



FY2024 H1 Financial Highlights & FY2024 Prospects



FIDEA HOLDINGS CO. LTD.
December 2024

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)

FY2024 H1 Financial Summary and FY2024 Prospects



(consolidated)

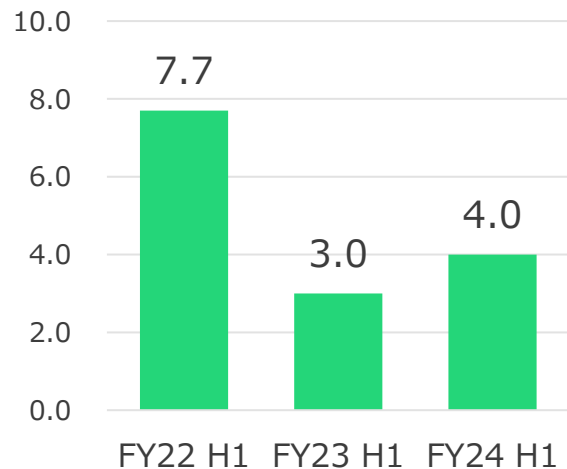
(Millions of yen)	FY 2023		FY 2024		FY2024	
	H1		H1		projected	projected vs results
	results ①	results ②	results ③	y-o-y ③ – ①	④	④ – ②
Ordinary income	22,525	49,944	25,359	2,833	—	—
Gross business profit	13,529	27,276	13,727	197	28,640	1,364
Core gross business profit	15,168	31,907	15,999	830		
Net interest income	13,571	27,580	13,426	△ 145	25,987	△ 1,593
Net fees and commissions	2,817	5,870	2,965	148	5,924	54
Net other business income	△ 2,859	△ 6,173	△ 2,665	194	△ 3,271	2,902
Net gains (losses) on government and other bonds	△ 1,639	△ 4,630	△ 2,271	△ 632	△ 3,476	1,154
Expenses (excluding non-recurrent expense)	12,144	23,997	11,954	△ 190	24,093	96
Net business income (before net transfer to general allowance for loan losses)	1,385	3,279	1,773	387	4,547	1,268
Core net business income	3,024	7,909	4,044	1,020	8,023	114
Credit related costs	822	3,401	1,673	850	1,300	△ 2,101
Gains/losses related to stocks, etc.	1,063	4,010	1,597	534	1,814	△ 2,196
Ordinary profit	1,521	3,568	1,272	△ 249	4,900	1,332
Extraordinary income/losses	△ 45	△ 469	△ 161	△ 115		
Total income taxes	603	1,875	398	△ 205		
Net income attributable to owners of the parent	870	1,178	715	△ 155	3,200	2,022

Key Financials

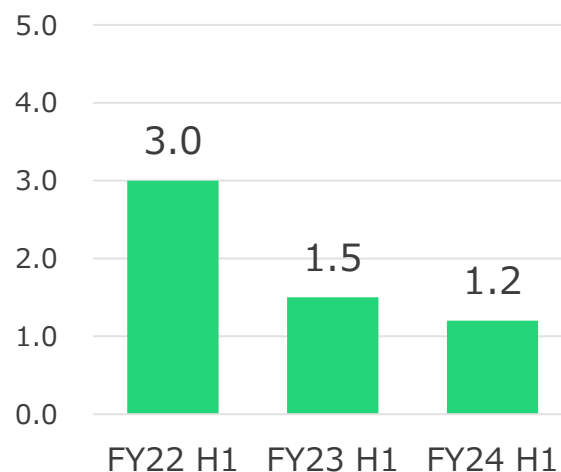
(consolidated, JPY in billions)



