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

Presentation Script

- Date & Time: Friday, July 31, 2026, 2:30 p.m. – 3:30 p.m.
- Presenter: Eisuke Terasawa (Director, Group Chief Financial Officer)<Speaker>
  Tsuyoshi Miyake (Executive Officer, Group Deputy CFO)
- Format: Webinar — Advance registration required

Thank you for joining us today.

I would like to explain SBI Shinsei Bank's financial results for the first quarter of fiscal year 2026.

[Page 1]

This presentation consists of four chapters.

In Chapter 1, I will focus mainly on the financial highlights and PL, capital position, shareholder returns, and profit performance by segment.

In Chapter 2, I will discuss three changes in the external environment that we recognize as important.

In Chapter 3, I will provide an update on the progress of our pursuit of "Higher-Quality Growth," including specific initiatives.

Chapter 4 is the Appendix, which contains key figures for ongoing reference.

[Page 3]

Let me begin with the highlights for the first quarter.

Top-line expanded steadily, led primarily by net interest income, and exceeded JPY 100 billion, reaching a record high for the first quarter.

Net income before income taxes reached the JPY 50 billion range, supported by top-line growth as well as controlled expenses and net credit costs.

In terms of capital policy, we have decided to introduce interim dividends. We have withdrawn our previous full-year dividend forecast of JPY 42 per share and changed it to "to be determined," while stating that we aim to achieve a level of JPY 42 or higher.

[Page 4]

I will now explain the profit and loss overview line by line.

On the top line, each business achieved significant growth, led by net interest income. Noninterest income also increased, supported by stable revenue sources as well as contributions from a diversified revenue source.

Expenses and net credit costs both increased only slightly, and their growth was related to top-line growth.

Regarding income taxes, there were special factors in the previous fiscal year, but these have normalized this fiscal year, resulting in a corresponding tax burden.

As a result, net income was JPY 38.4 billion.

[Page 5]

This slide shows the trend in net interest income.

Compared with the same period of the previous year, shown on the far left, net interest income increased significantly, by approximately 1.5 times, to JPY 47.1 billion.

Funding costs increased somewhat. This reflects factors such as increasing time deposit funding from an ALM perspective and foreign currency funding. Even so, net interest income was maintained at a level broadly in line with the previous quarter.

[Page 6]

The next few slides explain the concept of interest rate spreads.

The blue line at the top represents loan rates, and the gray line at the bottom represents deposit rates. A wider gap between the two is favorable. The spread temporarily narrowed from March 2025, but our subsequent initiatives have enabled it to expand again.

From the next slide, I will show the breakdown on both the lending side and the funding side.

[Page 7]

This slide covers the funding side.

JPY deposits are shown in two categories. The blue line at the top represents institutional deposits, which have a high correlation with market interest rates and have therefore risen at a relatively sharp pace.

By contrast, the green line represents individual deposits. Despite the policy rate hikes, the increase has been restrained and has, so to speak, plateaued.

The lower chart shows, by product, the extent to which each product followed the previous policy rate hike.

[Page 8]

This slide covers the lending side.

The graph on the left is also divided into two categories. The upper blue section represents institutional loans. These are linked to market interest rates and have been able to follow policy rate hikes firmly.

The lower section represents individual loans, which consist mainly of housing loans. Until recently, the pass-through of rate revisions had been limited, but following the benchmark rate increase in May, loan yields have begun to rise.

That concludes the explanation of interest rate spreads.

[Page 9]

Next is noninterest income.

As I mentioned earlier, performance was also solid in this area. The chart on the left shows the breakdown.

For convenience, we divide it broadly into two categories. The blue portion represents revenues that are generated relatively stable. The yellow portion represents various types of income generated from diversified revenue sources, although they are not necessarily recorded every quarter. In addition to the steady growth of stable revenue sources, we have also secured a meaningful level of income from the yellow portion.

The chart on the right shows the annual trend in noninterest income since joining the SBI Group. As you can see, noninterest income has continued to expand, achieving steady upward growth.

[Page 10]

This slide shows expenses.

The figure of 43.5% on the left may stand out. This represents the expense ratio.

The bar chart below shows the absolute amount of expenses. While expenses increased only slightly, the top line grew steadily, resulting in a significant decline in the expense ratio.

As a result, operating leverage shown on the right has also expanded, and productivity per employee has improved steadily.

[Page 11]

This slide covers net credit costs.

