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SBI Shinsei Bank, Ltd.: FY2025 Financial Results

IR Presentation Script

- Date & Time: Thursday, May 14, 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)

Kei Fujisaki, Senior Managing Executive Officer, In charge of Group Treasury

Katsumi Hatao, Senior Managing Executive Officer, Assistant to the President

Akira Hirasawa, Senior Managing Executive Officer

Takahisa Komoda, Senior Managing Executive Officer, Head of Institutional Business

Yoshihiro Yuasa, Managing Executive Officer, Head of Individual Business

Tsuyoshi Miyake, Executive Officer, Deputy CFO

- **Format:** SBI Shinsei Bank Head Office & Webinar (Registration required)
- **Materials:** IR Presentation Materials for May 14

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

As time permits, I will proceed with today's session. The presentation materials are quite extensive, so I will not explain everything in detail. I will focus on the key points.

As our financial results were already disclosed on May 1, I believe many of you are familiar with the figures. Today, I will first cover the highlights, followed by our strategies and initiatives for further growth, then touch on our earnings forecast, and finally take your questions.

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Our financial performance reached a record high. We revised our full-year forecast at the time of the IPO and announced an upward revision. As for ROE, despite various contributing factors, we achieved the 10% level. We also revised the dividend upward from 34 yen to 42 yen per share.

In terms of improving profitability, rather than relying solely on balance sheet expansion as we did in the past, we have been pursuing a dual approach that also focuses on improving yields. I believe we are now beginning to see the results of these efforts.

With regard to diversifying revenue opportunities, the previous fiscal year was the first year of our Medium-Term Management Plan (MTMP). It was also a milestone year in which we completed the repayment of JPY 350 billion in public funds and achieved relisting on the Tokyo Stock Prime Market. I would like to bring forward the achievement of our MTMP targets as early as possible.

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This page explains the implementation of our strategies aimed at enhancing ROE upside. First, SBI Hyper Deposit. We launched this product in September last year. I consider it a symbolic product representing SBI Group synergies, and we position it as an extremely important product for pursuing funding stability. In approximately half a year, the balance reached JPY 1.3 trillion, and the number of accounts exceeded 470,000.

Regarding the Fourth Megabank concept, its purpose is to realize regional revitalization through collaboration with regional financial institutions. We now have a framework that allows us to transact with almost all regional banks and financial groups. Transaction relationships are becoming more multi-layered, particularly in projects originating in local regions, renewable energy, infrastructure businesses, human resource provision, and the sharing of know-how. I have a strong sense that our relationships with regional banks are steadily deepening.

Next is next-generation finance. During the first quarter, we are working together with our group trust bank to move forward, on an SBI Group-wide basis, toward the issuance of digital currencies and stablecoins.

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Total revenue, income before income taxes, and net income all reached record highs. Total revenue exceeded JPY 300 billion for the first time, while both income before income taxes and net income exceeded JPY 100 billion for the first time.

The financial base that underpins this performance has also strengthened. Both Operating Assets and deposits have reached levels that are largely in line with the targets of our MTMP.

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Progress toward the MTMP has been steady. For RORA, we set a target of 1.15% for March two years from now, but our actual result for FY2025 was 1.23%, meaning that we have already achieved the final-year target. Deposits and Operating Assets are shown here as well.

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Our four growth drivers—corporate banking, structured finance, securities investments, and housing loans and retail—have all grown at a strong pace. These businesses played a central role in driving last year's performance.

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For the new fiscal year, we plan to achieve the profit target of our MTMP one year ahead of schedule. Based on last year's results, some may feel this plan is modest. However, our basic thinking is to achieve this early accomplishment on the basis of underlying earnings, excluding non-recurring income and temporary factors.

At this time, there are still many projects not yet reflected in our forecast. Since there are differences in the certainty of execution among these projects, we have excluded them. Through quarterly financial announcements, we will increase execution certainty and aim to achieve our targets by realizing these projects early.

Last year as well, we internally revised our forecast several times during the year, and we would like to proceed in the same manner this year.

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The vision of the Fourth Megabank concept is to create a powerful alliance through open alliance strategies with regional financial institutions and companies from other industries, positioning ourselves as the core of a unique banking group.

