**Rakuten Bank, Ltd.**
**Transcript of the FY2023 Financial Results Presentation**
**(May 13, 2024)**

**【Slides 4 and 5: FY2023 Financial Highlights】**

In the fiscal year ended March 31, 2024, ordinary income was ¥137.9 billion, up 14.5% year on year, and ordinary profit was ¥48.3 billion, up 24.8% year on year. As for the non-interest income ratio, we stated previously that we typically maintain a roughly 4:6 ratio between non-interest income and interest income. In FY2023, the non-interest income ratio was 38%. ROE stood at 14.1%, up 0.3 percentage points year on year.

The number of bank accounts totaled 15.2 million, rising 10.9% year on year. The main account ratio was 31.5%. The total deposit balance came to ¥10.5 trillion, up 15.4%. The G&A expense ratio showed steady improvement, finishing at 42.5%. The capital adequacy ratio remained at a sound 10.9% despite a substantial increase in investment assets.

We managed to continue expanding the number of bank accounts steadily, leveraging the customer base of the Rakuten Group. In particular, the launch of the new NISA system in January 2024 drove significant growth in account applications via Rakuten Securities.

The steady increase in the total deposit balance was attributable to solid growth in both the number of accounts and the deposit balance per account.

**【Slide 6: Consolidated Statements of Income】**

Consolidated ordinary income grew 14.5% year on year, gross operating profit rose 15.7%, ordinary profit increased 24.8%, and profit attributable to owners of parent was up 24.3%. In particular, the buildup of investment assets fueled a substantial increase in interest income, which in turn lifted both revenue and profit.

The graph to the right regarding the change in ordinary profit shows that the increase in net interest income, driven by the growth in interest income, was a major contributing factor. On the expense front, we made expenditures necessary for business growth in 2025 and beyond, yet still achieved a total increase of ¥9.6 billion in ordinary profit.

**【Slide 7: Summary of Consolidated Financial Results】**

Our initial estimates (at the beginning of the fiscal year), the estimates revised in February 2024, and the actual FY2023 results for ordinary income, ordinary profit, and profit attributable to owners of parent are shown in this slide. The actual full-year results exceeded the revised estimates as of February in all three earnings levels, with ordinary income finishing above our revised projection by ¥1.8 billion, ordinary profit by ¥1.3 billion, and profit attributable to owners of parent by ¥0.9 billion.

**【Slide 8: Progress of Medium- to Long-Term Vision】**

In terms of progress versus our Medium- to Long-Term Vision, which ends in FY2026, we have seen growth in all areas, including the number of bank accounts and total deposit balance (both on a non-consolidated basis), along with consolidated ordinary income and consolidated ordinary profit. While we fell short of the target growth rate for the number of bank accounts (non-consolidated), the end-March 2027 target of 25 million accounts is still within reach, provided the cashless payment ratio rises another notch.

Ordinary profit grew at a CAGR of 20.5%, outperforming the target of over 15%.

**【Slide 9: Consolidated Forecast for FY2024】**

Our earnings forecast for FY2024 calls for ordinary income of ¥162.5 billion (+17.8% year on year), ordinary profit of ¥53.2 billion (+10.1%), and profit attributable to owners of parent of ¥37.8 billion (+9.7%).

The estimated one-off expenditure of ¥5 billion associated with the Rakuten FinTech Group reorganization project (announced on April 1, 2024) is factored into these projections. Therefore, on a pure performance basis, adding back the ¥5 billion, our estimates will come to ¥58.2 billion (+20.2% year on year) for ordinary profit and ¥41.3 billion (+19.7%) for profit attributable to owners of parent. We look to maintain continued strong growth.

**【Slide 10: Interest Income and Non-Interest Income】**

We have stated that, in our business operations, we typically maintain a roughly 6:4 ratio between interest income and non-interest income. Given that the Bank of Japan (BOJ) lifted its negative interest rate policy in March, interest income will grow moving forward. Although our plan is to steadily increase non-interest income as well, we think interest income will expand at a faster pace than non-interest income. Therefore, the interest income ratio will likely come in slightly above 60%.

**【Slide 11: Interest Income】**

Interest income was up 21.6% year on year in FY2023, versus 13.4% in FY2022, indicating that growth is accelerating.

There is no change to the fact that loans and monetary claims bought are the two pillars of our investment assets. However, as we explained during the last financial results briefing, we will start making some investments in marketable securities from the standpoint of utilizing surplus funds.