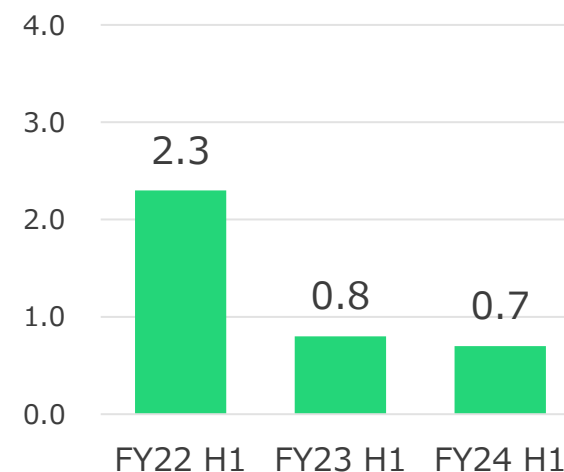
Core net business income



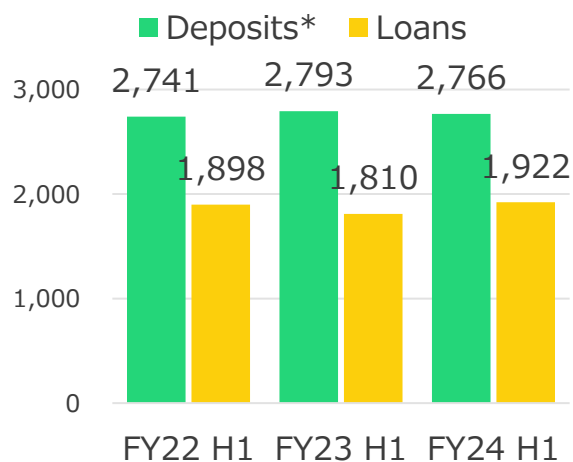
Ordinary profit



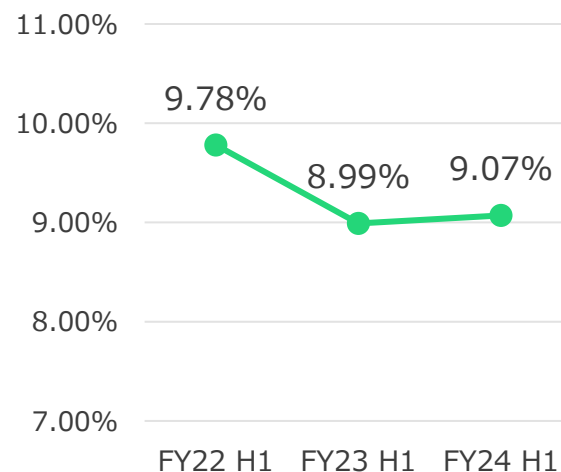
Net income



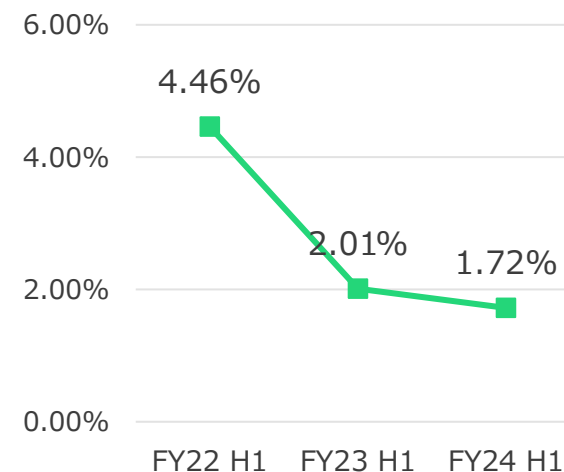
Loans and Deposits (2Banks)



Capital Adequacy Ratio



ROE (Return on Equity)



* Deposits and negotiable certificates of deposit

Consolidated performance for the last 5 years



(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Ordinary income	23,708	53,191	24,978	51,094	27,030	51,411	22,525	49,944	25,359	
Gross business profit	16,739	33,304	17,247	33,183	15,320	30,923	13,529	27,276	13,727	
Core gross business profit	17,087	37,861	17,714	36,707	20,041	36,481	15,168	31,907	15,999	
Net interest income	14,551	32,076	14,805	30,340	17,314	31,924	13,571	27,580	13,426	
Interest on loans and discounts	9,766	19,477	9,345	18,450	8,884	17,859	9,166	19,081	10,236	
Interest and dividends on securities	5,091	12,961	5,373	11,366	8,448	14,282	4,663	9,448	3,932	
Interest on deposits and negotiable certificates of deposit	210	366	81	139	55	116	84	166	419	
Net interest on loans and deposits	9,555	19,111	9,263	18,310	8,828	17,743	9,082	18,915	9,816	
Net fees and commissions	2,284	4,712	2,654	5,043	2,590	5,262	2,817	5,870	2,965	
Related investment trust	513	1,401	756	1,418	466	889	540	1,084	609	
Related personal annuity insurance	612	1,264	685	1,378	935	2,075	1,047	2,195	1,086	
Net other business income	△ 96	△ 3,484	△ 212	△ 2,200	△ 4,584	△ 6,263	△ 2,859	△ 6,173	△ 2,665	
Net gains (losses) on government and other bonds	△ 348	△ 4,556	△ 466	△ 3,524	△ 4,720	△ 5,558	△ 1,639	△ 4,630	△ 2,271	
Expenses (excluding non-recurrent expense)	13,468	26,768	12,954	25,639	12,326	24,350	12,144	23,997	11,954	
Net business income (before net transfer to general allowance for loan losses)	3,270	6,535	4,293	7,543	2,993	6,573	1,385	3,279	1,773	
Core net business income	3,619	11,092	4,759	11,068	7,714	12,131	3,024	7,909	4,044	
(Excluding gains/losses on cancellation of private offering investment trusts)	3,376	7,724	3,723	8,163	2,851	5,133	2,700	6,653	3,693	
Net business income	3,909	6,990	4,854	7,653	3,170	6,552	1,723	3,508	2,170	
Credit related costs	288	2,026	1,390	2,412	519	1,900	822	3,401	1,673	
Gains/losses related to stocks, etc.	578	3,255	1,473	1,504	229	611	1,063	4,010	1,597	
Money trust management profit/loss	32	41	91	297	300	338	△ 87	△ 131	△ 206	
Ordinary profit	3,269	6,894	4,501	6,572	3,061	5,543	1,521	3,568	1,272	
Extraordinary income/losses	△ 801	△ 1,579	△ 502	△ 944	△ 95	△ 1,014	△ 45	△ 469	△ 161	
Total income taxes	1,040	1,998	1,733	2,097	612	1,247	603	1,875	398	
Net income attributable to owners of the parent	1,438	3,314	2,270	3,506	2,357	3,266	870	1,178	715	

ROE and average interest rate spread



ROE

(ROE)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Consolidated	2.49%	2.86%	3.81%	3.06%	4.46%	3.27%	2.01%	1.33%	1.72%	
Shonai Bank	2.13%	2.39%	3.74%	2.35%	5.10%	2.65%	1.62%	1.13%	2.00%	
Hokuto Bank	2.16%	2.02%	3.39%	2.58%	3.00%	3.54%	2.35%	0.39%	1.74%	

