

Management Integration between FIDEA Holdings and TOHOKU BANK—Currently No Impact on Ratings

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on master agreement in connection with management integration between FIDEA Holdings Co. Ltd. (security code: 8713) and THE TOHOKU BANK, LTD. (security code: 8349)

- (1) FIDEA Holdings Co. Ltd. (“FIDEA Holdings”) and THE TOHOKU BANK, LTD. (“TOHOKU BANK”) today announced that they were resolved to execute a master agreement in connection with their intent to proceed with mutual consultations and discussions in order to realize a management integration. With a view that FIDEA Holdings, which already has a holding company system, will become the holding company of the new financial group, on or about October 1, 2022, they intend to proceed with consultations and discussions regarding share exchanges whereby FIDEA Holdings will end up being the parent company, owning 100% of TOHOKU BANK, which will become its wholly-owned subsidiary. If the management integration is realized, TOHOKU BANK will become a member of the FIDEA Holdings Group, in addition to THE SHONAI BANK, LTD. (“SHONAI BANK”) and The Hokuto Bank, Ltd. (“Hokuto Bank”).
- (2) FIDEA Holdings, SHONAI BANK, Hokuto Bank, and TOHOKU BANK concluded a comprehensive business alliance agreement in February 2018, and have been promoting the opening of joint branches and mutual use of ATMs. The master agreement on management integration was reached based on the recognition that more in-depth cooperation is essential in light of the shrinking regional economy and changes in the business environment for regional companies. If the management integration is realized, they will become a financial group covering the entire Tohoku region and intend to demonstrate the synergistic effects of the integration through rational and efficient operations up to the maximum extent. However, JCR believes that there will be no impact on their ratings at this time, as the specific effects will be discussed in the future. JCR will follow the progress of the management integration and confirm the effects.

Hajime Oyama, Hidekazu Sakai and Ippei Koga

<Reference>

Issuer: FIDEA Holdings Co. Ltd.

Long-term Issuer Rating: BBB+ Outlook: Stable

Issuer: THE SHONAI BANK, LTD.

Long-term Issuer Rating: BBB+ Outlook: Stable

Issuer: The Hokuto Bank, Ltd.

Long-term Issuer Rating: BBB Outlook: Stable

Issuer: THE TOHOKU BANK, LTD.

Long-term Issuer Rating: BBB Outlook: Stable

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.