In addition, with the BOJ's lifting of the negative interest rate policy, current account deposits at the central bank now bear interest. Hence, marketable securities and the deposits at the BOJ have been added to our interest-income-generating assets. Accordingly, interest and dividends on securities and interest on deposits with banks are presented in the yellow section of the stacked bar chart in this slide.

**【Slides 12 and 13: Investment Assets】**

From the table showing the breakdown of our main investment assets, including loans and monetary claims bought, you can see that asset amounts have increased steadily in almost all investment asset categories.

Regarding housing loans, the balance has fallen slightly, but this is in line with our policy. We understand that during a phase of interest rate hikes, the default rate of housing loans is more likely to climb. Therefore, at present, we are targeting high-income customers and not pursuing volume.

Card loans (personal loans) marked a net increase of ¥7.7 billion year on year. Since our card loan yield is over 10%, if we were to think of this in terms of an instrument with a yield of about 1%, in a sense, the increase would be equivalent to ¥77.0 billion. For Rakuten Bank, it is very significant that card loans—as an instrument generating interest income—have made a turnaround to a net increase year on year.

As another point to note, we have explained previously that the investment assets resulting from our securitization activities either become ABL or monetary claims bought (others), depending on the choices made by the originator. To make this easier to understand, we have included at the very bottom of this table the item "total of securitized assets," which is the sum of ABL and monetary claims bought. In FY2023, investment assets associated with our securitization activities increased 16.9% year on year, demonstrating steady growth.

In the Medium- to Long-Term Vision, we mentioned our plan to expand middle-risk assets. This slide shows four asset categories that include middle-risk assets; amounts have increased steadily in all categories. Overall, middle-risk assets grew 17.7% year on year, which we interpret as in line with or slightly above plan.

**【Slide 14: Balance Sheet】**

We have explained previously that approximately 70–80% of our investment assets (loans and monetary claims bought) are based on floating rates, and most of these are linked to the TIBOR. At the end of FY2023, 78% of loans and monetary claims bought were based on floating rates, and most of these were linked to the TIBOR. We certainly benefited from the BOJ's lifting of the negative interest rate policy in March, and if market interest rates were to rise moving forward, we would benefit considerably.

**【Slide 15: Market Interest Rates, Asset-Side Rates, and Liability-Side Rates】**

Looking at the line graph on our housing loan rate (left), the gray line at the bottom indicates changes in the 6-month TIBOR. The red line indicates Rakuten Bank's housing loan rate. The TIBOR fell markedly at the time the BOJ decided to introduce a negative interest rate policy and remained largely flat thereafter. It began rising again this March, around the time the BOJ lifted the negative interest rate policy.

You can tell from this graph that our housing loan rate (the red line) traced almost the same pattern as the TIBOR. Customers of our housing loans have benefited from a drop in the borrowing rate at the start of the negative interest rate policy. The borrowing rate has recently begun to rise due to the lifting of the policy, but the current rate is almost at the same level as it was at the start of the negative interest rate policy. Banks applying the short-term prime lending rate have not lowered their housing loan rates even during the period of the negative interest rate policy. In this sense, we believe TIBOR-linked loans ensure a more transparent operation that is beneficial to the customers.

In terms of our ordinary deposit interest rate for individual customers, illustrated in the graph to the right, the gray line also represents the TIBOR. The scaling is different, so the shape looks different, but we are showing the same thing as on the left.

At the time the negative interest rate policy was introduced, Rakuten Bank lowered its ordinary deposit interest rate for corporate customers from 0.02% to 0.001%, just like other banks did. However, we left the ordinary deposit interest rate for individual customers unchanged at 0.02%. This rate was left unchanged at 0.02% when the negative interest rate policy was lifted at this time, but moving forward, we hope to deliver measures that can make our customers feel the benefit that is in keeping with their level of transactions with us.

**【Slide 16: Investment in Marketable Securities】**

At the time of the last financial results briefing, we explained that we would gradually invest in marketable securities, specifically JGBs, government-guaranteed bonds, and corporate bonds, as a way to utilize surplus funds. New investments in Q3 totaled ¥138.0 billion.

