

FIDEA Holdings and TOHOKU BANK Terminate Basic Agreement on Management Integration—No Impact on Each Company's Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the termination of the basic agreement regarding the management integration between FIDEA Holdings Co. Ltd. (security code: 8713) and THE TOHOKU BANK, LTD. (security code: 8349)

- (1) On February 10, FIDEA Holdings and TOHOKU BANK (the “two companies”) announced that the Boards of Directors of the two companies had resolved to terminate the basic agreement on the management integration. The two companies announced a basic agreement on their management integration in July 2021, and have been discussing the integration scheduled for October 1, 2022. The reason for the termination of the agreement is said to be the difference of opinions between the two companies on the direction of management strategy and governance structure. However, they intend to continue the comprehensive business alliance, including cooperation in sales promotion and joint use of systems, which had been in place prior to the basic agreement.
- (2) At the time of the basic agreement on the management integration, JCR announced its view that there would be no immediate impact on the ratings of the FIDEA Holdings Group companies (FIDEA Holdings, THE SHONAI BANK, LTD. and The Hokuto Bank, Ltd.) and TOHOKU BANK (see press release "21-D-0354" released on July 2, 2021). This was because the specific effects of the integration had not been clarified. Therefore, the current ratings of each company do not reflect the impact of the integration, and the termination of the basic agreement will have no impact on the ratings.

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<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

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