Average interest rate spread

(%)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	

All branches

Average yield on interest earning assets	1.13	1.25	1.17	1.21	1.33	1.23	1.01	1.05	1.08	
Average yield on loans and bills discounted	1.12	1.12	1.07	1.07	0.99	0.96	0.98	1.03	1.08	
Average yield on securities	1.32	1.69	1.44	1.55	2.62	2.19	1.23	1.25	1.06	
Average yield on interest bearing liabilities	0.96	0.89	0.77	0.77	0.78	0.79	0.80	0.81	0.83	
Average yield on deposits and negotiable certificates of deposit	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.02	
Average yield on call money and borrowed money	0.16	0.03	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.01	
Average interest rate spread	0.17	0.36	0.40	0.44	0.55	0.44	0.21	0.24	0.25	

Domestic business segment

Average yield on interest earning assets	1.07	1.18	1.09	1.13	1.23	1.14	0.91	0.96	1.04	
Average yield on loans and bills discounted	1.12	1.12	1.07	1.07	0.99	0.96	0.98	1.03	1.08	
Average yield on securities	1.18	1.60	1.30	1.41	2.51	2.02	0.92	1.01	0.93	
Average yield on interest bearing liabilities	0.95	0.87	0.75	0.75	0.76	0.77	0.77	0.78	0.81	
Average yield on deposits and negotiable certificates of deposit	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.02	
Average yield on call money and borrowed money	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	0.01	
Average interest rate spread	0.12	0.31	0.34	0.38	0.47	0.37	0.14	0.18	0.23	

Expenses and gains (losses) on securities



Expenses

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Expenses (excluding non-recurrent expense)	13,468	26,768	12,954	25,639	12,326	24,350	12,144	23,997	11,954	
Personnel expenses	7,059	13,833	6,673	13,169	6,440	12,745	6,294	12,426	6,219	
Non-personnel expenses	5,385	10,883	5,297	10,535	4,985	9,922	5,026	9,900	4,913	
Taxes	1,023	2,051	983	1,933	901	1,682	823	1,671	821	
Core OHR	78.81%	70.70%	73.12%	69.84%	61.50%	66.74%	80.06%	75.21%	74.71%	
Core gross business profit	17,087	37,861	17,714	36,707	20,041	36,481	15,168	31,907	15,999	

Gains (losses) on securities

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Gains (losses) on bonds (Government bonds, etc.)	(348)	(4,556)	(466)	(3,524)	(4,720)	(5,558)	(1,639)	(4,630)	(2,271)	
Gains on sales	1,911	3,603	1,646	2,876	1,422	3,226	535	1,061	1,380	
Gains on redemption	–	–	–	–	–	–	–	–	–	
Losses on sales	2,259	8,159	2,112	6,401	6,139	8,784	2,174	5,691	3,652	
Losses on redemption	–	–	–	–	3	–	–	–	–	
Write-offs	–	–	–	–	–	–	–	–	–	
Gains/losses related to stocks, etc.	578	3,255	1,473	1,504	229	611	1,063	4,010	1,597	
Gains on sales	897	3,961	2,015	3,741	1,193	2,064	1,388	6,176	2,688	
Losses on sales	271	595	537	2,232	950	1,400	294	2,152	1,075	
Write-offs	47	111	4	4	13	51	31	13	15	

Credit related costs and non performing loans



Credit related costs

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Credit related costs	288	2,026	1,390	2,412	519	1,900	822	3,401	1,673	
Net transfer to general allowance for loan losses	(638)	(454)	(561)	(110)	(177)	20	(338)	(229)	(397)	
Disposal of non-performing loans	952	2,537	1,969	2,629	724	1,959	1,177	3,671	2,113	
Reversal of allowance for loan losses	–	–	–	–	–	–	–	–	–	
Recoveries of written-off claims	24	57	18	106	28	79	16	40	42	

Non performing loans

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Bankrupt and substantially bankrupt claims	9,285	8,974	7,901	7,115	8,655	7,205	7,708	6,162	7,589	
Doubtful claims	17,405	18,552	22,164	22,734	19,867	25,953	24,948	30,727	27,603	
Claims requiring monitoring	1,117	1,024	479	1,441	1,257	891	565	838	1,107	
Loans past due 3 month or more	–	–	–	–	–	–	–	–	–	
Restructured loans	1,117	1,024	479	1,441	1,257	891	565	838	1,107	
Subtotal	27,808	28,551	30,545	31,291	29,781	34,050	33,223	37,728	36,299	
Normal claims	1,771,862	1,759,100	1,731,867	1,742,213	1,918,933	1,926,897	1,834,216	1,905,000	1,946,394	
Total	1,799,671	1,787,651	1,762,412	1,773,505	1,948,714	1,960,948	1,867,439	1,942,729	1,982,693	
Ratio of disclosed claims under the Financial Reconstruction Law	1.54%	1.59%	1.73%	1.76%	1.52%	1.73%	1.77%	1.94%	1.83%	

