



FY2020 Financial Highlights & FY2021 Prospects

FIDEA HOLDINGS CO. LTD.

June 2021

This document contains forward-looking statements in regard to forecasts, targets and plans of FIDEA Holdings Co. Ltd. ("FIDEA") and its group companies (collectively, "the group"). These forward-looking statements are based on information currently available to the group and are stated here on the basis of the outlook at the time that this document was produced. In addition, in producing these statements certain assumptions (premises) have been utilized. These statements and assumptions (premises) are subjective and may prove to be incorrect and may not be realized in the future. Underlying such circumstances are a large number of risks and uncertainties. Please see other disclosure and public filings made or will be made by FIDEA and the other companies comprising the group, including the latest kessan-tanshin, financial reports, Japanese securities reports and annual reports, for additional information regarding such risks and uncertainties. The group has no obligation or intent to update any forward-looking statements contained in this document.

In addition, information on companies and other entities outside the group that is recorded in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the group and cannot be guaranteed.

The financial information used in this document was prepared in accordance with accounting standards generally accepted in Japan, or Japanese GAAP.

Definitions of figures used in this document

Consolidated: FIDEA Holdings (consolidated)

2 Banks: Shonai Bank (non-consolidated) + Hokuto Bank (non-consolidated)

FY2020 Financials Summary

Income Statement

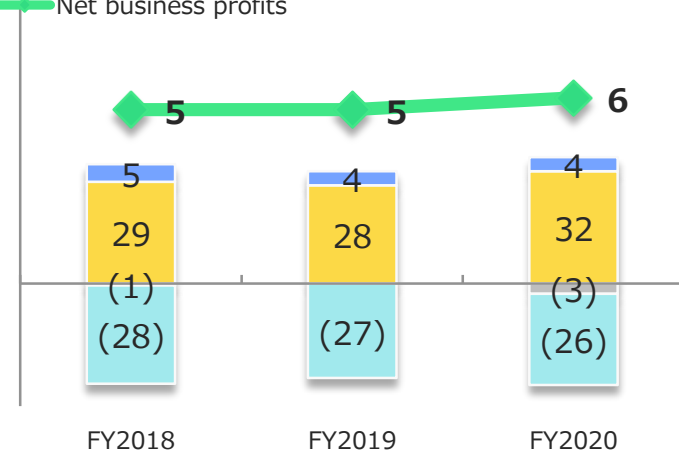
(JPY in billions)	FY19 (results) ①	FY20		y-o-y ③-①	Results vs. projected ③-②
		(projected) ②	(results) ③		
Ordinary revenue	50.8	-	53.1	2.3	-
Gross profits	32.8	32.7	33.3	0.5	0.6
Core Gross profits	33.5	32.7	37.8	4.3	5.1
Net interest income	28.9	27.4	32.0	3.1	4.6
Net fees and commissions	4.5	4.7	4.7	0.2	0.0
Net gains(losses) on debt securities	(0.6)	0.0	(4.5)	(3.9)	(4.5)
G&A expenses (excl. extraordinary expenses)	27.6	27.1	26.7	(0.9)	(0.4)
Personnel costs	14.4	13.9	13.8	(0.6)	(0.1)
Non-personnel costs	11.1	11.1	10.8	(0.3)	(0.3)
Net business profits	5.2	5.6	6.5	1.3	0.9
Total credit costs	1.4	2.2	2.0	0.6	(0.2)
Net gains (losses) on equity securities	0.1	1.0	3.2	3.1	2.2
Ordinary profits	2.8	4.7	6.8	4.0	2.1
Net extraordinary gains (losses)	(0.4)	(1.5)	(1.5)	(1.1)	0.0
Total of income taxes-current and income taxes-deferred	1.1	1.1	1.9	0.8	0.8
Net income	1.3	2.1	3.3	2.0	1.2
Core OHR	82.43%	abobe82%	70.70%	(11.73p)	

Financial Results Review

Due to the increase in net interest income and the decrease in expenses, ordinary profit increased by ¥4.0bn to ¥6.8bn year on year. Net income (profits attributable to owners of the parent) increased by ¥1.9bn to ¥3.3bn year on year.

<Net business profits>

■ G&A expenses ■ Others
■ Net fees and commissions ■ Net interest income
◆ Net business profits



FY2021 Financials Prospects

Company Projections for Consolidated FY2021 Results

(JPY in billions)	FY20 (results) ①	FY21 (projected) ②	Change ② - ①
Ordinary revenue	53.1	–	–
Gross profits	33.3	31.7	(1.6)
Core Gross profits	37.8	32.4	(5.4)
Net interest income	32.0	27.1	(4.9)
Net fees and commissions	4.7	4.7	0.0
Net gains (losses) on debt securities	(4.5)	(0.7)	3.8
G&A expenses (excl. extraordinary expenses)	26.7	26.1	(0.6)
Total credit costs	2.0	2.3	0.3
Net gains (losses) on equity securities	3.2	1.3	(1.9)
Ordinary profits	6.8	5.2	(1.6)
Net income	3.3	3.4	0.1
Core OHR	70.70%	above 80%	

Projections Summary

As for financial results of the fiscal year 2021 on a consolidated basis, we estimate ordinary profits ¥5.2 billion and net income ¥3.4 billion mainly due to decrease in net interest income.

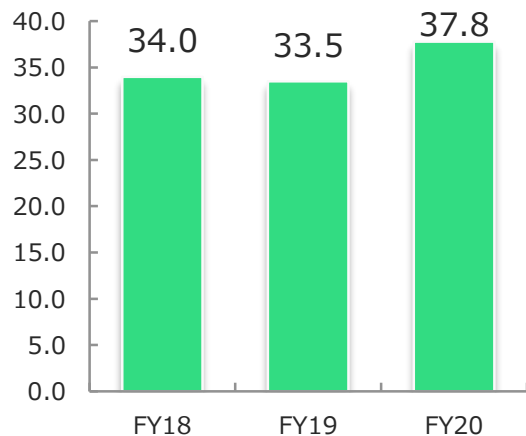
Dividend of common stock

- We have a basic policy to make stable dividend payments on ordinary share through making efforts to maintain the solid management foundation based on our long term perspective.
- We have decided to pay the term end dividend of ¥3 per ordinary share for the fiscal year 2020. Together with ¥3 per ordinary share as the interim dividend paid already, the annual dividend will be ¥6 per ordinary share.
- We are planning to pay ¥6 per ordinary share for the fiscal year 2021 (both of the interim and the term-end dividend will be ¥3 respectively).

Key Financials

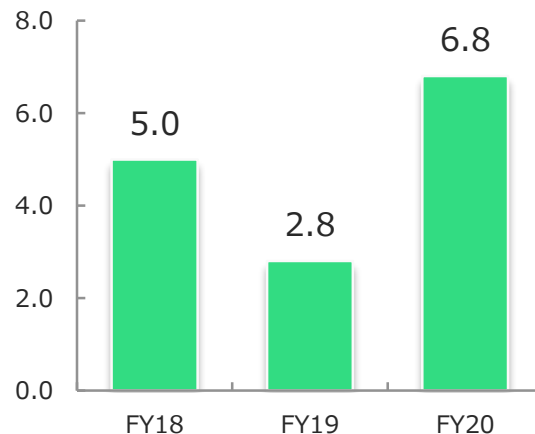
Core Gross Profits

(JPY in billions)



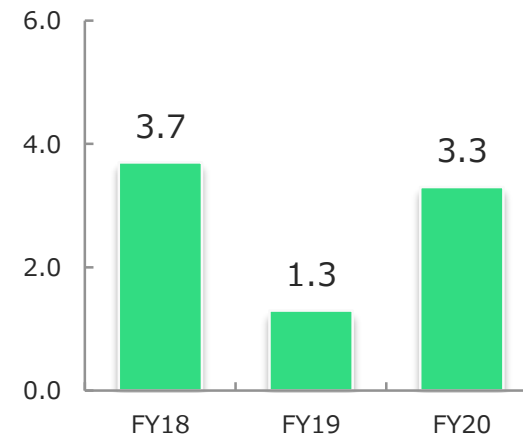
Ordinary Profits

(JPY in billions)