Last year, there were no particularly eye-catching press releases, but business pipelines and human relationships have steadily strengthened, and I feel we have gained solid momentum. This year, we would like to disclose alliance initiatives at the appropriate timing.

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Our collaboration model with regional financial institutions, which is original to our bank, can be categorized into three types:

1) product supply, 2) regional industry creation, and 3) management support.

While the needs of each regional bank vary widely, we have now developed organizational structures and systems that allow us to respond individually to those needs.

【Page 12】

In product supply businesses, particularly distribution to regional financial institutions, cumulative volume since FY2021 has reached JPY 2.1 trillion, with annual volumes exceeding JPY 500 billion in each of the past two years. In the previous fiscal year, we executed JPY 538.7 billion in distribution to 76 banks.

Although the amount was almost unchanged from the previous year in nominal terms, this was largely due to a limited number of local government loan opportunities. Even after excluding that factor, I believe we achieved a substantial level of distribution. Demand from regional banks for projects has also increased, and if our origination progresses as planned this year, we expect distribution volumes to expand further.

In the area of foreign exchange derivatives, leveraging our expertise, transactions with regional financial institutions reached approximately USD 1 billion. Through effective collaboration with regional banks and the provision of our unique know-how to end users, we have been able to produce tangible results.

Within the scope of what can be publicly disclosed, we have also executed loan arrangements, including financing for corporate clients such as a transaction to NYK Line with six regional banks, a hotel project in front of Akita Station, and LBO financing for a local medical corporation through a collaboration with Shiga Bank.

Behind these results is personnel exchange, particularly the broad acceptance of trainees. I believe that strengthening human relationships, not only through knowledge transfer but also through people-to-people connections, has led directly to these achievements.

【Page 13】

In the regional industry creation business, we have many projects related to infrastructure, energy, and arenas, some of which have entered the preparation stage. In addition, projects such as battery storage facilities and data centers are continuing to emerge.

By collaborating with regional banks on projects that neither our bank nor a single regional bank could undertake alone, and expanding them step by step, we believe these initiatives can develop into large-scale, concrete projects, and we are currently making preparations accordingly.

【Page 14】

First, regarding next-generation banking systems, this is an initiative undertaken together with the SBI Group. Fukushima Bank and Shimane Bank have already adopted the system, and several other regional banks have decided to introduce it. We have also decided that SBI Shinsei Bank itself will adopt the system.

By doing so, regional banks that had concerns about scale or transaction volumes have gained confidence, recognizing that if SBI Shinsei Bank uses the system, it must be reliable. The system is built on AWS cloud infrastructure and fully equipped with APIs, making it highly compatible with generative AI.

Each bank requires a certain amount of time for system implementation, so it will take some time before results become visible. However, we believe this system will become a powerful tool in forming a major alliance.

Regarding capital injections into regional financial institutions, some regional banks currently face large unrealized valuation losses on securities, particularly JGBs, while lacking sufficient unrealized gains on policy investment shares to offset these losses, and their capital bases are not strong. We recognize that there are several banks in this situation that nonetheless have the potential for a V-shaped recovery.

Where mutual needs align, we would like to further advance such capital injection initiatives.

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Regarding our deposit growth strategy, we do not see deposits merely as products for stable funding procurement. Rather, we aim to use them as a core platform for deepening group collaboration.

Currently, we are working closely with SBI Securities. Going forward, we expect companies such as SBI VC Trade to significantly expand their customer bases, and we would like to consider similar service offerings in cooperation with such group companies.

【Page 16】

This page shows the transition of SBI Hyper Deposit since its launch. In six months, the balance reached JPY 1.3 trillion. A distinctive feature is that the average deposit balance per account is approximately JPY 4 million, indicating that this has become a product through which customers entrust us with relatively large amounts.

Approximately 65% of these funds are new money, meaning they are from customers who did not previously have accounts with us. Through this product, we would like to significantly expand our customer base. We are not satisfied with the JPY 1.3 trillion level and believe that further expansion on a trillion-yen scale will be necessary.

