



FY2022 H 1 Financial Highlights & FY2022 Prospects

 *Shonai Bank*



 *Hokuto Bank*



FIDEA HOLDINGS CO. LTD.
December 2022

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)

FY2022 H1 Financial Summary and FY2022 Prospects



(consolidated)

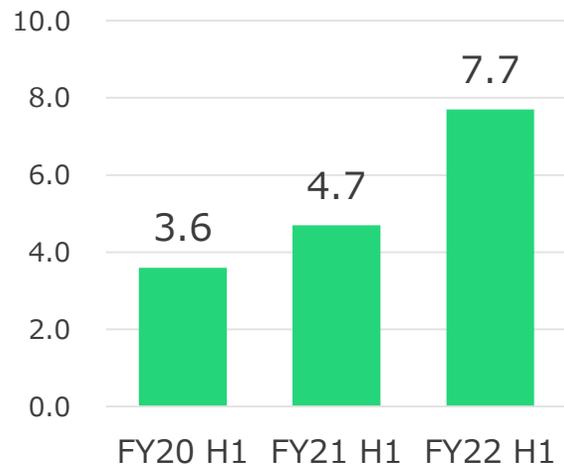
(Millions of yen)		FY 2021		FY 2022		y-o-y	
		H1 results ①	results ②	H1 results ③	projected ④	H1 ③ - ①	projected vs results ④ - ②
Ordinary income	経常収益	24,978	51,094	27,030	-	2,051	-
Gross business profit	業務粗利益	17,247	33,183	15,320	30,000	△ 1,927	△ 3,183
Core gross business profit	コア業務粗利益	17,714	36,707	20,041	33,400	2,326	△ 3,307
Net interest income	資金利益	14,805	30,340	17,314	29,200	2,509	△ 1,140
Net fees and commissions	役務取引等利益	2,654	5,043	2,590	5,000	△ 63	△ 43
Net other business income	その他業務利益	△ 212	△ 2,200	△ 4,584	△ 4,200	△ 4,372	△ 2,000
Net gains (losses) on government and other bonds	国債等債券損益	△ 466	△ 3,524	△ 4,720	△ 3,400	△ 4,254	124
Expenses (excluding non-recurrent expense)	経費	12,954	25,639	12,326	24,600	△ 627	△ 1,039
Net business income (before net transfer to general allowance for loan losses)	実質業務純益	4,293	7,543	2,993	5,400	△ 1,300	△ 2,143
Core net business income	コア業務純益	4,759	11,068	7,714	8,800	2,954	△ 2,268
Credit related costs	与信関係費用	1,390	2,412	519	1,500	△ 870	△ 912
Gains/losses related to stocks, etc.	株式等関係損益	1,473	1,504	229	900	△ 1,243	△ 604
Ordinary profit	経常利益	4,501	6,572	3,061	5,300	△ 1,440	△ 1,272
Extraordinary income/losses	特別損益	△ 502	△ 944	△ 95	△ 800	407	144
Total income taxes	法人税等合計	1,733	2,097	612	1,500	△ 1,121	△ 597
Net income attributable to owners of the parent	親会社株主に帰属する当期純利益	2,270	3,506	2,357	3,000	87	△ 506

Key Financials

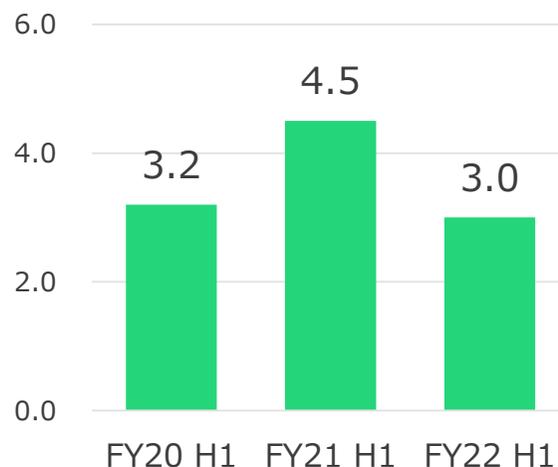
(consolidated, JPY in billions)