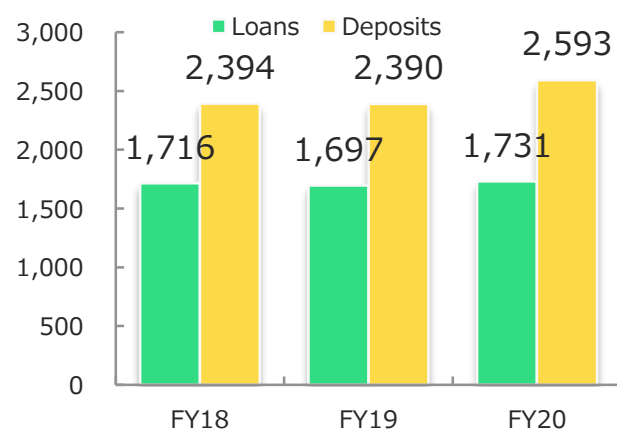
Net Income

(JPY in billions)



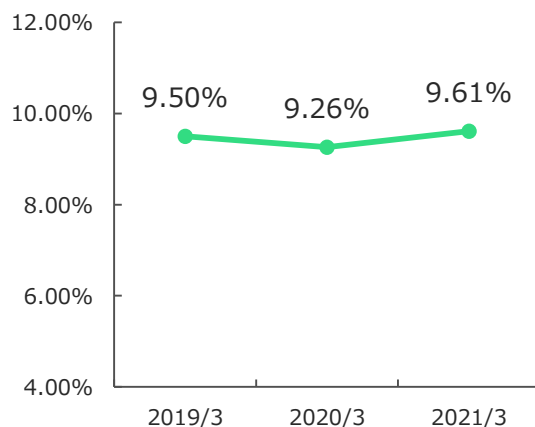
Loans and Deposits

(JPY in billions)

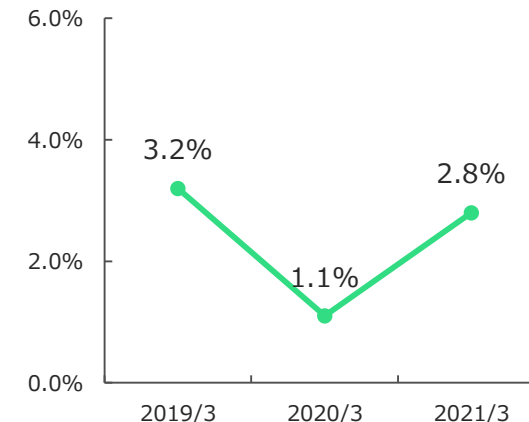


Capital Adequacy Ratio

(pertaining to the standard in Japan)

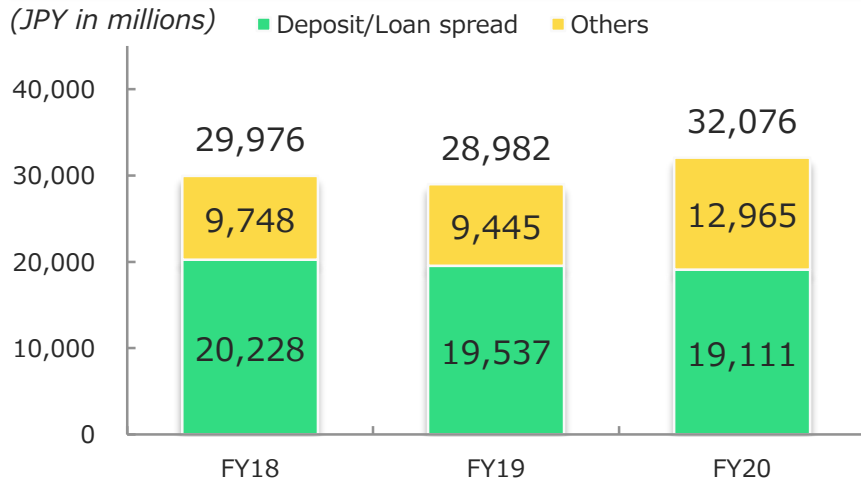


R O E (Return on Equity)

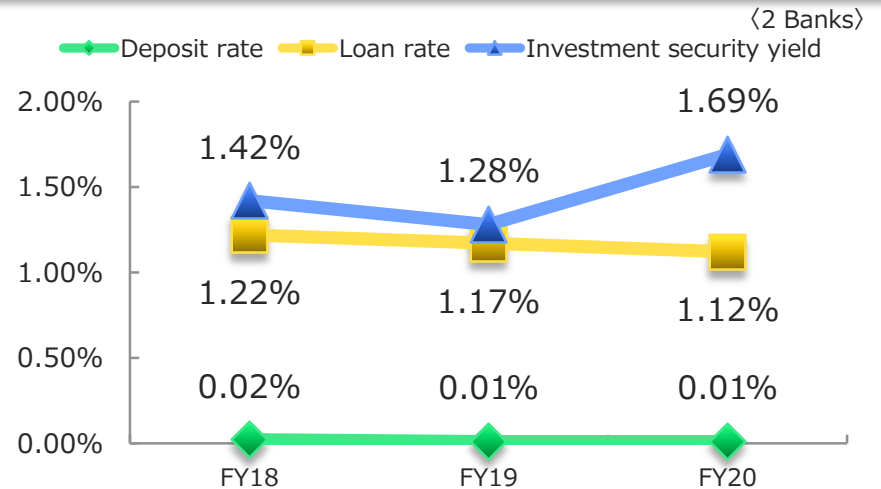


Net Interest Income

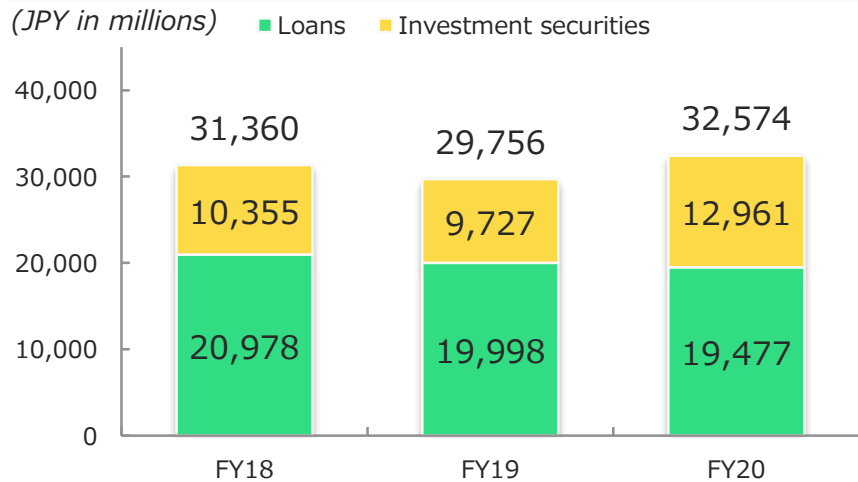
Net Interest Income



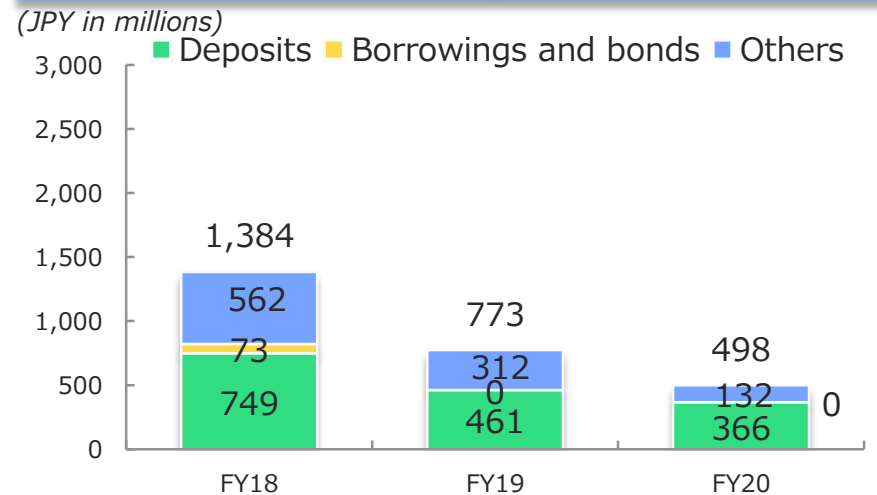
Deposit/Loan Rates and Investment Security Yield



