

May 12, 2023
FIDEA Holdings Co. Ltd.

Announcement of Fifth Medium-term Management Plan

FIDEA Holdings Co. Ltd. (President & CEO: Masahiro Niino; hereinafter, “FIDEA”) hereby announces that we have formulated the Fifth Medium-term Management Plan for three years from FY2023 to FY2025.

In FY2020, FIDEA started the preceding plan, the Fourth Medium-term Management Plan. With “Your reliable consulting bank with a fountain of wisdom” as a slogan, we turned profitable in terms of net business profit of customer services section, through initiatives to strengthen the top-line profit, reform cost structure, create an ideal working environment and take actions on the FIDEA Group SDGs Declaration. During that period, while proceeding with making improvements to create a more resilient management structure, we achieved our target level of consolidated net income and successfully completed prepayment of public funds in February 2023.

Yamagata and Akita Prefectures, our operating base, have structural problems including declining and aging populations. Furthermore, the surrounding business environment is becoming harsher as a result of rising prices for energy and goods.

In the Fifth Medium-term Management Plan, in conjunction with honing our own consulting skills and deepening customer support, we will conduct initiatives to further strengthen our management foundation and aim to make contributions to building sustainable local region.

1. Name

Fifth Medium-term Management Plan

2. Plan period

FY2023 to FY2025 (Three years)

3. Slogan

Transform to build sustainable local region

<<Deepening customer support and strengthening our management foundation
for the prosperous future of the Tohoku region>>

4. Basic Policy

Achieve improvements in customer satisfaction (CS) and shareholder value by deepening customer support and strengthening our management foundation

- i. Boost our customer support capabilities
- ii. Take actions on sustainability management
- iii. Revamp group's investment portfolio
- iv. Reform the cost structure
- v. Improve employee satisfaction (ES)
- vi. Develop more sophisticated governance structure

5. Target Indicators

- Target for FY2025: Net Income (Profit attributable to owners of parent): around 4 billion yen
- Target for FY2025: Expand ordinary profit of customer services section (for total of two banks)
- To aim for a long-term target of ROE exceeding 5% (on a Group consolidated basis)


###

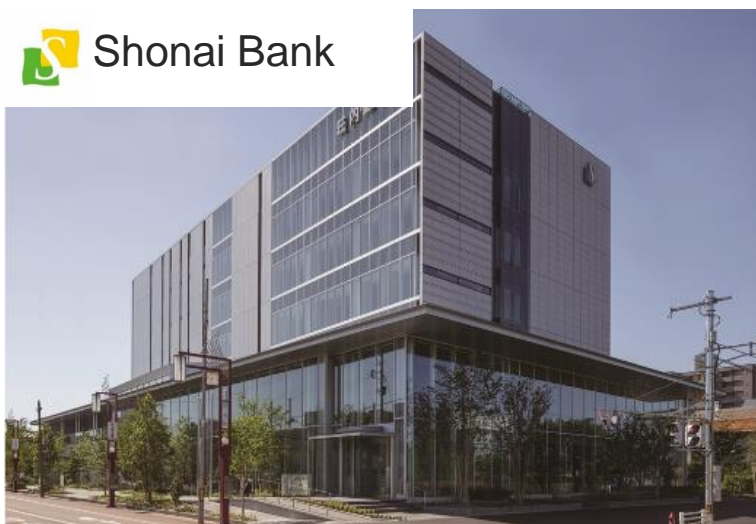
May 12, 2023


FIDEA Group Fifth Medium-term Management Plan

Transform to Build a Sustainable Local Region

- Deepening customer support and strengthening our management foundation
for the prosperous future of the Tohoku region -

 Shonai Bank



 Hokuto Bank



Theme

Transform to build a sustainable local region

- Deepening customer support and strengthening our management foundation for the prosperous future of the Tohoku region -

Plan period

FY2023 to FY2025 (Three years)

Basic policy

- Achieve improvements in customer satisfaction (CS) and shareholder value by deepening customer support and strengthening our management foundation
 1. Boost our customer support capabilities
 2. Take actions on sustainability management
 3. Revamp group's investment portfolio
 4. Reform the cost structure
 5. Improve employee satisfaction (ES)
 6. Develop more sophisticated governance structure

