



May 18, 2023

To all whom it may concern

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Notice Concerning Disposition of Treasury Shares by Third Party Allotment Based on a Capital and Business Alliance with Suruga Bank, Ltd.

As announced today in the “Notice Concerning the Capital and Business Alliance Between Credit Saison Co., Ltd. and Suruga Bank, Ltd.,” we have entered into a contract (hereinafter referred to as “this capital and business alliance contract”) with Suruga Bank, Ltd. (Head Office: Numazu City, Shizuoka Prefecture; Representative Director and President: Kosuke Saga; hereinafter “Suruga Bank”), for a capital and business alliance (hereinafter referred to as “this alliance”).

In conjunction with this, at the meeting of Board of Directors held today, we decided to dispose of our own shares (hereinafter referred to as “this treasury share disposal”) through a third-party allotment of shares to be disposed of to Suruga Bank. The details are below.

Also, this treasury share disposal is implemented as part of this alliance, subject to the following conditions (hereinafter collectively referred to as “these preconditions”): that the company obtains the major shareholder authorization under the Banking Act from the Financial Services Agency; that the acquisition of 35,089,000 treasury shares (15.12% of the total number of issued shares) held by Suruga Bank through a third party allotment is reasonably certain; that the proposal for the appointment of one director of the company to be seconded to the ordinary general meeting of shareholders of Suruga Bank (scheduled to be held on June 29, 2023) and one director of the Bank to be seconded to the ordinary general meeting of shareholders of the company (scheduled to be held on June 21, 2023) is approved; and that all other conditions precedent, such as the effectiveness of the securities registration statement based on the Financial Instruments and Exchange Act, are satisfied. Major shareholder authorization under the Banking Act will be disclosed promptly after acquisition.

Details

1. Overview of Disposal

(1) Payment Period	July 3, 2023 (Monday) to September 29, 2023 (Friday) (Planned)
(2) Number of Shares to Dispose	Our Common Shares 8,224,700 Shares
(3) Disposition Value	¥1,884 Per Share
(4) Total Disposition Value	¥15,495,334,800
(5) Method of Public Offering or Disposition (Planned Disposition Destination)	By Way of Third-party Allocation Method (Suruga Bank)
(6) Others	This treasury share disposal is subject to the fulfillment of these preconditions.

(Note) This treasury share disposal is conditional on the fulfillment of these preconditions, but since the timing of obtaining the major shareholder authorization and the like at the Financial Services Agency cannot be determined, we have set a payment period; the relevant payment period is stated as the payment date. At this time, payment for this treasury share disposal is scheduled for July 3, 2023.

2. Purpose of and Reason for Disposal

We believe that our business alliance with Suruga Bank and the provision of services with higher added value will enhance

the corporate value of both companies. In order securely to promote our business alliance, we have decided that a capital alliance in the form of a mutual shareholding is necessary to build a stable trusting relationship between our company and Suruga Bank. (For details, refer to the “Notice Concerning the Capital and Business Alliance Between Credit Saison Co., Ltd. and Suruga Bank, Ltd.” published today.)

This treasury share disposal is being implemented as part of this alliance. The treasury shares of 8,224,700 (4.44% of the total number of issued shares (rounded to the third decimal place. The same applies hereinafter in this paragraph), total amount is ¥15,500 million (rounded to the nearest 100 million yen. The same applies hereinafter in this paragraph)) will be acquired by Suruga Bank through a third-party allocation method, subject to fulfilling these preconditions. At the same time, 35,089,000 treasury shares owned by Suruga Bank (15.12 % of the total number of issued shares, total amount ¥17,100 million) will be acquired by the company through a method of third-party allocation.

3. Amount of funds to be raised, usage, and planned time of expenditure

(1) Amount of funds to be raised

(1)	Total amount paid	¥15,495,334,800
(2)	Approximate amount of issued expenses	¥185,308,000
(3)	Estimated net proceeds	¥15,310,026,800

(Note) 1 The estimated amount of issued expenses does not include consumption tax.

