



May 18, 2023

To all whom it may concern

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Company Name: Credit Saison Co., Ltd.
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(Code: 8253, Prime Market of the Tokyo Stock Exchange)
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Notice Concerning the Capital and Business Alliance
Between Credit Saison Co., Ltd. and Suruga Bank, Ltd.

Suruga Bank, Ltd. (Hereinafter, “Suruga Bank”) and Credit Saison Co., Ltd. (Hereinafter, “Credit Saison”) announced today that their Boards of Directors have decided to enter into a capital and business alliance (hereinafter, this alliance) contract (hereinafter, this capital and business alliance contract) between the two companies, which was concluded on the same day.

Through this alliance that is based on a spirit of a mutual relationship between both companies, the two companies will work closely and quickly together to create a new business model that combines the strengths of both the banks and a non-bank, and will aim to improve the medium- and long-term corporate value of both companies.

1. Purpose of and Reason for this Alliance

Suruga Bank is a regional bank based in Shizuoka and Kanagawa prefectures. It is characterized by its wide-area business development including the Tokyo metropolitan area, as well as its provision of services through Internet branches and direct services. In addition to our unique know-how in the investment-real-estate loan business and the mortgage business, we also actively promote financial inclusion such as the provision of services to foreigner residents. We aim to provide unique value (creation of differences) with our retail solution business as our main focus.

Credit Saison is transforming its payment business, which has approx. 35 million (consolidated basis) credit card member customers (hereinafter referred to as “Saison members”), into a “comprehensive lifestyle service group” by strengthening synergies with various group companies in various businesses such as the leasing business, the finance business, its global business and improving its network of alliances with various companies to provide customers with high-value-added services.

Until now, both companies have collaborated on the handling of bridging loans (credit saison guarantee) from February 6, 2023.

The business environment surrounding Suruga Bank is changing into a competitive environment that is beyond the boundaries of the conventional banking industry such as the entry of general business companies into the banking industry and the diversification of payment services by Fintech operators. Also, the business environment surrounding Credit Saison is changing into a competitive environment requiring differentiation to diversified players, in recent years

due to the increase in the number of competitors developing comprehensive financial services such as banks, securities companies and insurance companies and the like, and the expansion of the provision of banking services through the use of BaaS.

Based on these changes in the business environment, both companies have considered it essential to co-create a new customer-oriented business model that goes beyond the boundaries of the business format, and are moving forward with considering their collaboration.

Both companies have common strengths in their retail business. By making full use of the retail know-how of both companies, and by seamlessly collaborating with the banking form of Suruga Bank and the non-bank form of Credit Saison, we decided that our strategic direction is consistent to strive for the Neo Finance Solution Company, to provide solutions to all “problems” and “negative” (specifically, insecurities, inconveniences and dissatisfactions and the like) problems in the financial field, and that we are partners that can maximize corporate value. Therefore, we agreed to enter into a business alliance.

Specifically, we believe that by implementing each of the measures described in “2. Contents of This Alliance,” we will create synergies that will improve corporate value for both companies. Also, as we reliably move forward with our business alliance, we have agreed to implement this capital alliance in the form of our mutual ownership of shares in order to build a stable, trusting relationship between both companies.

In the future, under this alliance based on a spirit of a mutual relationship between both companies, both companies will accelerate and develop mutual collaboration and contribute to the development of a sustainable society by responding to customer expectations.

2. Contents of This Alliance

(Content of Business Alliance)

Both companies have agreed to collaborate in each business area, and we will continue to build a collaborative system in the future. The following describes the main content of the alliance.

- Establishment of Saison Branch by Suruga Bank and Acquisition of Banking Agency Business by Credit Saison

Suruga Bank will establish a net-dedicated branch (tentative name: hereinafter referred to as “Saison Branch”) for Saison members of Credit Saison, and will provide products and services unique to the branches jointly developed by both companies (specific details will be decided after consultation between the two companies). Also, Credit Saison will also proceed with efforts to provide branch accounts for Saison members with the permission of the banking agency business with Suruga Bank as the affiliated bank.

