

July 18, 2024

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Notice Concerning the Disposal of Treasury Shares as Restricted Stock-based Compensation

FIDEA Holdings Co. Ltd. (the “Company”) hereby announces that it determined in the resolution of the Board of Directors meeting held on July 18, 2024 to dispose of treasury shares (the “Disposal of Treasury Shares” or the “Disposal”). The details are as follows.

1. Overview of the Disposal

(1) Payment date	August 16, 2024
(2) Class and number of shares for the Disposal	35,700 shares of Common stock of the Company
(3) Disposal price	1,623 yen per share
(4) Total value of the Disposal	57,941,100 yen
(5) Persons eligible for allotment of shares and number thereof, and number of shares for allotment	Directors (※1), 3 persons, 6,900 shares Executive Officers, 9 persons, 7,100 shares Directors of the Company's subsidiary bank (※2), 8 persons, 11,700 shares Executive Officers of the Company's subsidiary bank, 16 persons, 10,000 shares (※1) Excluding Outside Directors and members of the Audit Committee. (※2) Excluding Outside Directors and members of the Audit and Supervisory Committee.

2. Purpose and Reasons for the Disposal

At a meeting of the Board of Directors held on May 13, 2022, the Company has resolved to introduce a restricted stock-based compensation plan for the Directors (excluding Outside Directors and members of the Audit Committee) and the Executive Officers (hereinafter the “eligible Directors, etc.”). The compensation plan aims to provide them with incentives to help bring about sustainable improvement in the Company’s corporate value, while also further promoting the notion of their shared values with the Company’s shareholders.

At the Board of Directors meeting held on July 18, 2024, the Company resolve to allocate 35,700 shares of the Company's common stock as specific restricted stocks, with the monetary compensation claims paid as restricted stock-based compensation to 3 directors (excluding Outside Directors and members of the Audit Committee) and 9 executive officers of the Company, and 8 directors (excluding Outside Directors and members of the Audit and Supervisory Committee) and 16 executive officers of the subsidiary banks (hereinafter collectively referred to as the "Allottees"), totaling 57,941,100 yen, by the Allottees contributing all of the monetary compensation claims in kind.

The period covered by restricted stock-based compensation for the eligible Directors, etc., is from the Company's 15th Ordinary General Meeting of Shareholders to the Company's 16th Ordinary General Meeting of Shareholders scheduled to be held in June 2025. In addition, the period covered by restricted stock-based compensation for Directors

(excluding Outside Directors and members of the Audit and Supervisory Committee) and Executive Officers of the subsidiary banks is from the Ordinary General Meeting of Shareholders held in 2024 to the Ordinary General Meeting of Shareholders scheduled to be held in 2025.

In addition, the amount of monetary compensation claims for each Allottees is determined after comprehensively taking into consideration various factors, such as the Allottee's level of contribution to the Company. The monetary compensation claims will be paid on the condition that each Allottees enters into a restricted stock allocation agreement (hereinafter referred to as the "Allocation Agreement") with the Company, the contents of which are roughly as follows:

3. Outline of the Allotment Agreement

(1) Transfer Restriction Period

The transfer restriction period will be from August 16, 2024 to the date on which the Allottee retires from his or her position as a director or an executive officer of the Company and as a director or an executive officer of the subsidiary banks (however, if the date of such retirement is on or before June 30, 2025, then the date will be July 1, 2025).

During the transfer restriction period set forth above (hereinafter referred to as the "Transfer Restriction Period"), the Allottee will not be able to transfer, establish a pledge, establish a security interest on, make a gift during his or her lifetime, bequeath or otherwise dispose of the restricted shares allocated to him/her (hereinafter referred to as the "Allocated Shares") to a third party (hereinafter referred to as the "Transfer Restrictions").

(2) Gratis acquisition of the Allocated Shares by the Company

If the Allottee resigns from his or her position as a director or an executive officer of the Company or a director or an executive officer of the subsidiary banks by the day before the first Ordinary General Meeting of Shareholders of the Company after the start date of the Transfer Restriction Period (or by the day before the Ordinary General Meeting of Shareholders of the subsidiary bank, if the Allottee is a director or an executive officer of the subsidiary bank), the Company will automatically acquire the Allocated Shares without consideration as of the time of such resignation, unless there is a reason that the Compensation Committee of the Company (or the board of directors of the subsidiary bank, if the Allottee is a director or an executive officer of the subsidiary bank) deems justifiable.

