

For Immediate Release

Company Name: Shinsei Bank, Limited
Name of Representative: Hideyuki Kudo
President and CEO
(Code: 8303, TSE First Section)

Conclusion of LOI for a Comprehensive Business Partnership in the Financial Instruments Intermediary Business and Company Split (simple absorption-type company split) between Monex, Inc. and Shinsei Bank Group (Shinsei Bank and Shinsei Securities)

Tokyo (Wednesday, January 27, 2021) --- Shinsei Bank, Limited (Chuo-ku, Tokyo, President and Chief Executive Officer: Hideyuki Kudo; hereinafter, "Shinsei Bank") announced that Shinsei Bank and Shinsei Securities Co., Ltd. (President and Representative Director: Yasuhiro Iwamoto; hereinafter, "Shinsei Securities;" and together with Shinsei Bank, "Shinsei Group"), a wholly owned subsidiary of Shinsei Bank, have determined to establish a comprehensive business partnership (hereinafter, the "Partnership") with Monex, Inc. (Representative Director and President: Yuko Seimei; hereinafter, "Monex") with regard to their financial instruments intermediary business. At the board of directors meeting held by Shinsei Bank on January 27, it was approved that the three-party Letter of Intent (hereinafter, the "LOI") shall be executed as of January 27. Shinsei Bank hereby notifies that there are matters related to the succession of Shinsei Bank's investment trust accounts by Monex through a company split (hereinafter, the "Company Split") in the course of implementation of the Partnership. The LOI also includes matters related to the succession by Monex of rights and obligations regarding Shinsei Securities' bond safekeeping accounts of individual customers; mainly in connection with Shinsei Securities' financial instruments intermediary business with Shinsei Bank by way of a company split (hereinafter, "Securities Company Split"), and therefore, matters that are available for disclosure at this time have been included as referential information.

Implementation of the Partnership is subject to obtaining the necessary approvals from governmental bodies and concluding an agreement which stipulates finally agreed matters (including a definitive company split agreement pertaining to the Company Split and the Securities Company Split; hereinafter, the "Final Agreement"), following verification of the effects of the Partnership. The Final Agreement will be concluded by the end of March 2021 to start operation under the new structure from sometime around January 2022. Please refer to the attached press release jointly released by Monex, Shinsei Bank, and Shinsei Securities "Conclusion of an LOI for a Comprehensive Business Partnership in the Financial Instruments Intermediary Business between Monex, Inc. and the Shinsei Bank Group".

Please note that Shinsei Bank has omitted certain disclosures and details of the Company Split, since the decrease in the total assets of Shinsei Bank is less than 10% of the net assets as of the end of the most recent fiscal year, and the decrease in revenue of Shinsei Bank is expected to be less than 3% of the revenue of the most recent fiscal year. Any details undetermined as of the present date will be announced as soon as they are finalized.

1. Purpose of the Company Split

As described above, this LOI contains an agreement regarding the Company Split in the course of implementing the Partnership. The intent of the Partnership is to enable the Shinsei Group to expand its range of products it provides to its customers, and to offer them the best consulting extending to the future. Therefore, the purpose of the said Partnership is to shift the focus of the Shinsei Group's management resources towards strengthening its consulting capabilities, enhancing the quality of its interactions with customers, and providing financial services that suit the needs of the individual customers. On and after the effective date of the Company Split, Shinsei Bank will continue to sell investment trust units and bonds to existing and new customers through the financial instruments intermediary business entrusted by Monex. On and after the effective date of the Securities Company Split, Shinsei Securities will act as an intermediary for providing products to Monex.

2. Outline of the Company Split

(1) Schedule of the Company Split

Date of LOI	January 27, 2021
Date of Board Meeting to approve the Company Split	In March 2021 (expected)
Date of the Company Split Agreement	In March 2021 (expected)
Effective Date of the Company Split	In January 2022 (expected)

There is a possibility that changes will be made to the procedures and schedule in the course of further discussions and considerations conducted and made by the parties. The Company Split constitutes a simplified absorption-type split as set forth in Article 784, Paragraph 2 of the Companies Act with regard to Shinsei Bank, and a simplified absorption-type split as set forth in Article 796, Paragraph 2 of the Companies Act with regard to Monex, and therefore neither of the parties will need to hold a general meeting of shareholders to approve the Company Split.