2 Mainly, in the breakdown of the estimated amount of issued expenses, we plan to cover advisory fees, attorney fees, and document preparation expenses such as securities registration statements for Daiwa Securities Co., Ltd.

(2) Specific usage of funds to be raised, and planned time of expenditure

Specific usage	Amount (¥)	Planned time of expenditure
Funds required for acquisition of Suruga Bank shares	15,310,026,800	July 3, 2023 (Monday) to September 29, 2023 (Friday) (However, same date as the payment date of this treasury share disposal)

As described in “2. Purpose and Reason for Disposal”, in order to clarify that the alliance is actively promoted and to enhance its effectiveness, the company and Suruga Bank have that a capital alliance in the form of mutual shareholding is necessary. Along with this, the paid-in funds in this treasury share disposal will be used to acquire the entire amount of Suruga Bank common shares (treasury shares) that we will undertake in conjunction with this alliance. Until the funds are actually raised, they will be managed as bank deposits, or the like.

4. Concept on the rational use of funds

By allocating for the use described in “3. Amount of funds to be raised, usage, and planned time of expenditure, (2) Specific usage of funds to be raised, and planned time of expenditure,” it contributes to the improvement of the company's corporate value; ultimately we believe that this leads to the improvement of the profit of existing shareholders, and we judge that the use of funds raised through this treasury share disposal is reasonable.

5. Reasonableness of disposal conditions

(1) Basis for calculating the amount paid and specific details thereof

The disposal value is ¥1,884 (rounded to the nearest yen; the same applies below in this paragraph), which is the simple average of the closing price of the company's shares on the Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”) for one month (from April 18, 2023 to May 17, 2023) on the date of the resolution of the Board of Directors (hereinafter referred to as the “date of the resolution of the Board of Directors”) pertaining to this treasury share disposal.

In determining the disposal price, the simple average closing price of the company's shares on the Tokyo Stock Exchange during the one-month period (from April 18, 2023 to May 17, 2023) preceding the business day immediately preceding the date of this resolution at the Board of Directors was used as a reference because it is better to adopt the stock price averaged over a certain period of time rather than using a specific point in time as a standard. This eliminates special factors such as any effects of temporary stock price fluctuations. This is because we have determined that it is highly objective and reasonable as a basis for calculation.

While the disposal price is ¥1,979, which is the closing price of the company's shares on the business day immediately preceding the date of the resolution of the Board of Directors, it is the discount of 4.80% (rounded to the third decimal place; the same applies below in this paragraph), the premium of 4.15% for ¥1,809, which is the simple average value of the closing price of the company's shares for the three months immediately before the same period (from February 20, 2023 to May 17, 2023), and the premium of 7.23% for ¥1,757, which is a simple average of the closing price of the company's shares for the six months immediately preceding the same period (from November 18, 2022 to May 17, 2023).

The disposal price calculated based on such a concept is in accordance with the “Rules Concerning Handling of Allotment of New Shares to Third Parties, etc.” of the Japan Securities Dealers Association, and it is judged that it does not fall under the particularly favorable disposal value.

Also, all of the 4 company's corporate auditors (including 3 outside corporate auditors) who attended the Board of Directors meeting relating to this treasury share disposal have the opinion that the basis for calculating the disposal value, which is based on the standard of an objective value for common share in the form of the market price, is complies with the above guidelines, so it does not fall under the particularly favorable disposal value, and is legal.

(2) Grounds for judging that the quantity of disposal and the scale of dilution of shares are reasonable

The number of shares subject to this treasury share disposal is 8,224,700 shares (82,247 of voting rights). Total number of issued shares (including treasury shares) as of March 31, 2023 is 4.44% of the 185,444,772 shares (Ratio of 5.26% to the number of total voting rights (1,562,713) as of March 31, 2023). It is equivalent to rounding to the third decimal place; a fixed dilution occurs.

However, the purpose of this treasury share disposal is to strengthen the alliance between the company and Suruga Bank, and in order to both clarify the proactive promotion of this alliance and increase its effectiveness, the capital aspect will take the form of ownership of the counterpart's stock shares. As a result, this will contribute to the improvement of the medium- and long-term corporate value, and we believe that it will lead to the improvement of the profits of the existing shareholders of the company from a medium- to long-term perspective, and we judge that the amount of disposal and the scale of dilution of the stock are reasonable.