Target indicators

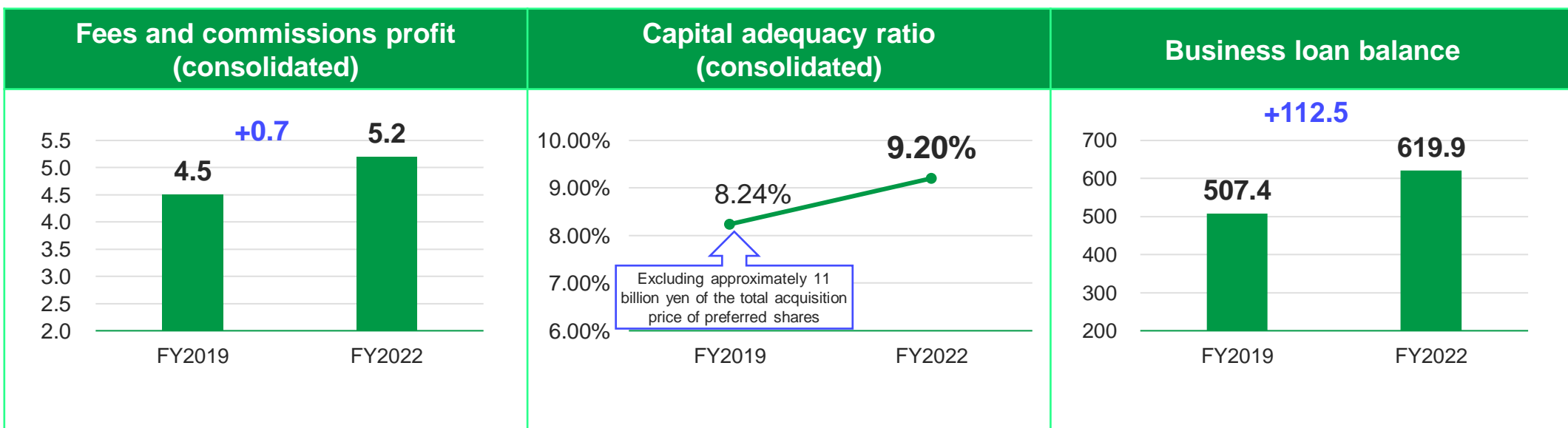
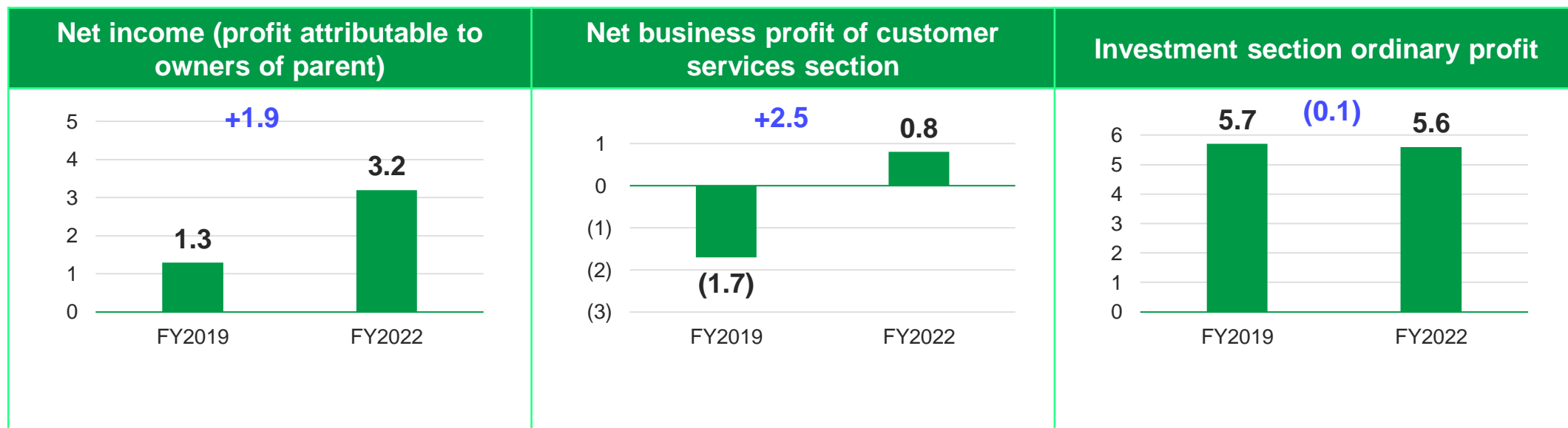
- Target for FY2025: Net income (profit attributable to owners of parent): around 4 billion yen
- Target for FY2025: Expand ordinary profit of the customer services section* (for total of two banks)
- To aim for the long-term target of ROE exceeding 5% (on a Group consolidated basis)