Shinsei Securities will hold a general meeting shareholders to approve the Securities Company Split as set forth in Article 783, Paragraph 1 of the Companies Act, while Monex will not, because the Securities Company Split constitutes a simplified absorption-type split as set forth in Article 796, Paragraph 2 of the Companies Act with regard to Monex. The Securities Company Split is also scheduled to be implemented in accordance with the schedule above.

(2) Method of the Company Split

The Company Split shall be a simplified absorption-type split, whereupon Shinsei Bank will be split and Monex will be the successor company.

At the same time, with respect to the Securities Company Split, a simplified absorption-type split whereupon Shinsei Securities will be split and Monex will be the successor company is scheduled to take place.

(3) Details of the allotment related to the Company Split

An announcement will be made as soon as the details are finalized after consultation between the parties.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights upon the Company Split

An announcement will be made as soon as the details are finalized after consultation between the parties.

(5) Change in share capital due to the Company Split

An announcement will be made as soon as the details are finalized after consultation between the parties.

(6) Rights and obligations to be succeeded by the successor company

Monex plans to succeed to the assets and obligations of Shinsei Bank's investment trust accounts as well as any and all rights and obligations incidental thereto (this excludes off-the-book debts, employee labor contracts, and contracts which pertain to the succeeded business but are not related to the rights and obligations of the investment trust accounts). Details will be announced as soon as they are determined after consultation between the parties.

With regard to the Securities Company Split taking place simultaneously, Monex plans to succeed to the assets and liabilities of Shinsei Securities' bond safekeeping accounts of individual customers, mainly in connection with Shinsei Securities' financial instruments intermediary business with Shinsei Bank, as well as any and all rights and obligations incidental thereto (this excludes off-the-book debts, employee labor contracts, and contracts which pertain to the succeeded business but are not related to the rights and obligations of the bond safekeeping accounts).

(7) Prospects of fulfillment of obligations

It is assumed that no issues will arise with regard to the prospects of the fulfillment of obligations to be assumed by Monex through the Company Split.

It is also assumed that no issues will arise with regard to the prospects of the fulfillment of obligations to be assumed by Monex through the Securities Company Split.

3. Basis of calculating the details of the allotment related to the Company Split

An announcement will be made as soon as the details are finalized after consultation between the parties.

4. Overview of the companies involved in the Company Split

(as of March 31, 2020)

	Splitting company	Successor company
(1) Trade name	Shinsei Bank, Limited	Monex, Inc.
(2) Address	4-3, Nihonbashi Muromachi 2-chome, Chuo-ku, Tokyo	12-32, Akasaka 1-chome, Minato-ku, Tokyo
(3) Name and title of representative	Hideyuki Kudo President & CEO	Yuko Seimei Representative Director and President
(4) Nature of business	Banking	Securities
(5) Share capital	JPY 512,204M	JPY 12,200M
(6) Founded	December 1, 1952	May 20, 1999
(7) Number of shares issued	259,034,689 shares	228,000 shares
(8) Fiscal year end	March	March
(9) Major shareholders and shareholding ratios (*)	Deposit Insurance Corporation of Japan (11.66%) SBI Holdings, Inc. (9.50%) THE RESOLUTION AND COLLECTION CORPORATION (8.66%) THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT) (6.07%) ・ SSBTC CLIENT OMNIBUS ACCOUNT (3.94%)	Monex Group, Inc. (100%)
(10) Financial position and results of operations for the most recent fiscal year		
Fiscal year end	March 31, 2020	March 31, 2020(Non-consolidated)
Equity attributable to owners of the company	JPY 910,485M	JPY 48,848M
Total assets	JPY 10,226,571M	JPY 656,308M
Equity per share attributable to owners of the company	JPY 3,913.40	-
Revenue	JPY 239,996M (Total revenue)	JPY 27,987M (Operating revenue)
Operating income	JPY 90,422M (Net operating income)	JPY 2,680M
Profit (loss) before income taxes	JPY 51,036M	JPY 2,659M

Net income attributable to owners of the company	JPY 45,575M	-
Net profit per share	JPY 190.59	-

(*) As we announced in the release "Notice of Change of Major Shareholders (the Largest Shareholder)" dated December 24, 2020, According to a report on ownership of large volume (a change report) submitted by SBI Holdings Co., Ltd on the same day, there was a change in Shinsei Bank's largest shareholder as of December 21, 2020, and the percentage of voting rights held by SBI Holdings Co., Ltd was 13.09%.