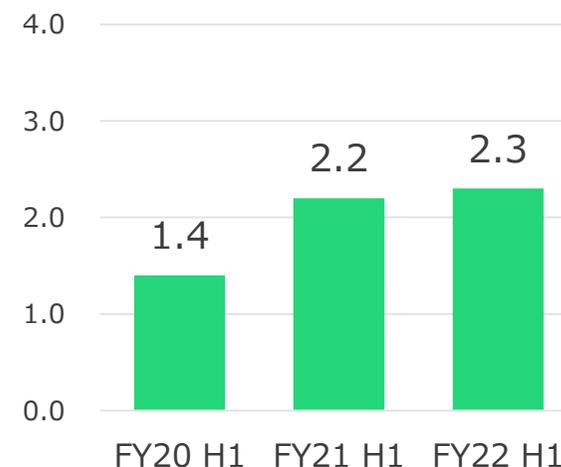
Core net business income



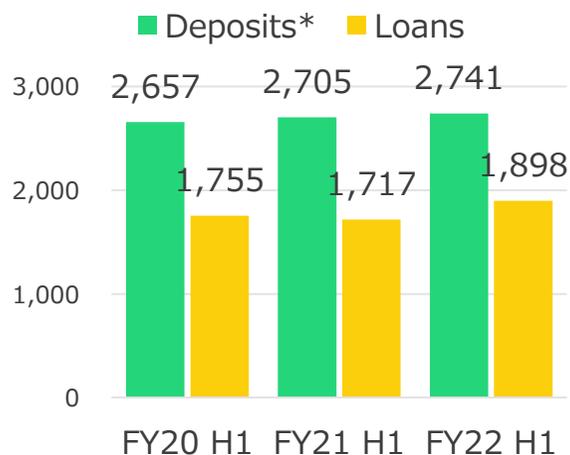
Ordinary profit



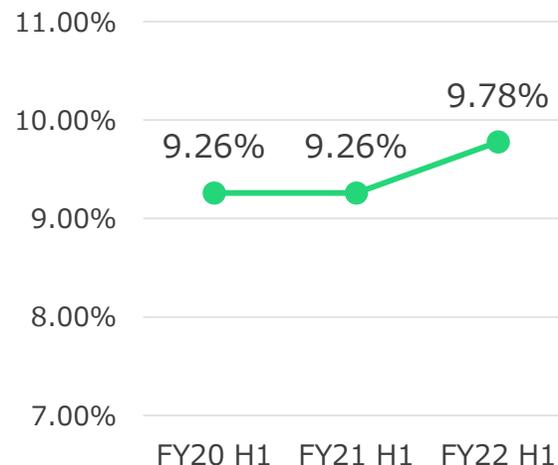
Net income



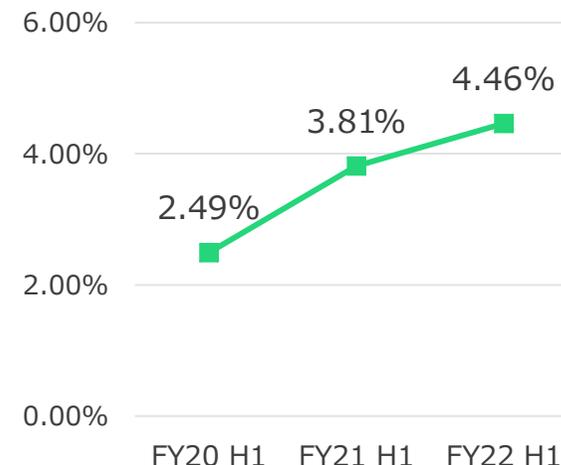
Loans and Deposits



Capital Adequacy Ratio



ROE (Return on Equity)



* Deposits and negotiable certificates of deposit

Consolidated performance for the last 5 years



(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Ordinary income	経常収益	23,543	48,883	24,712	50,864	23,708	53,191	24,978	51,094	27,030	
Gross business profit	業務粗利益	16,993	34,332	17,772	32,898	16,739	33,304	17,247	33,183	15,320	
Core gross business profit	コア業務粗利益	17,283	34,079	16,158	33,551	17,087	37,861	17,714	36,707	20,041	
Net interest income	資金利益	15,040	29,976	13,971	28,982	14,551	32,076	14,805	30,340	17,314	
Interest on loans and discounts	貸出金利息	10,571	20,978	10,056	19,998	9,766	19,477	9,345	18,450	8,884	
Interest and dividends on securities	有価証券利息配当金	5,190	10,355	4,292	9,727	5,091	12,961	5,373	11,366	8,448	
Interest on deposits and negotiable certificates of	預金等利息	463	749	233	461	210	366	81	139	55	
Net interest on loans and deposits	預貸金利息差	10,107	20,228	9,823	19,537	9,555	19,111	9,263	18,310	8,828	
Net fees and commissions	役務取引等利益	2,647	5,048	2,431	4,591	2,284	4,712	2,654	5,043	2,590	
Related investment trust	投信関連手数料	480	914	457	1,006	513	1,401	756	1,418	466	
Related personal annuity insurance	生保関連手数料	1,066	2,075	865	1,588	612	1,264	685	1,378	935	
Net other business income	その他業務利益	△ 694	△ 692	1,369	△ 675	△ 96	△ 3,484	△ 212	△ 2,200	△ 4,584	
Net gains (losses) on government and other bonds	国債等債券損益	△ 289	252	1,614	△ 652	△ 348	△ 4,556	△ 466	△ 3,524	△ 4,720	
Expenses (excluding non-recurrent expense)	経費	14,347	28,629	13,871	27,659	13,468	26,768	12,954	25,639	12,326	
Net business income (before net transfer to general allowance for loan losses)	実質業務純益	2,646	5,702	3,901	5,239	3,270	6,535	4,293	7,543	2,993	
Core net business income	コア業務純益	2,935	5,450	2,286	5,891	3,619	11,092	4,759	11,068	7,714	
(Excluding gains/losses on cancellation of private offering investment trusts)	コア業務純益(除く投資信託解約損益)	2,268	4,022	1,917	5,065	3,376	7,724	3,723	8,163	2,851	
Net business income	業務純益	2,646	5,747	4,114	5,724	3,909	6,990	4,854	7,653	3,170	
Credit related costs	与信関係費用	△ 396	538	499	1,479	288	2,026	1,390	2,412	519	
Gains/losses related to stocks, etc.	株式等関係損益	376	498	300	150	578	3,255	1,473	1,504	229	
Money trust management profit/loss	金銭の信託運用損益	△ 177	△ 487	△ 245	△ 498	32	41	91	297	300	
Ordinary profit	経常利益	3,232	5,081	3,242	2,872	3,269	6,894	4,501	6,572	3,061	
Extraordinary income/losses	特別損益	△ 246	△ 781	△ 126	△ 408	△ 801	△ 1,579	△ 502	△ 944	△ 95	
Total income taxes	法人税等合計	866	497	1,237	1,142	1,040	1,998	1,733	2,097	612	
Net income attributable to owners of the parent	親会社株主に帰属する当期純利益	2,161	3,785	1,922	1,346	1,438	3,314	2,270	3,506	2,357	