Coverage ratio of loans based on the Financial Reconstruction Laws

Bankrupt and substantially bankrupt claims	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Doubtful claims	86.43%	86.68%	89.51%	91.13%	94.07%	89.63%	92.23%	83.99%	91.20%	
Claims requiring monitoring	89.71%	90.95%	84.53%	62.02%	62.37%	67.99%	63.18%	87.50%	60.32%	
Loans past due 3 month or more	–	–	–	–	–	–	–	–	–	
Restructured loans	89.71%	90.95%	84.53%	62.02%	62.37%	67.99%	63.18%	87.50%	60.32%	
Subtotal	91.09%	91.02%	92.15%	91.81%	94.46%	91.26%	93.54%	86.68%	92.10%	

Deposits and loans



Deposits and negotiable certificates of deposit

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Deposits and Negotiable certificates of deposit	2,657,897	2,656,501	2,705,066	2,717,041	2,741,442	2,732,147	2,793,632	2,767,797	2,766,556	
Personal deposits	1,876,494	1,911,356	1,926,570	1,940,712	1,959,731	1,960,019	1,965,966	1,969,164	1,954,827	
Corporate deposits	595,839	595,199	597,397	602,441	601,399	601,937	639,302	627,287	613,011	
Public money deposits	177,482	141,811	173,296	166,827	172,453	163,868	181,304	164,577	191,590	
Financial institution deposits	8,081	8,134	7,800	7,059	7,858	6,321	7,059	6,767	7,127	
Akita, pref	1,329,745	1,324,494	1,355,842	1,352,566	1,380,291	1,354,198	1,396,342	1,374,359	1,378,274	
Yamagata, pref	1,111,227	1,141,331	1,162,555	1,179,653	1,182,005	1,198,610	1,222,582	1,215,389	1,223,673	
Miyagi, pref	158,761	149,714	146,796	142,092	138,623	139,924	133,920	139,025	127,376	
Others	58,160	40,960	39,868	42,727	40,520	39,411	40,783	39,021	37,229	

Loans and bills discounted

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Loans and bills discounted	1,755,098	1,745,361	1,717,723	1,727,239	1,898,460	1,908,106	1,810,657	1,884,920	1,922,159	
Business loans	719,954	720,267	715,241	727,439	752,760	786,474	903,959	988,274	1,044,873	
Consumer loans	590,599	572,711	553,368	533,028	514,236	495,490	478,194	461,410	443,655	
Local governments	396,590	412,250	412,627	414,521	410,316	410,874	428,502	435,235	433,629	
Central government	47,955	40,132	36,485	52,250	221,147	215,267	—	—	—	
Akita, pref	831,190	832,090	818,831	831,008	885,869	899,337	756,479	754,467	723,347	
Yamagata, pref	561,667	568,689	569,113	571,342	671,007	652,596	587,743	596,899	610,819	
Miyagi, pref	221,832	213,672	201,233	194,004	186,789	180,084	174,578	168,728	161,376	
Others	140,405	130,905	128,542	130,880	154,793	176,085	291,855	364,822	426,612	

Loans by industry



Loans by industry

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Domestic offices (excluding loans booked at offshore markets)	1,755,098	1,745,361	1,717,723	1,727,239	1,898,460	1,908,106	1,810,657	1,884,920	1,922,159	
Manufacturing	117,896	114,329	114,126	113,954	112,371	113,962	116,156	115,474	119,742	
Agriculture and forestry	3,784	4,087	3,853	3,920	3,676	3,962	3,238	3,076	3,008	
Fishery	114	86	80	132	298	152	128	122	116	
Mining, quarrying of stone and gravel	2,205	2,318	2,444	2,258	2,379	2,306	2,044	2,113	1,953	
Construction	75,788	78,468	72,435	80,196	71,663	72,685	71,973	72,919	70,174	
Electricity, gas, heat supply and water	82,155	81,499	81,805	86,452	86,964	93,093	105,506	113,984	112,830	
Information and communications	9,145	8,846	8,668	7,359	7,687	5,606	5,978	5,250	5,141	
Transport and postal activities	19,926	19,740	19,031	19,291	17,986	16,707	16,834	16,862	15,978	
Wholesale and retail trade	101,923	98,445	101,543	97,948	101,997	98,281	97,667	92,848	98,116	
Finance and insurance	53,353	47,523	48,397	51,641	78,165	102,978	212,734	291,765	342,369	
Real estate and goods rental and leasing	113,393	117,085	114,431	117,827	126,387	132,373	130,900	135,198	142,705	
Scientific research and professional and technical services	9,473	10,353	10,311	11,180	15,697	17,682	16,439	16,648	15,150	
Accommodations, eating and drinking services	24,182	25,638	23,166	22,664	22,403	21,761	20,780	19,484	18,075	
Living-related and amusement services	17,753	17,639	17,371	16,944	17,450	16,771	16,221	15,801	14,872	
Education learning support	4,528	4,505	4,034	3,936	3,966	3,799	3,728	3,584	3,569	
Medical, social welfare	53,783	56,964	56,295	57,035	54,806	55,711	54,333	53,418	51,651	
Services	38,320	40,085	43,956	41,515	36,694	35,160	36,195	35,518	34,840	
National and local government	396,590	412,251	412,628	414,522	410,316	410,874	428,503	435,236	433,630	
Other	630,777	605,487	583,136	578,455	727,545	704,232	471,290	455,608	438,230	
Central government	47,955	40,132	36,485	52,250	221,147	215,267	—	—	—	