Interest Income



Interest Expenses

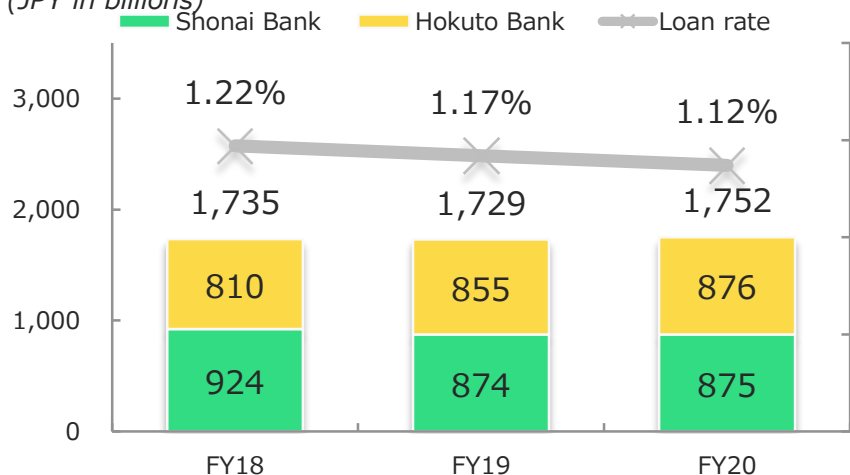


(Including Negotiable Deposits)

Loans

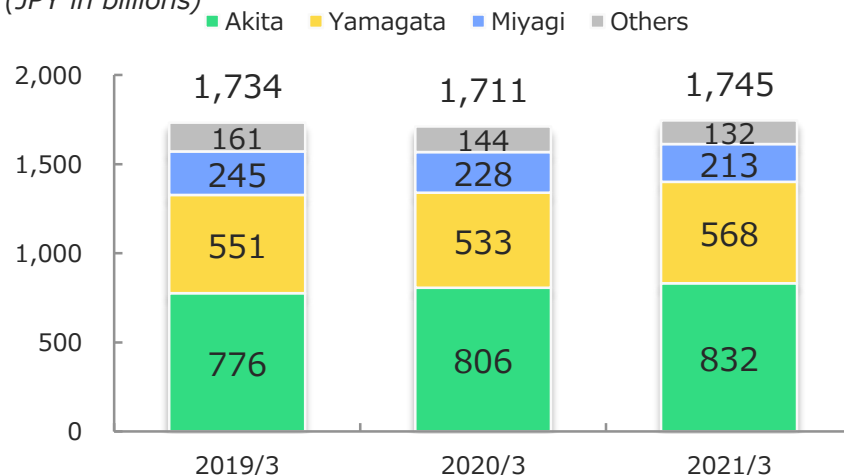
Average Balance and Loan Rate <2 Banks>

(JPY in billions)



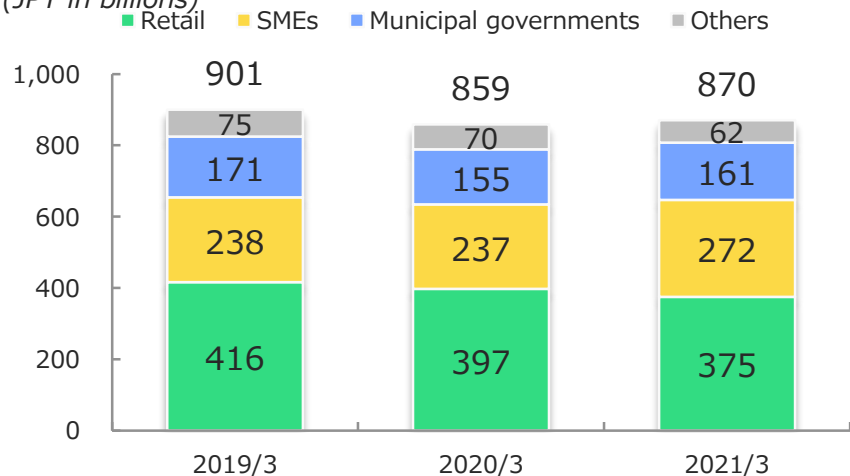
Balance by Prefecture <2 Banks>

(JPY in billions)



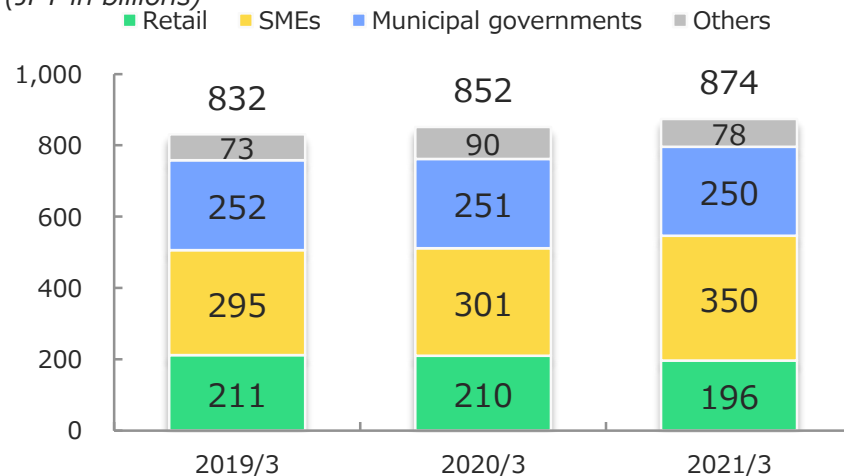
Balance by Borrower <Shonai Bank>

(JPY in billions)



Balance by Borrower <Hokuto Bank>

(JPY in billions)



