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SBI Shinsei Bank, Ltd.: FY2026 First Half Financial Results

IR Briefing Session Presentation Script

- Date & Time: Wednesday, November 11, 2026, 2:00 p.m. – 3:00 p.m.
- Presenter: Katsuya Kawashima, President and CEO
- Attendees:

  Eisuke Terasawa, Senior Managing Executive Officer, Group Chief Financial Officer (CFO)

  Tsuyoshi Miyake, Executive Officer, Deputy CFO

- Format: Webinar (Registration required)
- Materials: FY2026 First Half Financial Results Presentation Materials

I am Kawashima. Thank you very much for joining us today.

As CFO Terasawa has already given a presentation on November 2, I believe the overall explanation has been provided. There will be some overlaps, but I would like to explain the results once again from my perspective.

【Page 3】

This slide shows FY2026 first half financial highlights. We achieved record-high results for almost all profit measures.

Total revenue was just under JPY 200 billion, and ordinary business profits exceeded JPY 100 billion for the first time.

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Total revenue increased by JPY 34.1 billion, or 21%, year on year. The expense ratio was 46.7%.

Net credit costs also remained low and stable.

Regarding income taxes, in the previous year, income taxes decreased significantly due to an increase in deferred tax assets resulting from an extension of the taxable income projection period. As that temporary factor was no longer present this fiscal year, income tax expenses increased by approximately JPY 30 billion.

【Page 5】

This slide shows net interest income.

Driven by higher interest income and controlled funding costs, net interest income increased 64% year on year.

【Page 6】

This slide shows noninterest income.

In addition to steady growth in stable revenue, diversified revenue also contributed.

Stable revenue includes lease and installment sales income from Showa Leasing, fees from APLUS, and housing loan fees. Diversified revenue includes items that fluctuate significantly from period to period, such as revenue from our O&D strategy and capital gains.

Since joining the SBI Group, full-year noninterest income has increased every fiscal year, as shown in the bar chart on the right.

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The expense ratio improved significantly to 46.7%. As a result, total revenue per employee steadily increased by approximately 17%, from JPY 28.3 million in the first half of FY2025 to approximately JPY 33 million in this first half.

Compared with online-only banks, we believe there is still room to lower the expense ratio.

We believe the effects of introducing generative AI and similar initiatives will take time to materialize. Because generative AI should enable us to restrain headcount growth as the business expands, we believe a further decline in the expense ratio is possible.

【Page 9】

This slide shows Institutional Business segment results.

Revenue and profit increased, mainly driven by balance growth and yield improvement in Corporate Business and Structured Finance. Noninterest income declined due to the absence of the large capital gains in the year-earlier period, but growth in net interest income more than offset this, enabling us to secure higher profits, including total revenue.

【Page 10】

This slide shows Individual Business.

Revenue and profit increased, driven by improved deposit margins, housing loan fees, and revenues related to the shopping credit and card businesses. OBP after net credit costs increased significantly by 34%.

【Page 11】

This slide shows Securities Investment.

Revenue and profit increased significantly, driven mainly by capital gains resulting from balance growth and flexible asset allocation in response to market conditions.

We do not have unrealized gains on policy investment shares etc., so we manage our investments more cautiously. Even so, ordinary business profits increased 656%, representing very substantial growth.

【Page 14】

This slide covers ROE and shareholder returns.

Annualized ROE for the interim period improved to 11.1%.

As initially announced, we will pay an interim dividend of JPY 10 per share. There is no change in our policy of aiming for an annual dividend of at least JPY 42 per share, the level achieved in the previous fiscal year.

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This slide shows the estimated impact of interest rate hikes.

We expect policy rate hikes to have a positive impact of JPY 9.0 billion on FY2026 earnings. If there is another rate hike in December, we estimate an additional positive impact of approximately JPY 1.5 billion.

【Page 19】

This section covers progress in higher-quality growth.

This slide shows SBI SECURITIES within the SBI Group, which is essential to expanding our retail customer base and retail deposits.

A key theme is how to translate the growth platform of SBI SECURITIES into growth opportunities for the Bank. Supported by the major shift from savings to investment, SBI Group securities accounts have expanded to approximately 17 million.

