



FY2023 H1 Financial Highlights & FY2023 Prospects



FIDEA HOLDINGS CO. LTD.
December 2023

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 FY2023 Prospects



(consolidated)

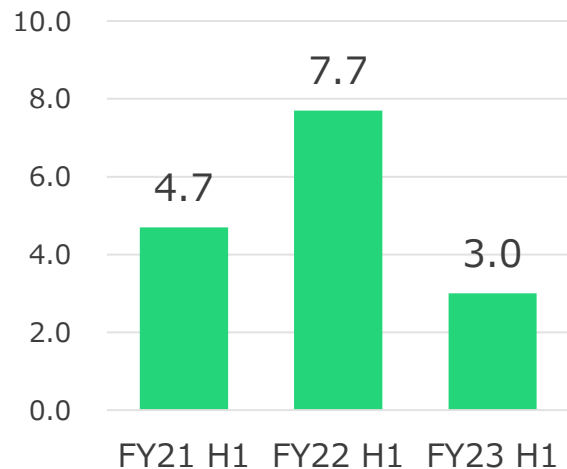
(Millions of yen)		FY 2022		FY 2023		FY2033	
		H1		H1		projected	projected vs results
		results	results	results	y-o-y		
		①	②	③	③ - ①	④	④ - ②
Ordinary income	経常収益	27,030	51,411	22,525	△ 4,504	—	—
Gross business profit	業務粗利益	15,320	30,923	13,529	△ 1,790	28,000	△ 2,923
Core gross business profit	コア業務粗利益	20,041	36,481	15,168	△ 4,872	29,400	△ 7,081
Net interest income	資金利益	17,314	31,924	13,571	△ 3,742	26,200	△ 5,724
Net fees and commissions	役務取引等利益	2,590	5,262	2,817	226	5,450	188
Net other business income	その他業務利益	△ 4,584	△ 6,263	△ 2,859	1,725	△ 3,670	2,593
Net gains (losses) on government and other bonds	国債等債券損益	△ 4,720	△ 5,558	△ 1,639	3,081	△ 1,370	4,188
Expenses (excluding non-recurrent expense)	経費	12,326	24,350	12,144	△ 182	24,150	△ 200
Net business income (before net transfer to general allowance for loan losses)	実質業務純益	2,993	6,573	1,385	△ 1,607	3,850	△ 2,723
Core net business income	コア業務純益	7,714	12,131	3,024	△ 4,689	5,220	△ 6,911
Credit related costs	与信関係費用	519	1,900	822	303	1,400	△ 500
Gains/losses related to stocks, etc.	株式等関係損益	229	611	1,063	833	700	89
Ordinary profit	経常利益	3,061	5,543	1,521	△ 1,540	2,900	△ 2,643
Extraordinary income/losses	特別損益	△ 95	△ 1,014	△ 45	50	△ 250	764
Total income taxes	法人税等合計	612	1,247	603	△ 8	850	△ 397
Net income attributable to owners of the parent	親会社株主に帰属する当期純利益	2,357	3,266	870	△ 1,486	1,800	△ 1,466

Key Financials

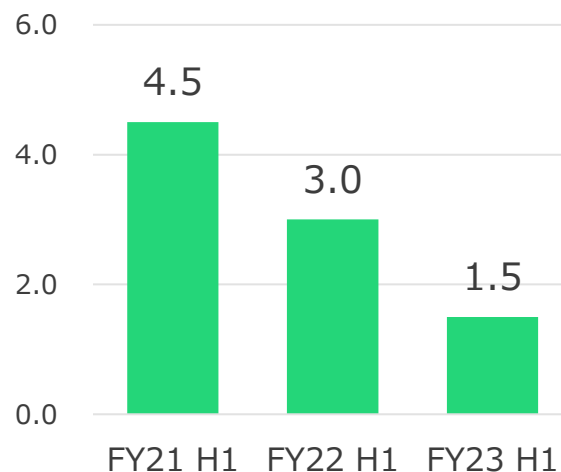
(consolidated, JPY in billions)