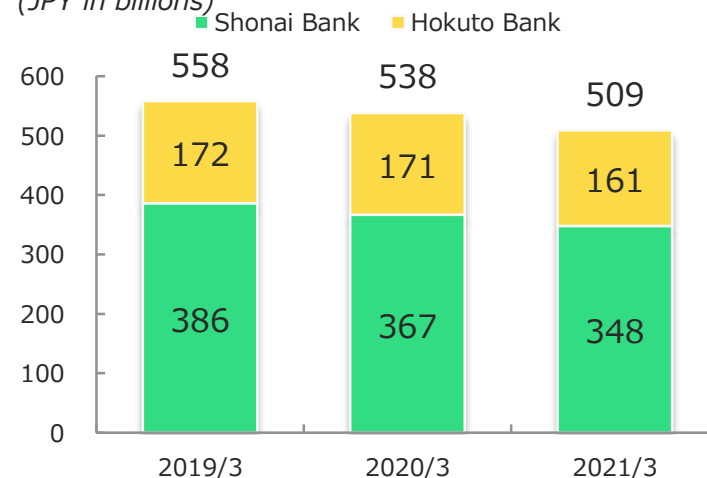
Breakdown of Loans

Loans Classified by Type of Industry <2Banks>

Type of industry (2banks)	2020/3		2021/3	
	JPY bn	%	JPY bn	%
Domestic offices (excluding loans booked at offshore markets)	1,711.4	100.0	1,745.3	100.0
Manufacturing	103.1	6.0	114.3	6.5
Agriculture and forestry	3.7	0.2	4.0	0.2
Fishery	0.1	0.0	0.0	0.0
Mining, quarrying of stone and gavel	1.9	0.1	2.3	0.1
Construction	61.5	3.5	78.4	4.5
Utilities	84.2	4.9	81.4	4.6
Communication and information services	6.8	0.3	8.8	0.5
Transport and postal activities	17.1	0.9	19.7	1.1
Wholesale and retail	84.3	4.9	98.4	5.6
Finance and insurance	53.6	3.1	47.5	2.7
Real estate and goods rental and leasing	108.7	6.3	117.0	6.7
Scientific research and professional and technical services	6.0	0.3	10.3	0.6
Accommodations, eating and drinking services	19.4	1.1	25.6	1.4
Living-related and amusement services	15.1	0.8	17.6	1.0
Education learning support	4.2	0.2	4.5	0.2
Medical, social welfare	50.5	2.9	56.9	3.2
Services	34.0	1.9	40.0	2.3
Municipal government	407.5	23.8	412.2	23.6
Others (Including Mortgage Loans)	648.9	37.9	605.4	34.7
Overseas offices and loans booked at offshore markets	-	-	-	-
Total	1,711.4	100.0	1,745.3	100.0

Mortgage Loans

(JPY in billions)

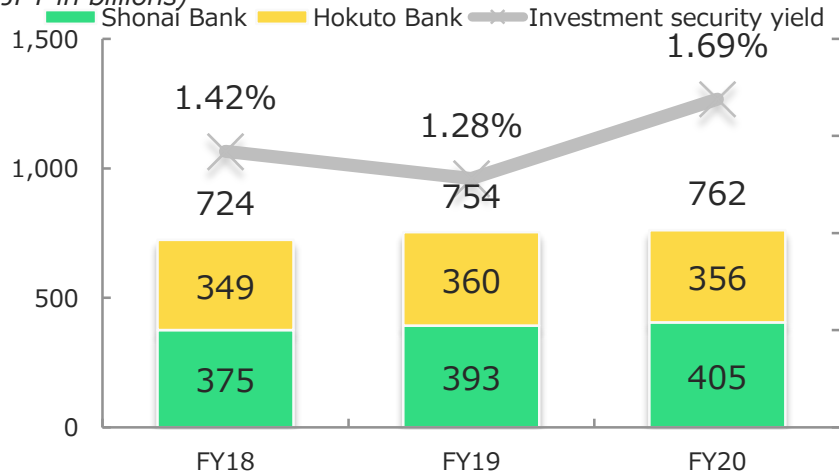


Investment Securities

<2 Banks>

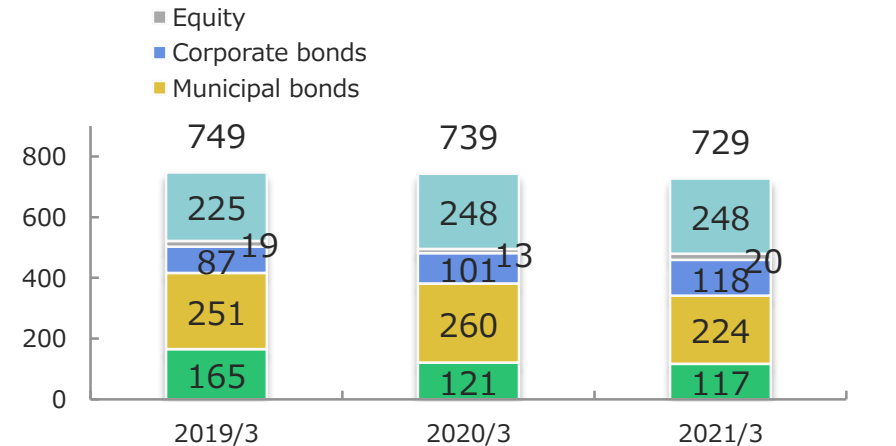
Average Balance and Investment Security Yield

(JPY in billions)



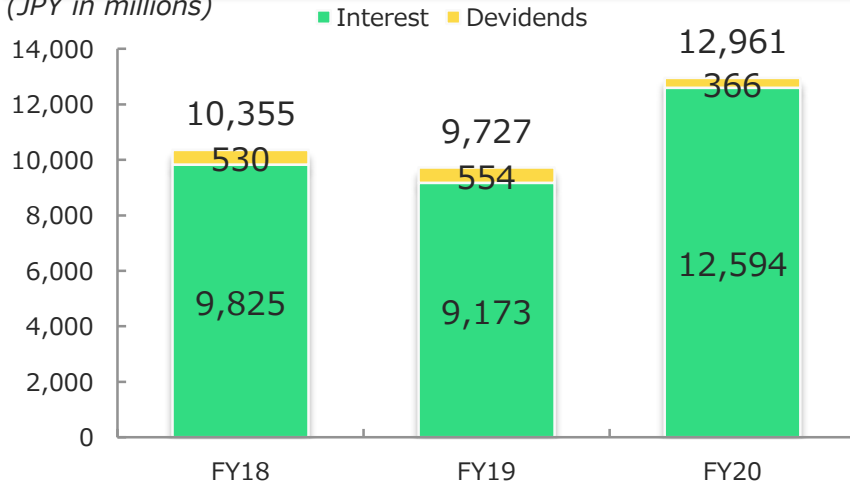
Balance by Product Type <2 Banks>

(JPY in billions)



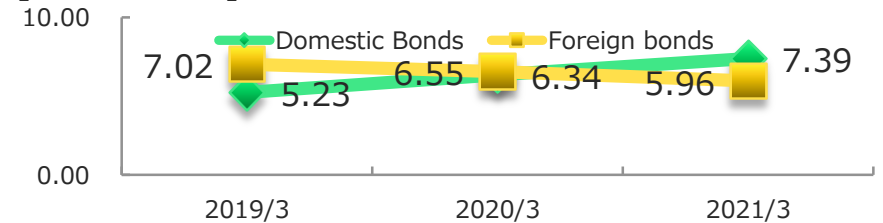
Interests and Dividend on Investment Securities

(JPY in millions)

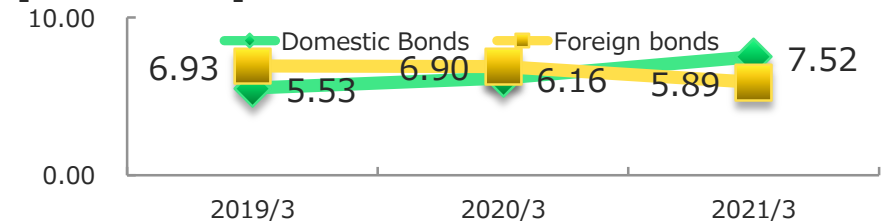


Duration of Bonds <non-consolidated>

[Shonai Bank]



[Hokuto Bank]



Investment Securities (Continued)