Loans by SME's



Loans by SMEs

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Small and medium-sized enterprises, etc.	1,205,064	1,195,835	1,170,776	1,156,252	1,166,670	1,168,876	1,239,263	1,274,580	1,298,267	
Ratio of SMEs to total loans	68.66%	68.51%	68.15%	66.94%	61.45%	61.25%	68.44%	67.61%	67.54%	
SME s (excluding consumer loans)	614,465	623,124	617,408	623,224	652,434	673,386	761,069	813,170	854,612	
Consumer loans	590,599	572,711	553,368	533,028	514,236	495,490	478,194	461,410	443,655	
Ratio of consumer loans to total loans	33.65%	32.81%	32.21%	30.86%	27.08%	25.96%	26.41%	24.47%	23.08%	
Housing loans	525,168	509,784	493,143	475,605	458,272	441,151	425,284	409,774	393,435	
Other loans	65,430	62,926	60,224	57,423	55,964	54,338	52,909	51,636	50,220	

Securities and capital adequacy ratio



Securities

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Securities	796,229	729,145	791,749	680,289	629,960	660,032	747,908	732,781	688,175	
Government bonds	152,040	117,080	137,314	107,528	89,780	103,450	171,333	166,530	153,677	
Municipal bonds	254,719	224,259	241,847	226,276	208,197	184,449	175,323	168,524	153,472	
Corporate bonds	112,002	118,314	124,576	125,918	123,042	121,516	120,877	119,366	117,935	
Stock	19,456	20,494	20,506	17,616	15,175	15,967	20,796	24,306	22,162	
Other securities	258,009	248,996	267,503	202,949	193,765	234,650	259,576	254,053	240,927	
Average balance of securities	768,770	762,583	743,509	732,244	640,885	649,853	749,942	753,160	739,144	
Valuation gains (losses) on securities	26,308	26,193	28,661	14,802	3,224	(3,929)	(16,624)	(10,793)	(17,972)	

Capital adequacy ratio

(Millions of yen)	FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	H1		H1		H1		H1		H1	
Capital adequacy ratio	9.26%	9.61%	9.26%	9.52%	9.78%	9.20%	8.99%	9.07%	9.07%	
Capital	101,076	102,585	98,355	99,391	101,014	95,978	95,980	95,748	95,498	
Basic core capital	103,671	105,403	100,986	102,082	103,466	98,382	98,205	98,860	98,373	
Adjustment core capital	2,594	2,817	2,631	2,691	2,451	2,403	2,225	3,112	2,875	
Total risk weighted assets	1,090,928	1,066,850	1,061,225	1,043,706	1,032,213	1,042,229	1,067,196	1,055,623	1,051,850	



Merger of The Shonai Bank and The Hokuto Bank

Background and Regional Strategies



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.

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).

Trade name and marks of the new bank



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.
- 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.

Headquarter office and Representatives of the new bank



- Location of headquarters : Yamagata City, Yamagata Prefecture
(currently the location of the Yamagata Sales Department of Shonai Bank)

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

President and Representative Director

Takashi Sato

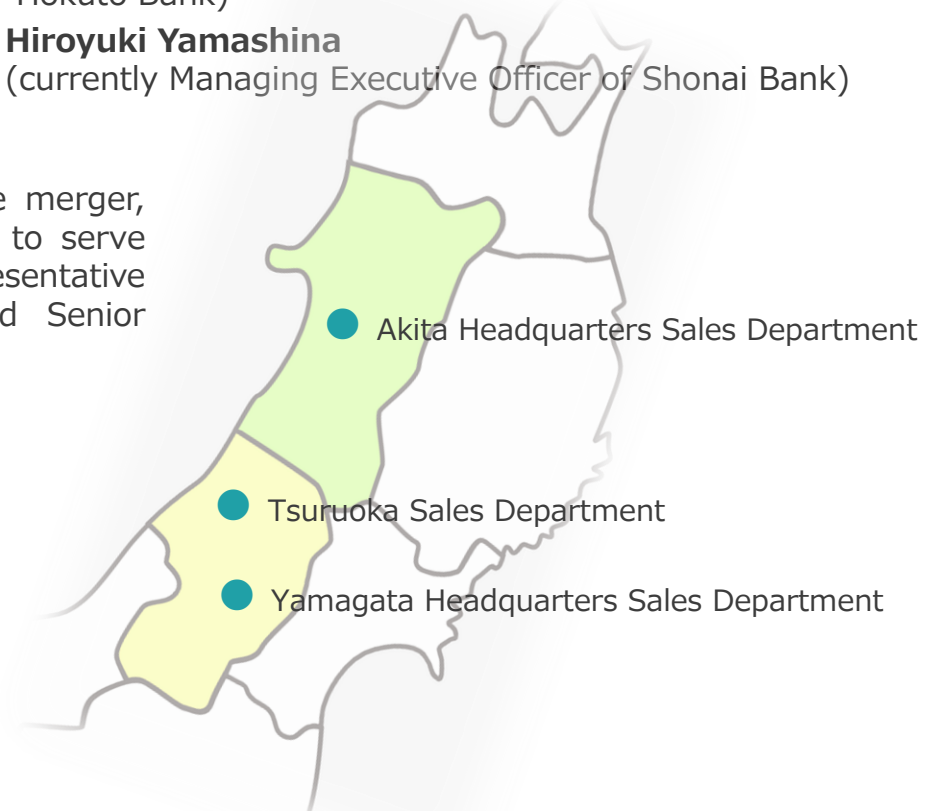
(currently Director and Senior Managing Executive Officer of Hokuto Bank)

**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.



Regional strategies of the new bank (1)

