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SBI Shinsei Bank, Ltd.: FY2026 Half-Year Financial Results

IR Briefing Session Summary of Q&A

- 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:** IR Presentation Materials for FY2026 Interim

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【Q1】

I would like to ask about deposit beta (the pass-through rate) and pricing. My understanding is that you have been managing the pass-through rate on retail deposits well while maintaining your current pace of deposit growth. Based on this, what is your pricing policy for deposit rates for both retail and institutional deposits going forward?

【A1】

We view the environment for deposit growth as very challenging. With the year-end bonus season, the end of the calendar year and the fiscal year-end approaching, we expect competition through higher interest rates to intensify further. The pass-through rate on institutional deposits is close to 100%, and a rate difference of just 1-2bp can trigger large fund movements. We will therefore make decisions while monitoring overall growth and balance retention. For retail deposits, expanding SBI

Hyper Deposits is key. As time deposits, SBI Hyper Deposits and ordinary deposits are mainly marketed on interest rates, it is important that we offer distinctive product offerings with value beyond interest rates. SBI Hyper Deposits have an interest rate advantage over similar services offered by other banks, so by containing the pass-through rate on SBI Hyper Deposits, we aim to keep the overall deposit pass-through rate low. Accordingly, we need to assume that rate driven competition will continue for the time being.

【Q2】

Given strong performance, it seems the targets of the Medium-Term Management Plan could be achieved ahead of schedule this fiscal year. With the business environment also changing significantly, could the plan be revised as early as the full-year results? Please share your view, including further ROE improvement.

【A2】

We aim to achieve the final-year (FY2027) targets of the Medium-Term Management Plan one year ahead of schedule, within this fiscal year. The plan started last spring, but assumptions have changed significantly, not only in the financial environment but also for us. When the plan was formulated, our goal was to repay public funds during the plan period. As it turned out, we fully repaid public funds in the first year, relisted, and raised capital at the same time. Aiming to achieve the three-year targets within this fiscal year ahead of schedule, we will prepare to announce matters related to revisions in the Medium-Term Management Plan around May 2027, when we announce our FY2026 full-year results.

【Q3】

At the time of the IPO, the focus appeared to be on growth by expanding lower-risk assets such as housing loans. However, the focus seems to have shifted toward profitability, such as Principal Transactions last fiscal year and Securities Investment

this fiscal year. What discussions are you having regarding the next Medium-Term Management Plan?

【A3】

We are currently discussing the next Medium-Term Management Plan, with the aim of formulating it within this fiscal year. Our concept is to continue to advance "Higher-Quality Growth". This does not mean that volume stops growing as quality improves. Rather, it is about securing volume while improving quality, which in turn enables further growth in volume. We are developing more specific strategies for two areas with significant medium- to long-term growth potential: the "Fourth Megabank Concept" and "Next-Generation Finance Centered on On-chain Finance." For these two areas, we would like to present KPIs and the expected scale of earnings contribution. We are also discussing our funding base, including deposits, which can be both a constraint and a source of growth, from the perspective of strengthening our retail business model. While the current plan highlights individual business areas such as housing loans and securities investment, for the next plan we are deepening discussions on strategic concepts to be pursued across the entire company.

【Q4】

The Regional Growth Investment Partnership Agreement should enable large-scale lending through co-financing. Are you seeing any tangible progress so far, such as inquiries on prospective projects or building up a pipeline?

【A4】

Until now, our main approach has been to participate in large projects as one of the lenders in a syndicated loan and distribute the acquired loans to regional banks. Although we have had expertise in project finance since our days as the Long-Term Credit Bank of Japan (our predecessor), it was difficult for us to handle large projects on our own. However, as our relationships with regional banks have strengthened through distribution in recent years, several regional banks expressed

interest in arranger business, which led to this agreement. Currently, around 60 banks have joined the agreement, with total deposits of around JPY 300tn. While this JPY 300tn cannot be used freely, it enables partner banks to take on mid- to large-scale projects together. For large projects worth trillions of yen, we can participate under this agreement alongside the megabanks, significantly expanding participation opportunities. This framework will provide not only lender fees but also arranger fee opportunities, both for us and for regional banks. Since announcing the agreement, inquiries and consultations from various sponsor candidates, particularly electric power and gas companies and trading companies, have increased, and we expect specific projects to emerge.

【Q5】

Are you considering expanding the scope of the agreement beyond regional banks to shinkin banks and credit cooperatives

【A5】

An important prerequisite for participating in the agreement is having expertise in structured finance and project finance, as well as the ability to conduct independent analysis. It would not be desirable from a risk management perspective for institutions to join simply because we invited them, without sufficient consideration. Therefore, we expect the number of eligible institutions to be somewhat limited. On the other hand, we would like to actively consider and accommodate the participation of institutions that support the concept of the agreement, including major financial institutions other than regional banks and major institutional investors. There are many potential projects, including data centers, grid-scale batteries, wind power, regional infrastructure, and stadiums and arenas. From among these projects, we will prioritize those that can gain broad support from regional financial institutions and enable as many of them as possible to participate.