Gains/Losses on sales of bonds

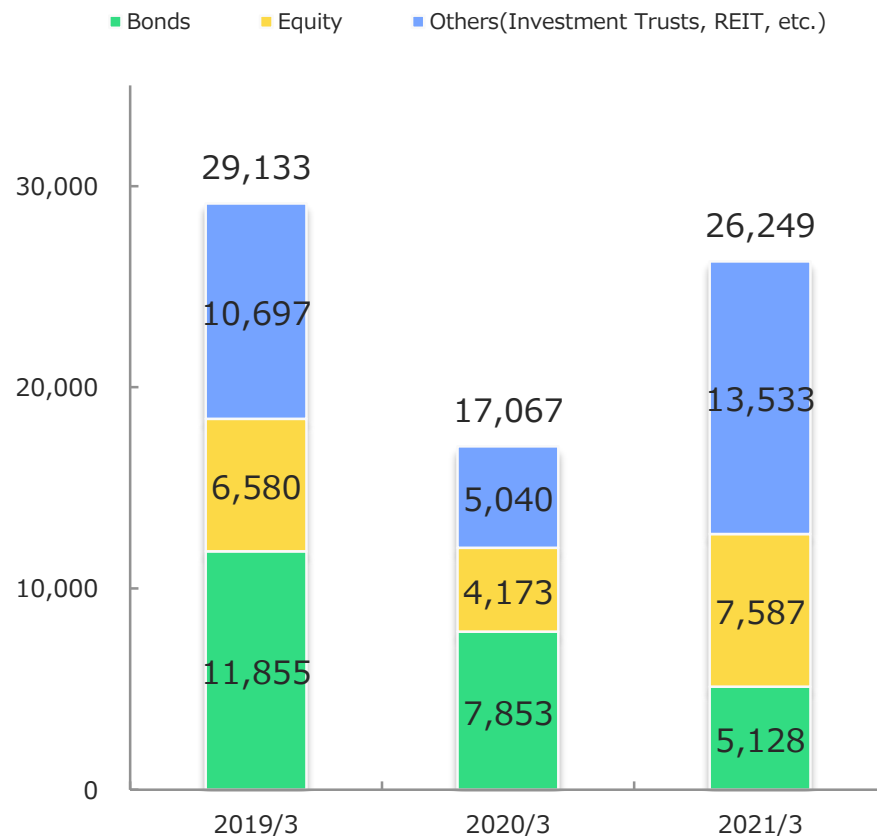
(JPY in millions)	FY18	FY19	FY20
Selling gains	3,718	6,540	3,603
Redemption gains	-	-	-
Selling losses	3,466	7,192	8,159
Redemption losses	-	-	-
Impairment	-	-	-
Gains/Losses on Debt Securities	252	(652)	(4,556)

Gains/Losses on sales of stocks and other securities

(JPY in millions)	FY18	FY19	FY20
Selling gains	1,842	2,194	3,961
Selling losses	1,342	1,978	595
Impairment	0	65	111
Gains/Losses on Equity	498	150	3,255

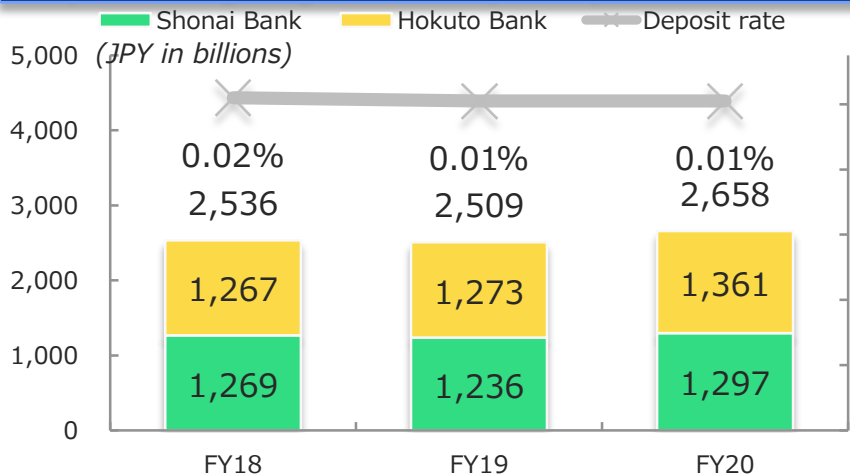
Unrealized Gains/Losses on Securities Portfolio

(JPY in millions)

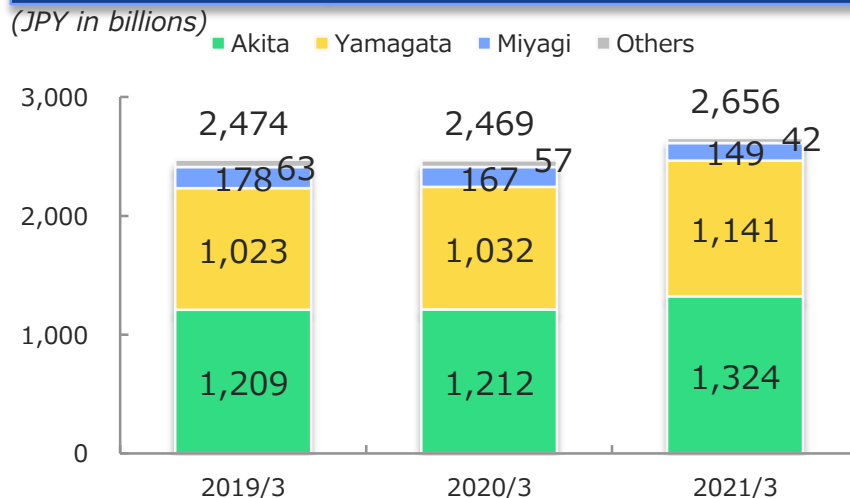


Deposits

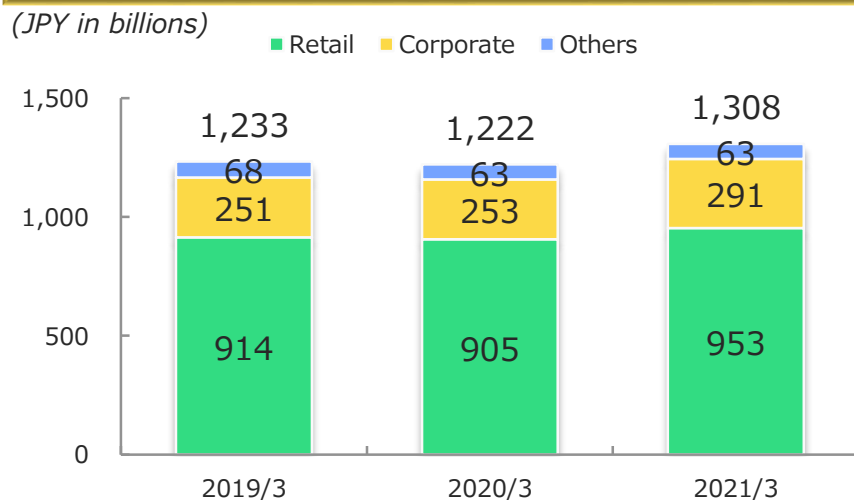
Average Balance and Deposit Rate (Including Negotiable Deposits) <2 Banks>



