

March 28, 2022

Press Release

Company Name: The Shikoku Bank, Ltd.

Representative: Fumiaki Yamamoto

Director and President

Stock Code: 8387 TSE First Section

Company Name: Daiwa Securities Group Inc.

Representative: Seiji Nakata

President and CEO

Stock Code: 8601 TSE and NSE First Section

Attention

This is an unofficial translation of a press release announced on March 28, 2022 by The Shikoku Bank, Ltd. and Daiwa Securities Group Inc. The original press release is in Japanese.

The Shikoku Bank, Ltd. and Daiwa Securities Co. Ltd. Sign Final Agreement for Comprehensive Business Alliance

Today, March 28, 2022, The Shikoku Bank, Ltd. (Director and President: Fumiaki Yamamoto; "Shikoku Bank") and Daiwa Securities Co. Ltd. (President and CEO: Seiji Nakata; "Daiwa Securities"), a wholly-owned subsidiary of Daiwa Securities Group Inc. (President and CEO: Seiji Nakata), announced that the board of directors of both companies have resolved to conclude the final agreement among the two companies on comprehensive business alliance (the "alliance"). This is the result of the two companies' discussion and consideration on the alliance based on the memorandum of understanding concluded by the two companies on September 27, 2021.

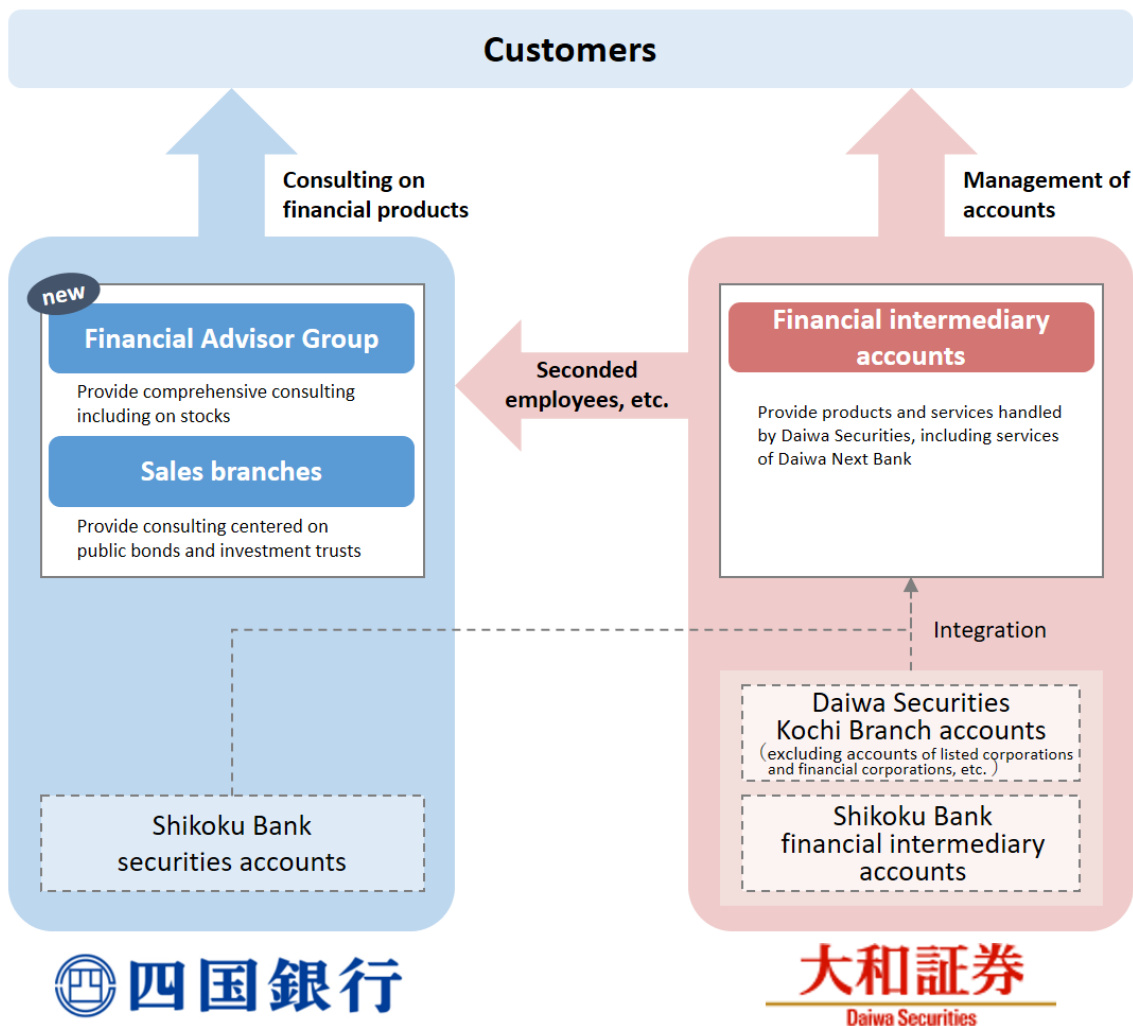
1. Contents of the alliance

The details of the alliance are as follows.