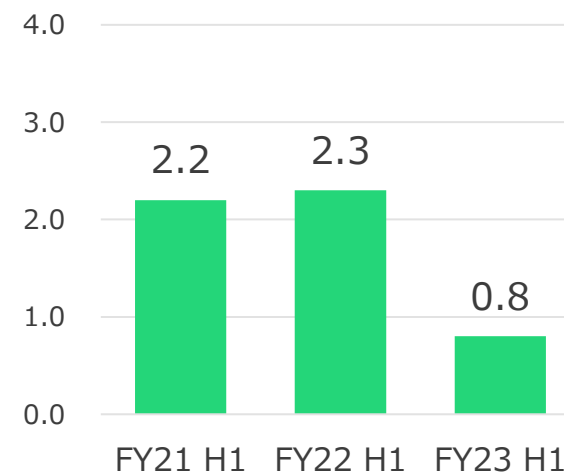
Core net business income



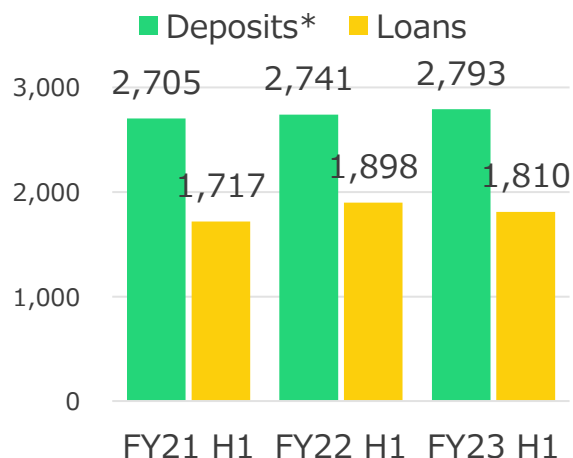
Ordinary profit



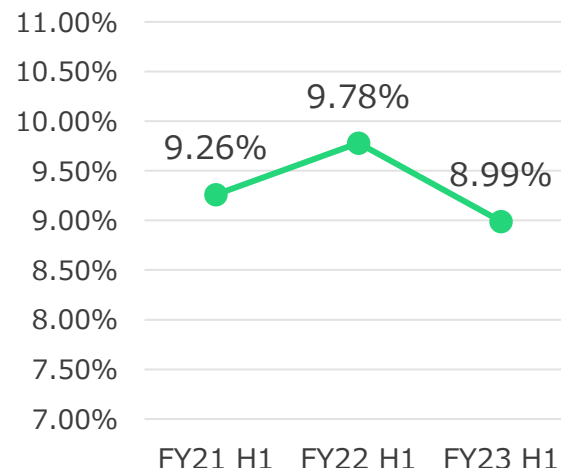
Net income



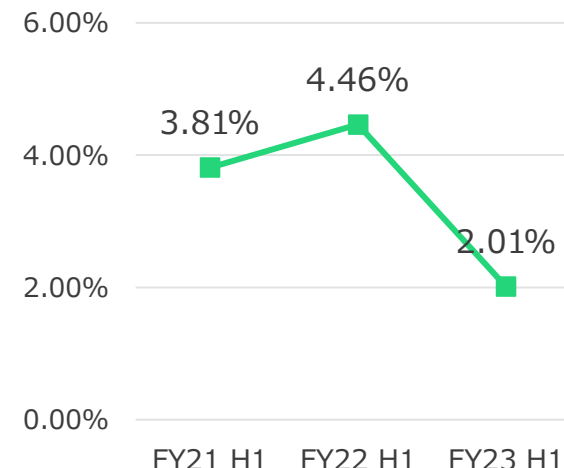
Loans and Deposits (2Banks)



Capital Adequacy Ratio



ROE (Return on Equity)



* Deposits and negotiable certificates of deposit

Consolidated performance for the last 5 years



(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	
Ordinary income	経常収益	24,712	50,864	23,708	53,191	24,978	51,094	27,030	51,411	22,525	
Gross business profit	業務粗利益	17,772	32,898	16,739	33,304	17,247	33,183	15,320	30,923	13,529	
Core gross business profit	コア業務粗利益	16,158	33,551	17,087	37,861	17,714	36,707	20,041	36,481	15,168	
Net interest income	資金利益	13,971	28,982	14,551	32,076	14,805	30,340	17,314	31,924	13,571	
Interest on loans and discounts	貸出金利息	10,056	19,998	9,766	19,477	9,345	18,450	8,884	17,859	9,166	
Interest and dividends on securities	有価証券利息配当金	4,292	9,727	5,091	12,961	5,373	11,366	8,448	14,282	4,663	
Interest on deposits and negotiable certificates of deposit	預金等利息	233	461	210	366	81	139	55	116	84	
Net interest on loans and deposits	預貸金利息差	9,823	19,537	9,555	19,111	9,263	18,310	8,828	17,743	9,082	
Net fees and commissions	役務取引等利益	2,431	4,591	2,284	4,712	2,654	5,043	2,590	5,262	2,817	
Related investment trust	投信関連手数料	457	1,006	513	1,401	756	1,418	466	889	540	
Related personal annuity insurance	生保関連手数料	865	1,588	612	1,264	685	1,378	935	2,075	1,047	
Net other business income	その他業務利益	1,369	△ 675	△ 96	△ 3,484	△ 212	△ 2,200	△ 4,584	△ 6,263	△ 2,859	
Net gains (losses) on government and other bonds	国債等債券損益	1,614	△ 652	△ 348	△ 4,556	△ 466	△ 3,524	△ 4,720	△ 5,558	△ 1,639	
Expenses (excluding non-recurrent expense)	経費	13,871	27,659	13,468	26,768	12,954	25,639	12,326	24,350	12,144	
Net business income (before net transfer to general allowance for loan losses)	実質業務純益	3,901	5,239	3,270	6,535	4,293	7,543	2,993	6,573	1,385	
Core net business income	コア業務純益	2,286	5,891	3,619	11,092	4,759	11,068	7,714	12,131	3,024	
(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)	1,917	5,065	3,376	7,724	3,723	8,163	2,851	5,133	2,700	
Net business income	業務純益	4,114	5,724	3,909	6,990	4,854	7,653	3,170	6,552	1,723	
Credit related costs	与信関係費用	499	1,479	288	2,026	1,390	2,412	519	1,900	822	
Gains/losses related to stocks, etc.	株式等関係損益	300	150	578	3,255	1,473	1,504	229	611	1,063	
Money trust management profit/loss	金銭の信託運用損益	△ 245	△ 498	32	41	91	297	300	338	△ 87	
Ordinary profit	経常利益	3,242	2,872	3,269	6,894	4,501	6,572	3,061	5,543	1,521	
Extraordinary income/losses	特別損益	△ 126	△ 408	△ 801	△ 1,579	△ 502	△ 944	△ 95	△ 1,014	△ 45	
Total income taxes	法人税等合計	1,237	1,142	1,040	1,998	1,733	2,097	612	1,247	603	
Net income attributable to owners of the parent	親会社株主に帰属する当期純利益	1,922	1,346	1,438	3,314	2,270	3,506	2,357	3,266	870	

