

June 17, 2025

Summary of Q&A Session of Financial Results Presentation Meeting of Senshu Ikeda Holdings, Inc. for the Fiscal Year Ended March 31, 2025

This is a summary of the Q&A session at the financial results presentation meeting held on Tuesday, June 3, 2025.

Q: Regarding the revision of the Fifth Medium-Term Business Plan Plus, I believe it has been revised upward relative to the original targets in part because of the rise in interest rates. Please tell us if there are any factors other than interest rates that are better than anticipated. In addition, a net income target of 22.0 billion yen was specified in the next medium-term business plan. Although you are assuming that the Bank of Japan's policy rate will rise to 0.75%, this alone will not make it possible to reach 22.0 billion yen. What initiatives do you think will be important in the next medium-term business plan with regard to factors other than interest rates?

A: To date, we have developed our revenue plans in a manner that does not incorporate policy rates that have not been determined. The revenue plan for FY2025 assumes that the current policy rate of 0.5% will be maintained, and if the policy rate increases, this will have a positive impact on revenue.

We have long engaged in firm risk control. Going forward, we will take our risk-taking a step further, albeit while considering risk balance. We have established a system to provide business loans not only to small but also to medium and large enterprises. We look forward to seeing the results of these efforts from this point forward. With regard to housing loans, we will be proactive with such products in terms of acquiring liquid deposits.

In addition, amid rising long-term interest rates, investment yields on securities will rise and valuation losses will increase in parallel, but compared to other regional banks, interest on securities is not as high as it should be, and we are gradually building up our securities balances.

In this way, we intend to boost revenue in our overall asset portfolio.

Q: Regarding RORA by business division, that for housing loans is expected to decline. Please tell us why RORA would decline while interest rates are rising.

A: We are not intentionally trying to lower RORA. The underlying reason is that in a highly competitive market, the more risk assets one accumulates, the more difficult it is to secure interest rates. A recent characteristic of the market is that property prices are rising, so housing loan amounts, including expenses, are increasing. This is another factor pushing up risk assets.

Q: Personal deposits are declining. You mentioned that you will acquire liquid deposits through housing loans, but please tell us about your deposit strategy going forward.

A: As of the end of September last year, total deposits began to decline compared to the previous year. Until then, we had not offered much in the way of deposit interest rates and had taken a relaxed attitude toward the matter. We revised our stance in this area and initiated a strategy that is cognizant of other banks in the second half of last year. Even with increased interest rates on personal time deposits, it would be difficult for us to compete with online banks. Rather than offering interest rates that exceed those of online banks, we are doing those things that a brick-and-mortar bank can do and are utilizing mechanisms such as over-the-counter sales as well as housing loans while also offering deposit interest rates to a certain degree. In addition, as assets in custody, we view individual time deposits as an option alongside investment trusts and insurance and will be engaging in B2C sales efforts. In the end, we collect deposits basically as a means to procure capital for loans, but as total individual assets in custody, we would like to focus on how to convey the attractiveness of deposits.

With regard to corporate deposits, some of our customers do have surplus capital, but in the past our corporate sales staff did not pay particularly close attention to this aspect. In the last six months we have focused extensively on this area and have been able to obtain additional business, including deposits.