* Ordinary profit of customer services section: "Net business profit of customer services section" ("gross profit in the customer services section" minus "related expenses") minus "credit-related expenses"

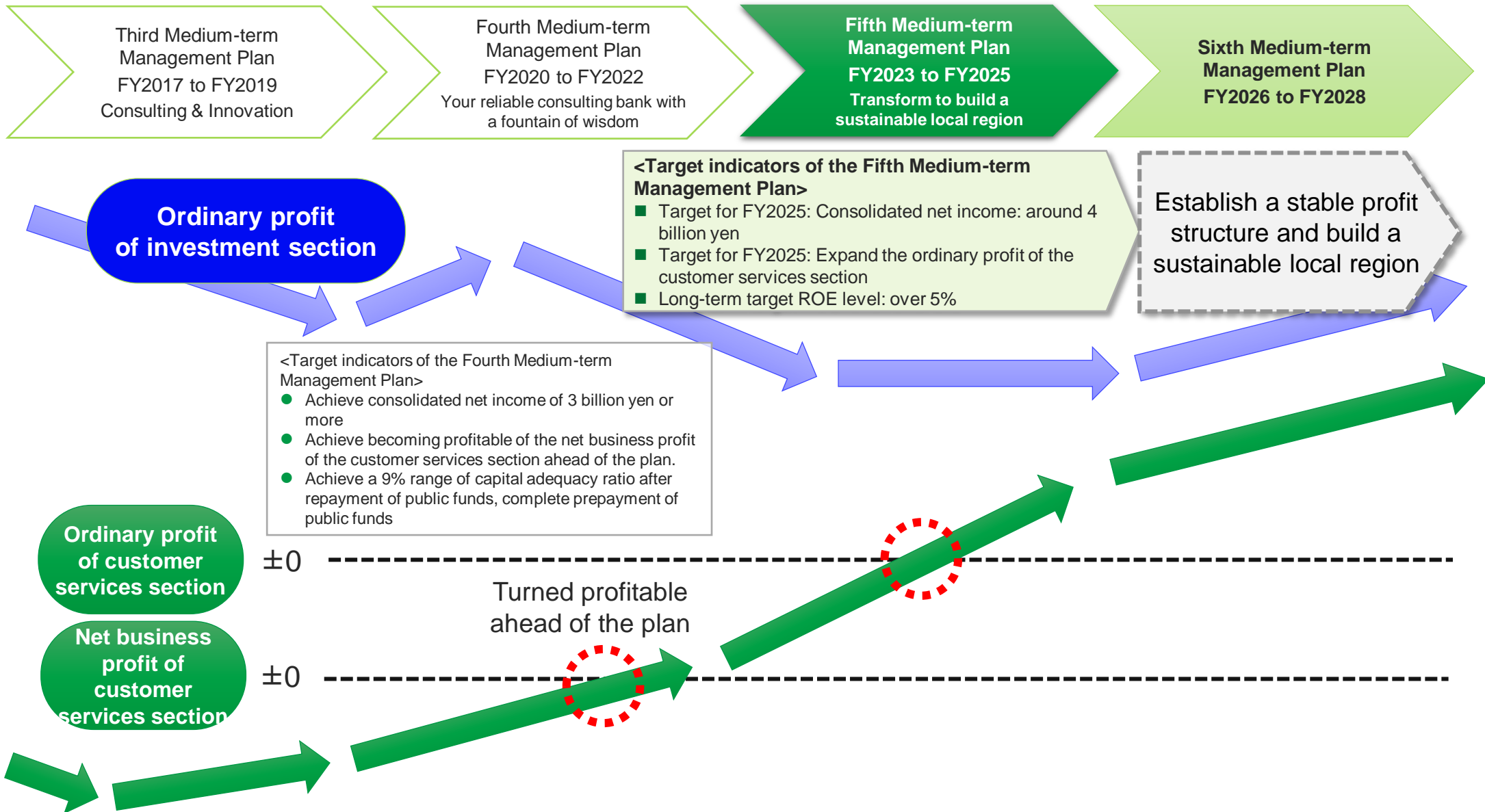
Fourth Medium-term Management Plan: Growth and results (comparison with the results of FY2019, which was before the start of the plan)