By comparison, our SBI Hyper Deposits currently have only approximately 710,000 accounts. We therefore believe there remains significant growth potential. SBI SECURITIES' assets under custody also reached approximately JPY 80 trillion as of the end of September 2026, representing growth of nearly 40% year on year.

As a result, we believe the amount of cash awaiting investment, or dry powder, has also increased considerably. We therefore see ample room to expand SBI Hyper Deposits through account growth.

【Page 20】

This slide shows initiatives connecting “savings” and “investment”.

From the perspective of a bank alone, the major shift from savings to investment can be viewed as a headwind. However, we believe that launching initiatives that maximize the benefits of belonging to the SBI Group will be most important for expanding our retail customers and deposit bases. Expanding customer touchpoints through minor accounts, Bright60, and bank-securities collaboration will be an important strategy going forward.

The charts on the right show trends in the number of minor account applications and the balance of assets under management at joint branches. Both have been growing steadily, but we believe there remains substantial room for further growth.

【Page 21】

This slide shows SBI Hyper Deposits, which serve as the hub of bank-securities fund flows.

SBI Hyper Deposits have expanded to approximately 710,000 accounts and approximately JPY 1.6 trillion in balances.

Account growth has been broadly in line with our expectations. Deposit balances, however, fluctuate with market movements and are slightly below our expectations.

As shown at the bottom of the slide, we are offering interest-rate campaigns, cash gifts for purchases of investment trusts and JGBs, as well as initiatives related to SpaceX and, currently, Anthropic. While deploying services that are unique to our Group, we intend to steadily expand our customers and deposits.

【Page 23】

This slide shows initiatives to improve the convenience of digital channels.

We have been steadily improving UI and UX, and I believe our service level is now almost on par with online-only banks. Going forward, we will focus on how to differentiate ourselves and move ahead.

We are also expanding the use of AI in telephone support. As recently announced, we have steadily expanded the scope to the point where generative AI can respond to almost all incoming calls. Particularly amid concerns about recent cyberattacks and similar threats, a growing number of customers have come to prefer face-to-face or telephone contact. To make sure we do not miss even a single call from such customers, the use of generative AI is becoming more important than relying solely on staffed support. By further improving this capability, we intend to enhance customer convenience.

In addition, we are working on BaaS. The SBI Group and Kyushu Railway Company reached a basic agreement on a strategic business alliance. By having us provide the banking functions within those services, we will steadily acquire customers through BaaS channels in addition to our own direct channels.

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Competition for deposits has become very intense. Through various measures, however, I believe we have been able to appropriately control the rise in deposit rates.

The pass-through rate for individual JPY liquid deposits remains below 40%, and SBI Hyper Deposits remain central to this strategy.

The most important point in our deposit strategy is how to increase individual liquid deposits centered on SBI Hyper Deposits.

【Page 25】

This slide covers diversification of funding sources.

We view this as one of the benefits of our relisting last December. In October, for the first time since relisting, we issued 3-year and 5-year corporate bonds totaling JPY 54 billion.

Going forward, we will continue to use such funding instruments flexibly, depending on timing, to further diversify our funding sources.

【Page 30】

This slide shows Securities Investment business.

Through the accumulation of CLOs, RMBS, and JPY bonds, net interest income increased to approximately 3.5 times the prior-year level. We were able to capture the timing of higher JGB yields to make new purchases, while at the same time controlling the expansion of valuation losses on our existing bond holdings. Successfully balancing these difficult objectives contributed to the results for the first half.

We have now established a highly stable portfolio. Our next challenge is how to steadily maintain, improve, and expand it.

【Page 31】

This slide shows Shinsei Financial (Lake business), which is one of our group nonbank businesses.

One year has passed since we launched the new “365 Days Interest Free” service. The key to this service was how many customers would continue to use the service after the interest-free period. We see a higher-than-expected proportion of good-quality customers continuing to use the service.

Accordingly, while the industry overall is facing pressure from higher funding costs due to rising interest rates, we believe Shinsei Financial is steadily building a portfolio

of high-quality assets. We believe that our position within the industry can be expected to gradually improve.