**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

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

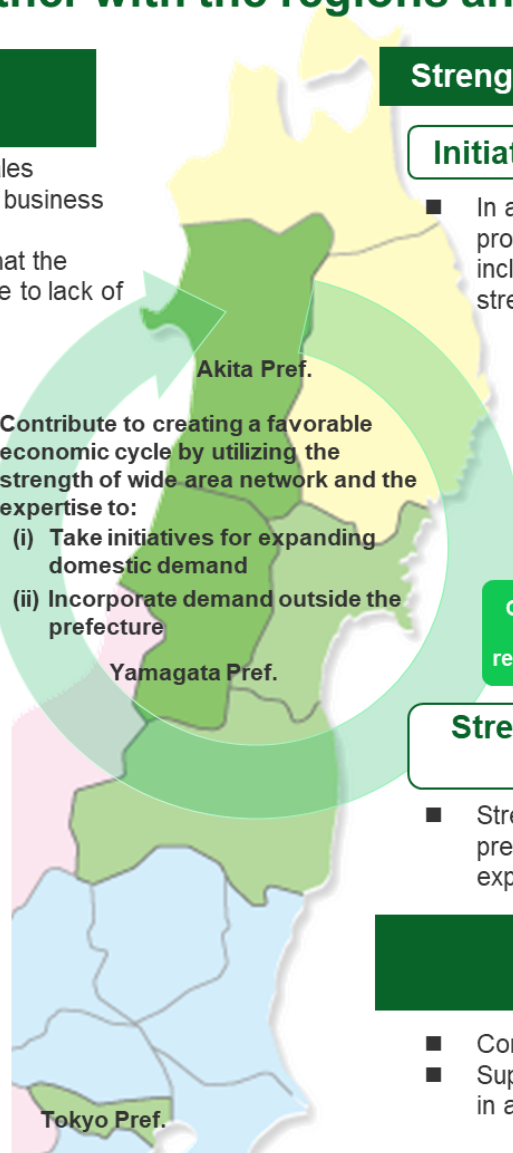
Contribution to regional development centered on tourism

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

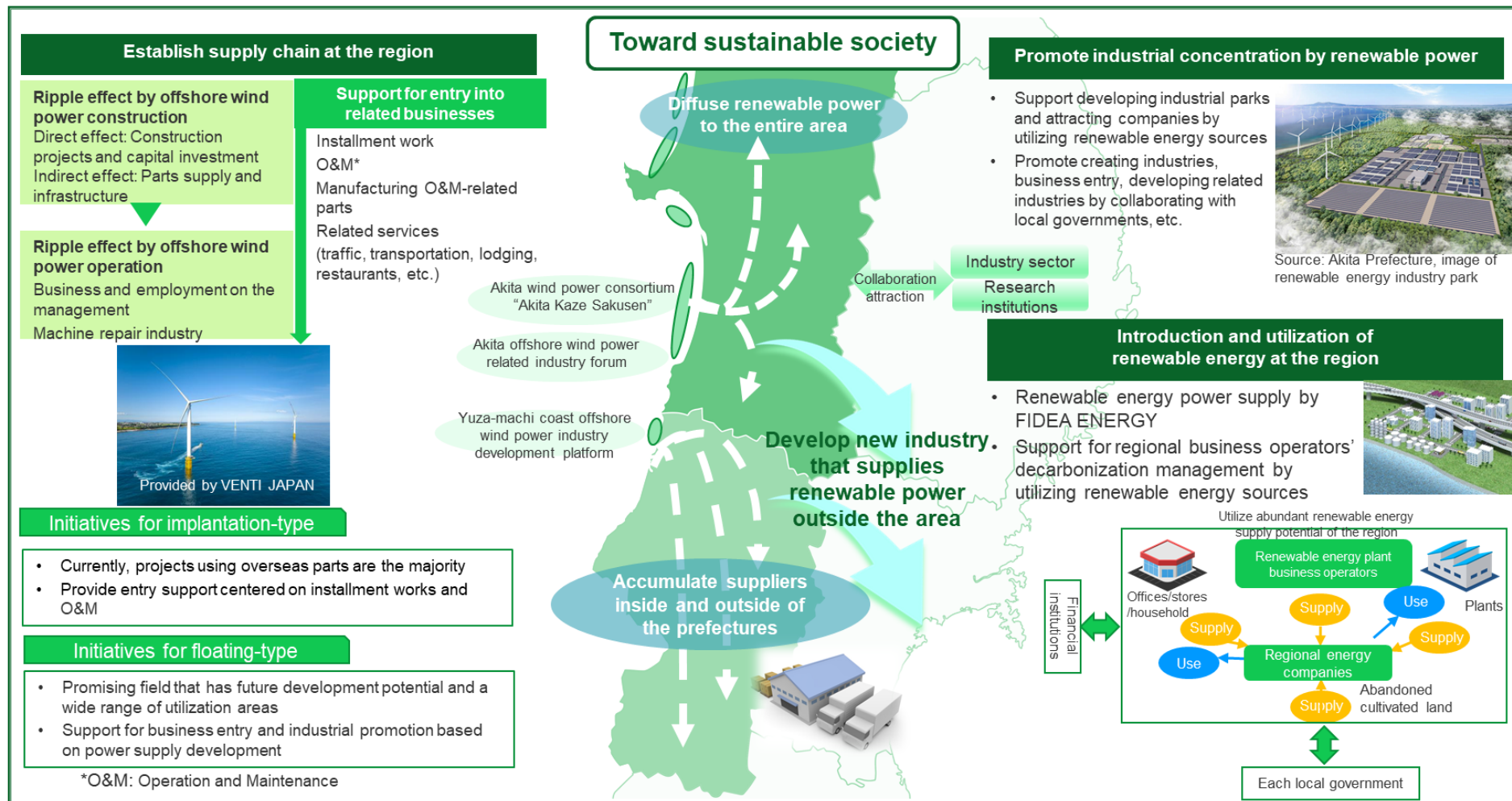


Regional strategies of the new bank (2)

