

CONCORDIA

Financial Group

Concordia Financial Group, Ltd.

IR Day (Oct. 14, 2022)

October 14, 2022

[Speakers]

Tatsuya Kataoka	President and Representative Director (concurrently President and Representative Director, The Bank of Yokohama, Ltd.)
Yutaro Koshiba	Executive Officer (concurrently Director and Managing Executive Officer, The Bank of Yokohama, Ltd.)
Michifumi Katsuta	Executive Officer, The Bank of Yokohama, Ltd.
Maki Uchida	Executive Officer, Higashi-Nippon Bank, Ltd.

Presentation

Kataoka: Good morning. I am Kataoka from Concordia Financial Group. Thank you very much for coming to Kawasaki today in the chilly and drizzly weather. Before we begin the IR Day, I would like to say a few words.

This April, Concordia Financial Group has started a new medium-term plan. As I mentioned at the briefing, we are currently promoting three pillars of growth, change, and sustainability, and one of our themes is to deepen our solutions business.

During this plan, the Group is aiming for a “solution company that is rooted in a community that chooses us as a partner.” We believe that the starting point for the mid-term plan to achieve this goal is the shift to the solutions business and the development of human resources. At today's IR Day, we would like to discuss these two topics.

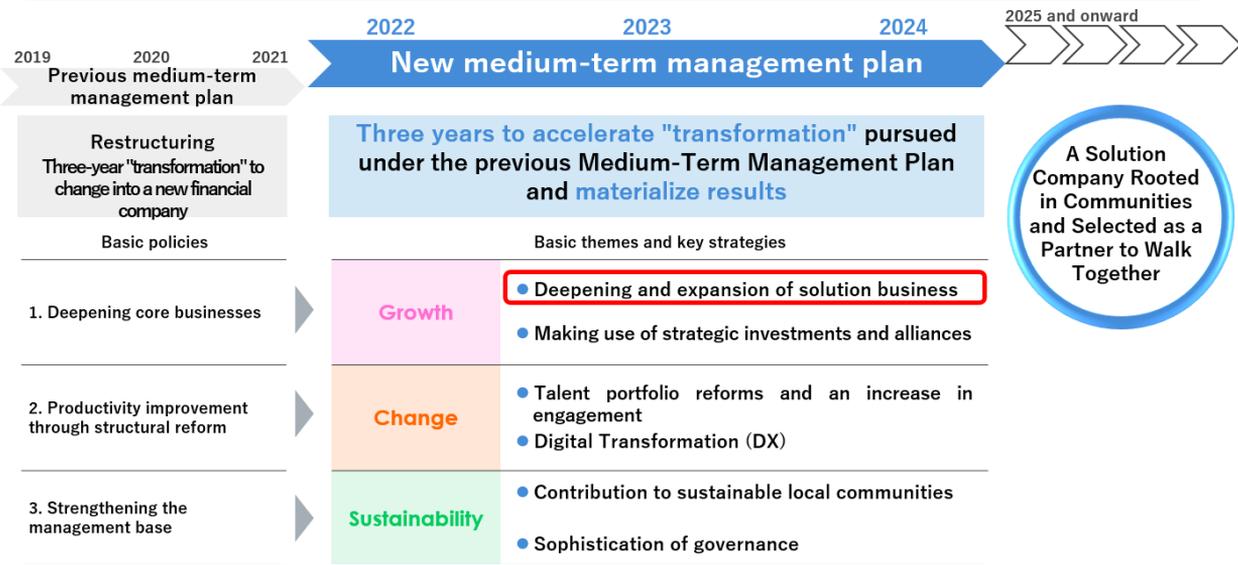
In particular, in terms of human resource development, we will enhance the ability to make proposals, solve problems, and develop the skills of each of the people who will be responsible for the “solution company.” We also mentioned that in the previous medium-term plan, we had consolidated and eliminated about 40 branches. As a result of structural reform, some of employees will lose the work they have done. We believe that reskilling such people is also very important. In terms of investing in human capital, we believe it is important not only to develop human resources, but also to reform the corporate culture and improve engagement.

Today, the actual officers in charge will report on these matters. We hope to have a frank exchange of opinions with you all.