ROE and average interest rate spread



ROE

(ROE)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Consolidated	連結	3.70%	3.22%	3.12%	1.16%	2.49%	2.86%	3.81%	3.06%	4.46%	
Shonai Bank	荘内銀行	2.84%	2.46%	2.57%	0.61%	2.13%	2.39%	3.74%	2.35%	5.10%	
Hokuto Bank	北都銀行	3.54%	2.56%	2.76%	0.70%	2.16%	2.02%	3.39%	2.58%	3.00%	

Average interest rate spread

(%)	FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
	H1		H1		H1		H1		H1	

All branches

Average yield on interest earning assets	資金運用利回	1.22	1.23	1.13	1.18	1.13	1.25	1.17	1.21	1.33	
Average yield on loans and bills discounted	貸出金利回	1.22	1.22	1.17	1.17	1.12	1.12	1.07	1.07	0.99	
Average yield on securities	有価証券利回	1.43	1.42	1.14	1.28	1.32	1.69	1.44	1.55	2.62	
Average yield on interest bearing liabilities	資金調達原価	1.11	1.12	1.05	1.06	0.96	0.89	0.77	0.77	0.78	
Average yield on deposits and negotiable certificates of deposit	預金等利回	0.03	0.02	0.01	0.01	0.01	0.01	0.00	0.00	0.00	
Average yield on call money and borrowed money	外部負債利回	0.57	0.55	0.00	△ 0.01	0.16	0.03	△ 0.00	△ 0.00	△ 0.00	
Average interest rate spread	総資金利鞘	0.11	0.11	0.08	0.12	0.17	0.36	0.40	0.44	0.55	

Domestic business segment

Average yield on interest earning assets	資金運用利回	1.14	1.14	1.05	1.10	1.07	1.18	1.09	1.13	1.23	
Average yield on loans and bills discounted	貸出金利回	1.22	1.22	1.17	1.17	1.12	1.12	1.07	1.07	0.99	
Average yield on securities	有価証券利回	1.27	1.24	0.95	1.12	1.18	1.60	1.30	1.41	2.51	
Average yield on interest bearing liabilities	資金調達原価	1.07	1.08	1.02	1.03	0.95	0.87	0.75	0.75	0.76	
Average yield on deposits and negotiable certificates of deposit	預金等利回	0.03	0.02	0.01	0.01	0.01	0.01	0.00	0.00	0.00	
Average yield on call money and borrowed money	外部負債利回	0.57	0.55	0.00	△ 0.02	△ 0.00	△ 0.00	△ 0.00	△ 0.00	△ 0.00	
Average interest rate spread	総資金利鞘	0.07	0.06	0.03	0.07	0.12	0.31	0.34	0.38	0.47	

Expenses and gains (losses) on securities



Expenses

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Expenses (excluding non-recurrent expense)	経費	14,347	28,629	13,871	27,659	13,468	26,768	12,954	25,639	12,326	
	Personnel expenses	7,577	15,070	7,278	14,474	7,059	13,833	6,673	13,169	6,440	
	Non-personnel expenses	5,848	11,684	5,622	11,127	5,385	10,883	5,297	10,535	4,985	
	Taxes	921	1,875	970	2,057	1,023	2,051	983	1,933	901	
Core OHR	コアOHR	83.01%	84.00%	85.84%	82.43%	78.81%	70.70%	73.12%	69.84%	61.50%	
Core gross business profit	コア業務粗利益	17,283	34,079	16,158	33,551	17,087	37,861	17,714	36,707	20,041	

Gains (losses) on securities

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Gains (losses) on bonds (Government bonds, etc.)	国債等債券損益	△ 289	252	1,614	△ 652	△ 348	△ 4,556	△ 466	△ 3,524	△ 4,720	
	Gains on sales	1,280	3,718	3,055	6,540	1,911	3,603	1,646	2,876	1,422	
	Gains on redemption	–	–	–	–	–	–	–	–	–	
	Losses on sales	1,569	3,466	1,441	7,192	2,259	8,159	2,112	6,401	6,139	
	Losses on redemption	–	–	–	–	–	–	–	–	3	
	Write-offs	–	–	–	–	–	–	–	–	–	
Gains/losses related to stocks, etc.	株式等関係損益	376	498	300	150	578	3,255	1,473	1,504	229	
	Gains on sales	625	1,842	1,036	2,194	897	3,961	2,015	3,741	1,193	
	Losses on sales	247	1,342	732	1,978	271	595	537	2,232	950	
	Write-offs	0	0	3	65	47	111	4	4	13	

Credit related costs and non performing loans



Credit related costs

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Credit related costs	与信関係費用	△ 396	538	499	1,479	288	2,026	1,390	2,412	519	
Net transfer to general allowance for loan losses	一般貸倒引当金繰入額	-	△ 44	△ 213	△ 485	△ 638	△ 454	△ 561	△ 110	△ 177	
Disposal of non-performing loans	不良債権処理額	33	740	763	2,035	952	2,537	1,969	2,629	724	
Reversal of allowance for loan losses	貸倒引当金戻入益	394	-	-	-	-	-	-	-	-	
Recoveries of written-off claims	償却債権取立益	35	157	50	70	24	57	18	106	28	