And, if the transfer restrictions on any Allocated Shares have not been lifted pursuant to the reasons for lifting the transfer restrictions in (3) below at the time the Transfer Restriction Period expires (hereinafter referred to as the "Expiry Time"), the Company will automatically acquire such Allocated Shares without consideration as of the time immediately after the Expiry Time.

(3) Lifting of the Transfer Restrictions

The Company will lift the Transfer Restrictions on all of the Allocated Shares held by the Allottee at the Expiry Time, provided that the Allottee continues to serve as a director or an executive officer of the Company, or a director or an executive officer of the subsidiary bank, until the first date of the Company's Ordinary General Meeting of Shareholders after the start of the Transfer Restriction Period (or, if the Allottee is a director or an executive officer of the subsidiary bank, until the date of the subsidiary bank's Ordinary General Meeting of Shareholders).

However, if the Allottee resigns from his or her position as a director or an executive officer of the Company and a director or an executive officer of the subsidiary bank by the day before the first Ordinary General Meeting of Shareholders of the Company after the start date of the Transfer Restriction Period (if an Allottee is a director or an executive officer of the subsidiary bank, the day before the Ordinary General Meeting of Shareholders of the subsidiary bank) for a reason that is deemed legitimate by the Compensation Committee of the Company (or, in the case of an Allottee who is a director or an executive officer of the subsidiary bank, the day before the Ordinary General Meeting of Shareholders of the subsidiary bank), the Transfer Restrictions on such Allottee will be lifted immediately after such resignation with respect to the number of Allocated Shares calculated by dividing the number of months from July 2024 to the month including the day on which the Allottee resigned from his or her position as a director or an executive officer of the Company and a director or an executive officer of the subsidiary bank by 12, multiplying that number by the number of Allocated Shares held by the Allottee at that time (however, any fractional share less than one share resulting from this calculation shall be rounded down).

(4) Management of shares

The allottee will complete the opening of an account with SMBC Nikko Securities Inc. in which the Allocated Shares will be described or recorded in a manner specified by the Company, and will store and maintain the Allocated Shares in that account until the Transfer Restrictions are lifted.

(5) Handling of Organizational Restructuring, etc.

During the Transfer Restriction Period, if a proposal for a merger agreement in which the Company will be the disappearing company, a share exchange agreement or share transfer plan in which the Company will be a wholly owned subsidiary, or other organizational restructuring, etc. is approved at the Company's General Meeting of Shareholders (or, in cases where approval at the Company's General Meeting of Shareholders is not required for the organizational restructuring, etc., at the Company's Board of Directors meeting) (limited to cases where the effective date of the organizational restructuring, etc. occurs before the expiration of the period; hereinafter referred to as the "Time of Approval of the Organizational Restructuring, etc."), and the Allottees resign from their positions as directors and executive officers of the Company and directors and executive officers of the subsidiary bank as a result of the organizational restructuring, etc., in that case, by resolution of the Compensation Committee of the Company (or by resolution of the board of directors of the subsidiary bank in the case of the Allottee being a director or an executive officer of the subsidiary bank), the Transfer Restrictions on the number of Allocated Shares held by the Allottee on the approval date (however, if the calculation results in a fraction less than one share, such fraction shall be rounded down) will be lifted immediately before the business day preceding the effective date of the organizational restructuring, etc.

In addition, at the Time of Approval of the Organizational Restructuring, etc., the Company will naturally acquire without consideration all of the Allocated Shares for which the Transfer Restrictions have not been lifted as of the business day preceding the effective date of the organizational restructuring, etc.

4. Basis of Calculation and Specific Details for the Payment Amount

In order to eliminate arbitrariness, the Disposal of Treasury Shares will be set at 1,623 yen, which is the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day before the date of the resolution of the Board of Directors (July 17, 2024).

This is the market price of the shares immediately before the date of the resolution of the Board of Directors, and the Company consider to be rational and not particularly favorable to the Allottees.

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.
