitigate interest rate risk. While holding funds raised at a fixed interest rate might prove more advantageous in some cases, we prioritize keeping interest rate risk close to neutral in our ALM operations. Going forward, as time deposits increase, we intend to appropriately control interest rate risk while monitoring the balance between investment and funding.