Non performing loans

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Bankrupt and substantially bankrupt claims	破産更生債権及びこれらに準ずる債権	11,833	11,012	8,144	9,692	9,285	8,974	7,901	7,115	8,655	
Doubtful claims	危険債権	17,103	15,873	16,572	15,434	17,405	18,552	22,164	22,734	19,867	
Claims requiring monitoring	要管理債権	3,132	3,149	3,035	2,726	1,117	1,024	479	1,441	1,257	
Loans past due 3 month or more	うち三月以上延滞債権	-	-	-	-	-	-	-	-	-	
Restructured loans	うち貸出条件緩和と債権	3,132	3,149	3,035	2,726	1,117	1,024	479	1,441	1,257	
Subtotal	金融再生法 開示債権小計	32,069	30,035	27,752	27,853	27,808	28,551	30,545	31,291	29,781	
Normal claims	正常債権	1,748,074	1,742,264	1,730,904	1,724,928	1,771,862	1,759,100	1,731,867	1,742,213	1,918,933	
Total	総と信	1,780,144	1,772,299	1,758,656	1,752,781	1,799,671	1,787,651	1,762,412	1,773,505	1,948,714	
Ratio of disclosed claims	総と信に占める割合	1.80%	1.69%	1.57%	1.58%	1.54%	1.59%	1.73%	1.76%	1.52%	

Coverage ratio of loans based on the Financial Reconstruction Laws

Bankrupt and substantially bankrupt claims	破産更生債権及びこれらに準ずる債権	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Doubtful claims	危険債権	88.10%	88.58%	87.20%	88.74%	86.43%	86.68%	89.51%	91.13%	94.07%	
Claims requiring monitoring	要管理債権	61.32%	65.98%	69.29%	63.88%	89.71%	90.95%	84.53%	62.02%	62.37%	
Loans past due 3 month or more	うち三月以上延滞債権	-	-	-	-	-	-	-	-	-	
Restructured loans	うち貸出条件緩和と債権	61.32%	65.98%	69.29%	63.88%	89.71%	90.95%	84.53%	62.02%	62.37%	
Subtotal	小計	89.87%	90.39%	89.00%	90.22%	91.09%	91.02%	92.15%	91.81%	94.46%	

Deposits and loans



Deposits and negotiable certificates of deposit

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Deposits and Negotiable certificates of deposit	預金等 残高	2,550,320	2,474,377	2,492,450	2,469,433	2,657,897	2,656,501	2,705,066	2,717,041	2,741,442	
Personal deposits	個人預金	1,832,701	1,812,006	1,809,211	1,812,732	1,876,494	1,911,356	1,926,570	1,940,712	1,959,731	
Corporate deposits	法人預金	517,887	507,533	506,703	508,794	595,839	595,199	597,397	602,441	601,399	
Public money deposits	公金預金	192,233	146,015	167,245	138,996	177,482	141,811	173,296	166,827	172,453	
Financial institution deposits	金融機関預金	7,498	8,821	9,290	8,907	8,081	8,134	7,800	7,059	7,858	
Akita, pref	秋田県	1,240,060	1,209,262	1,237,089	1,212,724	1,329,745	1,324,494	1,355,842	1,352,566	1,380,291	
Yamagata, pref	山形県	1,036,947	1,023,141	1,023,304	1,032,762	1,111,227	1,141,331	1,162,555	1,179,653	1,182,005	
Miyagi, pref	宮城県	195,045	178,069	170,964	167,820	158,761	149,714	146,796	142,092	138,623	
Others	その他	78,267	63,905	61,093	56,126	58,160	40,960	39,868	42,727	40,520	

Loans and bills discounted

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Loans and bills discounted	貸出金 残高	1,742,736	1,734,556	1,718,079	1,711,416	1,755,098	1,745,361	1,717,723	1,727,239	1,898,460	
Business loans	事業性貸出	646,913	658,099	644,819	646,795	719,954	720,267	715,241	727,439	752,760	
Consumer loans	消費者ローン	640,115	627,906	618,369	607,351	590,599	572,711	553,368	533,028	514,236	
Local governments	地方公共団体向け貸出	455,706	423,796	411,639	407,510	396,590	412,250	412,627	414,521	410,316	
Central government	中央政府向け貸出	-	24,754	43,251	49,759	47,955	40,132	36,485	52,250	221,147	
Akita, pref	秋田県	761,804	776,829	797,472	806,670	831,190	832,090	818,831	831,008	885,869	
Yamagata, pref	山形県	556,783	551,188	532,344	533,292	561,667	568,689	569,113	571,342	671,007	
Miyagi, pref	宮城県	252,732	245,362	235,179	228,257	221,832	213,672	201,233	194,004	186,789	
Others	その他	171,417	161,177	153,083	143,196	140,405	130,905	128,542	130,880	154,793	

Loans by industry



Loans by industry

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Domestic offices (excluding loans booked at offshore markets)	業種別貸出金 残高	1,742,736	1,734,556	1,718,079	1,711,416	1,755,098	1,745,361	1,717,723	1,727,239	1,898,460	
Manufacturing	製造業	104,002	103,573	101,462	103,139	117,896	114,329	114,126	113,954	112,371	
Agriculture and forestry	農業、林業	2,990	2,952	3,410	3,721	3,784	4,087	3,853	3,920	3,676	
Fishery	漁業	175	131	137	116	114	86	80	132	298	
Mining, quarrying of stone and gravel	鉱業、採石業、 砂利採取業	2,379	2,094	1,937	1,901	2,205	2,318	2,444	2,258	2,379	
Construction	建設業	56,812	61,643	57,425	61,534	75,788	78,468	72,435	80,196	71,663	
Electricity, gas, heat supply and water	電気・ガス・熱供 給・水道業	67,195	79,708	82,635	84,255	82,155	81,499	81,805	86,452	86,964	
Information and communications	情報通信業	6,237	5,850	6,241	6,808	9,145	8,846	8,668	7,359	7,687	
Transport and postal activities	運輸業、郵便業	17,852	17,202	17,117	17,188	19,926	19,740	19,031	19,291	17,986	
Wholesale and retail trade	卸売業、小売業	87,086	85,938	87,385	84,351	101,923	98,445	101,543	97,948	101,997	
Finance and insurance	金融業、保険業	73,816	71,415	60,880	53,611	53,353	47,523	48,397	51,641	78,165	
Real estate and goods rental and leasing	不動産業、物品 賃貸業	102,604	104,866	105,343	108,756	113,393	117,085	114,431	117,827	126,387	
Scientific research and professional and technical	学術研究、専門・ 技術サービス業	5,156	5,484	5,776	6,058	9,473	10,353	10,311	11,180	15,697	
Accommodations, eating and drinking services	宿泊業、飲食 サービス業	21,221	20,823	18,774	19,460	24,182	25,638	23,166	22,664	22,403	
Living-related and amusement services	生活関連サービス 業、娯楽業	15,985	15,494	16,009	15,155	17,753	17,639	17,371	16,944	17,450	
Education learning support	教育、学習支援 業	3,842	4,133	4,449	4,269	4,528	4,505	4,034	3,936	3,966	
Medical, social welfare	医療・福祉	50,194	49,196	50,147	50,587	53,783	56,964	56,295	57,035	54,806	
Services	その他のサービス	38,063	35,485	33,976	34,075	38,320	40,085	43,956	41,515	36,694	
National and local government	地方公共団体	455,707	423,797	411,639	407,511	396,590	412,251	412,628	414,522	410,316	
Other	その他	631,405	644,764	653,326	648,908	630,777	605,487	583,136	578,455	727,545	
Central government	うち中央政府向け	-	24,754	43,251	49,759	47,955	40,132	36,485	52,250	221,147	