In Q4, we newly invested a total of ¥70.6 billion, exclusively in government-guaranteed bonds and corporate bonds. When the BOJ lifted the negative interest rate policy in March, we anticipated that medium- and long-term interest rates would rise. However, the BOJ repeatedly delivered a strong message that it would maintain an accommodative stance, and as a result, the medium- and long-term interest rates barely rose. For this reason, we refrained from newly purchasing JGBs in Q4. There is no change to our policy of increasing investments in marketable securities.

As for loans to the Ministry of Finance (MOF), the lending rate after the lifting of the negative interest rate policy in March has been higher than the interest on current account deposits at the BOJ. From the standpoint of utilizing surplus funds, we should pursue what is most favorable, and both investment in marketable securities and loans to the MOF are viable options. Therefore, it should be noted that the positioning of our loans to the MOF will change slightly moving forward.

Although our previous policy was to maintain a loan balance of ¥1 trillion, as stated above, our stance toward loans to the MOF has changed, so the balance may fluctuate going forward. We will consider choosing between JGB purchases and loans to the MOF based on comparative advantages.

**【Slide 17: Non-Interest Income】**

Overall, non-interest income was up 2.9% year on year to ¥50.8 billion. As you can see from the pie chart on the right, Rakuten Bank's non-interest income comprises three main pillars: commissions received on exchange and settlement transactions, direct debit fees, and debit card-related fees.

Commissions received on exchange and settlement transactions increased 11.1% year on year, achieving steady double-digit growth due to an increase in the number of accounts, which in turn boosted the number of main accounts. For direct debit fees, although daily-life-related direct debits have grown steadily, a slowdown in entertainment-related direct debits lingers, following the impact of COVID-19 pandemic. In debit card-related fees, while the number of transactions has grown steadily, a decline in the merchant commission rate had an adverse impact on performance.

You can see from the table that total settlements, among other items, have increased steadily.

**【Slide 18: Main Accounts】**

The number of main accounts reached 4.8 million at the end of FY2023, up roughly 600,000 from 4.2 million at the end of FY2022. The total number of accounts increased by 10.9% year on year, while the growth rate for main accounts was higher, at 12.1% year on year.

**【Slide 19: Leveraging the New NISA Tailwind to Expand Our Customer Base】**

Among our efforts to utilize the Rakuten Ecosystem, I would like to highlight our relationship with Rakuten Securities, particularly in FY2023. At the Q3 financial results briefing, we explained that bank account openings via Rakuten Securities had expanded significantly in anticipation of the new NISA system, which began in January. The momentum in Q4 outpaced Q3, resulting in further expansion of bank account applications via Rakuten Securities. We have benefited significantly from the new NISA system.

In addition to the increase in bank accounts, we benefit when customers with accounts at Rakuten Securities sign up for Money Bridge and conduct various transactions with Rakuten Securities, as these activities result in settlements between Rakuten Securities and the Bank. The number of sweeps—automatic and manual—grew substantially, up 55.1% year on year.

Rakuten Securities shifted to zero transaction fees for Japanese equity trades, and this move had a downward impact on our financial instrument brokerage fees. However, judging from the number of sweeps recorded, we expect non-interest income to expand in the medium term, more than offsetting the effects of Rakuten Securities' shift to zero transaction fees for Japanese equity trades.

Customers who have recognized the convenience of Money Bridge are starting to use the service to transfer funds for daily life activities in addition to those for investment. Money Bridge plays a considerable role in our strategy of encouraging customers to designate their Rakuten Bank accounts as their main accounts, making various deposits and conducting transactions with us.

**【Slide 20: Capital Adequacy Ratio】**

The graph indicates that we have expanded our risk-weighted assets substantially in FY2023, and as a result, the capital adequacy ratio fell slightly, despite the capital increase at the time of our IPO. That being said, we have maintained a sound level of 10.9%.

**【Slide 21: General and Administrative Expenses】**

The non-consolidated G&A expense ratio improved to 42.5%. As explained before, our Medium- to Long-Term Vision targeted a G&A expense ratio of 45% in FY2026. Since we have already achieved this target, we will continue our efforts, now aiming for 40%.

**【Slide 22: Credit Costs】**

The credit cost ratio remained at an extremely low level of 0.05%, but there may be comments that credit costs have increased in absolute terms. In FY2023, credit costs increased by ¥804 million year on year, of which ¥803 million were related to card loans (personal loans). The expansion of non-guaranteed card loans has resulted in costs associated with provisions and write-offs. On the flip side, gross profit from non-guaranteed card loans increased by ¥2,793 million year on year. Considering this gross profit amount against a credit cost of ¥803 million, we are confident that sufficient profitability is being secured and that non-guaranteed card loans are significantly contributing to our income and profit growth.