ROE and average interest rate spread



ROE

(ROE)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	
Consolidated	連結	3.12%	1.16%	2.49%	2.86%	3.81%	3.06%	4.46%	3.27%	2.01%	
Shonai Bank	荘内銀行	2.57%	0.61%	2.13%	2.39%	3.74%	2.35%	5.10%	2.65%	1.62%	
Hokuto Bank	北都銀行	2.76%	0.70%	2.16%	2.02%	3.39%	2.58%	3.00%	3.54%	2.35%	

Average interest rate spread

(%)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	

All branches

Average yield on interest earning assets	資金運用利回	1.13	1.18	1.13	1.25	1.17	1.21	1.33	1.23	1.01	
Average yield on loans and bills discounted	貸出金利回	1.17	1.17	1.12	1.12	1.07	1.07	0.99	0.96	0.98	
Average yield on securities	有価証券利回	1.14	1.28	1.32	1.69	1.44	1.55	2.62	2.19	1.23	
Average yield on interest bearing liabilities	資金調達原価	1.05	1.06	0.96	0.89	0.77	0.77	0.78	0.79	0.80	
Average yield on deposits and negotiable certificates of deposit	預金等利回	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	
Average yield on call money and borrowed money	外部負債利回	0.00	△ 0.01	0.16	0.03	△ 0.00	△ 0.00	△ 0.00	△ 0.00	△ 0.00	
Average interest rate spread	総資金利鞘	0.08	0.12	0.17	0.36	0.40	0.44	0.55	0.44	0.21	

Domestic business segment

Average yield on interest earning assets	資金運用利回	1.05	1.10	1.07	1.18	1.09	1.13	1.23	1.14	0.91	
Average yield on loans and bills discounted	貸出金利回	1.17	1.17	1.12	1.12	1.07	1.07	0.99	0.96	0.98	
Average yield on securities	有価証券利回	0.95	1.12	1.18	1.60	1.30	1.41	2.51	2.02	0.92	
Average yield on interest bearing liabilities	資金調達原価	1.02	1.03	0.95	0.87	0.75	0.75	0.76	0.77	0.77	
Average yield on deposits and negotiable certificates of deposit	預金等利回	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	
Average yield on call money and borrowed money	外部負債利回	0.00	△ 0.02	△ 0.00	△ 0.00	△ 0.00	△ 0.00	△ 0.00	△ 0.00	△ 0.00	
Average interest rate spread	総資金利鞘	0.03	0.07	0.12	0.31	0.34	0.38	0.47	0.37	0.14	

Expenses and gains (losses) on securities



Expenses

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	
Expenses (excluding non-recurrent expense)	経費	13,871	27,659	13,468	26,768	12,954	25,639	12,326	24,350	12,144	
Personnel expenses	人件費	7,278	14,474	7,059	13,833	6,673	13,169	6,440	12,745	6,294	
Non-personnel expenses	物件費	5,622	11,127	5,385	10,883	5,297	10,535	4,985	9,922	5,026	
Taxes	税金	970	2,057	1,023	2,051	983	1,933	901	1,682	823	
Core OHR	コアOHR	85.84%	82.43%	78.81%	70.70%	73.12%	69.84%	61.50%	66.74%	80.06%	
Core gross business profit	コア業務粗利益	16,158	33,551	17,087	37,861	17,714	36,707	20,041	36,481	15,168	

Gains (losses) on securities

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	
Gains (losses) on bonds (Government bonds, etc.)	国債等債券損益	1,614	(652)	(348)	(4,556)	(466)	(3,524)	(4,720)	(5,558)	(1,639)	
Gains on sales	売却益	3,055	6,540	1,911	3,603	1,646	2,876	1,422	3,226	535	
Gains on redemption	償還益	–	–	–	–	–	–	–	–	–	
Losses on sales	売却損	1,441	7,192	2,259	8,159	2,112	6,401	6,139	8,784	2,174	
Losses on redemption	償還損	–	–	–	–	–	–	3	–	–	
Write-offs	償却	–	–	–	–	–	–	–	–	–	
Gains/losses related to stocks, etc.	株式等関係損益	300	150	578	3,255	1,473	1,504	229	611	1,063	
Gains on sales	売却益	1,036	2,194	897	3,961	2,015	3,741	1,193	2,064	1,388	
Losses on sales	売却損	732	1,978	271	595	537	2,232	950	1,400	294	
Write-offs	償却	3	65	47	111	4	4	13	51	31	

Credit related costs and non performing loans



Credit related costs

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	
Credit related costs	与信関係費用	499	1,479	288	2,026	1,390	2,412	519	1,900	822	
Net transfer to general allowance for loan losses	一般貸倒引当金繰入額	(213)	(485)	(638)	(454)	(561)	(110)	(177)	20	(338)	
Disposal of non-performing loans	不良債権処理額	763	2,035	952	2,537	1,969	2,629	724	1,959	1,177	
Reversal of allowance for loan losses	貸倒引当金戻入益	–	–	–	–	–	–	–	–	–	
Recoveries of written-off claims	償却債権取立益	50	70	24	57	18	106	28	79	16	

Non performing loans

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		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	8,144	9,692	9,285	8,974	7,901	7,115	8,655	7,205	7,708	
Doubtful claims	危険債権	16,572	15,434	17,405	18,552	22,164	22,734	19,867	25,953	24,948	
Claims requiring monitoring	要管理債権	3,035	2,726	1,117	1,024	479	1,441	1,257	891	565	
Loans past due 3 month or more	うち三月以上延滞債権	–	–	–	–	–	–	–	–	–	
Restructured loans	うち貸出条件緩和債権	3,035	2,726	1,117	1,024	479	1,441	1,257	891	565	
Subtotal	金融再生法 開示債権小計	27,752	27,853	27,808	28,551	30,545	31,291	29,781	34,050	33,223	
Normal claims	正常債権	1,730,904	1,724,928	1,771,862	1,759,100	1,731,867	1,742,213	1,918,933	1,926,897	1,834,216	
Total	総与信	1,758,656	1,752,781	1,799,671	1,787,651	1,762,412	1,773,505	1,948,714	1,960,948	1,867,439	
Ratio of disclosed claims under	総与信に占める割合	1.57%	1.58%	1.54%	1.59%	1.73%	1.76%	1.52%	1.73%	1.77%	