The orange figure of 0.06% on the left is the credit cost ratio, which we are disclosing from this quarter. As you can see, it remains at an extremely low level in absolute terms. This level is also being maintained despite the relatively high proportion of nonbank businesses within our Group.

The chart on the right shows the trend in the absolute amount of net credit costs, compared with the same periods of the previous year and the year before that. The green portion represents the nonbank business, and most of the net credit costs in the current period arose from this business. Nevertheless, the Group-wide credit cost ratio remained extremely low at 0.06%.

[Page 12]

This slide shows our total capital.

Based on preliminary figures, the capital adequacy ratio at the end of the quarter was 9.83%, broadly flat. While risk-weighted assets increased alongside solid profit generation, capital accumulated at a level that exceeded the increase, and the ratio also improved.

RORA also reached a very high level, reflecting strong profit generation as well as the numerical characteristic of annualizing the quarterly result by multiplying it by approximately four.

[Page 13]

This slide discusses ROE and the introduction of interim dividends.

First, regarding ROE, as shown in the table on the right, it has increased steadily year after year, as indicated by the orange line.

In the first quarter, ROE was 12.6%, which is a very strong figure for the Bank. Although the annualization effect should be noted, the figure itself is highly positive.

As mentioned earlier, the purpose of introducing interim dividends is to enhance opportunities for shareholder returns. We are introducing interim dividends to reward our shareholders.

Our annual dividend forecast had previously been set at JPY 42 per share, the same level as last fiscal year. This time, however, we have changed the full-year forecast to “to be determined,” while stating our intention to achieve a level of JPY 42 or higher.

[Page 14]

This slide shows profit and loss by business segment. I will comment on each segment briefly.

For Institutional Business, net interest income continued to expand steadily.

In noninterest income, because there were large exit gains from the private equity business in the previous fiscal year, we have not yet fully offset that impact. However, we recognize that the underlying earnings base remains strong.

[Page 15]

This slide covers Individual Business.

Here as well, supported by growth in housing loans and APLUS shopping credit, all profit lines performed well, and earnings increased.

[Page 16]

This slide covers Securities Investments.

Ordinary business profit after net credit costs was JPY 15.3 billion.

In addition to significantly increasing the balance, we have secured carry income while efficiently reallocating the portfolio. We believe this business has developed into one of our earnings pillars.

[Page 17]

This slide covers Overseas Business.

Both UDC, our 100% owned nonbank subsidiary in New Zealand, and MB Shinsei Consumer Credit Finance, our affiliate in Vietnam, performed steadily and delivered profit growth.

[Page 18]

This is a newly added slide for this quarter.

It provides a more detailed view than before of the figures used in formulating this fiscal year's plan at the beginning of the year.

As previously announced, we plan to achieve net income before income taxes of JPY 132.0 billion. This would be equivalent to achieving one year ahead of schedule the figure for the third year of the Medium-Term Management Plan, which is currently in its second year. On the right-hand side, we summarize the breakdown and proportions of net interest income and noninterest income on the top line, as well as the key assumptions behind each.

That concludes with the overview of the first-quarter financial results.

[Page 19]

I will now move on to Chapter 2 and discuss three changes in the external environment.

[Page 20]

The first is the change in household financial assets. Put simply, we believe the shift from savings to investment has become more pronounced, is accelerating, and is becoming irreversible.

[Page 21]

The second is growing funding demand and need to strengthen regional financial capabilities.

The graph shows that loan growth has exceeded deposit growth, indicating strong demand for loans.

[Page 22]

Policy initiatives are also moving in a direction that supports and further reinforces this trend.

Under Japan’s Growth Strategy, public and private investment totaling JPY 370 trillion is expected.

Because regional revitalization is an underlying theme of this strategy, we recognize that opportunities such as the six shown on the right will also emerge in regional economies.

[Page 23]

The third change in the external environment is the rise of next-generation finance.

We ourselves used the term “next-generation finance” in our current Medium-Term Management Plan, and developments that fit precisely with this concept are now emerging. We recognize that on-chain finance is advancing in both digital money and digital assets.

These developments will be incorporated into the existing financial framework, while also containing elements that could become game changers.

[Page 24]

I will now move to the final chapter, Chapter 3.

We are pursuing higher-quality growth. I will explain the results and progress achieved in each area.

[Page 25]

SBI Hyper Deposits are a strategic deposit product for the Bank. The graph below shows their growth trajectory since launch.