Furthermore, we will also consider efforts to provide guarantees by Credit Saison for loans provided at the Saison branch.

- Co-commercialization of Saison Platinum Business Card

For the wealthy customers and small and medium-sized business owners of Suruga Bank, we will begin offering the Saison Platinum Business American Express® Card, a Credit Saison credit card that allows customers to enjoy the special feeling of platinum in addition to receiving benefits that are useful for business.

* "American Express" is a registered trademark of American Express. Credit Saison is used under a license with American Express.

- Collaboration in the Mortgage Business

Suruga Bank will sell new mortgages with its own Credit Saison guarantees, expanding both the mortgage business for Suruga Bank and the credit guarantee business for Credit Saison.

- Collaborative Development of the Real-Estate Finance Business
We will aim to improve our presence in the market by combining the know-how and infrastructure of real-estate finance that both companies have cultivated.

Also, we will continue to consider collaboration in areas other than the above in the future.

(Contents of Capital Alliance)

Both companies will clarify that we will actively promote the business alliance, and will mutually acquire shares with the following content, to enhance our effectiveness.

Suruga Bank will acquire Credit Saison's 8,224,700 common shares (4.44% of the total number of shares issued and the acquisition value of ¥15,495 million) through the disposal of its own shares by third-party allotment implemented by Credit Saison (hereinafter, "this treasury share disposal (Credit Saison)").

With the disposal of treasury shares through a third-party allotment implemented by Suruga Bank (hereinafter, "this treasury share disposal (Suruga Bank)"), and together with the "this treasury share disposal (Credit Saison)" collectively referred to as this treasury share disposal), Credit Saison will acquire 35,089,000 common shares of Suruga Bank (15.12% of the total number of issued shares, acquisition value ¥17,123 million)

For details on the third-party allotment by Suruga Bank to Credit Saison and the third-party allotment by Credit Saison to Suruga Bank, see the "Notice Concerning Disposition of Treasury Shares by Third Party Allotment Based on a Capital and Business Alliance with Credit Saison Co., Ltd., and Transfers of Top Shareholders that are the Main Shareholders, and other Related Companies" published today by Suruga Bank and the "Notice Concerning Disposition of Treasury Shares by Third Party Allotment Based on a Capital and Business Alliance with Suruga Bank, Ltd." published today by Credit Saison.

Also, the concepts relating to the cross-shareholdings are described in [Principle 1-4] of the basic concepts for the "Corporate Governance Report" that Suruga Bank submitted to the Tokyo Stock Exchange on June 29, 2022, and [Principle 1-4] of the basic concepts for the "Corporate Governance Report" that Credit Saison submitted to the Tokyo Stock Exchange, Inc. (hereinafter referred to as the "Tokyo Stock Exchange") on April 3, 2023.

(Agreement Contents and the Like Relating to the Right to Nominate a Director)

In this capital and business alliance contract, the two companies have agreed that each party is allowed to recommend one candidate for outside director, and that the other party, and with the approval of its own nomination and compensation committee, will submit a proposal to appoint the candidate as an outside director to the ordinary general meeting of shareholders.

The two companies have also agreed to proceed with the proposal for the appointment of directors in connection with the above at the ordinary general meeting of shareholders scheduled to be held in June 2023.

