November 8, 2024

Company name: FIDEA Holdings Co. Ltd.
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



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

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.