**【Slide 23: ROE】**

We previously stated that ROE would dip temporarily when we increased capital at the time of our IPO. However, our profitability improved by a larger margin than we had expected, and ROE grew year on year to 14.1%. We had explained that although ROE would fall temporarily due to the capital increase at the time of the IPO, we would aim for an ROE of 14%, and once this is accomplished, we would aim for 15%. Since we achieved 14.1% in FY2023, we will continue our efforts toward 15% from here.

However, Rakuten Bank not only focuses on ROE. The capital adequacy ratio—as a metric for bank management safety—is also very important to us, and we intend to thoroughly achieve both of these imperatives: improving ROE and maintaining a sound capital adequacy ratio.

**【Slide 24: Dividend Policy】**

Our dividend policy remains unchanged. For the short term, we will not be distributing dividends, and we ask for your understanding on this matter. We plan to offer returns to our shareholders by achieving growth, thereby raising our corporate value.

In the medium term, we will review the progress of our business. If we find ourselves having difficulty advancing the Medium- to Long-Term Vision or not achieving other preconditions, we will certainly consider the reevaluation and revision of our capital policy, including dividend payments.

**【Slide 25: Shareholder Benefit Program】**

As we refrain from dividend distribution, we announced the introduction of a shareholder benefit program this February. We wanted our individual shareholders to enjoy some perks from owning Rakuten Bank shares. The program is designed in such a way that shareholders who receive their salaries in their accounts with us will benefit more.

The primary objective of this shareholder benefit program is to create perks that can motivate individual shareholders to own our shares for the long term. It is also true that we are hoping for secondary effects, such as an increase in the main account ratio from our shareholders using their Rakuten Bank accounts to receive salaries.

**【Slide 27: Launch of JRE BANK Service with JR East Group】**

We began offering the JRE BANK service. Many customers have shown interest, and we have received many applications. I would like to take this opportunity to express our gratitude once again.

**【Slide 28: FinTech Reorganization】**

On April 1, 2024, we announced that we would begin discussions with our parent company, Rakuten Group, Inc., regarding the reorganization of the Rakuten Group's FinTech business. We are aiming to complete the reorganization by October 2024. With this target date in mind, we are currently examining the matter from various angles.

The reorganization is being considered based on the premise that Rakuten Bank's shares will remain listed. At present, there is no change to this premise.

**Rakuten Bank, Ltd.**
**Summary of Q&A at the FY2023 Financial Results Presentation**
**(May 13, 2024)**

**Q01. What are your interest rate assumptions for the FY2024 earnings forecast? Would an additional interest rate hike during the fiscal year be an upside to the forecast? How should we interpret this, including the impact on deposits?**

A01. Our earnings forecast for FY2024 assumes that the current interest rate will remain flat. The projection factors in the roughly 10-basis-point increase in the policy rate due to the BOJ's lifting of its negative interest rate policy this March. However, it does not take into account any additional interest rate hikes moving forward.

Our earnings plan also assumes that medium- to long-term rates will remain flat. If the short-term interest rate or the medium- to long-term interest rate were to rise, it would clearly be an upside for our performance.

Regarding the short-term rate, 78% of our investment assets (loans and monetary claims bought) are based on floating rates, and most of these are linked to TIBOR, so their interest rates will rise in tandem with the market interest rate. If the BOJ raises its policy rate, the interest rate on our BOJ current account may also rise.

For deposits, should there be another interest rate hike, we will need to revise the interest on ordinary deposits, which comprise the bulk of our funding. However, we estimate the pass-through rate of the market interest rate to our deposit rate to be around 40%. As a result, an interest rate hike would likely lead to an increase in investment income that would exceed the cost increase of deposit interest, making it a significant upside factor for our performance.

**Q02. What was the nature of the FY2023 costs associated with the FinTech Group reorganization project?**

A02. The total of ¥84 million posted in FY2023 represents the actual spending on the FinTech Group reorganization during the year.

The ¥5.0 billion accounted for in the FY2024 forecast is a tentative estimate, which could change moving forward as it is extremely difficult to make an accurate projection.

To answer your question, the ¥84 million spent in FY2023 are fees paid to experts in various fields.

