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Representative: Masahiro Niino,
Representative Director and President
(Securities code: 8713; Tokyo Stock Exchange, Prime Market)
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Notice Concerning Merger of The Shonai Bank, Ltd. and The Hokuto Bank, Ltd., wholly owned subsidiaries of FIDEA Holdings Co. Ltd., and Trade Name Change

The wholly owned subsidiaries of FIDEA Holdings Co. Ltd. (hereinafter, the “Company”), namely The Shonai Bank, Ltd. (hereinafter, “Shonai Bank”) and The Hokuto Bank, Ltd. (hereinafter, “Hokuto Bank”; Shonai Bank and Hokuto Bank are hereinafter collectively referred to as “Both Banks”), are proceeding with preparations for their scheduled merger in FY2026.

The Company hereby announces that, at the Board of Directors meeting held today, the Company resolved matters pertaining to the merger of Both Banks, subject to obtaining necessary approvals and permits from relevant authorities. The details are as follows.

As this is a merger between the Company’s wholly owned subsidiaries, some disclosure items and other information are omitted.

1. Background and other information to date

As announced in the press release “Reorganization of The Shonai Bank, Ltd. and The Hokuto Bank, Ltd., wholly owned subsidiaries of FIDEA Holdings Co. Ltd.” on January 25, 2024, the Company, Shonai Bank and Hokuto Bank have decided to proceed with discussions concerning the merger of Both Banks, aiming to generate a higher level of management integration synergies and to further strengthen the relationships with local customers.

In February 2024, the Company and Both Banks jointly established the Merger Preparatory Committee, which has been considering the vision of the new bank and efficient use of the management resources of Both Banks, as well as the system integration that is planned at the same time as the merger.

At the Board of Directors meeting held today, the Company resolved matters, including the effective date of the merger, the trade name of the new bank, the location of the headquarters and the representatives, subject to obtaining necessary approvals and permits from relevant authorities. The merger of Both Banks is expected to occur in January 2027, taking into consideration the time necessary for system integration. However, to realize the effect of the merger at an early stage through a management system that substantially functions as a single bank, we will build a structure in which the Presidents, and officers and general managers of the headquarters, of Both Banks serve concurrently from FY2025, and ensure a smooth transition to the new bank.

While maintaining a robust governance structure, which is one of our strengths, and accelerating the pace of transformation beyond what has been achieved thus far, the Company and its subsidiaries (hereinafter, the “Group”) will establish a stronger management foundation and continue contributing to realizing sustainable local communities by implementing the 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.”

2. Regional strategies of the new bank

The new bank will make full use of its expanded scale and its enhanced operational foundation following the merger, and as a region-wide bank with business spanning Yamagata and Akita Prefectures, further refine its operations covering a broad area and its expertise, which are our strengths, in order to further contribute to the economic revitalization of both prefectures by supporting business operators that underpin the regional economy. In addition, by providing robust support for regional revitalization measures, including those for renewable energy and tourism that are strengths of both prefectures, the new bank aims to actively engage in initiatives for industrial development and regional revitalization in both prefectures and grow together with local communities and customers.

3. Overview of the merger

(1) Schedule of the merger

Effective date of the merger: January 1, 2027

- * The merger is planned to be carried out in accordance with resolutions at general meetings of shareholders of Both Banks involved in the merger and subject to obtaining necessary approvals and permits from relevant authorities.
- * In the course of the merger procedures and preparations for system integration being carried out, the schedule, procedures, conditions and other matters may be changed following consultations if there are material grounds or other circumstances that would hinder the execution of the merger.
- * The schedule concerning the merger agreement will be announced once it is determined.

(2) Method of the merger

The merger will be an absorption-type merger in which Shonai Bank is the surviving company and Hokuto Bank is the disappearing company.

- * An absorption-type merger is a statutory form of merger that allows all of the assets, liabilities, rights, obligations, etc. to be succeeded by the surviving company after the merger.

(3) Details of allotment concerning the merger

As Both Banks are the Company's wholly owned subsidiaries and the Company holds all of the issued shares of Both Banks, Shonai Bank will provide no shares or other money, etc. upon the merger as payment of consideration for the merger to the Company, which is the shareholder of Hokuto Bank.

- * Since this is a merger between the Company's wholly owned subsidiaries, it is a merger using book value (a merger without consideration where money, shares, etc. are not provided as payment of consideration).