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	87.20%	88.74%	86.43%	86.68%	89.51%	91.13%	94.07%	89.63%	92.23%	
Claims requiring monitoring	要管理債権	69.29%	63.88%	89.71%	90.95%	84.53%	62.02%	62.37%	67.99%	63.18%	
Loans past due 3 month or more	うち三月以上延滞債権	–	–	–	–	–	–	–	–	–	
Restructured loans	うち貸出条件緩和債権	69.29%	63.88%	89.71%	90.95%	84.53%	62.02%	62.37%	67.99%	63.18%	
Subtotal	小計	89.00%	90.22%	91.09%	91.02%	92.15%	91.81%	94.46%	91.26%	93.54%	

Deposits and loans



Deposits and negotiable certificates of deposit

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	
Deposits and Negotiable certificates of deposit	預金等 残高	2,492,450	2,469,433	2,657,897	2,656,501	2,705,066	2,717,041	2,741,442	2,732,147	2,793,632	
Personal deposits	個人預金	1,809,211	1,812,732	1,876,494	1,911,356	1,926,570	1,940,712	1,959,731	1,960,019	1,965,966	
Corporate deposits	法人預金	506,703	508,794	595,839	595,199	597,397	602,441	601,399	601,937	639,302	
Public money deposits	公金預金	167,245	138,996	177,482	141,811	173,296	166,827	172,453	163,868	181,304	
Financial institution deposits	金融機関預金	9,290	8,907	8,081	8,134	7,800	7,059	7,858	6,321	7,059	
Akita, pref	秋田県	1,237,089	1,212,724	1,329,745	1,324,494	1,355,842	1,352,566	1,380,291	1,354,198	1,396,342	
Yamagata, pref	山形県	1,023,304	1,032,762	1,111,227	1,141,331	1,162,555	1,179,653	1,182,005	1,198,610	1,222,582	
Miyagi, pref	宮城県	170,964	167,820	158,761	149,714	146,796	142,092	138,623	139,924	133,920	
Others	その他	61,093	56,126	58,160	40,960	39,868	42,727	40,520	39,411	40,783	

Loans and bills discounted

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2022	
		H1		H1		H1		H1		H1	
Loans and bills discounted	貸出金 残高	1,718,079	1,711,416	1,755,098	1,745,361	1,717,723	1,727,239	1,898,460	1,908,106	1,810,657	
Business loans	事業性貸出	644,819	646,795	719,954	720,267	715,241	727,439	752,760	786,474	903,959	
Consumer loans	消費者ローン	618,369	607,351	590,599	572,711	553,368	533,028	514,236	495,490	478,194	
Local governments	地方公共団体向け貸出	411,639	407,510	396,590	412,250	412,627	414,521	410,316	410,874	428,502	
Central government	中央政府向け貸出	43,251	49,759	47,955	40,132	36,485	52,250	221,147	215,267	—	
Akita, pref	秋田県	797,472	806,670	831,190	832,090	818,831	831,008	885,869	899,337	756,479	
Yamagata, pref	山形県	532,344	533,292	561,667	568,689	569,113	571,342	671,007	652,596	587,743	
Miyagi, pref	宮城県	235,179	228,257	221,832	213,672	201,233	194,004	186,789	180,084	174,578	
Others	その他	153,083	143,196	140,405	130,905	128,542	130,880	154,793	176,085	291,855	

Loans by industry



Loans by industry

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2022	
		H1		H1		H1		H1		H1	
Domestic offices (excluding loans booked at offshore markets)	業種別貸出金 残高	1,718,079	1,711,416	1,755,098	1,745,361	1,717,723	1,727,239	1,898,460	1,908,106	1,810,657	
Manufacturing	製造業	101,462	103,139	117,896	114,329	114,126	113,954	112,371	113,962	116,156	
Agriculture and forestry	農業、林業	3,410	3,721	3,784	4,087	3,853	3,920	3,676	3,962	3,238	
Fishery	漁業	137	116	114	86	80	132	298	152	128	
Mining, quarrying of stone and gravel	鉱業、採石業、砂利採取業	1,937	1,901	2,205	2,318	2,444	2,258	2,379	2,306	2,044	
Construction	建設業	57,425	61,534	75,788	78,468	72,435	80,196	71,663	72,685	71,973	
Electricity, gas, heat supply and water	電気・ガス・熱供給・水道業	82,635	84,255	82,155	81,499	81,805	86,452	86,964	93,093	105,506	
Information and communications	情報通信業	6,241	6,808	9,145	8,846	8,668	7,359	7,687	5,606	5,978	
Transport and postal activities	運輸業、郵便業	17,117	17,188	19,926	19,740	19,031	19,291	17,986	16,707	16,834	
Wholesale and retail trade	卸売業、小売業	87,385	84,351	101,923	98,445	101,543	97,948	101,997	98,281	97,667	
Finance and insurance	金融業、保険業	60,880	53,611	53,353	47,523	48,397	51,641	78,165	102,978	212,734	
Real estate and goods rental and leasing	不動産業、物品賃貸業	105,343	108,756	113,393	117,085	114,431	117,827	126,387	132,373	130,900	
Scientific research and professional and technical services	学術研究、専門・技術サービス業	5,776	6,058	9,473	10,353	10,311	11,180	15,697	17,682	16,439	
Accommodations, eating and drinking services	宿泊業、飲食サービス業	18,774	19,460	24,182	25,638	23,166	22,664	22,403	21,761	20,780	
Living-related and amusement services	生活関連サービス業、娯楽業	16,009	15,155	17,753	17,639	17,371	16,944	17,450	16,771	16,221	
Education learning support	教育、学習支援業	4,449	4,269	4,528	4,505	4,034	3,936	3,966	3,799	3,728	
Medical, social welfare	医療・福祉	50,147	50,587	53,783	56,964	56,295	57,035	54,806	55,711	54,333	
Services	その他のサービス	33,976	34,075	38,320	40,085	43,956	41,515	36,694	35,160	36,195	
National and local government	地方公共団体	411,639	407,511	396,590	412,251	412,628	414,522	410,316	410,874	428,503	
Other	その他	653,326	648,908	630,777	605,487	583,136	578,455	727,545	704,232	471,290	
Central government	うち中央政府向け	43,251	49,759	47,955	40,132	36,485	52,250	221,147	215,267	—	