【Page 36】

This slide shows the next stage of growth.

One of our differentiation strategies is “the Fourth Megabank Concept”, and the other is “on-chain finance”. We believe these areas will form the foundation, or pillars, of our future growth.

【Page 37】

This slide shows “the Fourth Megabank Concept”.

Over many years, we have built relationships with regional banks, mainly through distribution. Regardless of capital relationships, “the Fourth Megabank Concept” aims to pursue efficiency and expand the scope of business through extensive collaboration between the SBI Group and regional financial institutions nationwide, with the goal of becoming a wide-area regional platformer with SBI Shinsei Bank at its core.

We believe we are now entering a phase where the results of these partnerships can gradually be translated into earnings. We have already generated meaningful revenue through distribution and other initiatives, while the needs of regional banks have become increasingly diverse.

We believe one of our strengths is our ability to address these diverse needs within a single banking group. By providing functions and solutions and establishing common platforms for non-competitive areas, we intend to share needs with regional financial institutions and promote partnerships that generate sustainable revenue.

【Page 38】

This slide shows the distribution results.

Since FY2021, cumulative distribution has exceeded JPY 2.3 trillion. We regard this as one model under “the Fourth Megabank Concept”, built on our accumulated track record, and believe it evolved into the partnership agreements with regional banks announced in August. We transact with 92 of 95 regional financial institutions, essentially all of them. In the first half alone, we conducted transactions with 56 banks.

Specific initiatives in the first half included expanding investment opportunities, supporting project origination led by regional banks, and supporting business succession. In terms of personnel exchange, we have accepted 64 trainees from 32 banks.

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This June, we acquired common shares of THE FUKUSHIMA BANK and The Shimane Bank from SBI Regional Bank Holdings. In October, we also entered into an agreement to subscribe for JPY 10 billion of preferred shares of The Shimane Bank, with the capital increase scheduled after an extraordinary shareholders’ meeting in December. We view this as a second model under “the Fourth Megabank Concept”.

We do not expect to establish this kind of relationship with every regional financial institution, nor do we believe all institutions have such needs. However, we see this as an initiative that contributes to strengthening regional financial capabilities. Ultimately, we hope this will contribute to regional revitalization and serve as one model for other regional banks facing similar challenges, and we intend to provide our full support.

As shown again here, there are three initiatives to deepen collaboration with these two banks: first, strengthening funding supply; second, enhancing management; and third, using common systems. Both banks have already adopted the next-generation banking system that we have also decided to introduce. Through this common infrastructure, we believe there will be further opportunities to standardize various functions and products and services.

【Page 40】

We issued JPYSC, Japan's first trust-based yen stablecoin, at the end of June. Outstanding issuance has already exceeded JPY 20 billion, and we have now entered the stage of investing the reserve assets in bank deposits and JGBs. As issuance expands, the associated investment assets within our banking group will also expand. That is the most straightforward contribution to our Group.

As specific use cases expand and digital banking advances, we believe we will adapt accordingly.

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We will promote the practical use of on-chain payments through JPYSC and tokenized deposits while building a financial ecosystem. Some initiatives are still in proof-of-concept stages, while others await tax reforms before becoming public. We believe the impact on our business will be an expansion of our user base, deposit base, and revenue opportunities.

In particular, from the perspective of our user base, we believe these accounts can become a new type of settlement account alongside traditional payroll and payment accounts. We therefore intend to make a full-scale effort to acquire these new settlement accounts.

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Finally, this slide shows our initiatives toward becoming AI-driven. The SBI Group as a whole is working on company-wide adoption of generative AI. Various companies are pursuing a wide range of initiatives, and we are not yet at a stage where we can confidently say we are ahead. Nevertheless, we intend to use generative AI as one means of making our operating platform more advanced and efficient, and of further lowering the expense ratio.

One example is the use of AI in telephone support. Through our branch network, we are also seeing customer preferences shift somewhat from purely online channels back toward face-to-face, real-world interaction.

We intend to focus on capturing customer needs broadly across a variety of channels.

That concludes my presentation.

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