Loans by SME's



Loans by SMEs

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Small and medium-sized enterprises, etc.	中小企業等貸出残高	1,162,393	1,162,369	1,150,146	1,145,821	1,205,064	1,195,835	1,170,776	1,156,252	1,166,670	
Ratio of SMEs to total loans	中小企業等貸出金比率	66.69%	67.01%	66.94%	66.95%	68.66%	68.51%	68.15%	66.94%	61.45%	
SME s (excluding consumer loans)	中小企業貸出 (除く消費者ローン)	522,278	534,463	531,777	538,470	614,465	623,124	617,408	623,224	652,434	
Consumer loans	消費者ローン残高	640,115	627,906	618,369	607,351	590,599	572,711	553,368	533,028	514,236	
Ratio of consumer loans to total loans	貸出金に占める消費者ローンの割合	36.73%	36.19%	35.99%	35.48%	33.65%	32.81%	32.21%	30.86%	27.08%	
	Housing loans	571,044	558,728	548,942	538,556	525,168	509,784	493,143	475,605	458,272	
	Other loans	69,070	69,178	69,427	68,795	65,430	62,926	60,224	57,423	55,964	

Securities and capital adequacy ratio



Securities

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Securities	有価証券 残高	748,630	749,789	767,474	739,176	796,229	729,145	791,749	680,289	629,960	
Government bonds	国債	180,877	165,584	142,245	121,582	152,040	117,080	137,314	107,528	89,780	
Municipal bonds	地方債	231,318	251,611	264,000	260,416	254,719	224,259	241,847	226,276	208,197	
Corporate bonds	社債	88,525	87,444	96,098	101,026	112,002	118,314	124,576	125,918	123,042	
Stock	株式	24,995	19,794	18,652	13,139	19,456	20,494	20,506	17,616	15,175	
Other securities	その他の証 券	222,914	225,355	246,478	243,011	258,009	248,996	267,503	202,949	193,765	
Average balance of securities	有価証券 平残	721,464	724,735	747,893	754,315	768,770	762,583	743,509	732,244	640,885	
Valuation gains (losses) on securities	有価証券 評価損益	28,017	29,086	37,258	17,037	26,308	26,193	28,661	14,802	3,224	

Capital adequacy ratio

(Millions of yen)		FY 2018		FY 2019		FY 2020		FY 2021		FY 2022	
		H1		H1		H1		H1		H1	
Capital adequacy ratio	自己資本比率	9.42%	9.50%	9.18%	9.26%	9.26%	9.61%	9.26%	9.52%	9.78%	
Capital	自己資本の額	105,537	106,021	102,257	100,671	101,076	102,585	98,355	99,391	101,014	
Basic core capital	コア資本に係る 基礎項目	107,219	108,190	104,445	103,443	103,671	105,403	100,986	102,082	103,466	
Adjustment core capital	コア資本に係る 調整項目(△)	1,681	2,169	2,188	2,772	2,594	2,817	2,631	2,691	2,451	
Total risk weighted ass	リスクアセットの 額	1,120,162	1,115,536	1,112,903	1,086,915	1,090,928	1,066,850	1,061,225	1,043,706	1,032,213	



Snapshot of FIDEA Holdings

Overview of FIDEA Holdings



- ❑ 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. We are 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, we revamped our organization and integrated the Group's headquarters functions to FIDEA Holdings to create group synergy. In September 2021, we acquired and retired public preferred stock in the amount of 5 billion yen out of 10 billion yen.

(as of September 30, 2022)

	FIDEA Holdings	Shonai Bank	Hokuto Bank
Founded	2009 through consolidation of Hokuto Bank and Shonai Bank	1878	1895
Headquarters	Sendai city, Miyagi prefecture	Tsuruoka city, Yamagata prefecture	Akita city, Akita prefecture
CEO	Yuichi Tao	Masahiko Matsuta	Arata Ito
Listed market	Tokyo Stock Exchange Prime Market		
# of employees	1,524 (consolidated)	579	570
Branches		87	86

Fidea Group Management Philosophy



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

Through the ideas and actions of all employees, we will build and expand the future of the Tohoku region where people feel pride and desire to live.

Based in the Tohoku region, we create new value together with people in the area and offer this value to them and the world.

We cannot reach the future that we wish to create today simply by dreaming about it.

