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SBI Shinsei Bank, Ltd.: FY2025 Third Quarter Financial Results

Presentation Script

- Date & Time: Wednesday, February 4, 2026, 5:30 p.m. – 6:30 p.m.
- Presenter: Katsuya Kawashima (President & Chief Executive Officer)
- Format: Webinar (with telephone audio) — Advance registration required

My name is Kawashima from SBI Shinsei Bank. Thank you very much for joining us today.

Since the materials are relatively extensive, I will focus primarily on the Financial Highlights in the first half and then move on to the Financial Summary.

Highlight

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The key point of these financial results is that we are making steady progress toward achieving our full-year plan for FY2025. As we have passed three quarters of the first year of the Medium-Term Management Plan, I believe we have made a strong start to date. Total revenue, income before income taxes, and net income all reached record highs.

Next, both our customer base and funding base have been steadily expanding.

We are still on the way toward our final targets, but thanks especially to the strong growth of SBI Hyper Deposits, which we launched in September, we are seeing a continued positive trend.

Third, we are seeing improvement in profitability. Driven by the contribution of SBI Hyper Deposits, our yen-denominated deposit-loan interest rate margin is showing signs of improvement. As the Bank of Japan raised its policy rate, we have followed suit, and the yen-denominated deposit-loan interest rate margin has widened.

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Total revenue amounted to JPY 249.6 billion, income before income taxes was JPY 92.6 billion, and net income was JPY 90.9 billion—each reaching a record high.

On the right side, we show the trends in operating assets and deposit balances, which are important KPIs forming the foundation for further business expansion.

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The number of retail accounts reached 4.17 million as of the end of December 2025 - a record high. In December 2025 alone, we recorded 71,000 new account openings, the highest monthly figure on record.

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Deposit balances increased by JPY 2.3 trillion year to date, reaching JPY 16.9 trillion. For individual deposits in particular, as the trend of “from savings to investment” continues to strengthen in Japan, securing retail deposits is becoming increasingly important.

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Let me now explain SBI Hyper Deposits.

Launched at the end of September, the balance has grown to JPY 1.1 trillion in about four months. It reached JPY 500 billion in 72 days and JPY 1 trillion in 108 days, and the number of accounts has been steadily increasing.

Recently, stock market volatility has been high, which has led to large daily inflows and outflows, but we believe this behavior actually demonstrates the high stickiness of these deposits.

The average balance per account is roughly three times that of ordinary yen deposit accounts, giving us the impression of a customer segment close to high-net-worth individuals.

Sustainably growing this product will be crucial to supporting our profit growth.

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The ratio of retail liquid deposits has improved significantly due to the accumulation of SBI Hyper Deposits, recovering to 57% as of end December.

When setting deposit interest rates in response to policy rate hikes and rising market rates, we manage the pass-through rate carefully, applying disciplined differentiation. We focus especially on customers with high stickiness, while differentiating interest rates for rate-sensitive “cherry-picking” customer segments.

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Regarding profitability, the yen-denominated deposit-loan interest rate margin widened to 0.54% at end December 2025, compared with 0.45% in end of March 2025. Although spreads temporarily narrowed when deposit competition intensified, since the introduction of SBI Hyper Deposits in September and improvements in the pass-through on lending rates, we have been able to steadily maintain and expand the interest margin.

By expanding the overall volume of assets and liabilities at the same time, we intend to strengthen our fundamental earnings base.

We expect the benefit of achieving the current 0.54% margin to materialize going forward.

We also show the estimated earnings impact from a rise in yen interest rates, which remains broadly unchanged from the previous estimate: approximately JPY 14 billion of positive impact annually.

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This page shows the trends in yen deposit interest rates.

For Institutional deposits (blue line on the left graph), rates have risen in line with market rates, as the proportion of large-lot time deposits is high.

Meanwhile, interest rates on individual deposits (green line) show a declining trend despite rising market rates. This reflects the effects of interest rate settings on SBI Hyper Deposits and yen time deposits.

On the right, the interest rate levels for individual deposits are shown.