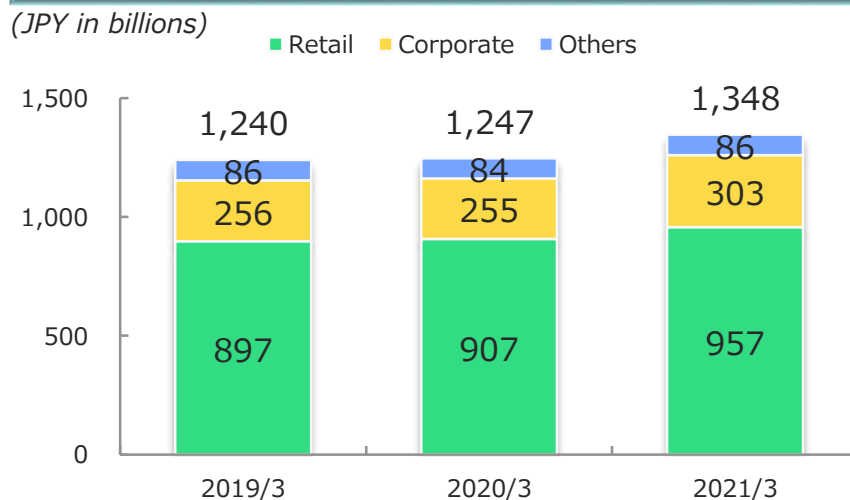
Balance by Prefecture <2 Banks>



Balance by Depositor <Shonai Bank>



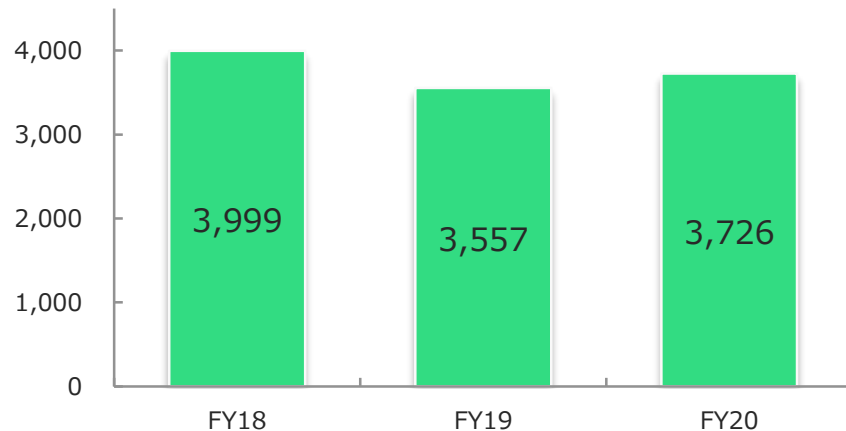
Balance by Depositor <Hokuto Bank>



Net Fees and Commissions

Net Fees and Commissions Income <2 Banks>

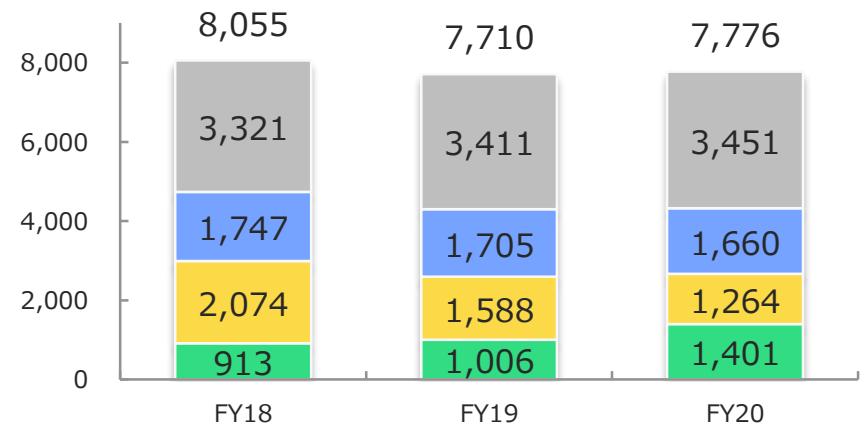
(JPY in millions)



Net Fees and Commissions Revenue <2 Banks>

(JPY in millions)

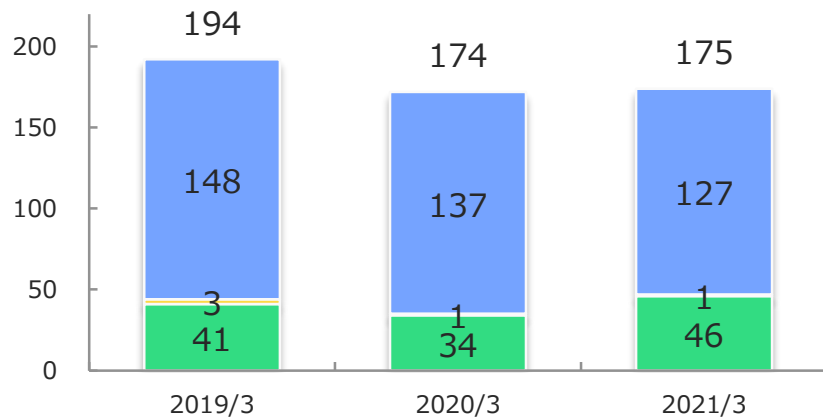
■ Investment trusts ■ Insurance ■ Exchange ■ Others



Investment Product Sales <Shonai Bank>

(JPY in billions)

■ Investment trusts ■ Public bonds ■ Life insurance (*)

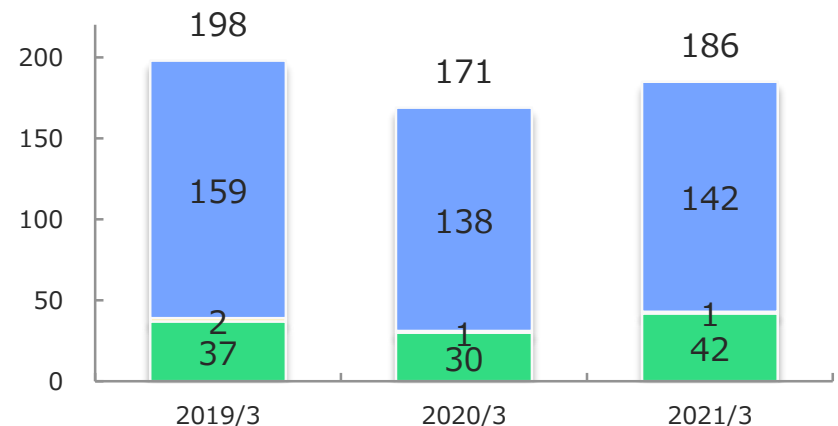


* remaining balance of contracts as of term end

Investment Product Sales <Hokuto Bank>

(JPY in billions)

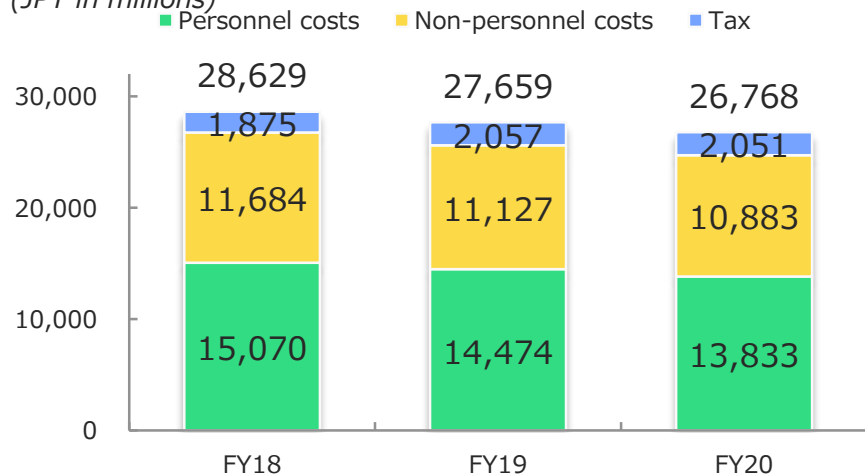
■ Investment trusts ■ Public bonds ■ Life insurance (*)



General and Administration Expenses, OHR, Credit Costs, NPL

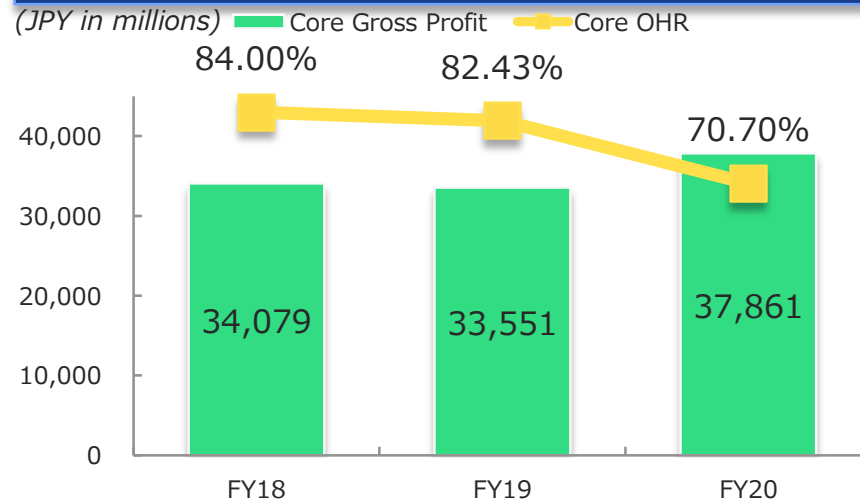
General and Administration Expenses

(JPY in millions)