【Q6】

Does the inclusion of major institutional investors mean that the initiative is aligned with the government's upgrade of the "Policy Plan for Promoting Japan as a Leading Asset Management Center"—in other words, with the concept of circulating assets and capital?

【A】

That is correct. The Japan Growth Strategy identifies 17 strategic areas, in which cumulative public and private investment of more than JPY 370tn is projected by FY2040. For us to play a significant role, we believe it is essential not only to collaborate with regional financial institutions but also to work with major institutional investors to cover areas that such collaboration alone cannot cover. We are pursuing this initiative on the understanding that it will ultimately contribute to regional revitalization.

【Q7】

Regarding human capital, please explain your current initiatives and broad strategic direction in terms of new graduate and mid-career recruitment and talent development.

【A7】

We position human capital as one of the most important issues in our strategy and will continue to focus on securing talent in terms of both quality and quantity. Up till now, the headcount has increased in line with business growth. Going forward, while focusing on strengthening quality, we will also control headcount using AI under AX (AI transformation). As a result, headline figures such as the number of hires may appear to decrease slightly, but this reflects our further focus on becoming AI-driven.

【Q8】

Materials from SBI Holdings, your parent company, show cost reduction targets through AI. How much cost reduction through AI can SBI Shinsei Bank expect in the near future?

【A8】

Within the SBI Group, our group has set the largest reduction target, aiming for cost savings of more than JPY 25bn over three years. Among the SBI Group companies, our group companies have made the least progress in DX, and our personnel-related costs are particularly high. We have no intention of reducing the number of our permanent employees; instead, we will replace back-office operations with AI and reallocate staff to roles serving customers face to face. We will also replace outsourcing costs with AI. In addition, we are approaching the timing to renew our core banking system. Under conventional methods, development costs would rise substantially, but we believe we can achieve significant cost reductions by replacing various functions with AI. As most of our expenses are personnel-related, rather than focusing on the reduction amount itself, we aim to drive top-line growth without increasing the personnel costs that would otherwise have risen as the business expands.

【Q9】

Shinsei Financial appears to be growing strongly, supported by the "365 Days Interest Free" service. As the Institutional Business expands, we understand you also intend to grow the Individual Business. Please share your view on the positioning of Lake within the entire Group, your assessment of new customer acquisition and the level you are targeting, and your policy going forward.

【A9】

The unsecured loan industry has become an oligopoly, and we are competing with three major competitors. In this context, first, the strength of having the Bank as a 100% parent is gradually becoming evident for Shinsei Financial in the rising interest

rate environment. Second, the "365 Days Interest Free" service was launched with the understanding that some customers might leave after the interest-free period ends, but it has succeeded in uncovering a certain level of customer demand. In fact, many customers whose needs matched the service have continued to use it after the interest-free period ended. More than one year of results has confirmed that they are high-quality customers, in terms of the default rate and non-performing loan ratio. We will continue to develop this service and aim to close the gap with competitors ranked above us across various KPIs, such as the number and amount of new customer acquisitions. We would like to refrain from disclosing specific details for competitive reasons.

【Q10】

The number of SBI Hyper Deposits accounts is only about 4% of SBI SECURITIES' securities accounts. Given the strength of the ecosystem, a penetration rate of 25-30% would seem achievable. What is currently holding this back, and what measures are you considering to raise it?

【A10】

Page 19 shows the significant potential for SBI Hyper Deposits to expand. The key point is understanding which customers trade with SBI SECURITIES but have not yet opened SBI Hyper Deposits. Given the rise in stock prices over the past one to two years, investment performance has been high. Therefore, these customers may not see the point of opening an account just to earn a small amount of interest. On the other hand, considering that similar services at other banks have not grown significantly either, we believe that over time SBI SECURITIES customers who have not yet opened SBI Hyper Deposits will steadily start using them. However, as ordinary deposit rates have also risen and the gap with SBI Hyper Deposits rates has narrowed, rates need to be managed carefully, including by controlling the pass-through rate. It is unlikely that stock prices will keep rising, and we believe that during market downturns there will inevitably be demand for even slightly higher interest rates. We will therefore steadily increase the number of accounts even in

the current environment. We will also enhance customer convenience by expanding the functions offered by SBI Hyper Deposits.

【Q11】

Regarding your inorganic strategy going forward, we understand the phase of expanding investments in regional banks is over. Are you now more interested in pursuing good opportunities among non-banks in Japan and overseas?

【A11】

As interest rates continue to normalize, barriers to entry in the non-bank industry have become higher than ever. In addition, there are not many target opportunities. While we are constantly monitoring the situation, it is difficult to say at this point whether we can achieve definite results. That said, we believe there are companies and sectors with low PBRs, and we will continue to stay alert to such opportunities and pursue them.

Regarding investments in regional banks, we generally agree with your view. Each regional bank has become increasingly distinctive, so they cannot be considered together as a single group. The share prices and PBRs of leading regional banks have risen considerably, and business integrations and alliances have become more active. As these movements progress further, if there are regional banks that do not belong to any group, we believe there will still be opportunities for us to provide capital. However, we do not believe that now is the time for us to take proactive steps that would significantly move the market.

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