5. Overview of the business to be split

(1) Details of the business to be split or succeeded

In the course of the Company Split, Monex is scheduled to succeed the assets and obligations of Shinsei Bank's investment trust accounts, as well as any and all rights and obligations incidental thereto. Details will be announced as soon as they are determined after consultation between the parties.

(2) Operating results of the department to be split or succeeded

As stated in (1) above, details of the business of the department to be split and succeeded shall be determined after consultation between the parties. The details of the business regarding Shinsei Bank's investment trust accounts are as follows:

Fiscal year end	Fiscal year ended March 2020
Aggregate outstanding balance of investment trust	JPY 286.7 billion

(Reference Information)

Information on Shinsei Securities' bond safekeeping accounts

Fiscal year end	Fiscal year ended March 2020
Aggregate outstanding balance of bond safekeeping accounts	JPY 207.9 billion

(3) Items and amounts of assets and liabilities to be split or succeeded

As stated in (1) above, details shall be determined after consultation between the parties.

6. Status of the companies after the Company Split

No changes are expected to be made in the trade name, address, name and title of representative, nature of business, share capital, or fiscal year end.

7. Outlook

The impact of the Company Split on Shinsei Bank's consolidated results is immaterial.

(Reference Information)

Overview of the companies involved in the Securities Company Split

(as of March 31, 2020)

	Splitting company	Successor company
(1) Trade name	Shinsei Securities Co., Ltd.	Monex, Inc.
(2) Address	4-3, Nihonbashi Muromachi 2-chome, Chuo-ku, Tokyo	12-32, Akasaka 1-chome, Minato-ku, Tokyo
(3) Name and title of representative	Yasuhiro Iwamoto Representative Director, President	Yuko Seimei Representative Director and President
(4) Nature of business	Securities	Securities
(5) Share capital	JPY 8,750M (Fully-owned by Shinsei Bank)	JPY 12,200M
(6) Founded	December 25, 2000	May 20, 1999
(7) Number of shares issued	203 shares	228,000 shares
(8) Fiscal year end	March	March
(9) Major shareholders and shareholding ratios	Shinsei Bank, Limited (100%)	Monex Group, Inc. (100%)
(10) Financial position and results of operations for the most recent fiscal year		
Fiscal year end	March 31, 2020 (Non-consolidated)	March 31, 2020 (Non-consolidated)
Equity attributable to owners of the company	JPY 14,355M	JPY 48,848M
Total assets	JPY 28,697M	JPY 656,308M
Equity per share attributable to owners of the company	-	-
Revenue	JPY 6,594M (Operating revenue)	JPY 27,987M (Operating revenue)
Operating income	JPY 1,064M	JPY 2,680M
Profit (loss) before income taxes	JPY 1,110M	JPY 2,659M

Net income attributable to owners of the company	-	-
Net profit per share	-	-

End

Shinsei Bank is a leading diversified Japanese financial institution providing a various range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and transparency in all of its activities in order to earn the trust of its customers, staff, and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <https://www.shinseibank.com/corporate/en/index.html>

For further information, please contact:
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January 27, 2021

Monex, Inc.
Shinsei Bank, Limited
Shinsei Securities Co., Ltd.

Conclusion of an LOI for a Comprehensive Business Partnership in the Financial Instruments Intermediary Business between Monex, Inc. and the Shinsei Bank Group

Monex, Inc. (Representative: Yuko Seimei; hereinafter, “Monex”), Shinsei Bank, Limited (President & CEO: Hideyuki Kudo; hereinafter, “Shinsei Bank”) and Shinsei Securities Co., Ltd., a wholly-owned subsidiary of Shinsei Bank (Representative Director, President: Yasuhiro Iwamoto; hereinafter, “Shinsei Securities”). Shinsei Bank and Shinsei Securities are collectively referred to as the “Shinsei Bank Group” hereinafter) have concluded a three-party Letter of Intent (hereinafter, the “LOI”) for a comprehensive business partnership in the financial instruments intermediary business (hereinafter, the “Partnership”) on January 27.

The Partnership is subject to obtaining the approval of relevant governmental bodies and concluding an agreement which stipulates finally agreed matters (hereinafter, the “Final Agreement”), following verification of the effects of the Partnership. The Final Agreement will be concluded by the end of March 2021 to start operation under the new structure from sometime around January 2022.