6. Reasons for Selection of Planned Disposition Destination

(1) Overview of Disposal Destinations (As of March 31, 2023)

(1) Name	Suruga Bank, Ltd.		
(2) Address	23 Toriyoko-cho, Numazu City, Shizuoka Prefecture		
(3) Representative Position/Name	Representative Director and President	Kosuke Saga	
(4) Business Content	Banking		
(5) Capital	¥30,043 million		
(6) Date Established	October 19, 1895		
(7) Total Number of Shares Issued	232,139,248 Shares		
(8) Accounting Period	March		
(9) Number of Employees	1,535 people (Consolidated)		
(10) Main Trading Partners	—		
(11) Main Trading Banks	—		
(12) 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%		
(13) Relationships Between Listed Companies and Our Company	Capital Relations	Number of Company-owned Shares	Does not apply.

	to be Disposed of	
	Number of Company Shares Owned by Disposition Destination	Does not apply.
	Personnel Relationships	Does not apply.
	Transactional Relationships	Although the company has certain business relationships such as borrowing funds or the like from the disposal destination, but because the trading amount is less than 0.1% of the consolidated total assets balance, consolidated net revenue or consolidated transaction volume, there is no noteworthy business relationship.
	Appropriate Situation for the Relevant Parties	Does not apply.

(14) Operating Results and Financial Position (Consolidated) for the Last 3 Years (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 share).

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 the company's directors as an outside director of Suruga Bank will be tabled, subject to the effective this treasury share disposal by third party allotment that Suruga Bank will implement as disposal destination for our company.

4 The company has received a declaration and guarantee from the intended disposal destination that it is not an anti-social force and that there are no individuals among its directors who are employed by anti-social forces or have any relationship with members of said organizations. Shares for the intended destination of the disposal is listed on the Prime Market at the Tokyo Stock Exchange. By confirming the basic concepts for eliminating anti-social forces and the status of their development described in the internal control system of the "Corporate Governance Report," dated June 29, 2022, which was submitted to the Tokyo Stock Exchange by the intended destination of the disposal, it has been judged that the intended destination of the disposal and its officers are not associated with anti-social forces.

(2) Reasons for Selection of Planned Disposition Destination

See: 2. Purpose of and Reason for Disposal, above.

(3) Planned Disposition Destination Holding Policy

The company has received an explanation from the intended disposal destination that it intends to hold the company's shares acquired through this treasury share disposal in the medium-to-long term.

Also, if all or part of the company's common share acquired by this treasure share disposal is transferred by the disposal destination within two years from the payment date, from the disposal destination, the company intends immediately to obtain written confirmation that the details of the name and address of the entity receiving transfer, the number of shares

transferred, the date of the transfer, the transfer price, the reason for the transfer, and the method of transfer, and other information will be reported to the company in writing, and the company will report in writing the content of that report to the Tokyo Stock Exchange, and that the content of the report will be made available to the public.

(4) Details of confirmation of existence of property required for payment of the disposition destination

The company has received a report from the disposal destination that the funds required to pay the total paid-in amount (disposal value) of the company's shares relating to this treasury share disposal have been secured, and that the planned disposal destination has sufficient cash and deposits and other current assets required for such payment. Also, the quarterly consolidated financial statements listed in the quarterly report (the third quarterly report for the 212th fiscal period) and the interim financial statements listed in the quarterly report (the second quarterly report for the 212th fiscal period) of the disposal destination have confirmed that the disposal destination holds sufficient cash deposits and other current assets required for the payment. For that reason, the company has judged that there is no hindrance to such payment.