It is important to take action.

As the greatest fan and supporter of the region, we will always take the same viewpoint as local people. We will also take bold actions that go beyond people's expectations of a financial institution.

All employees think about and take action for the future of the Tohoku region where people can be happier and more hopeful than at any other place in the world.

Outline of Fourth Medium-term Management Plan



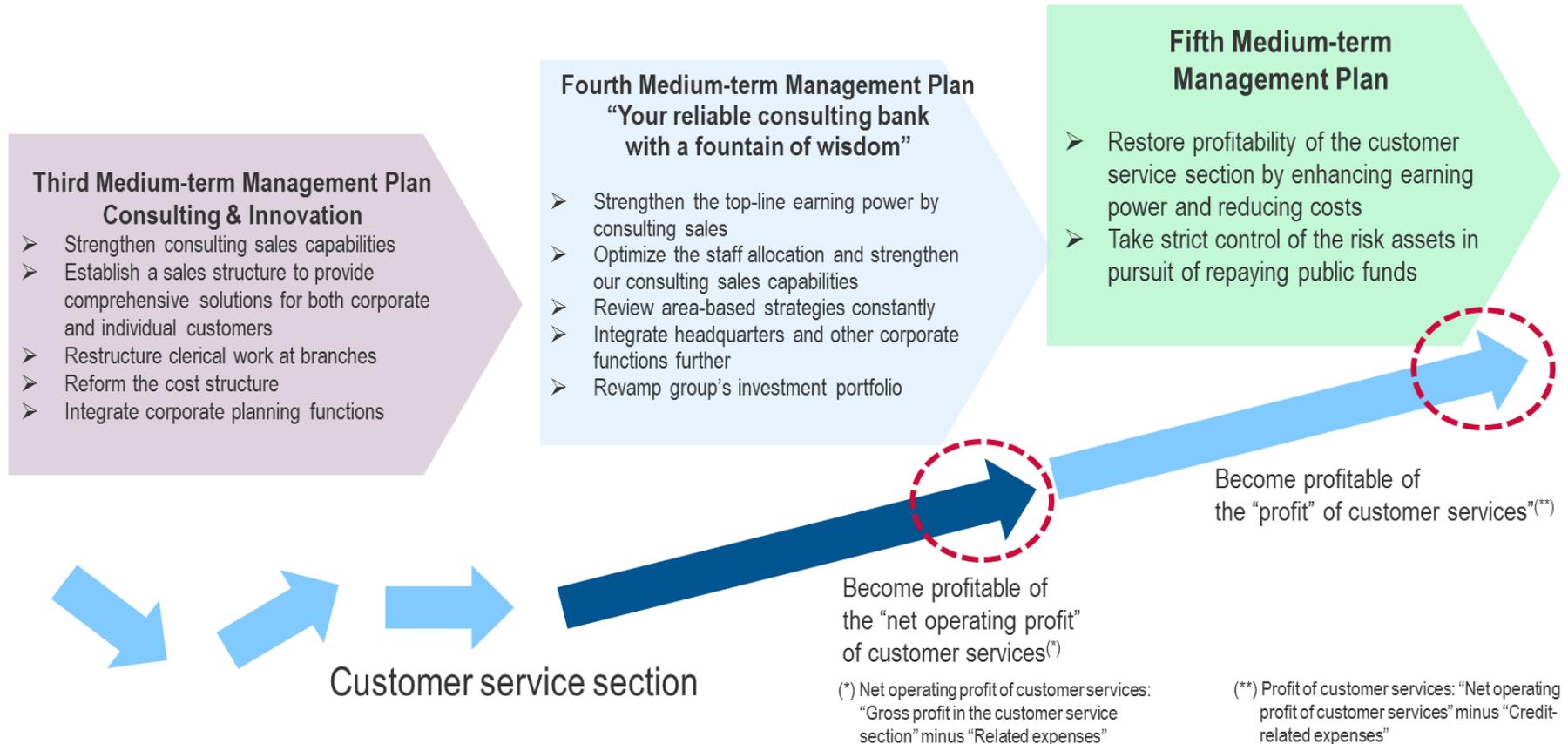
<p>Vision</p>	<ul style="list-style-type: none"> □ Continuously contribute to regional development as a community-based region-wide financial group □ Ensure and maintain financial soundness to act as financial mediators in the region □ Create a corporate culture that motivates, encourages and nurtures employees as well as enhancing the ES (employee satisfaction)
<p>Slogan</p>	<p>Your reliable consulting bank with a fountain of wisdom</p>
<p>Plan Period</p>	<p>FY2020 to FY2022 (Three years)</p>
<p>Basic Policy</p>	<ul style="list-style-type: none"> (1) Strengthen the top-line earning power <ul style="list-style-type: none"> ➢ Expand intra-prefectural business loan bases and enhance service related profitability as a result of this expanded bases ➢ Revamp group's investment portfolio (2) Reform the cost structure <ul style="list-style-type: none"> ➢ Review area-based strategy constantly by concentrating regional competence, and optimize the staff allocation of the branches ➢ Take drastic cost reduction without sanctuary through complete integration of the two banks including headquarters functions (3) Create an ideal working environment <ul style="list-style-type: none"> ➢ Create an ideal working environment to maximize each employee's potential (4) SDGs / ESG Initiatives <ul style="list-style-type: none"> ➢ Take actions on the FIDEA Group SDGs Declaration
<p>Target Indicators</p>	<ul style="list-style-type: none"> □ Targets for FY2022, the final year of the plan <ul style="list-style-type: none"> Net income (Profit attributable to owners of parent): 3 billion yen or more -Precondition: Back to net operating "profit" of customer services section (*) ※ Consolidated capital adequacy ratio: In the 9% range <ul style="list-style-type: none"> -Long-term perspective -After repayment of public funds basis <p style="text-align: right;">(*) Net operating profit of customer services: "Gross profit in the customer service section" minus "Related expenses"</p>