The number of accounts has expanded steadily and is approaching 600 thousand. Balances have also grown steadily, although there have been some fluctuations. As I mentioned earlier, linkages between deposits and investments in securities and other products are becoming stronger. Against the backdrop of a buoyant Japanese equity market, we recognize that there was a temporary movement of funds toward investment products.

However, this is not a zero-sum movement. Funds that increase through investment can return to deposits, and the reverse can also occur. We believe the significance of SBI Hyper Deposits lies in their ability to capture this growth dynamic.

[Page 26]

This slide shows the growth in individual accounts and JPY deposits.

Taking the series from 2022, the number of accounts has increased by approximately 1.5 times. Deposit balances have also expanded steadily, and we have been able to accumulate liquidity deposits on a relative basis as well.

[Pages 27-28]

These slides cover Institutional Business.

Page 27 is somewhat conceptual. The deposit and lending business shown at the bottom has once again become a profitable business. Building on these customer relationships, our aim in Institutional Business is to expand into fee-based business and, further, to target larger returns, including through proprietary investments.

Page 28 shows several cumulative transaction figures and numerical examples as concrete illustrations of this approach.

[Page 29]

This slide covers housing loans.

Balances have continued to grow at a very strong pace. At the same time, as part of our higher quality growth strategy, we have taken measures to improve margins, and improvement is now being observed.

[Pages 30-31]

These slides cover Securities Investments.

The time-series plot from March 2025 shows that the balance has increased from JPY 2 trillion to JPY 3.8 trillion, with the composition shown on the slide. We identified attractive investment opportunities in CLOs, RMBS, and similar assets, which now account for a substantial proportion and have generated highly capital-efficient returns.

Regarding Japanese government bonds, we changed the portfolio somewhat over the past three months and invested to a certain extent in super-long-term bonds. As a result, carry income is contributing to earnings.

Page 31 describes the portfolio reallocation and related initiatives I have just mentioned.

[Page 32]

This slide presents flow businesses as one of the tools for diversifying revenue opportunities.

In O&D, both origination and distribution have grown steadily.

[Page 33]

This slide shows that our Group companies are each performing steadily.

Balances at Shinsei Financial and APLUS shopping credit have both continued to grow steadily.

For APLUS, shopping credit may appear to have declined due to partial securitization. However, we recognize that, in substance, asset accumulation is progressing steadily.

[Pages 34-35]

These slides cover the strengthening of regional financial capabilities.

They show our recent investments in THE FUKUSHIMA BANK and The Shimane Bank, which we position as one step toward realizing the Fourth Mega Bank concept.

In addition to making investments, we intend to contribute to enhancing the corporate value of both banks in various ways going forward, including by dispatching key executives.

[Page 36]

This final slide covers the implementation of on-chain finance.

By leveraging the trust functions held within the Group on a group-wide basis, we recently became the first in Japan to issue a trust-based stablecoin. We are also actively preparing tokenized deposits.

That concludes my presentation.

Thank you very much for your attention.

revise or affirm the information herein based on events or circumstances after the date hereof. The information in this material is subject to change without prior notice. This material, in whole or in part, is confidential and must not be communicated or disclosed to any third party except with the prior written consent of the Company.

This material includes forward-looking statements that express expectations of future results. These forward-looking statements include, but are not limited to, expressions such as “will”, “believe”, “expect”, “estimate”, “anticipate”, “plan”, “develop a strategy”, “project”, “forecast” or “have the potential” and other similar expressions that explain our future business activities, results, events and circumstances. Forward-looking statements are based on the intentions of our management based on the information that is available to them at the time of such statements. Therefore, these forward-looking statements are dependent on various risks and uncertainties, and actual results may significantly differ from the results expressed or implied in the forward-looking statements. Accordingly, you should not place undue reliance on the forward-looking statements. We are not under any obligation to change or correct the forward-looking statements according to new information, future events or other discoveries.

This material contains statements as of the date stated on this material (or any other date separately specified herein), and neither the Company nor its advisors or representatives adopts a policy of nor assumes any responsibility for keeping such information updated. The information in this material in connection with or prepared by companies or third parties other than the Company and its affiliates is based on publicly available information and other information as cited, and the Company has not independently verified the accuracy or appropriateness of, and makes no materials with respect to, any information derived from such sources.

The Company’s fiscal year-end is March 31. Unless otherwise specified or the context requires otherwise, the financial figures used in this material are for the Company on a consolidated basis and presented in accordance with accounting principles generally accepted in Japan, or Japanese GAAP.