

September 5, 2019

To all whom it may concern

Daiwa Securities Group Inc.

Credit Saison Co., Ltd.

**Notification Regarding the Capital and Business Alliance of Daiwa Securities Group Inc. and Credit Saison Co., Ltd.**

In order to handle the diversifying needs of the market, Daiwa Securities Group Inc. (Head Office: Chiyoda-ku, Tokyo; President and CEO: Seiji Nakata) and Credit Saison Co., Ltd. (Head Office: Toshima-ku, Tokyo; President and COO: Masahiro Yamashita) are developing and providing next-generation comprehensive financial services utilizing the finance business knowledge and customer networks built up by both companies since their founding. The two companies have entered into a capital and business alliance with the goal of creating the future of finance, and the details of this agreement are as follows.

1. Reasons for the Capital and Business Alliance

Through the “Passion for the Best 2020” medium-term management plan started by the Daiwa Securities Group in the last fiscal year, Daiwa Securities Group is aiming to become an integrated securities group with a hybrid business model, providing new value through expansion and strengthening external networks and surrounding businesses, with traditional securities business at its core.

Credit Saison started its Medium-term Management Plan in this fiscal year, with “A Finance Company Advancing with Customers for 50 Years: Providing Peace of Mind and Confidence about Money” as its mission statement. With payment and finance platforms as the base, the Company is making efforts to transform into a finance company which provides optimal services which can contribute to improving customers’ quality of life.

Up until now, Daiwa Securities Group and Credit Saison have worked to expand the securities and credit card industries as independent major companies. However, as a result of factors such as recent technological advancements and the arrival of 100-year life expectancies and the digital native generation, the business environment has been changing dramatically. For financial services as well, there is a need to step away from traditional business models, adopting a flexible approach to meet the market needs of this new era.

In the midst of these conditions, the two companies have entered into a capital and business alliance with the goal of developing and providing comprehensive financial services for the next generation, utilizing and integrating the financial business knowledge and client networks acquired through their years in securities and credit card business.

Daiwa Securities Group has had a framework in place for handling the diverse needs of all demographics, including the wealthy and elderly, has built up a network of venture companies through a firm foundation of sales, the Daiwa Innovation Network, and other initiatives, and has been working to establish a strong IPO platform which can maintain structural competitiveness. On the other hand, Credit Saison has approximately 37 million credit card members (including groups) achieved through cooperative projects with various business partners, especially a large number of customers with a high level of interest in asset formation is

acquired through alliances with retailers and provision of point investment services. In addition, the Company has also provided finance support for businesses in the form of services such as cost reduction and operating efficiency promotion through the issuance of cards specialized to corporate and individual proprietor customers, as well as cash flow improvement via early purchasing of accounts receivable.

Through cooperation, mutual utilization of client networks, and the promotion of open innovation, the two companies can develop and provide next-generation comprehensive financial services which meet the diversified needs of the current market. In addition, a long-term partnership will enable both parties to collaborate and create the future of finance.

## 2. Content of the Capital and Business Alliance

### (1) Content of the Business Alliance

Daiwa Securities Group and Credit Saison will carry out initiatives 1) and 2) below through a business alliance for the purpose of achieving the development and provision of next-generation comprehensive financial services.

- 1) Mutual sales of both companies' existing products to customers and development of new customer bases
- 2) Development of new comprehensive financial services using the knowledge of both companies

In addition, 2) above will also include the following specific initiatives i. – iii.

- i. Development of new payment services
- ii. Development and cooperative promotion of loan business
- iii. Development of new services for asset building customers

### (2) Content of the Capital Alliance

In the course of carrying out the business alliance above, both companies will purchase shares of each other's stock, strengthening their interests in mutual elevation of corporate value. This new capital relationship will be developed as a means to further solidify and serve as a driving force for the promotion of the business alliance.

#### 1) Acquisition of Credit Saison stock by Daiwa Securities Group

(1) Type of stock to be acquired	Common stock
(2) Total number of shares to be acquired	5.01% (maximum) of Credit Saison's total issued shares (excluding treasury stock) as of July 31, 2019
(3) Acquisition method	Tokyo Stock Exchange market purchase or Tokyo Stock Exchange Trading NeTwork System (ToSTNeT) transaction

#### 2) Acquisition of Daiwa Securities Group stock by Credit Saison

(1) Type of stock to be acquired	Common stock
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(2) Total value of shares acquired	¥2,000,000,000 (maximum)
(3) Acquisition method	Tokyo Stock Exchange market purchase