Direction of Fourth Medium-term Management Plan



- ❑ Strive to make the customer service section profitable under the Fifth Medium-term Management Plan by expanding the intra-prefectural customer bases, especially business loans, with comprehensive solutions for both corporate and individual customers and consulting sales tailored to each customer segment. Strengthen the top-line earning power from sales commission of investment trust and life insurance, and fees from corporate businesses through the above-mentioned operations. In addition, make drastic cost reduction
- ❑ Establish a lean operating management structure that enables steady accumulation of retained earnings in pursuit of repaying public funds by the end of FY2024

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
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Business Policy under Fourth and Fifth Medium-term Management Plans

- ❑ **Customer service section:** Become profitable by improving earning power steadily through accelerating consulting sales, maintaining loan interest rates and increasing noninterest earnings.
- ❑ **Investment section:** Reconstruct group's investment portfolio to realize stable revenue while paying attention to liquidity, interest rate and price fluctuation risks.
- ❑ **Cost structure:** Reform cost structure, in response to narrowing interest margin, by integrating operations of the headquarters and business bases, shifting to paperless operations with ICT and streamlining clerical works at branches, thereby continuing to improve efficiency.
- ❑ **Capital adequacy ratio:** Continue controlling the risk assets to pave the way for repaying public funds before the conversion of the preferred shares into common shares (March 2025); the target level of the capital adequacy ratio after full repayment will be 9% or above.

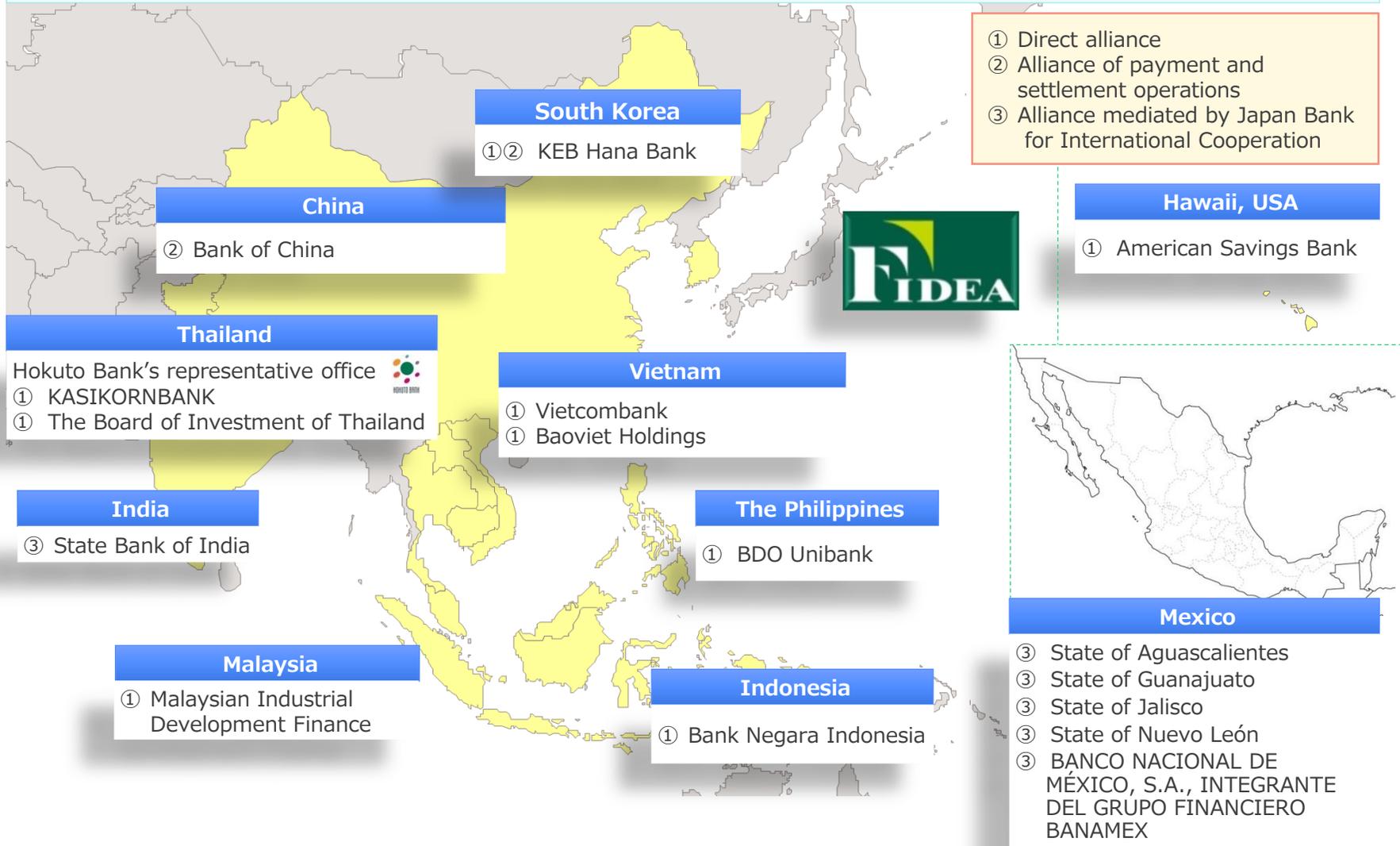
Fourth Medium-term Management Plan: Practical Approaches under Basic Policy