(4) Handling of stock acquisition rights and bonds with stock acquisition rights associated with the merger

Not applicable.

(5) Trade name and marks of the new bank

(i) Trade name of the new bank

The FIDEA Bank, Ltd.

- * Shonai Bank, which is the surviving bank, will change its trade name to The FIDEA Bank, Ltd. on January 1, 2027.
- * As 15 years have passed since the management integration of Both Banks, "FIDEA" has become well-known to customers. Looking ahead to the future of the new bank, which will be a region-wide bank, we believe that the Company's founding philosophy, which is expressed in the Latin word "FIDES" (trust) and the English word "Alliance" (cooperation) from which the Company's name is derived, will not change in the new bank. In addition, "The FIDEA Bank, Ltd." was chosen as the trade name of the new bank because it matches the vision of the new bank given that it includes the meaning of "Financial IDEA = financial ideas and ingenuity" that is linked to consulting, which is a pillar of the current management strategy.

(ii) Marks

a. Symbol mark



b. Logo mark



株式会社フィデア銀行

The symbol mark represents our “dreams” that were born in the Tohoku region and will expand across the entire world.

In particular, the wing spreading from the “F” symbolizes the innovative information network that will expand widely from the Tohoku region as we transform from banking to the financial information services business.

The green of the symbol color conveys a “sense of security,” “nature” and “comfort” while the light green conveys the feeling of “fresh,” “budding” and “development and growth.”

The majestic “nature” of the Tohoku region, the “security” the customers feel when doing business with a community-based financial institution, and the budding and growth of financial information services that are useful to customers, as well as the dissemination and expansion of such services outside of the region, are expressed in terms of color.

(6) Location of headquarters

1-4-21 Honcho, Yamagata City, Yamagata Prefecture (currently the location of the Yamagata Sales Department of Shonai Bank)

- * Yamagata City was selected as the location of the headquarters following a comprehensive review that considered future sales strategies as a region-wide bank and other factors.
- * In preparation for the location of the headquarters after the merger, on May 26, 2025, Shonai Bank will change the location of the headquarters from Tsuruoka City to Yamagata City, both of which are located in Yamagata Prefecture, and also change the current branch name of the Yamagata Sales Department to the Yamagata Headquarters Sales Department and the current branch name of the Headquarters Sales Department to the Tsuruoka Sales Department on the same date. Information regarding the procedures, etc. related to changing the branch names will be announced separately.
- * By strengthening headquarters functions related to customer services and building a system in which customer services in Yamagata Prefecture are completed in Yamagata and customer services in Akita Prefecture are completed in Akita, the new bank will be able to provide further enhanced services more swiftly.

(7) Representatives of the new bank (appointed) and representatives of Both Banks until the merger (appointed)

(i) Representatives of the new bank (appointed)

| | |
|---|--|
| President and Representative Director | Takashi Sato (currently Director and Senior Managing Executive Officer of Hokuto Bank) |
| Representative Director and Senior Managing Executive Officer | Hiroyuki Yamashina (currently Managing Executive Officer of Shonai Bank) |

(ii) Representatives of Both Banks until the merger (appointed)

| | |
|---|--|
| President and Representative Director | Takashi Sato (currently Director and Senior Managing Executive Officer of Hokuto Bank) |
| Representative Director and Senior Managing Executive Officer | Hiroyuki Yamashina (currently Managing Executive Officer of Shonai Bank) |

During the period from FY2025 until the merger, the above two individuals are scheduled to serve concurrently as President and Representative Director or Representative Director and Senior Managing Executive Officer of Both Banks.

Masahiko Matsuta, who is currently President and Representative Director of Shonai Bank, and Arata Ito, who is currently President and Representative Director of Hokuto Bank, are scheduled to be appointed Director and Chairman of the Company on April 1, 2025 while serving concurrently as Director of their respective banks.

- * Information regarding the management system for Both Banks in FY2025 and after the merger and other matters will be announced once they are determined.