Core Gross Profit and Core OHR

(JPY in millions)

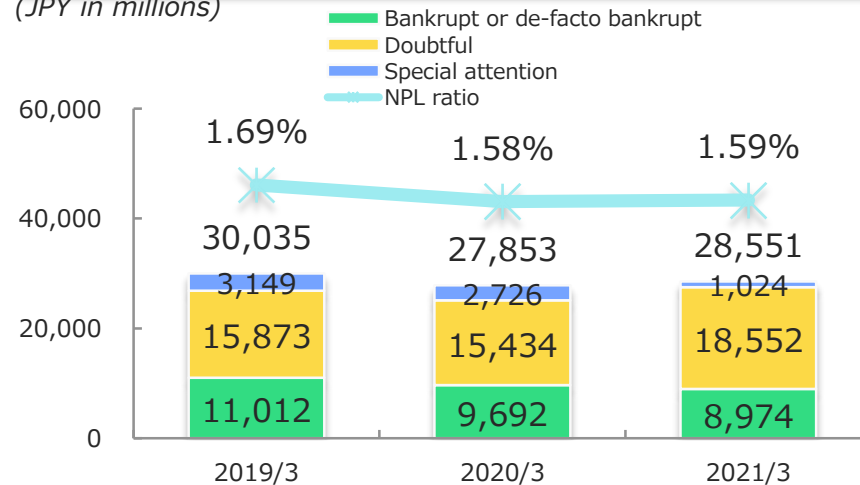


Total Credit Costs

(JPY in millions)	FY18	FY19	FY20
Provision of allowance for loan losses	488	1,168	1,755
Write-off loans	19	22	26
Reversal of allowance for loan losses	—	—	—
Recoveries of written-off claims	157	70	57
Others	188	358	188
Total Credit Costs	538	1,479	2,026

Non-Performing Loans <2 Banks>

(JPY in millions)



Covered Ratio of NPL

Covered Ratio of Non-Performing Loans <2 Banks>

2021 / 3 balance

(JPY in millions)	NPL amount (a)	Covered amount			Covered ratio b ÷ a
		(b)	Collateral, Guaranties	Reserve	
Bankrupt or de-facto bankrupt	8,974	8,974	4,930	4,044	100.00%
Doubtful	18,552	16,082	12,106	3,976	86.68%
Special attention	1,024	931	668	263	90.95%
Total	28,551	25,988	17,704	8,284	91.02%

【2020 / 3 balance】

(JPY in millions)	NPL amount (a)	Covered amount			Covered ratio b ÷ a
		(b)	Collateral, Guaranties	Reserve	
Bankrupt or de-facto bankrupt	9,692	9,692	5,423	4,269	100.00%
Doubtful	15,434	13,697	11,490	2,207	88.74%
Special attention	2,726	1,741	1,107	634	63.88%
Total	27,853	25,131	18,020	7,111	90.22%



Snapshot of FIDEA Holdings

Overview of FIDEA Holdings



FIDEA Holdings

Founded	2009 through consolidation of Hokuto Bank and Shonai Bank
Headquarters	Sendai city, Miyagi prefecture
CEO	Yuichi Tao
Function	Management & administrative functions only
Market Capitalization & Listing	JPY 22.4 billion (as of June 8, 2021) Tokyo Stock Exchange 1st Section



Shonai Bank

Founded	1878
Headquarters	Tsuruoka city, Yamagata prefecture
CEO	Yuichi Tao
# of employees	692 (as of March 31, 2021)
Branches	87 (as of March 2021) • Yamagata:64, Miyagi:15, Akita:1, Fukushima:2 ,Tokyo: 4 and Web: 1



Hokuto Bank

Founded	1895
Headquarters	Akita city, Akita prefecture
CEO	Arata Ito
# of employees	652 (as of March 31, 2021)
Branches	86 (as of March 2021) • Akita:82, Miyagi:1, Yamagata:1 , Tokyo:1 and Web: 1

- ❑ FIDEA Holdings Co. Ltd. is a holding company of a wide-area financial group, which has The Shonai Bank, Ltd. (Yamagata Prefecture) and The Hokuto Bank, Ltd. (Akita Prefecture) under its umbrella. The Group is strengthening consulting capabilities based on evaluation of customers' business potentials to expand fees and commissions through promotion of solution sales for business succession and M&A, starting with loans.
- ❑ Shonai Bank has been expanding its business on the back of its strength in retail area such as sales of investment products and housing loans, but it is now focusing on loans based on business evaluation and fee business for corporate customers in the Prefecture.
Hokuto Bank has strength in corporate area including support for customers' business based on evaluation of customers' business potentials and is strengthening loans to new areas such as renewable energy, agriculture and senior businesses. FIDEA Holdings is promoting operational efficiency including integration of headquarters functions, products, clerical work and system centers in the Group, relocation of offices, higher office work efficiency. In April 2018, it revamped its organization and integrated the Group's headquarters functions to FIDEA Holdings to create group synergy.

Open Platform Strategy of FIDEA Group

[Open Platform Strategy]

- (1) FIDEA HOLDINGS and affiliated Banks are sharing clearly own missions , responsibilities and roles of FIDEA group management.
- (2) While globalization of regional economies is progressing, FIDEA is enhancing its "Competitive Edge" through pursuing specialties at the Holding Company.



SHONAI BANK

[Creating the Platform for the Regions] as a management strategy



HOKUTO BANK



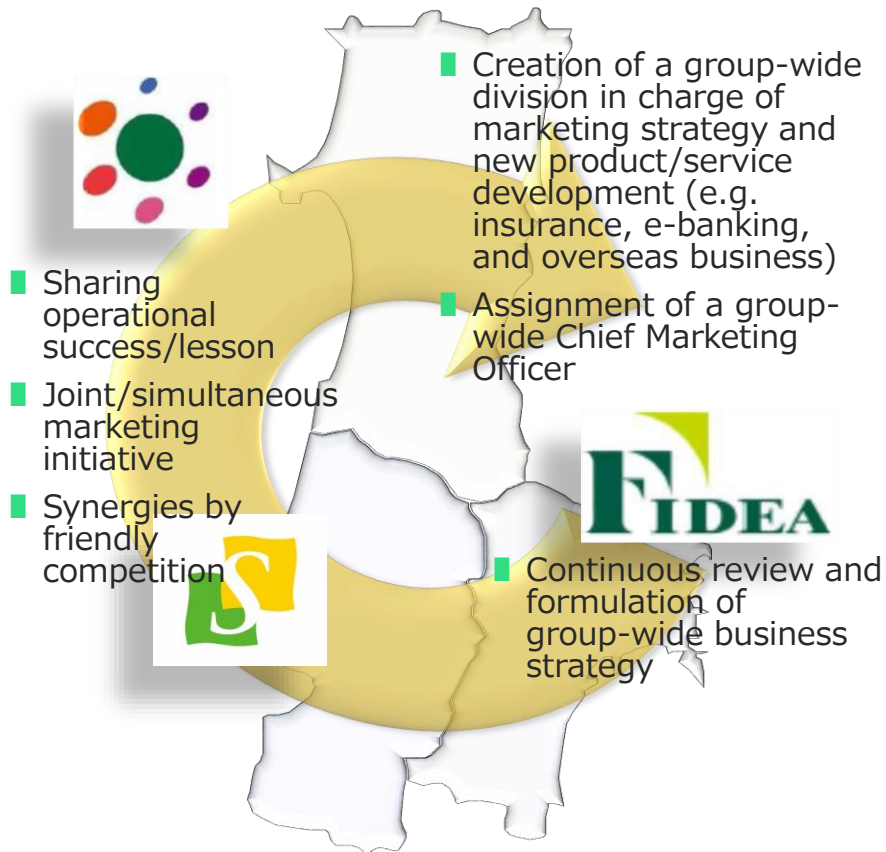
[Providing the Innovative Foundation] as a management strategy