Loans by SME's



Loans by SMEs

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	
Small and medium-sized enterprises, etc.	中小企業等貸出残高	1,150,146	1,145,821	1,205,064	1,195,835	1,170,776	1,156,252	1,166,670	1,168,876	1,239,263	
Ratio of SMEs to total loans	中小企業等貸出金比率	66.94%	66.95%	68.66%	68.51%	68.15%	66.94%	61.45%	61.25%	68.44%	
SME s (excluding consumer loans)	中小企業貸出（除く消費者ローン）	531,777	538,470	614,465	623,124	617,408	623,224	652,434	673,386	761,069	
Consumer loans	消費者ローン残高	618,369	607,351	590,599	572,711	553,368	533,028	514,236	495,490	478,194	
Ratio of consumer loans to total loans	貸出金に占める消費者ローンの割合	35.99%	35.48%	33.65%	32.81%	32.21%	30.86%	27.08%	25.96%	26.41%	
Housing loans	住宅ローン残高	548,942	538,556	525,168	509,784	493,143	475,605	458,272	441,151	425,284	
Other loans	その他ローン残高	69,427	68,795	65,430	62,926	60,224	57,423	55,964	54,338	52,909	

Securities and capital adequacy ratio



Securities

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	
Securities	有価証券 残高	767,474	739,176	796,229	729,145	791,749	680,289	629,960	660,032	747,908	
Government bonds	国債	142,245	121,582	152,040	117,080	137,314	107,528	89,780	103,450	171,333	
Municipal bonds	地方債	264,000	260,416	254,719	224,259	241,847	226,276	208,197	184,449	175,323	
Corporate bonds	社債	96,098	101,026	112,002	118,314	124,576	125,918	123,042	121,516	120,877	
Stock	株式	18,652	13,139	19,456	20,494	20,506	17,616	15,175	15,967	20,796	
Other securities	その他の証券	246,478	243,011	258,009	248,996	267,503	202,949	193,765	234,650	259,576	
Average balance of securities	有価証券 平均残	747,893	754,315	768,770	762,583	743,509	732,244	640,885	649,853	749,942	
Valuation gains (losses) on securities	有価証券 評価損益	37,258	17,037	26,308	26,193	28,661	14,802	3,224	(3,929)	(16,624)	

Capital adequacy ratio

(Millions of yen)		FY 2019		FY 2020		FY 2021		FY 2022		FY 2023	
		H1		H1		H1		H1		H1	
Capital adequacy ratio	自己資本比率	9.18%	9.26%	9.26%	9.61%	9.26%	9.52%	9.78%	9.20%	8.99%	
Capital	自己資本の額	102,257	100,671	101,076	102,585	98,355	99,391	101,014	95,978	95,980	
Basic core capital	コア資本に係る基礎項目	104,445	103,443	103,671	105,403	100,986	102,082	103,466	98,382	98,205	
Adjustment core capital	コア資本に係る調整項目(△)	2,188	2,772	2,594	2,817	2,631	2,691	2,451	2,403	2,225	
Total risk weighted assets	リスクアセットの額	1,112,903	1,086,915	1,090,928	1,066,850	1,061,225	1,043,706	1,032,213	1,042,229	1,067,196	



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. All of public preferred stock (initially equivalent to 10 billion yen) was acquired and retired by February 2023.

(as of September 30, 2023)

	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	Masahiro Niino	Masahiko Matsuta	Arata Ito
Listed market	Tokyo Stock Exchange Prime Market		
# of employees	1,447 (consolidated)	542	540
Branches		89	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 Fifth Medium-term Management Plan



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	<ul style="list-style-type: none">➤ Achieve improvements in customer satisfaction (CS) and shareholder value by deepening customer support and strengthening our management foundation<ol style="list-style-type: none">1. Boost our customer support capabilities2. Take actions on sustainability management3. Revamp group's investment portfolio4. Reform the cost structure5. Improve employee satisfaction (ES)6. Develop more sophisticated governance structure
Target indicators	<ul style="list-style-type: none">➤ 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)

