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December 16, 2025

# Summary of Q&A Session of Financial Results Presentation Meeting of Senshu Ikeda Holdings, Inc. for the Second Quarter of the Fiscal Year Ending March 31, 2026

This is a summary of the Q&A session at the financial results presentation meeting held on Monday, December 1, 2025.

Q: It was mentioned that interest income exceeded the initial forecast. In the interest rate environment, there was no change in policy interest rates, which I think was in line with expectations. Why then despite this did interest income exceed the initial forecast?
Did lending volume or interest rate renewals come in better than expected? Or was the initial forecast simply too conservative?

A: Lending volume has grown steadily, which was one contributing factor, but the improvement in yields was more favorable than we initially expected. We took a conservative view when making the initial forecasts, so we announced fairly cautious figures.

Q: You haven’t revised your full-year forecasts, but given the level of progress achieved in the interim period and the strong performance in your core business, wouldn’t it have been reasonable to make upward revisions to your full-year forecasts?

A: Looking at profit levels for the interim period, they are progressing better than online. But based on the fact that some major risk event could occur in the second half, full-year forecasts have been left unrevised.

Q: Regarding the condition of your balance sheet, a very large proportion of loans are variable-rate loans. At the same time, regarding deposits, the proportion of time deposits is higher than average. What is the background behind this?
If SMEs have recently been requesting fixed-rate loans on the expectation of rising interest rates, I think it would not be surprising to see a change in your current loan makeup.

A: In other regions, there are areas with larger amounts of fixed-rate loans. This can be said not only for corporate loans but for housing loans as well, but in Osaka and the Kansai region, when selecting between fixed and variable, there is a strong tendency to select the one with the lower short-term interest rate.
Regarding the fact that time deposits account for 31%, this proportion has not changed recently. It cannot be said that the proportion of time deposits is high just because this is Osaka or the Kansai region.
Recently, there have been expectations of rising interest rates. Corporate and housing loans are both growing, but with regard to loans to large and medium-sized companies, I believe that, in anticipation of rising interest rates, there will be a growing need to secure funding at fixed rates for future financial stability. We intend to provide a certain amount of fixed-rate loans so as to flexibly meet such needs.

Q: I think 01Bank will move into the black during the next Medium-Term Business Plan period. Can you tell me what the breakeven line looks like—for example, how much loan growth would be required? Also, ultimately, how much do you expect 01Bank to contribute to profit?

A: The breakeven line is extremely difficult to determine at the current time. The loan balance is important, but the question is how we assess the credit risk associated with the loans that make up the balance. The screening model tracks the movement of deposits, from which an internal rating is assigned and pricing is conducted. As more data is accumulated, accurate default rates can be calculated and credit costs become clearer. Recently, we have not seen any defaults, and pricing has been better than initially anticipated. We intend to calculate the breakeven point once outstanding loans have accumulated to a certain level.
For FY2027, we are planning a loan balance of 160.0 billion yen. As for the profit level, we aim to build a business that can generate around 2.0 billion yen.

Q: What is your view on capital gains and losses on securities going forward? Although there were no bond losses in the interim period, with the recent recovery in stock prices making it easier to cut losses, do you plan to proceed with replacing yen-denominated bonds?

A: Regarding cutting losses, we plan to proceed with replacement to the extent possible within the profit and loss range for the period. We have not set a specific amount. We would like to consider it once the figures have solidified to a certain extent, taking into account financial results for the interim period and performance in the second half.
In addition, we have posted credit costs of 1.2 billion yen for the interim period, against the full-year forecast of 2.0 billion yen. While it depends on the credit cost situation, we intend to consider these factors comprehensively as we proceed with replacing yen-denominated bonds.

Q: In terms of not only temporary capital gains and losses but also the improving interest margins, could it be said that you plan to use any available leeway to cut losses?
A: That is our thinking. However, it will not be on the same scale as the loss cutting being conducted by major regional banks. It will not be a situation that would have a major impact on our balance sheet or profit and loss statement.

Q: Regarding the yield on securities, it was 1.2% in the first half, but is expected to be 1.0% for the full year. Normally, the yield would go up as yen-denominated bonds accumulate, but what is the reason for the decline? You recorded gains on cancellation of investment trusts in the first half —are those having an impact?
A: As our full-year forecasts have not changed, we have maintained the 1% figure that was initially disclosed.
We recorded gains on cancellation of investment trusts of 679 million yen in the first half, but the forecast for the second half is zero.

Q: While corporate deposits have been increasing, individual deposits have been decreasing. What initiatives did you take in each segment? In particular, what are the factors behind the decrease in individual deposits?
A: It is my assessment that the decrease in individual deposits has stopped. They will not continue to decrease going forward. However, with a change in policy interest rates, some financial institutions may begin offering higher interest rates. We do not want to become embroiled in interest rate competition. There are markets where deposits can be collected by offering interest rates, however, that does not necessarily mean that those deposits will remain with us for the long term. Those deposits will flow to wherever higher interest rates are offered. They are not deposits with staying power. We will not adopt a policy of attracting deposits by offering interest rates.
So how will we acquire deposits? The first point is to develop deposit products that resonate with customers. As a first step, we created a time deposit designed to support children's dreams. With this product, a fixed percentage of the total deposits is donated to organizations that support children, and the interest rate is the posted rate. However, we will not rely on this product alone. We will create numerous products that appeal to both corporate and individual customers, and even if each product does not generate a large balance on its own, collectively, they will result in a substantial deposit balance. We plan to proceed based on this thinking. The second point is that we will enter the BaaS business, aiming to operate behind the scenes while collaborating with businesses that provide financial services. The money collected will eventually become our deposits. It's financially challenging to attract deposits by investing significant manpower and offering interest rates, so we are considering a mechanism whereby we collect deposits while partnering with other businesses.
Within corporate deposits, public money is growing, but these are deposits we have acquired through bidding. Unless we offer an interest rate, there is a possibility that these funds will flow out, so we do not expect major growth in this figure. We would like to increase our regular corporate deposits. Previously, we had not been conscious of our deposit share relative to lending share. I believe that our efforts to increase deposit share in line with our lending share have led to growth in regular corporate deposits during the interim period.

Q: You have set an ROE target of 6.1% for this fiscal year and, with capital costs in mind, an 8% target for the subsequent period. What are the key initiatives in your strategy to bridge this gap?
A: Including this strategy, we are currently in the process of formulating our Sixth Medium-Term Business Plan. I'm not able to share specific strategies at the current stage, but it remains a fact that we have committed to achieving an ROE of 8%. It is our mission to firmly achieve this target.

Internally, we are vigorously discussing how to build mechanisms that contribute to profits toward this goal.

Q: Megabanks are acquiring individual deposits through various measures, such as offering points via apps. In your core market, you compete directly with the megabanks. How do you view their strategies? Do you see them as a threat, or do you believe there is a different approach that is unique to regional banks?

A: Naturally, they are a threat. We also place importance on our app content, but it is not as well received as those of the megabanks. The megabanks' strengths lie not only in their development capability and speed, but also in their ability to form partnerships. The platform is designed to handle everything internally, and building this mechanism would put a considerable burden on the system. It is not an environment in which we can compete in that way. For our part, we plan to develop the BaaS business in collaboration with local companies. There is a need among local businesses. The customers of those businesses ultimately become our customers, allowing us to provide a variety of services to them. We believe there is a limit to what we can accomplish on our own, so the crucial factor will be how we collaborate with other companies.