(8) Post-merger information

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|-----------------------------|--|
| Trade name | The FIDEA Bank, Ltd. |
| Location of headquarters | 1-4-21 Honcho, Yamagata City, Yamagata Prefecture (currently the location of the Yamagata Sales Department of Shonai Bank) |
| Representatives (appointed) | President and Representative Director Takashi Sato (currently Director and Senior Managing Executive Officer of Hokuto Bank) Representative Director and Senior Managing Executive Officer Hiroyuki Yamashina (currently Managing Executive Officer of Shonai Bank) |
| Description of business | Banking |
| Capital | ¥8.5 billion |
| Fiscal year-end | March 31 |
| Bank code | 0121 (currently the bank code of Shonai Bank) |

(9) Overview of the subsidiaries that will merge (as of September 30, 2024)

| | | |
|--|--|---|
| (i) Name | The Shonai Bank, Ltd. | The Hokuto Bank, Ltd. |
| (ii) Location | 1-9-7 Honmachi, Tsuruoka City, Yamagata Prefecture | 3-1-41 Nakadori, Akita City, Akita Prefecture |
| (iii) Representative | Masahiko Matsuta, President and Representative Director | Arata Ito, President and Representative Director |
| (iv) Description of business | Banking | Banking |
| (v) Capital | ¥8.5 billion | ¥12.5 billion |
| (vi) Date of establishment | December 1, 1878 | May 3, 1895 |
| (vii) Number of issued shares | 121,321,649 shares of Common stock | 282,339,276 shares of Common stock |
| (viii) Fiscal year-end | March 31 | March 31 |
| (ix) Number of employees | 510 | 509 |
| (x) Major shareholders and shareholding ratio | FIDEA Holdings Co. Ltd. 100% | FIDEA Holdings Co. Ltd. 100% |
| Financial position and operating results for the immediately preceding fiscal year (ended March 31, 2024) (non-consolidated basis) | | |
| (i) Net assets | ¥57.5 billion | ¥32.7 billion |
| (ii) Total assets | ¥1,506.7 billion | ¥1,558.9 billion |
| (iii) Net assets per share | ¥474.47 | ¥115.97 |
| (iv) Balance of deposits, etc. | ¥1,366.7 billion | ¥1,401.0 billion |
| (v) Balance of loans and bills discounted | ¥969.7 billion | ¥915.1 billion |
| (vi) Ordinary income | ¥21,460 million | ¥23,468 million |
| (vii) Ordinary profit | ¥1,651 million | ¥1,312 million |
| (viii) Net income | ¥656 million | ¥139 million |
| (ix) Net income per share | ¥5.40 | ¥0.49 |

(10) Future outlook

This matter has no effect on the Company's previously announced forecast of financial results for the fiscal year ending March 31, 2025.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Refine problem-solving ability for regions and business operators, and grow together with the regions and customers.

Support business operators that underpin regional economy

- Utilize enhanced fund supply capacity and expanded sales foundation of the expanded new bank to further support business operators
- Respond to diverse needs arising from various issues that the region is facing (such as shrinking domestic demand due to lack of successor, talent shortage and population decline)

Deepen solutions

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|-----------------------------|--|---|
| Business succession and M&A | Management improvement and Business revitalization | Matching needs of Yamagata⇄Akita and Both prefectures⇄other prefectures |
| GX DX | Return of information on companies outside of the region and U-turn talent, etc. | Structured finance |

Strengthen management support

- Promote diversified finance methods such as loans and capital investment and support for management talent in order to strengthen support that is aligned with business stage

Enhance business support by specialized talent

- Support sustainable growth for business operators by utilizing external talent network and strengthening specialized talent

Strengthen initiatives for regional development

Initiatives for regional revitalization

- In addition to strengthen support for business operators, provide robust support for regional development measures, including those for renewable energy and tourism that are strengths in both prefectures

Contribute to creating a favorable economic cycle by utilizing the strength of wide area network and the expertise to:

- Take initiatives for expanding domestic demand
- Incorporate demand outside the prefecture

Revitalization of regional economy by supporting business operators

Expand gross prefectural product,
Create employment and
Increase related investment

Contribution to industrial development with renewable energy at its core

Contribution to regional development centered on tourism

Strengthen structure for regional contribution

- Strengthen initiative for regional development in both prefectures and establish broad support structure by expanding Tokyo's base function