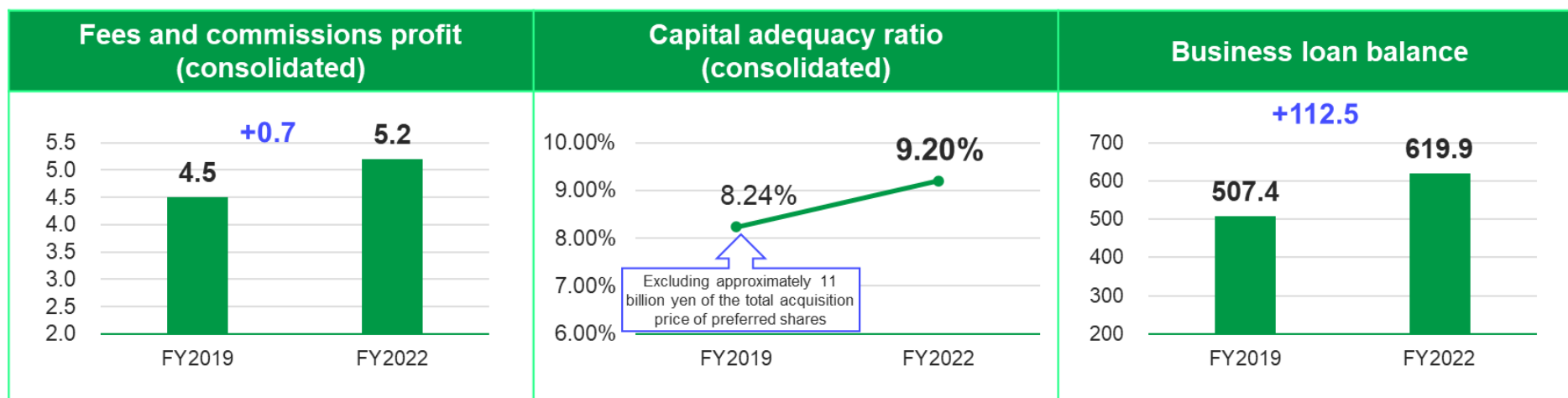
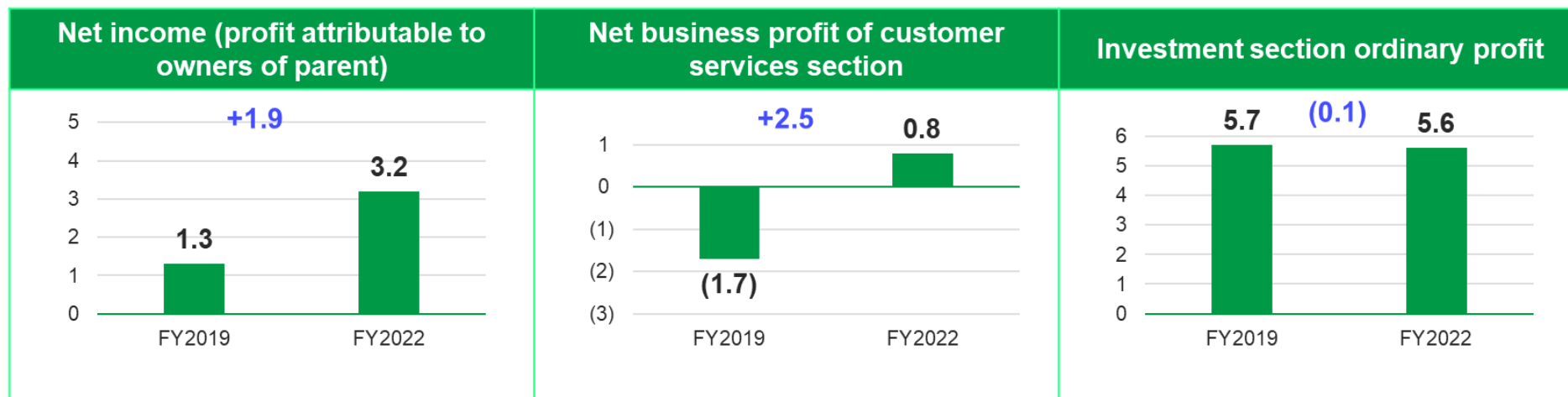
* Ordinary profit of customer services section: "Net business profit of customer services section" ("gross profit in the customer services section" minus "related expenses") minus "credit-related expenses"