- ❑ Fortifying corporate governance over the group
- ❑ Expanding own market by pursuing wider range of business area
- ❑ Securing personnel who have expertise in various fields related to financial services and management
- ❑ Enhancing risk management and internal audit system over the whole Group
- ❑ Establishing and executing ICT Strategy covering the whole Group comprehensively
- ❑ Planning and implementing the optimum capitalization strategy focusing on soundness, efficiency and business expansion

- ❑ " OPEN " means, " Open to any interested parties for encouraging them to join FIDEA"
- ❑ " PLATFORM " means, " FIDEA HOLDINGS is the platform integrating various expertise to carry on financial group strategy "

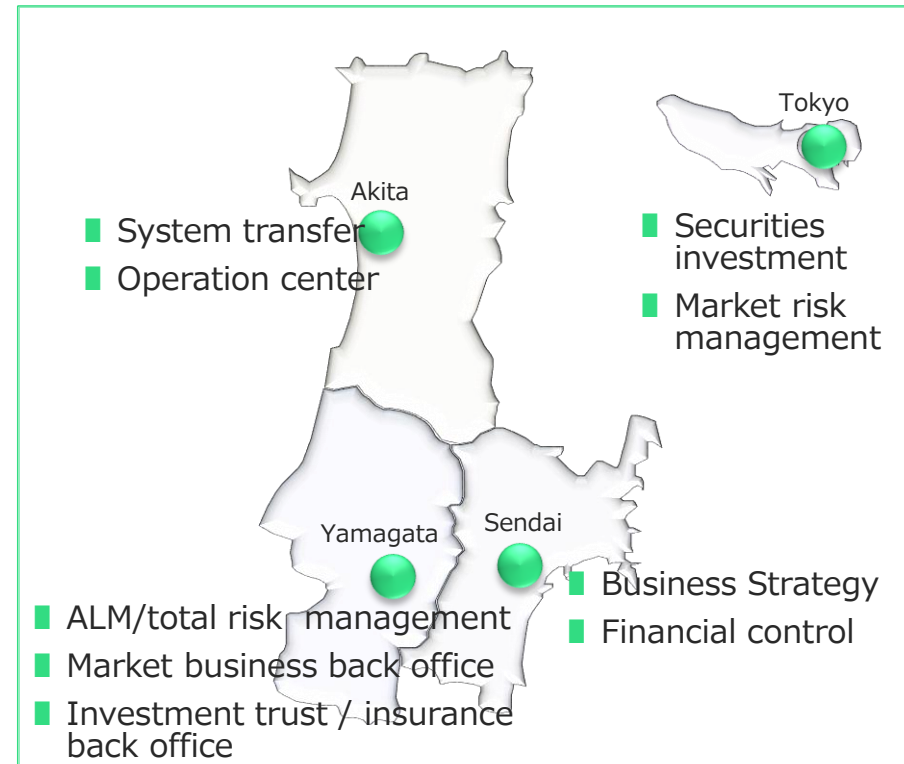
Growth Potential through Open Platform Strategy

Revenue Accretion Initiatives under Single Strategy



Integration of Middle and Back Office Functions and IT

- Completed integration of backbone IT system in May 2014
- Completion of integration of middle and back office functions



- Implementation of group-wide initiatives for revenue accretion
- Completed integration of middle and back office functions and IT system

Global Business Alliance



- ① Direct alliance
- ② Bangkok Declaration(*)
- ③ Alliance of payment and settlement operations
- ④ Alliance mediated by Japan Bank for International Cooperation

(*) On 3 November 2014, total 35 reputable banks in each region joined Bangkok Declaration, 9 from ASEAN countries, China and Korea, and 26 from different prefectures in Japan. The declaration aims to establish an innovative multilateral platform connecting Asian financial institutions.

- Hawaii, USA**
- ① American Savings Bank

- Mexico**
- ④ State of Aguascalientes
 - ④ State of Guanajuato
 - ④ State of Jalisco
 - ④ State of Nuevo León
 - ④ BANCO NACIONAL DE MÉXICO, S.A., INTEGRANTE DEL GRUPO FINANCIERO BANAMEX

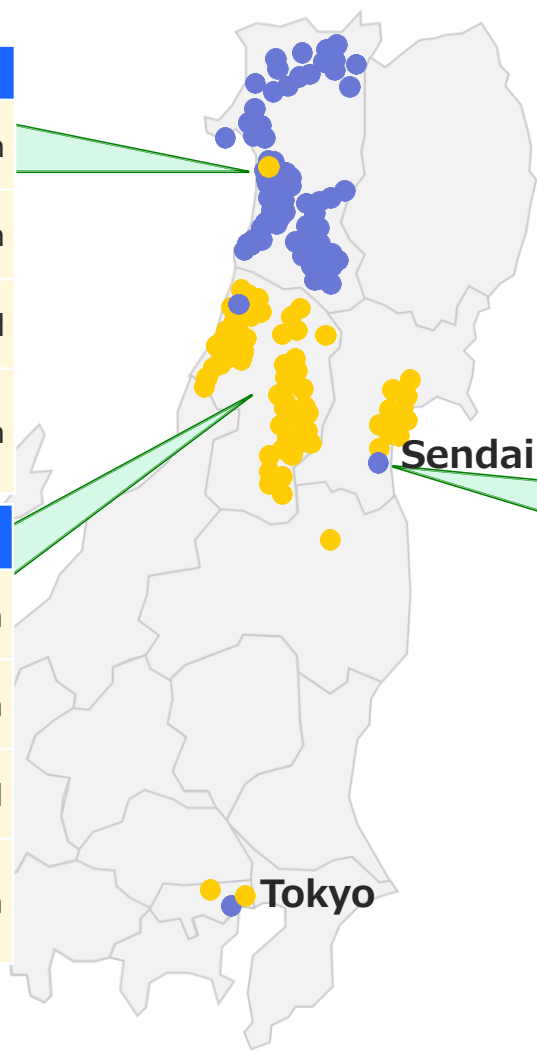
❑ FIDEA has been continuously expanding its business alliance with key local partners especially in Asia, to fully support the overseas expansions of its corporate clients

Business Areas

Akita Prefecture	
Population (2019)	0.9 million
Gross prefectural product (nominal 2016)	JPY 3.4 trillion
# of companies (2018)	16 thousand
Deposits for individual customers of banks (2019)	JPY 2.6 trillion

Yamagata Prefecture	
Population (2019)	1.0 million
Gross prefectural product (nominal 2016)	JPY 4.0 trillion
# of companies (2018)	19 thousand
Deposits for individual customers of banks (2019)	JPY 3.0 trillion

Miyagi Prefecture	
Population (2019)	2.2 million
Gross prefectural product (nominal 2016)	JPY 9.4 trillion
# of companies (2018)	43 thousand
Deposits for individual customers of banks (2019)	JPY 7.0 trillion



- Shonai Bank's branches
- Hokuto Bank's branches

Extracted from the 'kinyu map' of The Financial Journal Co., Ltd.



We will make the Tohoku region a center for producing happiness and hope through the passion, wisdom, and challenging spirit of all employees.

FIDEA HOLDINGS CO. LTD.