3. Company Overview

(i) Overview of Suruga Bank (As of March 31, 2023)

Name	Suruga Bank, Ltd.	
Address	23 Toriyoko-cho, Numazu City, Shizuoka Prefecture	
Representative Position/Name	Representative Director and President Kosuke Saga	
Business Overview	Banking	
Capital	¥30,043 million	
Date Established	October 19, 1895	
Major Shareholder and Shareholding Ratio	The Master Trust Bank of Japan, Ltd. (Trust Account)	11.78%
	Custody Bank of Japan, Ltd. (Trust Account)	6.16%
	Tachibana Securities Co., Ltd.	4.92%

	Sompo Japan Insurance Inc.		3.94%
	Meiji Yasuda Life Insurance Company		3.90%
	Suruga Foundation		2.87%
	DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy, Citibank, N.A., Tokyo Branch)		1.55%
	Okasan Securities Group Inc.		1.38%
	Sumitomo Realty & Development Co., Ltd.		1.26%
	Mitsui Sumitomo Insurance Company, Limited		1.24%
Relationships Between Credit Saison and Suruga Bank	Capital Relations	Number of Credit Saison Shares Owned by Suruga Bank	Does not apply.
		Number of Suruga Bank Shares Owned by Credit Saison	Does not apply.
	Personnel Relationships		Does not apply.
	Transactional Relationships		Although we have a record of banking transactions such as deposits and loans or the purchase and sale of loan receivables, we do not have a noteworthy business relationship.
	Appropriate Situation for the Relevant Parties		Does not apply.
Operating results and financial status for the last three years (Consolidated) (Unit: Millions of yen; Except what is specifically stated.)			
Accounting Period	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
Consolidated total net assets	285,770	264,229	271,040
Consolidated total assets	3,550,415	3,589,982	3,639,910
Net assets per share (yen)	1,233.18	1,402.54	1,438.33
Consolidated ordinary income	99,791	92,072	92,403
Consolidated ordinary profit	23,113	10,596	13,266
Profit attributable to owners of parent	21,433	7,960	10,576
Earnings per share (yen)	92.52	34.72	56.15
Dividend per share (yen)	5.00	6.00	9.00

(Note) 1 Shareholding ratio is the ratio of the number of shares held to the total number of shares issued (excluding treasury stock).

2 Shareholding ratio is given by rounding to the third decimal place.

3 At the ordinary general meeting of shareholders of Suruga Bank scheduled for June 29, 2023, a proposal to appoint one of Credit Saison's directors as an outside director of Suruga Bank will be tabled, subject to the effective this treasury share disposal (Suruga Bank).

4 The basic concepts for eliminating anti-social forces and the status of their development are described in the internal control system and the like of the "Corporate Governance Report," dated June 29, 2022, which Suruga Bank submitted to the Tokyo Stock Exchange.

(ii) Overview of Credit Saison (As of March 31, 2023)

Name	Credit Saison Co., Ltd.		
Address	1-1 Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo		
Representative Position/Name	Representative, Executive President and COO Katsumi Mizuno		
Business Overview	Payments, leases, finance, real estate, entertainment		
Capital	¥75,929 million		
Date Established	May 1, 1951		
Major Shareholder and Shareholding Ratio	The Master Trust Bank of Japan, Ltd. (Trust Account)		23.85%
	Custody Bank of Japan, Ltd. (Trust Account)		12.42%
	Daiwa Securities Group Inc.		5.15%
	HSBC BANK PLC A/C M AND G(ACS)		4.67%
	BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1		4.58%
	City Index Eleventh Co., Ltd.		3.18%
	STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM		2.06%
	Mizuho Bank, Ltd.		1.92%
	SSBTC CLIENT OMNIBUS ACCOUNT		1.62%
	Seven & i Holdings Co., Ltd.		1.31%
Relationships Between Credit Saison and Suruga Bank	Capital Relations	Number of Suruga Bank Shares Owned by Credit Saison	Does not apply.
		Number of Credit Saison Shares Owned by Suruga Bank	Does not apply.
	Human Relationships		Does not apply.
	Transactional Relationships		Credit Saison has a fixed trading relationship in borrowing capital or the like from Suruga Bank, but because the trading amount is less than 0.1% of the consolidated total assets balance, consolidated net revenue or consolidated transaction volume of Credit Saison, we do not have a very noteworthy business relationship.
	Appropriate Situation for the Relevant Parties		Does not apply.
Operating results and financial position for the last three years (consolidated; International Financial Reporting Standards) (Unit: Millions of yen; Except what is specifically stated.)			
Accounting Period	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
Total equity	532,057	563,738	600,041
Total assets	3,409,247	3,610,778	3,896,105