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

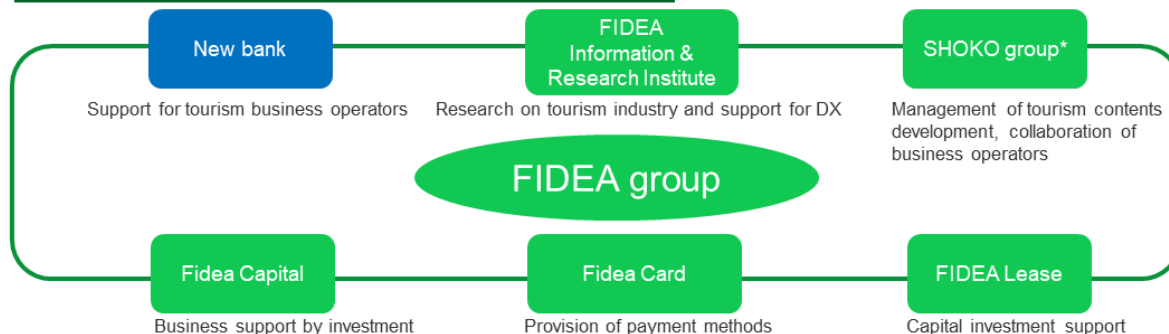


Regional strategies of the new bank (3)

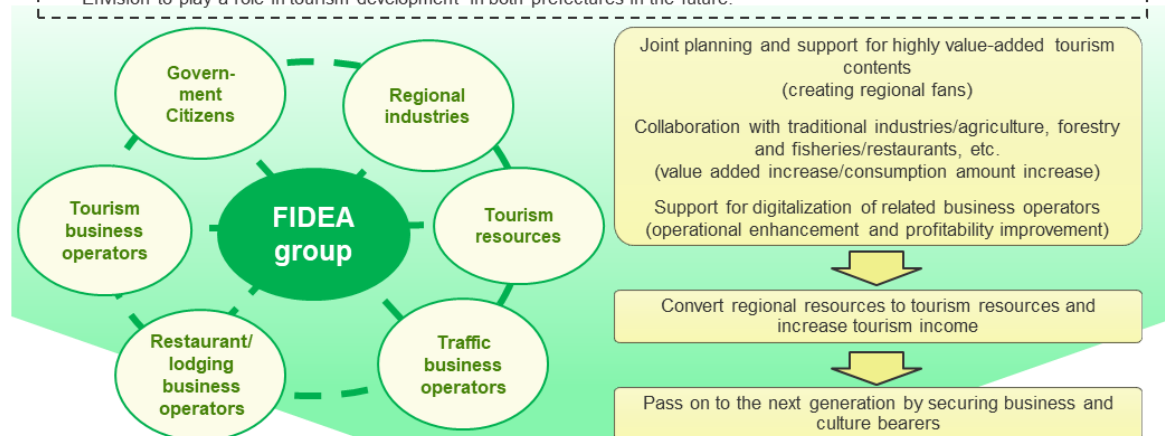
Contribution to regional development centered on tourism

- 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

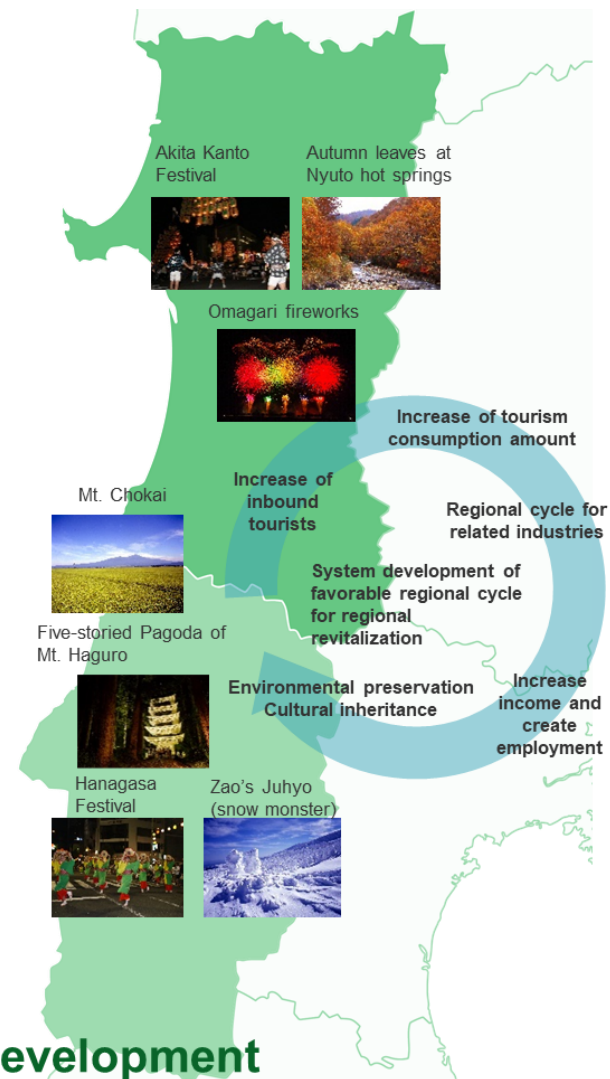
Collaboration structure for tourism development