Provide financial services for people living in the region

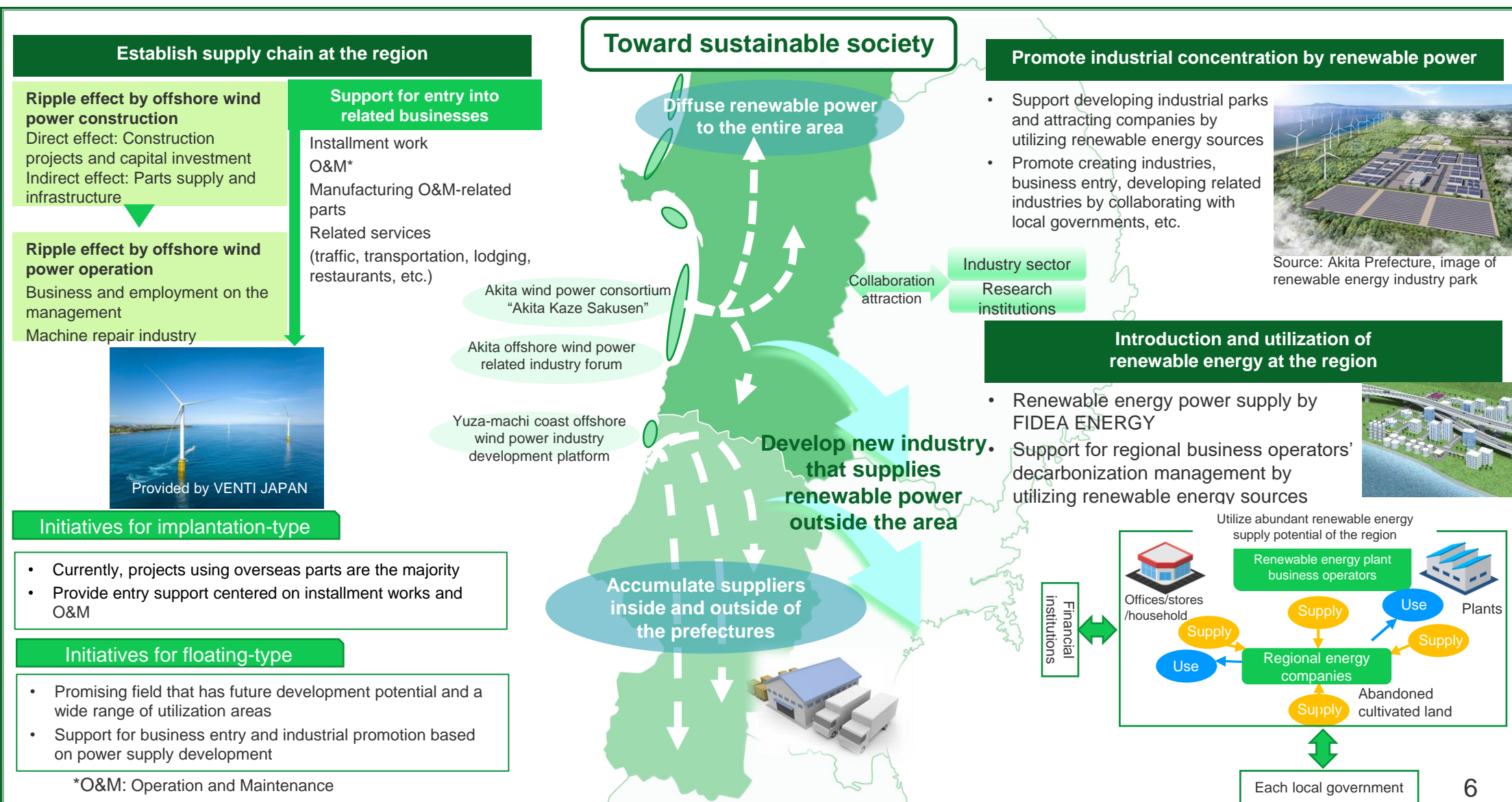
- Contribute to enrichment for people living in the region
- Support management, utilization and succession of assets in accordance with life cycle



Contribution to industrial development with renewable energy at its core

Contribute to **industrial concentration promotion** and **regional economic revitalization** by utilizing the potential of renewable energy centered on offshore wind power along the Japan Sea coast