Mr. Koshiba, who was just introduced by the moderator, is an Executive Officer of FG, but is positioned as the Head of Sales at The Bank of Yokohama, where he is the General Manager of the Sales Division, and is now promoting the Solutions Business. Mr. Katsuta is the Officer in charge of Human Resources at The Bank of Yokohama and has overall responsibility for human resources. Ms. Uchida is an Executive Officer overseeing Human Resources at Higashi-Nippon Bank.

They will be giving a thorough talk today about where we are headed, and I would be happy to hear any questions or comments you may have during the Q&A session later in the day. Thank you.

Positioned as important among the six key strategies in the new Medium-Term Management Plan to transform into a "solutions company"

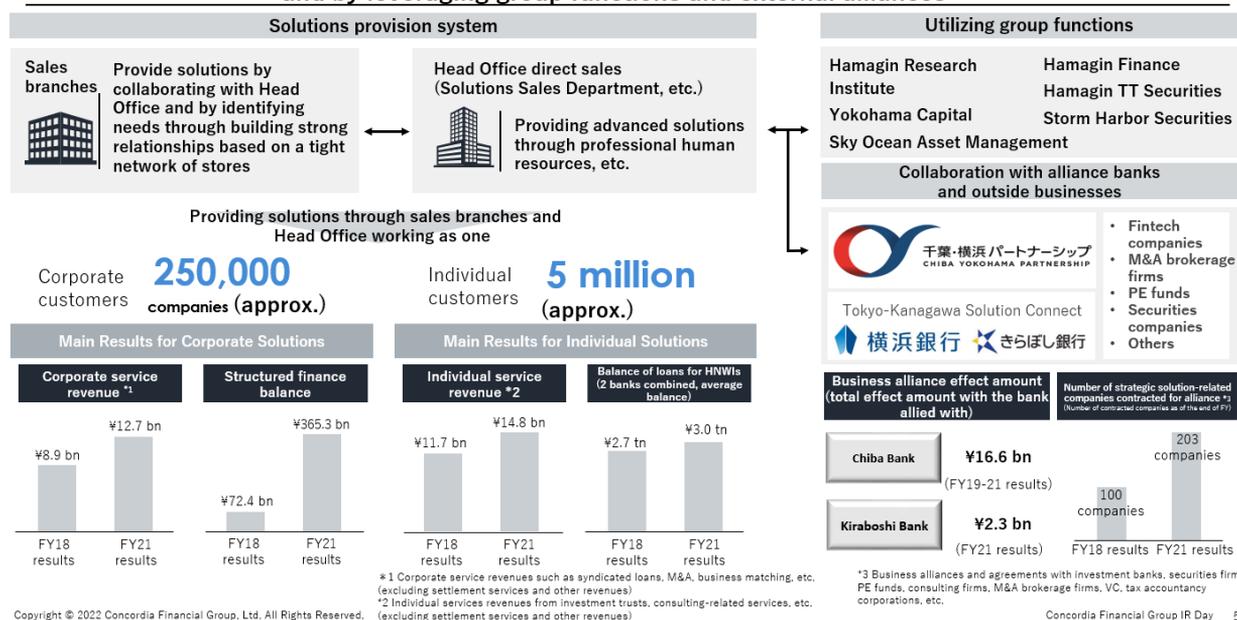


Koshiba: I will now explain about the deepening and expansion of the solutions business. Please see page four.

The Bank of Yokohama's long-term vision, as the President has just mentioned, is to be a solutions company that is rooted in the community and is chosen by the community as an entity to walk alongside. In order to achieve this, there are six key strategies in the mid-term management plan. Among these, the deepening and expansion of the solutions business is positioned as particularly important. Today, I would like to explain our solutions business for corporate customers, which is a particular growth driver.

Solution provision system (initiatives in the previous Medium-Term Management Plan)

Implement solutions sales by integrating sales branches and Head Office and by leveraging group functions and external alliances



Please refer to page five. You see the solution provision system established in the previous medium-term business plan and its main achievements.

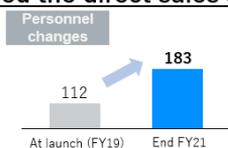
At The Bank of Yokohama, sales branches have strong relationships with customers. These sales branches and the direct sales force of the head office, which possesses professional human resources and other advanced solution capabilities, work in unison to provide solutions to customers, while also utilizing the Group's group companies and other external functions.