- (1) Integration of customers' securities related accounts

- The customers' securities accounts in Shikoku Bank related to public bonds and investment trusts will be transferred to Daiwa Securities. The transfer is planned to be by the absorption-type split and details will be disclosed as soon as they are decided.
 - Daiwa Securities, in addition to the above accounts, will integrate and manage both the accounts related to the existing financial intermediary contracts which had already been concluded between Shikoku Bank and Daiwa Securities and the accounts of Daiwa Securities Kochi Branch (excluding accounts of listed corporations and financial corporations).
- (2) Entrustment of financial instruments intermediary business and other businesses from Daiwa Securities to Shikoku Bank
- Regarding the integrated account stated above in "(1) Integration of customers' securities related accounts", Daiwa Securities entrusts to Shikoku Bank financial instruments intermediary business including stocks, bonds, investment trusts, and foreign exchange transactions, as well as business related to mediation of discretionary investment contracts such as fund wraps.
 - Regarding bank agency service that Daiwa Securities is entrusted with by Daiwa Next Bank, Ltd. ("Daiwa Next Bank"), Shikoku Bank will receive sub-entrustment from Daiwa Securities and engage in intermediary service to conclude contracts such as "acceptance of deposits" and "domestic exchange transactions" as an agent bank of Daiwa Next Bank.
 - Shikoku Bank will establish "Financial Advisor Group" as a new organization within the bank to address financial instruments intermediary business and prepare its internal organizational system to effectively carry out the entrusted business from Daiwa Securities. Shikoku Bank also provides customers with financial proposals regarding asset building and asset management, sales of financial products, after-sales follow-up, and also perform internal management and other operations.
- (3) Seconded employees from Daiwa Securities
- Daiwa Securities will send employees to Shikoku Bank, and the seconded employees, along with employees of Shikoku Bank, will engage in the entrusted businesses stated above in "(2) Entrustment of financial instruments intermediary business and other businesses from Daiwa Securities to Shikoku Bank".

[Scheme of the Comprehensive Business Alliance]



2. Structure of the alliance

Shikoku Bank will integrate its customers’ assets-related department with the retail functions of Daiwa Securities Kochi Branch under the newly established “Financial Advisor Group”.

The “Financial Advisor Group” will set up four sales offices in Shikoku Bank Head Office, Noichi Branch, Takaoka Branch, and Nakamura Branch in Kochi Prefectures, and will also allocate personnel to other major branches. The group will cooperate with Shikoku Bank’s sales branches, which have been handling public bonds, investment trusts, and fund wraps, to provide financial advice to a wide range of customers, from asset-building generation to the retired.

In addition, the two companies aim to create an advanced cooperating framework that can provide more enhanced financial consulting to customers by coordinating not only in financial intermediary services but also in financial solutions such as inheritance and business succession as well as proposals related to non-financial assets.

Daiwa Securities will close Kochi Branch and establish a new sales office for corporate customers in Kochi prefecture after the launch of the new structure. The sales office will continue to carry out services for listed corporations and financial corporations that are not subject to account integration under the alliance.

3. Implementation Schedule (planned)

(1) Guidance to customers

Provision of guidance documents related to the alliance:

April 2022 or later

(2) Conclusion of company split agreement:

June 2022

(3) Launch of the business under the alliance:

April 2023

(4) Integration of customers' securities related accounts

- Daiwa Securities Kochi Branch customers' accounts and Shikoku Bank's existing financial intermediary accounts: April 2023
- Shikoku Bank customers' securities accounts: May 2023

4. Overview of the two companies

(1) Overview of Shikoku Bank (as of March 31, 2021)

Name	The Shikoku Bank, Ltd.	
Address	1-1-1, Minami Harimaya-cho, Kochi-shi, Kochi	
Representative	Director and President: Fumiaki Yamamoto	
Business	Commercial banking	
Capital	25,000 million yen	
Date of foundation	October 17, 1878	
Major shareholders and shareholding ratio	Custody Bank of Japan, Ltd. (Trust Account)	5.70%
	Meiji Yasuda Life Insurance Co.	4.35%
	Custody Bank of Japan, Ltd. (Trust Account 4)	2.81%
	Nichia Corp.	2.37%

	The Master Trust Bank of Japan Ltd. (Trust Account)	2.34%	
	Shikoku Bank Employee Stock Ownership Plan	2.17%	
	Nippon Life Insurance Co.	1.85%	
	Sompo Japan Insurance Inc.	1.54%	
	DFA INTL SMALL CAP VALUE PORTFOLIO	1.42%	
	Shiginsogo lease, Ltd.	1.13%	
Consolidated operating results and financial position for the last three years (millions of yen, except per share amounts)			
Fiscal year	FY2018	FY2019	FY2020
Net assets	148,041	138,003	158,537
Total assets	3,078,883	2,997,845	3,330,943
Net assets per share	3,483.19 yen	3,243.76 yen	3,810.73 yen
Recurring revenues	45,227	42,970	41,502
Ordinary income	9,586	3,097	9,482
Profit attributable to owners of parent	6,221	3,096	6,641
Earnings per share	145.80 yen	72.92 yen	156.80 yen
Dividends per share	35.00 yen	30.00 yen	30.00 yen

(2) Overview of Daiwa Securities (as of March 31, 2021)

Name	Daiwa Securities Co. Ltd.		
Address	9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo		
Representative	President and CEO: Seiji Nakata		
Business	Securities Business		
Capital	100,000 million yen		
Date of foundation	April 26, 1999		
Major shareholders and shareholding ratio	Daiwa Securities Group Inc.		100%
Operating results and financial position for the last three years (millions of yen, except per share amounts)			
Fiscal year	FY2018	FY2019	FY2020
Net assets	772,281	744,927	794,415
Total assets	9,832,825	11,980,325	13,097,445
Net assets per share	953,198.18 yen	919,436.73 yen	980,517.50 yen

Operating revenues	332,374	298,652	315,179
Ordinary income	53,710	29,788	66,283
Net income	38,297	11,646	41,393
Earnings per share	47,269.49 yen	14,374.46 yen	51,091.03 yen
Dividends per share	79,531 yen	47,269 yen	14,374 yen

5. Future Outlook

The planned alliance will have marginal impact on the consolidated financial results of Shikoku Bank and Daiwa Securities Group Inc. We will immediately issue an announcement if the possibility of a material impact arises.

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