- While proceeding with making progress in cost structure reforms, the net business profit of the customer services section turned profitable one year ahead of the plan. Although the financial market became unstable due to the situation in Ukraine and the impact of COVID-19, the investment section performed almost as planned as the entire group, and we achieved 3 billion yen, the target of consolidated net income.

*Units: billion yen: Other than consolidated items, 2 banks total



- For the Fifth Medium-term Management Plan, we will focus on the further accumulation of interest on loans and profit from fees and commissions to make the ordinary profit of the customer services section profitable. At the same time, for the investment section, we will improve profitability by rebuilding our securities portfolio.



Fifth Medium-term Management Plan: Practical initiatives to deepen customer support and strengthen our management foundation

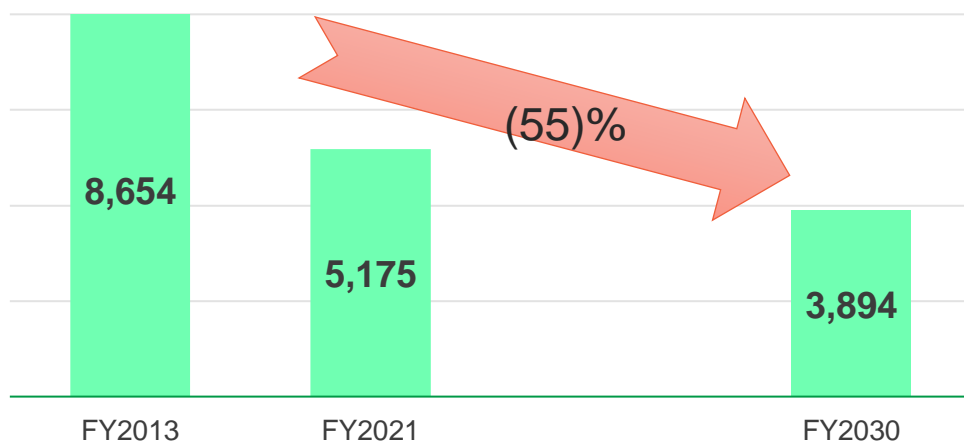
- We will work specifically on each of the six items listed as our basic policies, strengthen our sales capabilities to support customers and strengthen our management foundation by accelerating reforms and innovations.