As a result of these efforts, as shown below, we have been steadily increasing our service revenues from both corporate customers and individual customers. In particular, we have strengthened our high value-added finance area, and have also been able to increase our structured finance balance.

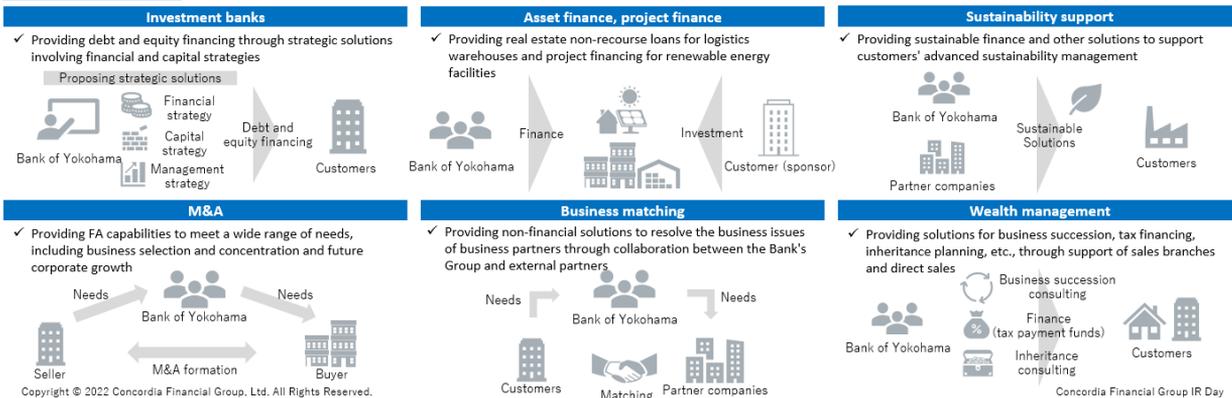
Solutions Sales Department structure (initiatives in the previous Mid-Term Management Plan)
Since its establishment in 2019, we have increased the number of personnel with solution capabilities and specialized expertise, and strengthened the direct sales structure of the Head Office.

Solutions Sales Department (Bank of Yokohama)

✓ In order to build a customer-driven solutions sales structure that can respond flexibly and comprehensively to ever-changing customer needs, the Head Office Direct Sales Division was established in April 2019.



Main functions



Please look at page six. I would like to explain the structure of the solution sales department, which is in charge of direct sales at the headquarters.

In April 2019, we established the solution sales department in order to respond flexibly and comprehensively to increasingly diverse and sophisticated customer needs and to build a customer-driven solution sales structure.

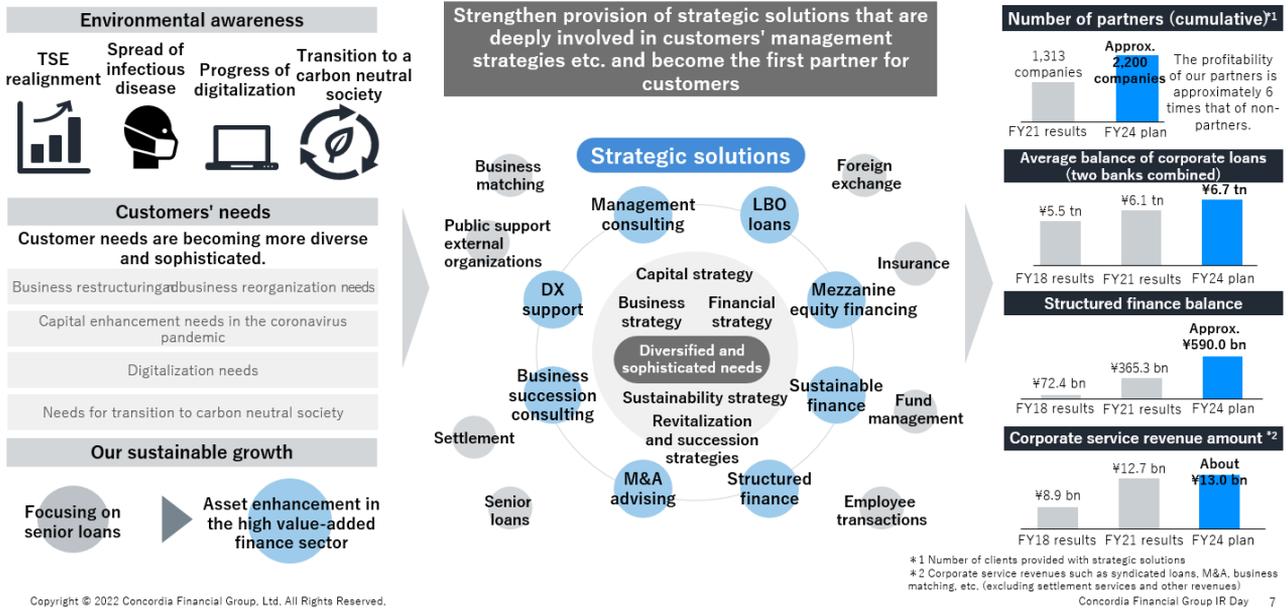
This solution sales department naturally consists of the largest number of employees that have spent their entire career with the Bank, but also includes professional human resources and mid-career hires, and also accepts outside experts on secondment. We have increased the number of such diverse human resources with strong solution capabilities, and have properly built a system over the three years of the previous medium-term management plan.