7. Major shareholder and shareholding ratio after disposal

Before public offering (As of March 31, 2023)		After public offering	
The Master Trust Bank of Japan, Ltd. (Trust Account)	23.85%	The Master Trust Bank of Japan, Ltd. (Trust Account)	22.66%
Custody Bank of Japan, Ltd. (Trust Account)	12.42%	Custody Bank of Japan, Ltd. (Trust Account)	11.80%
Daiwa Securities Group Inc.	5.15%	Suruga Bank, Ltd.	5.00%
HSBC BANK PLC A/C M AND G (ACS)	4.67%	Daiwa Securities Group Inc.	4.89%
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	4.58%	HSBC BANK PLC A/C M AND G (ACS)	4.44%
City Index Eleventh Co., Ltd.	3.18%	BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	4.35%
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	2.06%	City Index Eleventh Co., Ltd.	3.02%
Mizuho Bank, Ltd.	1.92%	STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	1.96%
SSBTC CLIENT OMNIBUS ACCOUNT	1.62%	Mizuho Bank, Ltd.	1.82%
Seven & i Holdings Co., Ltd.	1.31%	SSBTC CLIENT OMNIBUS ACCOUNT	1.54%

(Note) 1 Listed based on the shareholder registry as of March 31, 2023.

2 Shareholding ratio is the ratio of the number of shares held to the total number of shares issued (excluding treasury share).

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

4 Our name is registered in the shareholder register, but there are 200 shares which we substantially do not own (two voting rights). Also, the shares do not include treasury share.

8. Future Outlook

When this alliance is established, Suruga Bank will become an affiliated company of our 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 our company's consolidated financial statements after reorganizing them into the International Financial Reporting Standards (hereinafter, IFRS) adopted by our company.

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 the company's consolidated earnings forecast under the timely disclosure standard, it is currently under review. The effect on the company's consolidated earnings forecast is unknown.

9. Matters relating to procedures under the Corporate Code of Conduct

Because (1) the dilution rate is less than 25%, and (2) it does not involve a transfer in the controlling shareholders, this treasury share disposal does not necessary to obtain opinions from an independent third party and the shareholder's intention confirmation procedure as stipulated in Rule 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.

10. Performance and equity finance position for the last 3 years

(1) Results for the last 3 years (consolidated international accounting standards) (Unit: millions of yen. Except what is specifically stated.)

	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

(2) Current number of shares issued and number of potential shares (As of March 31, 2023)

	Number of shares	Ratio to number of shares issued
Number of issued shares	185,444,772 Shares	100%
Number of potential shares at current conversion price (exercise price)	- Shares	—%
Number of potential shares at the lower limit of the conversion price (exercise price)	- Shares	—%
Number of potential shares at the upper limit of the conversion price (exercise price)	- Shares	—%

(3) Recent stock price status

(1) Status in last three years

	Fiscal Year Ended March 31, 2021	Fiscal Year Ended March 31, 2022	Fiscal Year Ended March 31, 2023
Opening price	¥1,226	¥1,331	¥1,302
High price	¥1,511	¥1,531	¥1,929
Low price	¥976	¥1,097	¥1,238
Closing price	¥1,328	¥1,303	¥1,680

(2) Status in last six months

	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023
Opening price	¥1,774	¥1,697	¥1,700	¥1,840	¥1,706	¥1,897
High price	¥1,785	¥1,703	¥1,882	¥1,929	¥1,884	¥1,995
Low price	¥1,664	¥1,599	¥1,666	¥1,653	¥1,697	¥1,861
Closing price	¥1,701	¥1,698	¥1,856	¥1,680	¥1,879	¥1,979

(Note) With regard to May 2023, the status up to May 17, 2023.

(3) Stock price on the business day before the issuance resolution date

	May 17, 2023
Opening price	¥1,970
High price	¥1,995
Low price	¥1,961
Closing price	¥1,979

(4) Matters relating to the status of equity finance status for the last 3 years

Does not apply.

11. Disposition Requirements

(1) Stock type and quantity	Our Common Shares 8,224,700 Shares
(2) Payment amount	¥1,884 Per Share
(3) Total amount paid	¥15,495,334,800
(4) Method of disposition or allocation	Disposition of treasury shares by third party allotment
(5) Disposition destination	Suruga Bank, Ltd.
(6) Payment period	July 3, 2023 (Monday) to September 29, 2023 (Friday) (Planned)
(7) Other	Satisfying the preconditions is a condition for each item.

The end