

Application for Listing of SBI Sumishin Net Bank—Decline in Current Shareholders' Stake Does not Immediately Affect Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on application for listing of shares by SBI Sumishin Net Bank, Ltd. (security code: -, the "Bank").

- (1) The Bank filed a listing application on the Tokyo Stock Exchange on October 8, 2021. It will enter the listing examination process. The Bank has two shareholders, Sumitomo Mitsui Trust Bank, Limited (JCR's long-term issuer rating: AA-) and SBI Holdings, Inc., both of which have the Bank as an equity-method affiliate and are jointly involved in its business operations.
- (2) JCR has been assigning a rating to the Bank, taking into consideration a possibility of support from the two shareholders, in addition to the assessment of the Bank on its own. However, at this point, JCR believes that the Bank, on its own, has creditworthiness equivalent to the long-term issuer rating, given the Bank's business base, earnings capacity and financial structure. Therefore, even if the two shareholders' stake in the Bank decreases as a result of its listing of shares, JCR believes that there is little need to immediately change the rating based on the change in the stake itself, as long as there will be no changes in the Bank's business base, earnings capacity and financial structure.
- (3) However, the Bank's creditworthiness on its own will be affected by the management policy and strategy after the listing. While JCR does not expect any significant change in the management policy and strategy even if the listing is realized, JCR will pay attention to the future direction. In addition, the possibility of support from the two shareholders is a factor that could support the rating if the Bank's creditworthiness on its own deteriorates. After the listing, the two shareholders' stake in the Bank will decrease, and other things such as the degree of involvement of the two shareholders in the operation of the Bank and the arrangements between the two shareholders are expected to change, which will affect the assessment of the possibility of support from the two shareholders. Going forward, JCR will confirm the two shareholders' involvement policy and management control system.

Kenji Sumitani, Tatsuya Shimizu

<Reference>

Issuer: SBI Sumishin Net Bank, Ltd.

Long-term Issuer Rating: A Outlook: Stable

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