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



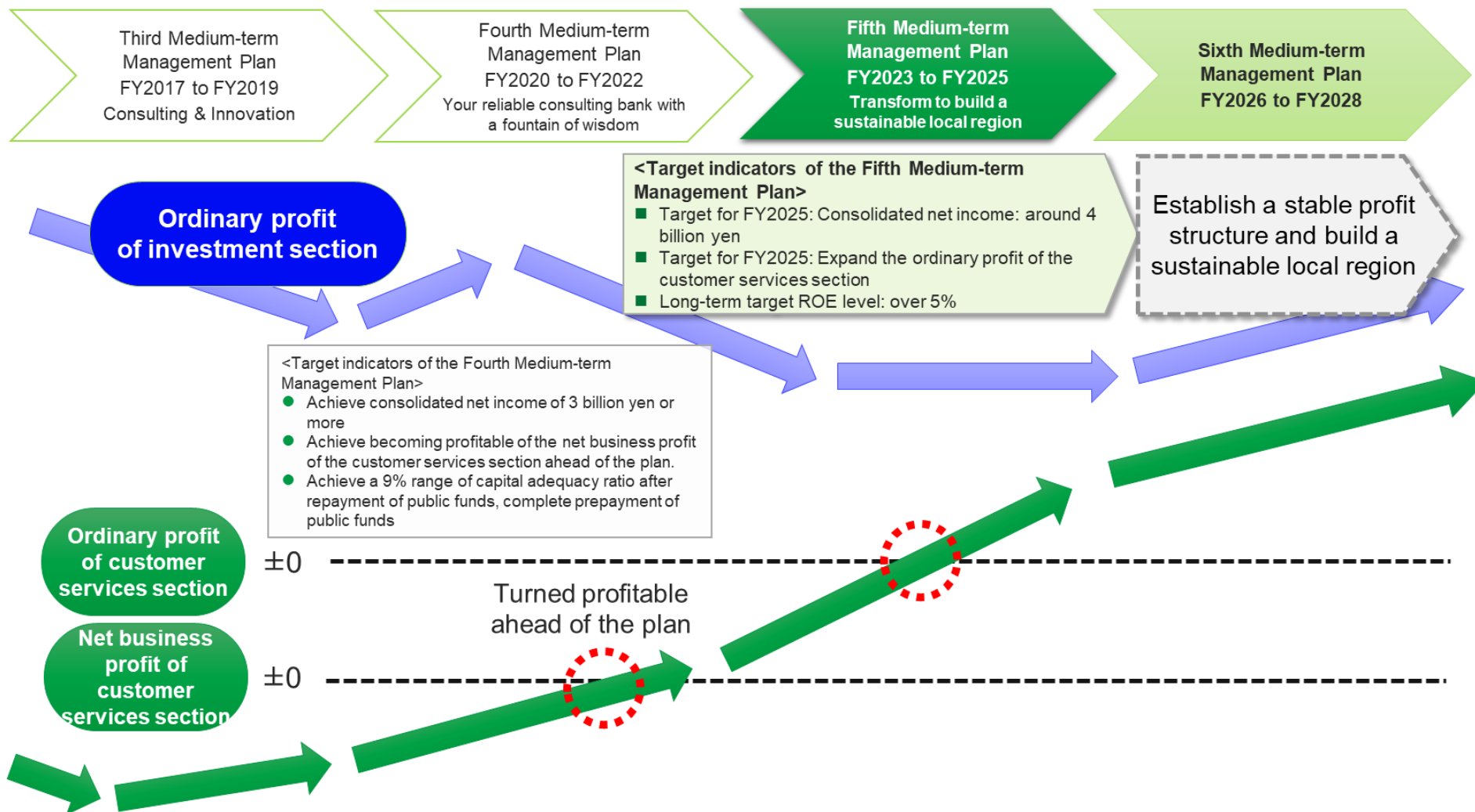
- While proceeding with making progress in cost structure reforms, the net business profit of the customer services section turned profitable one year ahead of the plan. Although the financial market became unstable due to the situation in Ukraine and the impact of COVID-19, the investment section performed 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



Direction of the Fifth Medium-term Management Plan

- 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

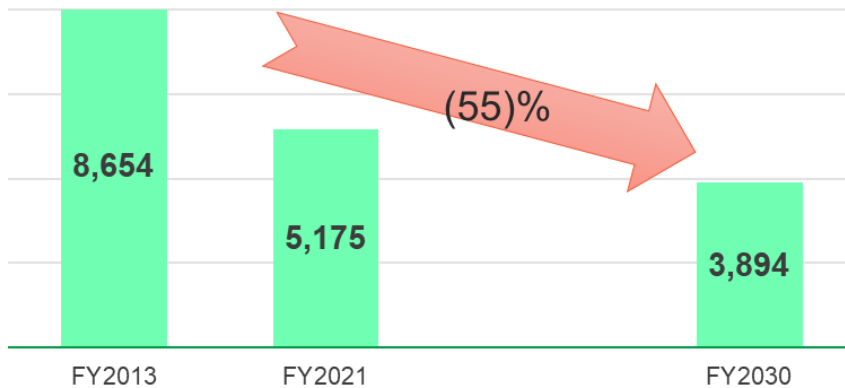
Fifth Medium-term Management Plan: Take actions on sustainability management



- 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)

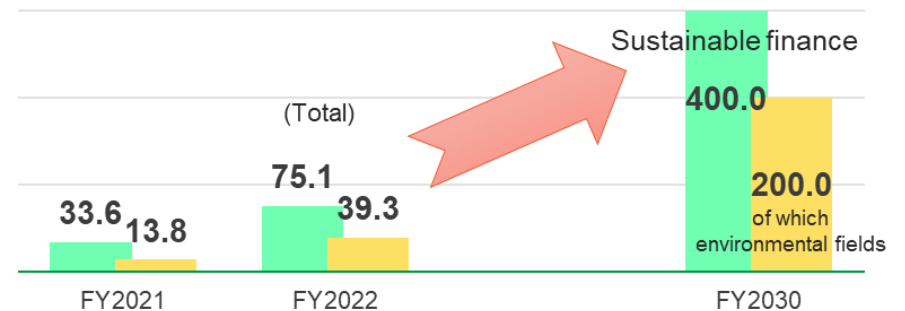


Measures to reduce CO2 emissions

- 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)