Since this is a transaction with our parent company, we aim to provide convincing figures and data in a highly transparent manner so that our minority shareholders can make an informed decision. For this, we need to ask a third party to conduct due diligence and various other tasks.

There are also legal issues that require the involvement of lawyers, and we need the support of accountants as well. These types of outlays to receive various advice on reorganization-related matters comprise the bulk of our expenses. The fees incurred in FY2023 totaled ¥84 million.

**Q03. How conservative is your cost estimate for the FinTech Group reorganization project? How do you view returns after the reorganization?**

A03. Rakuten Bank took a relatively conservative stance in estimating the costs associated with the FinTech Group reorganization. While there is a possibility that costs could exceed our estimates if issues arise during the due diligence process and require extensive additional work, we hope you understand that the figures have been estimated conservatively.

Theoretically speaking, returns are not 100% guaranteed because there is always a possibility that the deal may not reach a final agreement. If the deal is successfully concluded, we believe we can generate additional value by further enhancing the synergies among the Group’s FinTech businesses. We are approaching the project with the expectation of securing returns that significantly exceed the costs incurred.

**Q04. On how your earnings forecast is formulated, if you were to break down the ordinary profit and net income (into interest income, non-interest income, expenses, credit costs, etc.), what would the structural composition look like?**

**I understand that the lifting of the negative interest rate policy is already factored in, but do the figures thoroughly reflect the full impact of the 10-basis-point increase?**

A04. We have not disclosed a detailed breakdown of our earnings forecast, but I explained that interest income is expected to grow more than non-interest income in the current environment of rising interest rates. Our plan is based on the premise that the ratio of interest income to non-interest income will be greater than 6:4 in favor of interest income.

We believe that credit costs can be maintained at the same level as in the past for each category of investment assets. Overall credit costs for the bank will increase if card loans (personal loans) expand, and this increase has been factored into our projections.

We have incorporated the 10-basis-point increase in the policy rate following the BOJ's lifting of the negative interest rate policy, as well as the application of a 0.1% interest rate on current account deposits at the BOJ. However, our disclosed figures do not account for any further interest rate increases; they only consider the immediate rise in interest rates following the end of the negative interest rate policy.

**Q05. I have a question regarding the increase in middle-risk assets. If you just look at the percentage growth, it appears as though the growth rate is declining and does not leave a good impression. What is your benchmark for the growth rate of middle-risk assets? Would you consider it in line if it were in the mid-10% range, or would around 10% still be acceptable?**

A05. I understand that from an investor's perspective, it is preferable for the growth rate to be maintained or even increase. However, generally speaking, whether it involves middle-risk assets or any other type of investment assets, we believe that as the total amount grows, the growth rate tends to decline.

While an increase in scale might lead to a gradual decline in the growth rate, it is important for Rakuten Bank to boost interest income or overall income through the entire asset mix, including new assets.

Regarding our middle-risk assets, these grew by 17.7% year on year in FY2023. We aim to maintain double-digit growth in FY2024, but we are not assuming anything beyond that.

Card loans (personal loans) generate a higher yield compared to other assets, so their growth will significantly impact our gross profit and ordinary profit.

Securitized assets may experience high growth if a large deal materializes. However, since securitization involves one-off projects, it is not appropriate to include uncertain, one-time deals in our plan. Therefore, our plan is based on steadily building up securitized assets. This is why I mentioned aiming for double-digit growth earlier.

**Q06. Can you elaborate on the positive factors and risk factors expected from the reorganization of the FinTech Business?**

A06. Synergy is definitely a positive aspect of the reorganization, but at this stage, I cannot say anything definitive. It is true that Rakuten Group has long been leveraging synergies within its FinTech businesses and other areas.

The reorganization does not mean that the companies involved will become a single entity, but from the customer's perspective, how can we create something that feels unified? Getting as close as possible to a service that appears seamless is actually a significant goal for us, and we aim to achieve this.

On the negative side, bank regulations require that the capital adequacy ratio be calculated on a consolidated basis and that appropriate capital adequacy ratios are maintained. Therefore, any company falling under Rakuten Bank’s scope of consolidation under the new structure will need to maintain a sound capital adequacy ratio. Additionally, from a financial regulatory standpoint, if a company becomes part of the consolidated group, the bank will be responsible for that entity's operations, which could pose a risk if any issues arise.