* 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





Snapshot of FIDEA Holdings

Overview of FIDEA Holdings



- ❑ The FIDEA Group is a regional financial group having the SHONAI Bank in Yamagata Prefecture and the HOKUTO Bank in Akita Prefecture under the umbrella of FIDEA Holdings Co. Ltd. as the holding company. The Two Banks are scheduled to merge on January 1, 2027.
- ❑ 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 a wealth of experience and knowhow in financing related to renewable energy including wind power generation, which is brisk in Akita Prefecture. Many wind power generation projects are underway both within and outside the prefecture, and Hokuto Bank aims to contribute not only through financing but also through promoting regional industry.

(as of September 30, 2024)

	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	1,406 (consolidated)	510	509
Branches		89	85

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

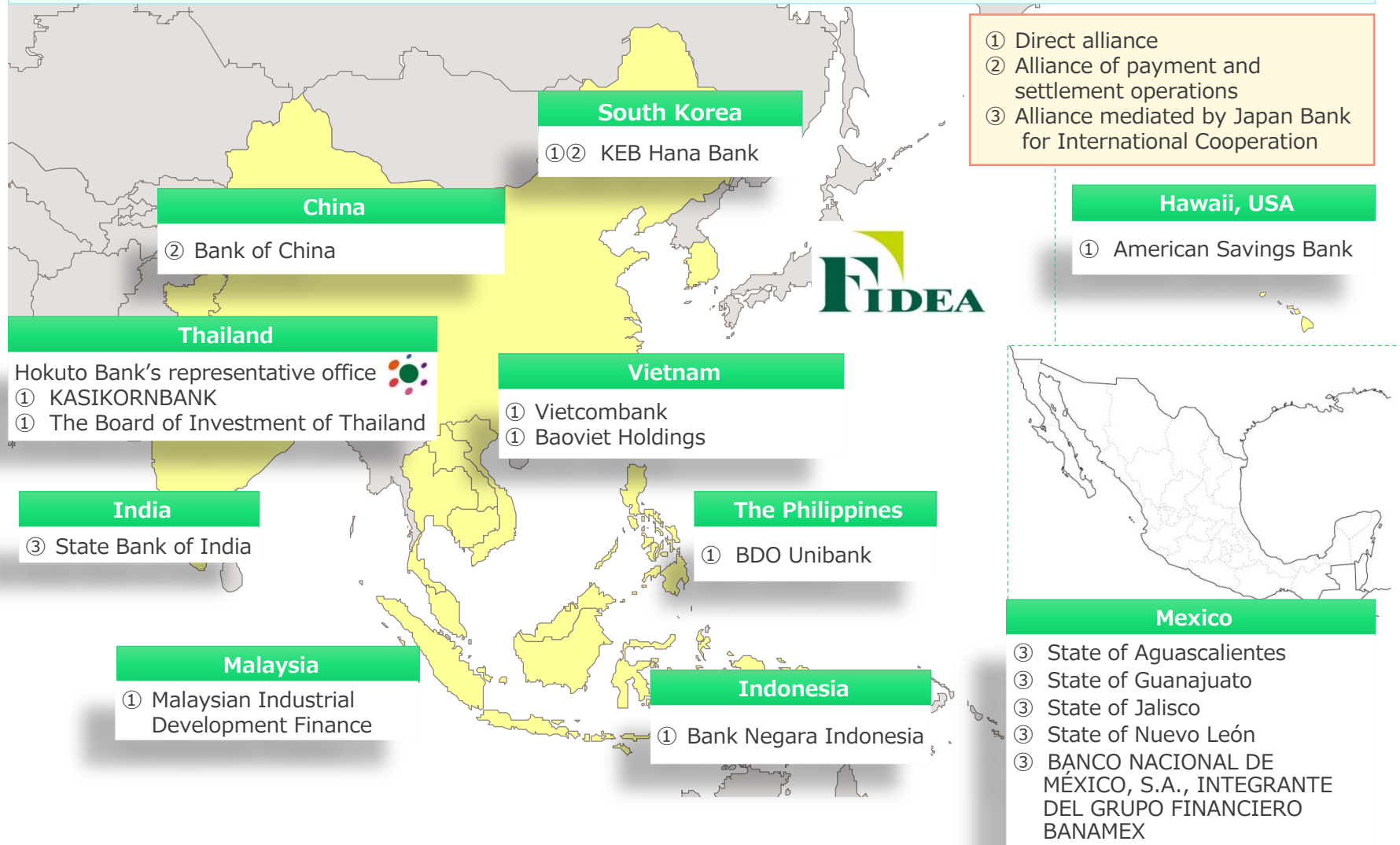


Theme	Transform to build a sustainable local region - Deepening customer support and strengthening our management foundation for the prosperous future of the Tohoku region -
Plan period	FY2023 to FY2025 (Three years)
Basic policy	<ul style="list-style-type: none">➤ Achieve improvements in customer satisfaction (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"

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.



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