For ordinary yen deposits, the pass-through rate is 0% in the highest preferential stage and 36% for other tiers.

For SBI Hyper Deposits, interest rates are set at 0.42% to 0.50%, with a pass-through rate of 32%, below the commonly cited 40% industry level.

For time deposits, we show 6-month and 1-year products. In the summer and winter campaigns, we previously set higher rates to prevent outflows and capture deposits. However, as you can see from the comparison between summer and winter of 2025, we lowered rates by 0.30% for the 6-month product and by 5 bps for the 1-year product. We continue to set interest rates cautiously to avoid excessive competition.

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Turning to yen lending interest rates:

Institutional loan rates (blue line) rose clearly to 1.24% at end December 2025 compared to end March 2025.

Meanwhile, retail loan rates (green line) declined slightly as we prioritized new housing loan originations and balance growth. However, this has been offset by a significant increase in fee income, contributing strongly to noninterest income.

On the right, balances are shown by interest rate type.

Housing loans are predominantly floating rate, and for Institutional loans, JPY 4.1 trillion out of JPY 7.4 trillion is market-linked. Of the fixed-rate Institutional loans (JPY 3.2 trillion), 44% are hedged with interest rate swaps, resulting in a substantial portion being effectively floating.

Overview of financial results

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Total revenue increased by JPY 22.1 billion year on year.

Net interest income for April–December declined year on year, but on a quarterly basis, it turned positive due to a narrowing of the negative deposit spread.

Noninterest income increased significantly due to housing loan fee income, realized gain on PE investments, and contributions from securitization (O&D).

Expenses increased by JPY 6.9 billion due to system costs, personnel expenses, and one-time cost such as listing-related costs, but the expense ratio improved from 54.7% to 52.7%.

Net credit costs improved by JPY 10.9 billion year on year due to appropriate credit management and accumulation of high-quality assets.

Corporate tax expenses decreased by JPY 9.3 billion due to an increase in deferred tax assets following an extension of the period for estimating future taxable income.

As a result, net income increased 22%, from JPY 74.6 billion last year to JPY 90.9 billion.

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Net interest income for this quarter recovered significantly from previous periods.

While we previously prioritized expanding the customer base by passing on rate increases to customers, we are now entering a phase where we can retain part of the benefit from higher interest rates.

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Regarding noninterest income, as part of net interest income was strategically used to expand our customer base, our ability to generate noninterest income has gradually strengthened.

Housing loan fee income and O&D-related revenues have organically driven profit growth.

Additionally, by actively engaging in inorganic initiatives, we have diversified revenue opportunities such as capital gains and goodwill-related gains.

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O&D volume reached JPY 594.7 billion as of the third quarter of FY2025, and we expect to exceed last year's level.

Although non-bank businesses face headwinds from rising funding costs, profits generated through O&D have helped offset these pressures.

Last fiscal year, demand for loans to local governments surged temporarily, but this year we aim to exceed that level on a full-year basis.

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Expenses increased due to system-related costs, personnel expenses, and one-time listing-related costs. However, productivity per employee improved by about 20% over the past two years. We will continue focusing on controlling absolute expense levels to further lower the expense ratio. We aim to utilize AI, but we do not consider AI a cure-all; therefore, we will pursue cost efficiencies from multiple perspectives.

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Provisions for specific reserve for loan losses have been declining. Leveraging past experience, we believe strict screening and disciplined investment decisions—particularly for large structured finance transactions—have yielded strong results.

We will continue thorough management efforts to ensure this is not a temporary trend.

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The capital adequacy ratio rose to 10.28% at end December. This reflects retained earnings and JPY 123.5 billion raised through our IPO.

Additionally, the repayment of public funds has strengthened our financial base.

As we accumulate assets with high capital efficiency, the ratio of risk assets to operating assets has improved significantly, giving us capacity for future organic and inorganic investments as well as balance sheet expansion.

Of course, we must also consider ROE and not focus solely on soundness, so balancing financial soundness with appropriate investments will be essential.

I have gone through these points rather quickly, but this concludes my explanation

of the Financial Highlights and Financial Summary.

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