As the proportion of cash and deposits within household financial assets declines, I believe the shift from savings to investment will not revert. In this context, this product, which is based on the concept of not wasting even one yen of interest, will continue to increase in value.

【Page 17】

This page shows trends in the number of retail accounts and deposit balances. Although both have increased over the past several years, given the overall growth of the SBI Group, we believe this level is still insufficient.

To develop a business with substantial scale, we believe it is necessary to reach 5 million accounts at an early stage, and subsequently aim for 10 million accounts.

【Page 18】

This page covers our retail asset management business. As of the end of March 2026, assets under management increased to JPY 2.7 trillion. Assets managed by SBI Shinsei Wealth Management, which operates joint branches, also reached JPY

1 trillion.

One of our strengths that online-only banks do not have is our face-to-face channel, and we would like to leverage this strength fully. At the same time, face-to-face businesses do not always directly lead to fee income. As interest rates normalize, we therefore position deposits as strategic products and aim to fully utilize our retail channels.

【Page 19】

In collaboration with SBI Securities, assets under custody for SBI Wrap exceeded JPY 100 billion. Given its strong performance, we would like to position it as a core equity product and further expand it.

On the other hand, the number of intermediary accounts with SBI Securities remains at around 20,000, which is still insufficient. We believe it is necessary to further promote mutual customer referrals.

【Page 20】

Turning to housing loans, this segment was the largest growth driver in our retail business last year. However, we believe it is necessary to increase origination volumes while giving due consideration to the profitability of housing loans themselves and to borrowers' repayment burdens, maintaining an appropriate balance.

In the third year of our MTMP, we set a target of JPY 1 trillion in annual originations. Last year, originations reached approximately JPY 900 billion, and based on recent growth trends, we believe this target can be achieved within the current fiscal year.

We have introduced AI-based credit scoring, enabling us to respond sufficiently to increased volumes. Processing capacity has increased approximately 4.5 times. Through collaboration with SBI Life Insurance, we are also able to provide group credit life insurance products that offer tangible benefits to customers.

【Page 21】

This page shows the recent trend in housing loan origination volumes. Four years ago, annual originations were approximately JPY 100 billion, but they have increased nearly tenfold in a short period.

A key feature is that we have achieved this growth without increasing personnel, by leveraging AI. At the same time, due to intense competition and aggressive conditions, housing loan balances have grown to around JPY 2.4 trillion, forming a substantial portfolio.

We need to gradually improve profitability, and we are currently undertaking interest rate revisions. It is important to strike a balance between implementing these revisions and maintaining application volumes.

【Page 22】

Regarding securities investments, I highly evaluate this segment as one of the pillars of our group's earnings. With a focus on building portfolios that are resilient to market fluctuations, we have steadily accumulated expertise and human resources.

As we strengthen capital further, we intend to expand this area. As our know-how has become more firmly established, we would like to carefully extend such expertise to regional banks as well.

【Page 24】

Turning to next-generation finance, this chart has been shown previously, but we recognize that this business is now entering a full-scale phase.

In particular, the role of SBI Shinsei Trust Bank in the custody field is becoming increasingly significant. We are preparing for the issuance of stablecoins within this

first quarter.

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We refer to this framework as a triangle scheme. In next-generation finance areas such as stablecoins and digital asset markets within the SBI Group, we believe the role of banking groups will continue to expand.

In the not-too-distant future, there is potential for significant changes to our earnings model and to the role played by our trust bank. Although no tangible results were reflected in the previous fiscal year, we believe this will gradually become a major differentiating factor compared with competing banks.

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Specifically, we are jointly developing a Japanese yen stablecoin with Startale Group. A major advantage of this initiative is that there is no upper limit on transfer amounts, such as a JPY 1 million cap. We are working toward issuance within this first quarter.

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Turning to our non-bank businesses, which are one of the distinguishing features of our group, each business has steadily grown while absorbing cost increases from rising interest rates, and growth trends have been maintained.

These businesses form the foundation of our origination-and-distribution strategy. In Shinsei Financial's Lake business, the 365-day interest-free service has performed well, with both asset quality and application volumes expanding. One year has passed, and we believe this fiscal year will mark the period in which results begin to materialize.