At this stage, I cannot definitively state specific risks. However, structure-wise, financial regulations hold Rakuten Bank responsible for the operations of consolidated entities, which could pose a risk should something happen.

**Q07. In which areas of non-interest income and interest income can you expect higher growth rates versus FY2023?**

A07. Within non-interest income, we expect commissions received on exchange and settlement transactions to continue expanding, driven by an increase in the number of accounts and main accounts.

As I mentioned earlier, direct debit fees related to daily life activities are growing steadily. In the entertainment-related category, there are significant improvements in specific areas. For example, the "toto" soccer lottery is already in positive territory, although the Takarakuji lotteries are still facing challenges. Direct debit fees from public racing have recovered from negative growth to nearly zero, and we aim to achieve positive growth in FY2024. Overall, we expect direct debit fees in FY2024 to be better than in FY2023 月.

We also anticipate that card-related fees will perform better in FY2024 compared to FY2023. The number of transactions continues to increase, and although merchant fees are declining, the rate of decline is expected to slow down. Therefore, we believe the overall growth rate of card-related fees will improve.

Regarding other fees and commissions, two factors will influence our performance. First, housing loan commissions have decreased because we have significantly narrowed our target market. However, we aim to stabilize the number of housing loan executions within about six months and gradually increase them. Second, financial instrument brokerage fees from Rakuten Securities have dropped significantly since October 2023, when Rakuten Securities eliminated transaction fees for domestic stock trades. However, with the introduction of the new NISA, the number of Rakuten Securities customers has increased significantly, and many customers are setting up Money Bridges. As a result, we expect an increase in various securities transactions and settlement transactions, which will boost settlement fees. In the medium term, we believe this will sufficiently offset the decline in financial instrument brokerage fees, leading to a slight improvement in FY2024.

Other operating income is difficult to predict as it depends on foreign exchange and interest rate trends.

**Q08. Please elaborate on expenses, excluding those associated with the FinTech Group reorganization.**

A08. Regarding the expense ratio, we initially aimed for 45% in FY2026, but due to better-than-expected profitability improvements, it has already decreased to 42.5% in FY2023. Despite increasing investments for business expansion and incurring additional expenses, we have achieved this figure. Moving forward, we plan to continue making necessary expenditures to support future growth, but we do not foresee any factors that would hinder further improvement in the expense ratio.

Given the nature of expense ratios, we recognize there is a limit, but we aim to steadily work towards achieving a 40% ratio. Excluding the costs associated with the FinTech reorganization, we believe we can continue to make necessary expenditures while gradually improving the expense ratio.

**Q09. How do you envision the long-term profit contribution of JRE BANK? Please also discuss your BaaS expansion strategy.**

A09. Although we intend to generate profit from the JRE BANK business, our approach to the BaaS business is that we have absolutely no intention of charging our partners a per-account maintenance fee. Instead, we aim to expand JRE BANK services through collaboration with JR East Group, encouraging customers to use these services. The resulting revenue will be shared between JR East Group and Rakuten Bank at a fixed ratio.

On the other hand, all income generated from our own Rakuten Bank accounts directly contributes to our revenue, making the profitability of our proprietary business clearly higher.

Given this, we do not anticipate that the BaaS business will account for 50–80% of our total profit. We aim to grow JRE BANK significantly by working with JR East Group to provide new service experiences to customers.

Regarding our future BaaS expansion strategy, we plan to collaborate with partners who possess unique expertise and assets that we do not have. By combining their know-how and assets with our banking services, we aim to offer users unprecedented customer experiences. This is our objective. In this context, if a partner with unique assets and expertise is genuinely interested in collaborating with us in the banking business, we would be more than happy to work together. However, as we have stated before, we do not intend to pursue BaaS partnerships merely for the sake of increasing their number.

**Q10. I assume your own capital will increase at an accelerated pace, given the interest rate hike. In light of this, please let us know your thoughts on future shareholder returns.**

A10. At least for the foreseeable future, we believe that if our capital increases along with profit growth, it would be more beneficial for shareholders to use this capital to further expand our operations, increase revenue and profits, enhance corporate value, and raise our share price, rather than distributing dividends.

We constantly monitor our capital and manage within that range. If interest rates rise further, leading to increased profits and higher capital, we can use these funds to accelerate the accumulation of investment assets, thereby further enhancing our corporate value. While we may reconsider our approach if the operating environment changes, there are currently no plans to alter our shareholder return policy.