

MONEX GROUP

Announcement of Subsidiary's Release

TOKYO, January 27, 2021 – Monex, Inc., a wholly owned subsidiary of Monex Group, Inc., issued the following press release today.

Attachment: Summary of Monex, Inc. press release

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

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January 27, 2021

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

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 Director and President: 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

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.

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 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
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.

(5) Outlook

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

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