### 3. Overview of Capital and Business Alliance Companies

#### (1) Company overview of Daiwa Securities Group Inc. (As of March 31, 2019)

(1) Trade name	Daiwa Securities Group Inc.	
(2) Address	1-9-1, Marunouchi, Chiyoda-ku, Tokyo	
(3) Name and title of representative	Seiji Nakata, President and CEO	
(4) Business content	Control and management of group company business promotion activities	
(5) Capital	¥247.3 billion	
(6) Date established	April 26, 1999	
(7) Major stockholders and ratio of shares	<p>The Master Trust Bank of Japan, Ltd. (Trust Account) (6.36%)</p> <p>Japan Trustee Services Bank, Ltd. (Trust Account) (4.24%)</p> <p>Barclays Securities Japan Limited (2.18%)</p> <p>Nippon Life Insurance Company (1.98%)</p> <p>Taiyo Life Insurance Company (1.98%)</p> <p>Japan Trustee Services Bank, Ltd. (Trust Account: 5) (1.98%)</p> <p>JAPAN POST HOLDINGS Co., Ltd. (1.91%)</p> <p>JP MORGAN CHASE BANK 385151 (1.74%)</p> <p>STATE STREET BANK WEST CLIENT - TREATY 505234 (1.60%)</p> <p>Japan Trustee Services Bank, Ltd. (Trust Account: 7) (1.39%)</p> <p>Note: Ratios of shares are calculated with the treasury shares excluded.</p>	
(8) Relationship with Credit Saison	Capital relationships	No applicable relationships.
	Personnel relationships	No applicable relationships.
	Transaction relationships	No applicable relationships.
	Applicable status of related parties	No applicable relationships.

(9) Consolidated business achievements and financial status of applicable company for the last 3 years			
Fiscal terms	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net assets	¥1,343,433 million	¥1,370,520 million	¥1,256,430 million
Total assets	¥19,827,296 million	¥21,135,041 million	¥21,126,706 million
Net assets per share	¥745.80	¥786.56	¥794.54
Operating revenue	¥616,497 million	¥712,601 million	¥720,586 million
Net operating revenue	¥472,750 million	¥505,350 million	¥441,240 million
Ordinary income	¥135,623 million	¥155,676 million	¥83,159 million
Profit attributable to owners of parent	¥104,067 million	¥110,579 million	¥63,813 million
Net income per share	¥61.53	¥66.88	¥39.95
Dividend per share	¥26.00	¥28.00	¥21.00

(2) Company overview of Credit Saison Co., Ltd. (As of March 31, 2019)

(1) Trade name	Credit Saison Co., Ltd.
(2) Address	3-1-1, Higashi-Ikebukuro, Toshima-ku, Tokyo
(3) Name and title of representative	Masahiro Yamashita, President and COO
(4) Business content	Credit services, leasing, finance, real estate-related business, etc.
(5) Capital	¥75.9 billion
(6) Date established	May 1, 1951
(7) Major stockholders and ratio of shares	<p>The Master Trust Bank of Japan, Ltd. (Trust Account) (17.63%)  Japan Trustee Services Bank, Ltd. (Trust Account) (9.10%)  BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1 (5.21%)  Japan Trustee Services Bank, Ltd. (Trust Account: 9) (3.88%)  Trust &amp; Custody Services Bank, Ltd. (Securities Investment Trust Account) (2.87%)</p> <p>Mizuho Bank, Ltd. (1.84%)  Japan Trustee Services Bank, Ltd. (Trust Account: 5) (1.66%)  STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM (1.64%)  JP Morgan Securities Japan Co., Ltd. (1.60%)  JP MORGAN CHASE BANK 385151 (1.54%)</p> <p>Note: Ratios of shares are calculated with the treasury shares excluded.</p>

(8) Relationship with Daiwa Securities Group	Capital relationships	No applicable relationships.	
	Personnel relationships	No applicable relationships.	
	Transaction relationships	No applicable relationships.	
	Applicable status of related parties	No applicable relationships.	
(9) Consolidated business achievements and financial status of applicable company for the last 3 years			
Fiscal terms	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
	JGAAP	IFRS	IFRS
Equity attributable to owners of parent	¥446,882 million	¥488,883 million	¥490,998 million
Total assets	¥2,720,051 million	¥2,946,978 million	¥3,212,465 million
Equity attributable to owners of parent per share	¥2,724.88	¥2,993.18	¥3,006.14
Net revenue	¥278,944 million	¥293,250 million	¥304,855 million
Business income	¥53,065 million	¥57,314 million	¥52,233 million
Net income attributable to owners of parent	¥42,253 million	¥38,446 million	¥30,517 million
Basic earnings per share	¥258.70	¥235.39	¥186.84
Dividend per share	¥35.00	¥35.00	¥45.00

Note: 1. Credit Saison has adopted International Financial Reporting Standards (IFRS) in place of the traditional JGAAP since the fiscal year ended March 31, 2019. The figures above for the fiscal year ended March 31, 2018 are based on IFRS.

2. Net assets, total assets, net assets per share, operating revenue, ordinary income, profit attributable to owners of parent and earnings per share according to the JGAAP are replaced with equity attributable to owners of parent, total assets, equity attributable to owners of parent per share, net revenue, business income, net income attributable to owners of parent and basic earnings per share, respectively.

#### 4. Schedule

(1) Resolution date	September 5, 2019
(2) Capital and business alliance agreement execution date	September 5, 2019
(3) Alliance launch date	From September 5, 2019

## 5. Future expectations

The effect which the capital and business alliance will have on the financial performance of Daiwa Securities Group and Credit Saison in the fiscal year ending March 31, 2020 is currently under review. If this investigation determines that there will be an effect on future expectation, this will be promptly disclosed. In addition, this capital and business alliance is expected to improve both performance and corporate value for the two companies from a medium- to long-term perspective.