Equity attributable to owners of parent per share (yen)	3,397.92	3,598.22	3,827.22
Net revenue	282,625	299,017	322,638
Business profit	48,352	52,336	60,977
Profit attributable to owners of parent	36,132	35,375	43,599
Basic earnings per share (yen)	231.24	226.35	278.92
Dividend per share (yen)	45.00	55.00	70.00

- (Note) 1 Shareholding ratio is the ratio of the number of shares (excluding treasury share) held to the total number of shares issued.
- 2 Shareholding ratio is given by rounding to the third decimal place.
- 3 Although the name on the shareholder register is Credit Saison, there are 200 shares (2 voting rights) that it does not actually own. These shares are not included in the treasuries above.
- 4 At the ordinary general meeting of shareholders of Credit Saison scheduled for June 21, 2023, we plan to make a proposal to appoint one of the Suruga Bank's directors as an outside director of Credit Saison, subject to the effective this treasury share disposal (Credit Saison).
- 5 The basic concepts for eliminating anti-social forces and the status of their development are described in the internal control system and the like of the "Corporate Governance Report," dated April 3, 2023, which Credit Saison submitted to the Tokyo Stock Exchange.

4. Schedule

Board of Directors Resolution Date	May 18, 2023 (Thursday)
Date Capital Business Alliance Contract Concluded	May 18, 2023 (Thursday)
Payment Period for the Treasury Share Disposal	July 3, 2023 (Monday) to September 29, 2023 (Friday) (Planned)

- (Note) A condition (hereinafter, the precondition) is that all of this treasury share disposal is effective under the Securities Registration Statement based on the Financial Instruments and Exchange Act relating to this treasury share disposal, the proposal for the appointment of one director dispatched by both companies at the ordinary general meeting of shareholders of the two companies scheduled to be held in June 2023 has been approved, and the approval of the relevant authorities necessary for the implementation of this treasury share disposal has been obtained (including the fact that Credit Saison has obtained the approval of major shareholders of banks based on Article 52-9(1) of the Banking Act), but because it is not possible to determine when the relevant authority will give its approval, the payment period has been set and the payment period is listed as the payment date. At this time, payment for this treasury share disposal is scheduled to be made on July 3, 2023.

5. Future Outlook

(Suruga Bank)

Suruga Bank announced its business earnings forecast for the fiscal year ending March 31, 2024 on May 12, 2023, but the impact of this alliance has not been incorporated. Although we believe that this alliance will contribute to the enhancement of Suruga Bank's corporate value, at this time, we have not yet determined the specific effects on earnings from the fiscal year ending March 31, 2024 and beyond. We will promptly disclose any matters that should be publicized in the future when we consider the details of the business alliance between the two companies.

(Credit Saison)

When this alliance is established, Suruga Bank will become an affiliated company accounted for by the equity-method at Credit Saison; an equity interest in Suruga Bank's comprehensive income will be acquired from the second

quarter of the fiscal year ending March 31, 2024. However, it is necessary to incorporate the financial statements of Suruga Bank, which adopts Japanese accounting standards, into Credit Saison consolidated financial statements after reorganizing them into the International Financial Reporting Standards (hereinafter, IFRS) adopted by Credit Saison.

With the application of the equity method to Suruga Bank, adjustments required for convergence to IFRS, such as the provision for credit losses based on the IFRS required for negative goodwill gains and loans, and the like at Suruga Bank, are expected to be recorded. Although there is a possibility of having an effect on Credit Saison's consolidated earnings forecast under the timely disclosure standard, it is currently under review. The effect on Credit Saison's consolidated earnings forecast is unknown.

The end