(1) Details of the Partnership

Shinsei Bank’s investment trust accounts and Shinsei Securities’ rights and obligations for bond safekeeping accounts of its individual customers, mainly related to financial instruments intermediary transactions with Shinsei Bank, will be transferred to Monex through a corporate split (absorption-type). Shinsei Bank will continue to sell investment trusts and bonds to both its existing and new customers as the financial instruments intermediary agent entrusted by Monex. Shinsei Securities will act as an intermediary for providing products to Monex.

The Partnership will allow Monex and the Shinsei Bank Group to jointly provide various asset management products and services to their customers by having Monex manage customer accounts and having Shinsei Bank conduct solicitation, sales and post-sales follow-ups.

(2) Purposes of the Partnership

The Shinsei Bank Group has been implementing various advanced initiatives focusing on customer-oriented business operation in order to sufficiently respond to diversified customer needs. The initiatives include modernizing communication methods by enhancing remote channels, promoting electronic delivery of investment trust prospectuses and free-of-charge application fees for bull-bear investment trusts available only on the Internet. The Partnership aims to expand the line-up of the products provided to customers and to offer them the best consulting extending to the future by partnering with Monex, which has a unique and superior product and service line-up. The Partnership is also in line with “Grow through Value Co-Creation”, one of the Group’s core strategies in the Medium-Term Strategies.

Monex has set “Create finance for a new era” as one of its business principles and has been supporting investment activities of individual investors by, for example, releasing various information in a timely manner as well as providing numerous unique products and services to create “finance for a new era”. Eyeing further expansion of its customer base, Monex aims to enhance its services by providing products and services that meet the needs of each customer.

Monex and the Shinsei Bank Group have agreed on the Partnership in order to co-create value by leveraging their advantages. Monex and the Monex Group bring about product origination capability and extensive product line-up, while the Shinsei Bank Group leverages the customer base and consulting capability to provide higher-quality asset management services to their customers. The Partnership is in line with the basic philosophy of “customer-oriented business operation” which sets the highest priority on customers’ best interests to provide financial services that meet their needs.

The Partnership will enable the Shinsei Bank Group to provide broadly-ranged financial products offered by Monex and the Monex Group. The Shinsei Bank Group will therefore be able to enhance the quality of its customer touch points and provide financial services that better meet the needs of individual customers by shifting its management resources that had been allocated to structuring and management of products to enhancing its consulting capability.

Meanwhile, the Partnership will expand the product sales channels and customer base of Monex, enabling the company to better respond to social needs for asset formation by leveraging its high product-structuring capability.

(3) Profiles of the companies

Trade name	Monex, Inc.	Shinsei Bank, Limited	Shinsei Securities Co., Ltd.
Location	12-32, Akasaka 1-chome, Minato-ku, Tokyo	4-3, Nihonbashi Muromachi 2-chome, Chuo-ku, Tokyo	4-3, Nihonbashi Muromachi 2-chome, Chuo-ku, Tokyo
Representative	Yuko Seimei Representative Director and President	Hideyuki Kudo President & CEO	Yasuhiro Iwamoto Representative Director, President
Business	Securities	Banking	Securities
Capital	JPY12,200M	JPY512,204M	JPY8,750M (Fully-owned by Shinsei Bank)
Established	May 1999	December 1952	December 2000

(4) Overview of the business to be split

1. Details of the business to be split or succeeded

In the course of the Company Split, Monex is scheduled to succeed the assets and obligations of Shinsei Bank's investment trust accounts, as well as any and all rights and obligations incidental thereto. Details will be announced as soon as they are determined after consultation between the parties.

2. Operating results of the department to be split or succeeded

As stated in 1. above, details of the business of the department to be split and succeeded shall be determined after consultation between the parties. The details of the business regarding Shinsei Bank's investment trust accounts are as follows:

Fiscal year end	Fiscal year ended March 2020
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(Reference Information)

Information on Shinsei Securities' bond safekeeping accounts

Fiscal year end	Fiscal year ended March 2020
Aggregate outstanding balance of bond safekeeping accounts	JPY 207.9 billion

3. Items and amounts of assets and liabilities to be split or succeeded

As stated in 1. above, details shall be determined after consultation between the parties.

(5) Outlook

The partnership will have marginal impact on the consolidated performance of Monex and the Shinsei Bank Group.

End

Shinsei Bank is a leading diversified Japanese financial institution providing a various range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and transparency in all of its activities in order to earn the trust of its customers, staff, and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <https://www.shinseibank.com/corporate/en/index.html>

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