

Concordia Financial Group

Key Questions and Answers at IR Day

Q: What drivers were particularly beneficial for increasing the amount of solution revenue ? Will the same drivers continue to allow you to increase solution revenue in the future? Or do you need another driver to further grow?

A: High value-added finance, including structured finance was the driver in the previous medium-term management period. We have increased earnings while accumulating assets. During the previous medium-term management period, earnings increased significantly by strengthening the head office direct sales and concentrate our efforts where there is a potential need. However, that is not sustainable. In this medium-term management plan, headquarters and sales branches conduct sales activity together including the reallocation of human resources ,and our accumulated know-how is spreading to sales branches. For example, we have a rotation system in which a person who is experienced at the headquarters returns to a sales branch in the Kanagawa prefecture as a section manager to provide guidance to their subordinates. We believe that know-how will permeate the sales branches by setting up a solid rotation and circulating human resources. We are also working to improve productivity , such as revamping CRM. Since we are in a different phase from the previous medium-term management plan, the growth rate of solutions revenues will slow down, but we believe that we will be able to steadily increase earnings per employee as the number of people supporting high-value-added finance expands.

Q: Regarding the amount of solution revenue per person, is there a lot of variation in any skill? Will it take time to generate profits even if human resources are invested?

A: There is a fair amount of variation. However, by realizing the visualization of skills that we had not been able to do until now, we are now able to recognize gaps, so we will make solid efforts to improve our skills. In addition, since the amount of activity will always increase if human resources are invested, a certain effect can be obtained. We would like to raise the overall earnings by multiplying the increase in activity and the improvement of skills.

Q: I get impression that you are working very carefully on the visualization of skills. On the other hand, in order to make full utilization of their capabilities, it is necessary to strengthen the soft aspects, such as the loyalty of employees, strength of culture. Do you have any plans to do soft measurements of your bank employees?

A: I think that the most important factor is the thoroughness of career ownership. We recognize that solid support for each individual's vision, such as the realization of a double-line career path, will lead to employee satisfaction and motivation. In addition, we recognize that it is important for the management team themselves to send out their passion and message for "transformation" with regard to " human resources who always have a mindset of transformation and continue to take on challenges.", which is the image of human resources we are looking for. I believe that by continuing to take on challenges and having young employees experience success, the organizational culture will be gradually changed.

Q: Could you elaborate the gap between "as is" and "to be" in this human resource strategy?

A: In order to become a solution company, it is necessary to implement solutions to various management issues, but we recognize that there are still skill gaps at present. For example, solutions for individual customers cover a wide range of areas, including asset management, loans, and consulting, and the current situation is that not everyone can solve all of their needs on their own. We are still halfway through the one-stop solution to customer needs, and we will continue to make steady progress

Q: Does this human resource strategy also cover the Group subsidiaries? Also, are you considering group collective recruitment?

A: The human resources strategy is centered on the two subsidiary banks, but the policy is to reflect the same way of thinking in affiliated companies as well. Recruitment activities are ongoing because each company has its own brand and regional characteristics. However, after joining the company, personnel exchanges are active, such as being seconded from the Bank of Yokohama to Hamagin Research Institute, and we will continue to do so.