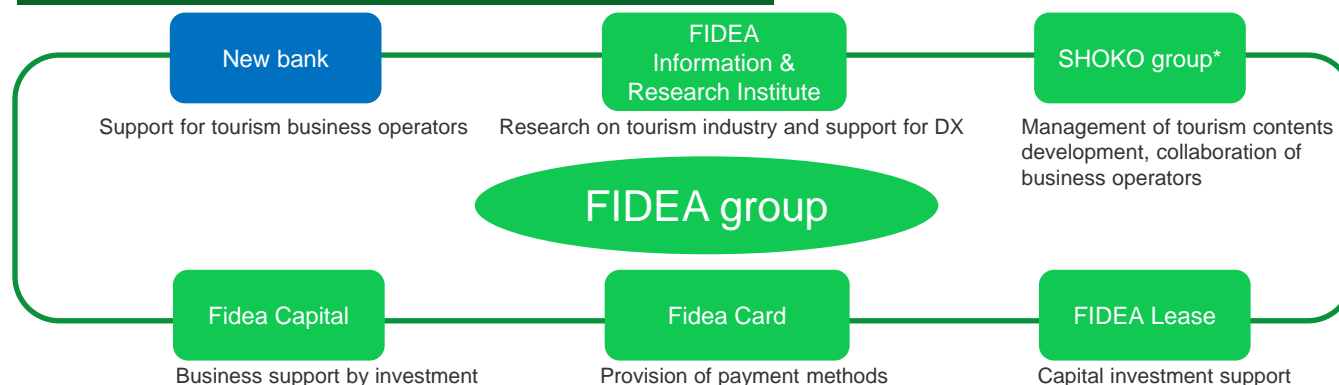
- Focus on promoting industrial-academia-government-financial collaboration and strengthening support for finance side backed by the new bank's increased investment capacity, in order to maximize regional ripple effect of offshore wind-related business
- Contribute to establishing a global competitive supply chain, and increasing the production and consumption of local renewable energy and the nonresident population



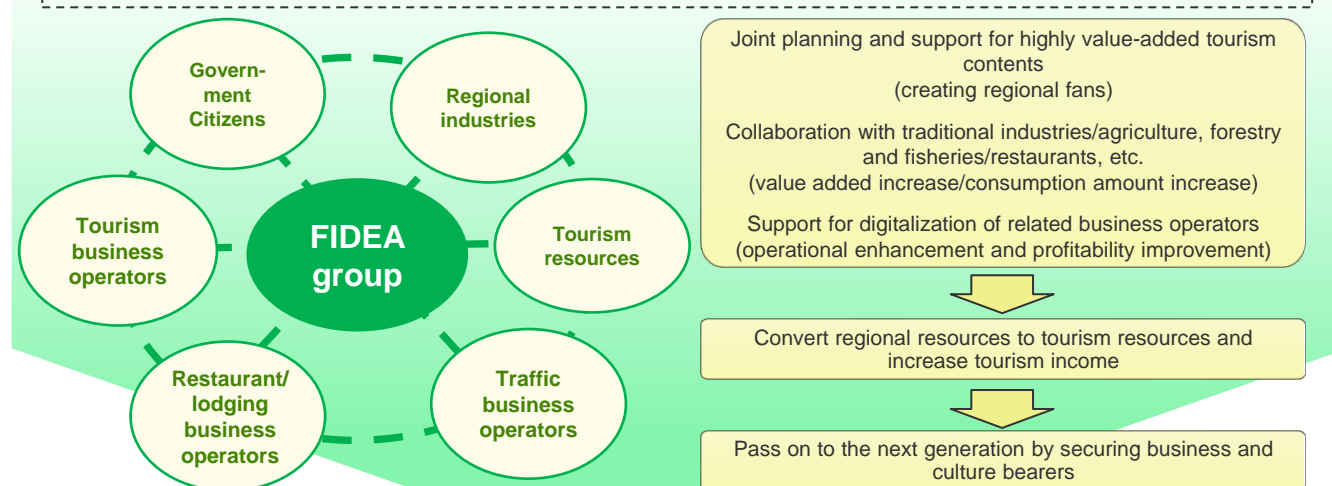
Contribution to regional development centered on tourism

- Contribute to regional development centered on tourism by utilizing potential in both prefectures having “climate,” “nature,” “food” and “culture,” the four elements that are necessary for tourism development
- Promote tourism community building and regional revitalization by utilizing valuable cultural assets in both prefectures as major tourism resources

Collaboration structure for tourism development



* FIDEA group invested in SHOKO CORPORATION which operates tourism-related businesses in Shonai region in Yamagata Prefecture, and made it as an affiliated company in June 2024, in order to contribute to tourism development which is a driving force for regional revitalization.
Promote incorporation of inbound demand in both prefectures by utilizing insights of SHOKO CORPORATION's affiliated companies (SHOKO group).
Envision to play a role in tourism development in both prefectures in the future.



Support for integrated initiatives for regional development