APLUS has been expanding its balance sheet steadily, mainly in shopping credit. Shinsei Asset Finance has rapidly increased its balances since joining our group. While carefully monitoring real estate market conditions and maintaining balance, we believe the company is now able to grow by fully leveraging the advantages of being part of our group.

Our equity-method affiliate, NEC Capital Solutions, has also begun to generate synergies beyond initial expectations, particularly in our real estate and structured finance businesses. By strengthening collaboration further, we expect additional synergies to emerge.

【Page 34】

This page explains our position as the core bank within the SBI Group. Compared with March 2022, total assets and deposits have increased significantly.

Along with balance sheet expansion, profit metrics, cost efficiency, and ROE have also improved. However, under the current conditions, we cannot continue to press the accelerator indefinitely.

Going forward, it will be important to appropriately balance sheet growth with capital enhancement. While banking is fundamentally a stock business, improving capital efficiency requires a certain degree of flow business. We believe our core strategy is well aligned with this direction.

【Page 35】

This page outlines our business model and key initiatives. The first is our four focus areas as core strategy. The second is SBI Hyper Deposit, which symbolizes SBI Group synergies and is an area we intend to expand further.

We believe the product attributes are sufficiently attractive, and therefore increasing awareness through the group's media strategy will be important going forward.

The third initiative is the Fourth Megabank concept, and the fourth is our digital strategy, as explained earlier.

【Page 36】

Turning to growth investments that will enhance ROE.

With regard to upside in NIM improvement, although further policy rate hikes are mentioned, we believe it is time to start considering terminal rates and future movements.

Regarding the expansion of SBI Hyper Deposit, as discussed earlier, we aim to achieve at least the balance level of Rakuten Bank's Money Bridge. We will also work to further reduce deposit beta.

Unfortunately, competition for deposits has been more intense than anticipated and has continued for an extended period, which makes this a challenging area. However, we will pursue a balanced product strategy so that we do not rely solely on SBI Hyper Deposit.

Upside in noninterest income and company-wide upside remain core elements of our strategy, and we will continue to pursue them.

【Page 55】

Turning to our earnings forecast.

As mentioned at the outset, some may find this forecast modest compared with last year's results. Last year's revenue was JPY 338.2 billion, which represents the sum of total revenue and other income shown in the lower right-hand corner.

We plan to increase revenue by approximately JPY 25 billion, bringing it to JPY 363.3 billion this fiscal year. This increase is primarily driven by growth in total revenue from the growth drivers I have explained, with improvements in profitability making a major contribution.

Nearly all of this JPY 363.3 billion consists of total revenue. The breakdown between interest income and noninterest income is expected to be approximately 60% and 40%, respectively. Other income is expected to be several billion yen, accounting for less than 1% of the total.

This plan does not include any non-recurring factors, nor does it assume reversals of loan loss provisions.

Based on this, we plan income before income taxes of JPY 132 billion, representing an 8% increase year-on-year. This figure does not include a number of projects that are not yet reflected in the forecast. By steadily realizing these projects through each quarter, we aim to exceed the figures presented here.

Regarding income taxes, after applying deferred tax accounting, we expect the effective tax rate to be close to the statutory rate.

As a result, some market participants may mechanically apply the statutory tax rate to income before income taxes and expect a decline in net income. While such a calculation would indeed lead to that result, the fiscal year has only just begun, and as I have explained, several projects are not yet reflected in this outlook.

Some of these remain at the conceptual stage in my own thinking. However, by steadily converting these initiatives into concrete results, I would like to implement our strategy in line with investor expectations and translate it into earnings.

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I fully recognize that ROE is ultimately driven by bottom-line net income. At the same time, I recognize that the payout ratio is also a very important indicator that many investors focus on.

Through careful consideration, continuous effort, and ingenuity, it is an important mission for us to steadily deliver results not only at the pre-tax level but also at the net income level. I also recognize the importance of tax management.

While there are initiatives that can be implemented intentionally and others that cannot, certain types of income may offer tax advantages. By appropriately combining such income streams, we aim to build earnings steadily and reliably.

Thank you very much.

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