

SBI Holdings Will Delist SBI Shinsei Bank through Tender Offer—JCR Will More Strongly Reflect SBI Group's Creditworthiness in SBI Shinsei Bank's Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on tender offer for common stock of SBI Shinsei Bank, Limited (security code: 8303) by SBI Holdings, Inc. (security code: 8473).

- (1) On May 12, SBI Holdings, Inc. ("SBIHD") announced that it would acquire common stock of SBI Shinsei Bank by a tender offer through SBI Regional Bank Holdings, Co., Ltd. ("SBI Regional Bank HD"). The purchase price will be approximately 150 billion yen. Currently, SBI Regional Bank HD holds 50.04% of the voting rights in SBI Shinsei Bank, the government-affiliated shareholders (Deposit Insurance Corporation of Japan and The Resolution and Collection Corporation) hold 22.98%, and other shareholders hold 26.98%. SBIHD intends to take SBI Shinsei Bank private through the tender offer, and make its shareholders only the SBI Group and government-affiliated shareholders. SBIHD, SBI Shinsei Bank, Deposit Insurance Corporation of Japan, and The Resolution and Collection Corporation also announced that they have signed an agreement on the handling of public funds, and aim to reach an agreement on a specific structure to repay approximately 350 billion yen of SBI Shinsei Bank's public funds by the end of June 2025.
- (2) The rating outlook on SBI Shinsei Bank is "Positive" based on the increasing stability of its earnings. JCR has been expressing the view that that if the Bank's ties with the SBI Group are strengthened, JCR would strongly reflect the Group's creditworthiness in the Bank's rating. SBI Shinsei Bank has achieved results such as the expansion of its customer base through cooperation with the SBI Group. The tender offer, if successfully completed, will further strengthen SBI Shinsei Bank's integration with the SBI Group in terms of management decision-making and others, and will further increase the strategic and functional importance of SBI Shinsei Bank in the SBI Group. JCR believes that these expected developments can support JCR's view of more strong reflection of the SBI Group's creditworthiness in the rating of SBI Shinsei Bank. With regard to the public funds, JCR recognizes the equity content of a part of them. The repayment of the public funds, if started, would put downward pressure on the capital adequacy evaluation, so JCR will keep a close eye on the specific repayment plan.
- (3) SBI SECURITIES Co., Ltd. is a core company of the SBI Group, and the rating reflects the group creditworthiness of the SBI Group. As the financial burden of the tender offer is not significant for the SBI Group, JCR believes that the impact on the rating of SBI SECURITIES is limited.

Kengo Sakaguchi, Tatsuya Shimizu for SBI SECURITIES Co., Ltd.

Kengo Sakaguchi, Kenta Asada for SBI Shinsei Bank, Limited

<Reference>

Issuer: SBI SECURITIES Co., Ltd.

Long-term Issuer Rating: A Outlook: Stable

Issuer: SBI Shinsei Bank, Limited

Long-term Issuer Rating: A- Outlook: Positive

Issuer: Shinsei Securities Co., Ltd.

Long-term Issuer Rating: A- Outlook: Positive

Issuer: Showa Leasing Co., Ltd.

Long-term Issuer Rating: A- Outlook: Positive



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