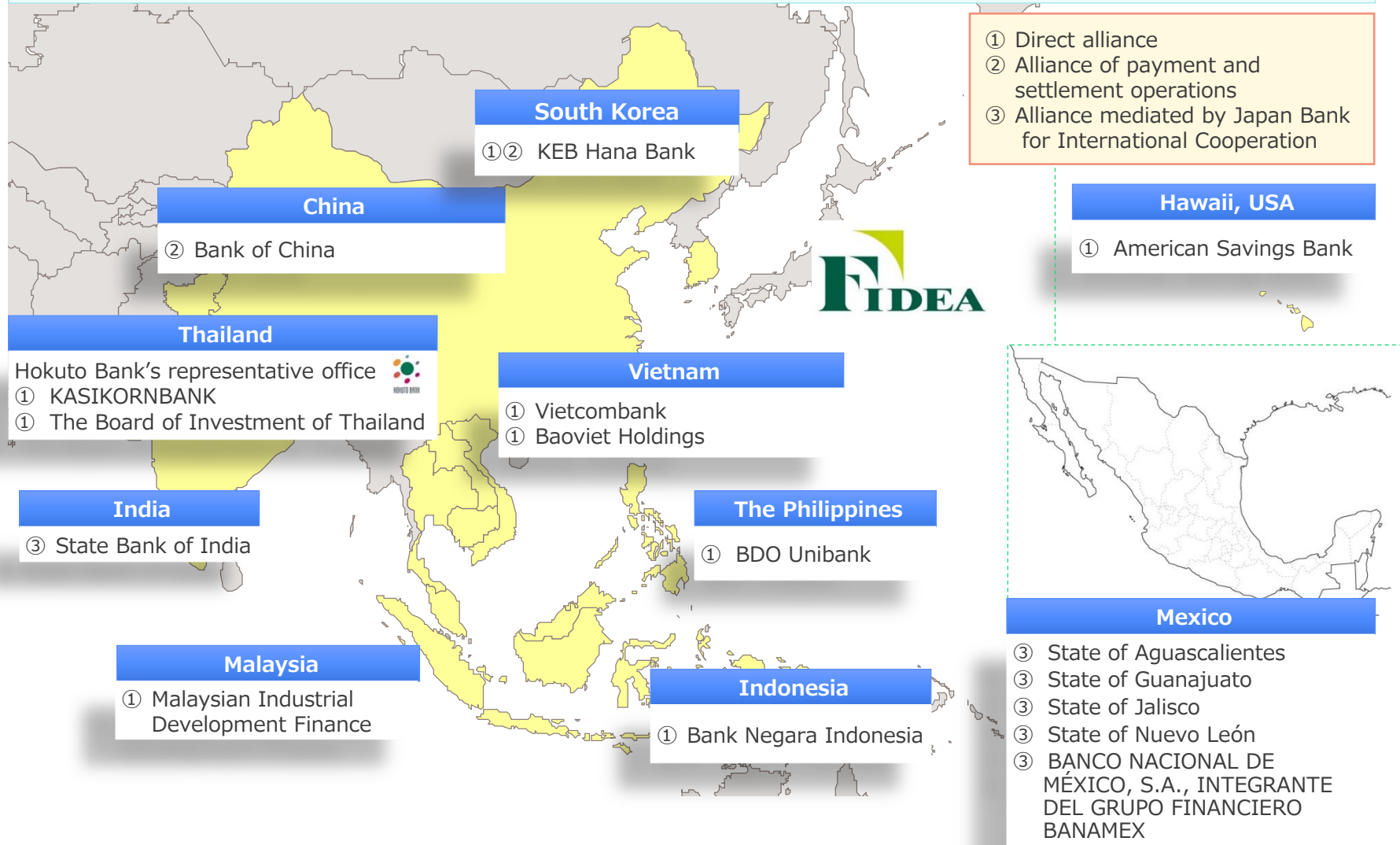


KPIs related to ensuring diversity

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%

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

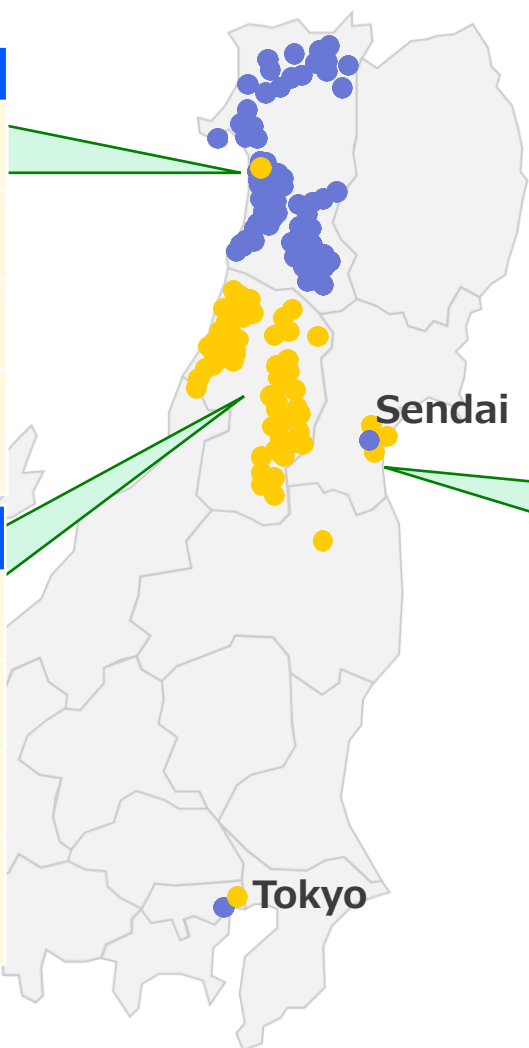


Akita Prefecture

Population (2023)	0.9 million
Gross prefectural product (nominal 2020)	JPY 3.5 trillion
# of companies (2022)	16 thousand
Deposits for individual customers of banks (2023)	JPY 3.0 trillion

Yamagata Prefecture

Population (2023)	1.0 million
Gross prefectural product (nominal 2020)	JPY 4.2 trillion
# of companies (2022)	19 thousand
Deposits for individual customers of banks (2023)	JPY 3.4 trillion



● Shonai Bank's branches

● Hokuto Bank's branches

Miyagi Prefecture

Population (2023)	2.2 million
Gross prefectural product (nominal 2020)	JPY 9.4 trillion
# of companies (2022)	44 thousand
Deposits for individual customers of banks (2023)	JPY 8.0 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.