<p>(1) Strengthen the top-line earning power (customer services section)</p>	<p>(Strengthen consulting sales capabilities)</p> <ul style="list-style-type: none"> ❑ Promote sales activities with the business structure to provide comprehensive solutions for both corporate and individual customers based on customers' needs, and expand the intra-prefectural business loan customer bases and noninterest income ❑ Create OJT-based educational programs to improve sales skills for both corporate and individual customers ❑ Develop advanced personnel education to nurture professionals with higher consulting skills ❑ Review area-based and channel strategies constantly to optimize the branch network and staff allocation <p>(Expand non-face-to-face channel services)</p> <ul style="list-style-type: none"> ❑ Expand non-face-to-face channel services to streamline branch operations and reallocate branch staff as sales specialists who handle both individual and corporate customers ❑ Utilize non-face-to-face tools such as smartphone apps ❑ Enhance the contact center operations to expand non-face-to-face transactions (online, phone, and chatbot) ❑ Increase efficiency of branch operations by shifting to paperless, increasing self-service transactions and reducing clerical work
<p>(2) Reform the cost structure</p>	<ul style="list-style-type: none"> ❑ Unify business locations as well as headquarter operations of the group companies, and promote staff efficiency of headquarters ❑ Consolidate subsystems to complete integration of operations at both branches and the headquarters ❑ Constant and flexible review of the capital investment plans by the cross-Group investment committee
<p>(3) Create an ideal working environment</p>	<ul style="list-style-type: none"> ❑ Through extensive modification, establish human resource systems, reform working-style and provide employees' benefits; intending to encourage staff to achieve each one's dream ❑ Enhance ES (employee satisfaction) so as to enhance CS (customer satisfaction)
<p>(4) Implement the SDGs Declaration</p>	<ul style="list-style-type: none"> ❑ Under the FIDEA Group SDGs Declaration, all employees and executives will take proactive actions on "FIDEA's Key Initiatives".

Global Business Alliance



□ 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



SDGs/ESG Major Sustainability Achievements



Offer financial assistance through the Shonai Bank Furusato Fund and the Kumeta-ugo Scholarship Foundation

ESG



Support agribusiness with Akita Shokusai Produce and Akita Vegeful Support

ESG



Run the office of the Advanced Medical Care International Exchange Council of Faculty of Medicine, Yamagata University, and support to launch the East Japan Heavy Ion Center in 2021 with a world-leading technology

ESG



Cooperate with the local governments to revitalize region by supporting the Akita CCRC (Continuing Care Retirement Community) project, and offer training facilities for the Tokyo Olympic Games international teams

ESG



Support and encourage regional sports, cultural and artistic activities by operating a badminton junior club by our badminton team as supervisors, and by promoting regional culture and art

ESG



Support women's empowerment by creating working environment that promote employee retention such as the onsite childcare centers and the reemployment systems

ESG



Support to develop renewable energy with the Akita Wind Power Consortium that aims to contribute to local society by utilizing the rich wind energy resources, and support to generate solar and biomass power

ESG



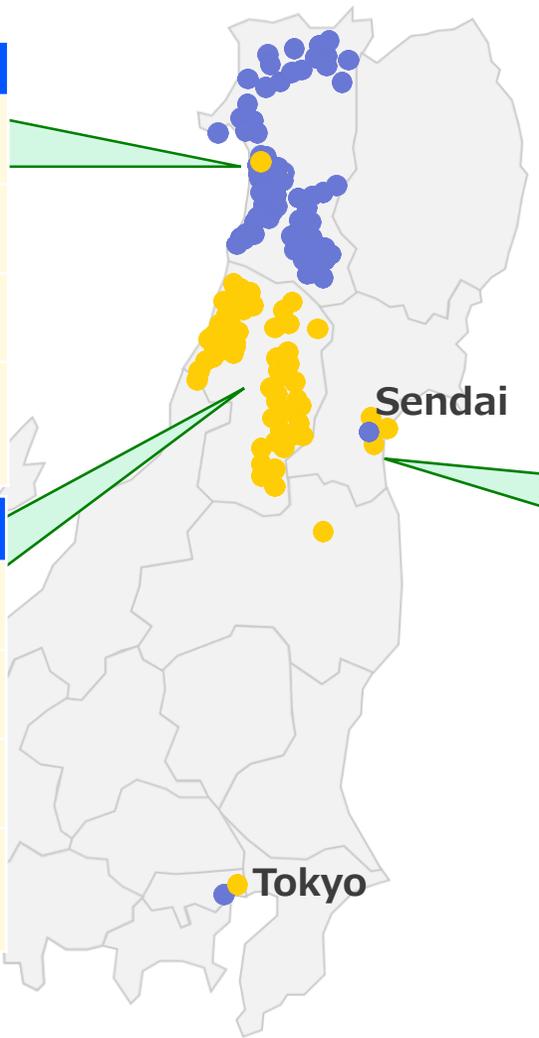
Launch and operate the Shonai Bank Kaneyama KIZUNA Forestation Project

ESG

Business Areas



Akita Prefecture	
Population (2021)	0.9 million
Gross prefectural product (nominal 2019)	JPY 3.6 trillion
# of companies (2021)	16 thousand
Deposits for individual customers of banks (2022)	JPY 2.9 trillion
Yamagata Prefecture	
Population (2021)	1.0 million
Gross prefectural product (nominal 2019)	JPY 4.3 trillion
# of companies (2021)	19 thousand
Deposits for individual customers of banks (2022)	JPY 3.3 trillion



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

Miyagi Prefecture	
Population (2021)	2.2 million
Gross prefectural product (nominal 2019)	JPY 9.8 trillion
# of companies (2021)	44 thousand
Deposits for individual customers of banks (2022)	JPY 7.8 trillion

Extracted from the 'kinu 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.