Basic policy	Practical initiatives
1. Boost our customer support capabilities	<ul style="list-style-type: none"> ■ Expand the intra-prefectural business loan customer bases and noninterest income through business feasibility evaluation ■ Internalize consulting, business succession, and M&A operations by utilizing highly specialized personnel ■ Expand customer support programs by building cross-group sales structure in Green Transformation/Digital transformation fields ■ Raise the level of consulting capabilities by enhancing the training of sales personnel who handle both individual and corporate customers and develop talents who have advanced skills ■ Promote non-face-to-face transaction services in the individual consulting field ■ Review branch functions and re-formulate and realize staff allocation looking ahead to future area-based strategies
2. Take actions on sustainability management	<ul style="list-style-type: none"> ■ Accelerate initiatives to reduce CO2 emissions and formulate reduction measures with Scope 3 in mind ■ Implement advanced initiatives in the region and establish a position as a frontrunner toward the realization of a decarbonized society
3. Revamp group’s investment portfolio	<ul style="list-style-type: none"> ■ Build a portfolio to secure medium-term stable earnings ■ Pursue capital earnings by accurately capturing market fluctuations and enhancing valuation gains ■ Take risk hedging considering the risk of future interest rate rises
4. Reform cost structure	<ul style="list-style-type: none"> ■ Streamline clerical workflow in the administrative area and promote the integration of operations by function in sections where there are a lot of clerical work ■ Reduce headquarter operations drastically using internal DX, RPA, etc., and staff reallocation to sales sections as a result
5. Improve employee satisfaction	<ul style="list-style-type: none"> ■ Improve communication between superiors and subordinates by implementing high-quality one-on-one meetings at each workplace ■ Improve human resource systems to realize proactive and autonomous career development, satisfactory evaluation and treatment
6. Develop more sophisticated governance structure	<ul style="list-style-type: none"> ■ Sophisticate business management and risk management systems and develop risk appetite framework operation system ■ Strengthen security governance by improving anti-money laundering measures and system risk management

- Under group investment and loan policy, we will actively engage in sustainable finance and aim to reduce 55% of CO2 emissions by fiscal 2030, and we will promote switching to clean sources of energy as well as energy conservation, among other measures.
- In addition, we will disclose KPIs related to securing diversity based on human rights policy, internal environment improvement policy, human resource development policy, and so on, and work to create opportunities for diverse human resources to play an active role in the Group.

CO2 emissions reduction targets

By FY2030, reduce 55% compared to FY2013
(FY2013 emissions: 8,654 tCO2)



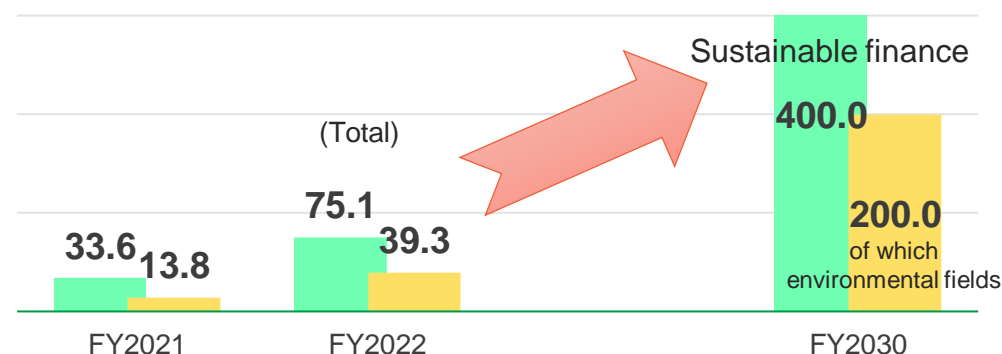
Measures to reduce CO2 emissions

- Switching to power generated by renewable energy
- Switching to LED lighting at major bases such as branches offices and the headquarters
- Replacing company cars with electric cars

Systematically implement measures including the ones shown above

Sustainable finance

Invest 400 billion yen by FY2030
(of which 200 billion yen in environmental fields)



KPIs related to ensuring diversity

Items		End of FY2022 Result	End of FY2025 Target
Share of female directors	FIDEA Holdings	10.5%	12.0%
Share of women in general managers or equivalent positions	3 companies total	4.9%	12.0%
Share of women in managers or equivalent positions	3 companies total	34.6%	30.0%
Share of mid-career hires in managers or equivalent positions	3 companies total	8.6%	18.0%

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



- ❑ Copying, duplicating or distributing this material to third parties without prior permission from FIDEA Holdings Co. Ltd. shall be prohibited.
- ❑ This material shall be prepared for informational purposes only and shall not be intended to solicit trading of specific securities.
- ❑ All or part of the matters stated in this material shall be subject to modification or change without notice.
- ❑ Future performance described in this material shall not be guaranteed and may be different from actual figures due to changes in the business environment and other conditions.