We have strengthened our efforts in investment banking, asset finance, and project finance to meet the increasingly diverse and sophisticated needs of our clients. In addition, we are expanding the sharing of know-how by rotating personnel with such advanced solution capabilities between sales branches and headquarters through personnel transfers, thereby strengthening our structure as a banking organization.

This structure has enabled us to strengthen our ability to provide strategic solutions that are deeply involved in management issues. As a result, we have become the number one partner of choice for our customers, which has led to an increase in loan balances and revenues.

Strengthen provision of strategic solutions

Strengthening the provision of strategic solutions that meet increasingly diverse and sophisticated customer needs in line with changes in the business environment



I will explain the background and objectives of the strategic solutions I just mentioned on page seven.

With the restructuring of the TSE implemented in April of this year, the spread of the new coronavirus, and the carbon zero initiative, companies are planning to restructure their operations, increase capital, and work toward decarbonization. As a result, the need for strategic solutions is becoming more diverse and sophisticated than ever before.

In addition, in order for the Bank to achieve sustainable growth and to meet the increasingly diverse and sophisticated needs of our customers, we have recognized the need to enhance our assets in the field of high value-added finance, and have decided to strengthen our efforts in strategic solutions.

We call our strategic solution customers our partners. By increasing the number of these partners as shown in the upper right corner, and by involving value-added structured finance and other services tailored to the needs of our clients, we will further increase our revenues and stock of corporate services.

Strategic solution offerings and target customers

Providing solutions deeply involved in management strategies for the top level of corporate management, with a focus on listed and core companies

Strategic solutions

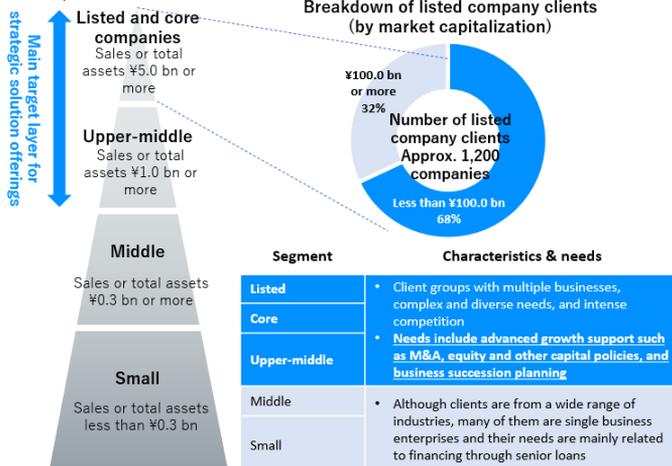
Positioning "solutions that are deeply involved in management strategy for the top level of corporate management" as strategic solutions and providing products that fit the strategy

Management strategy	Needs	Solution examples
Capital strategy	Capital policy, including fund procurement and financial improvement for business expansion	Capital loans Preference stock Equity finance (fund utilization)
Financial strategy		Syndicated loan arrangement Covenant financing
Business strategy	Growth and business expansion	LBO loans M&A advising (buying) Consulting (Hamagin Research Institute) DX support
Revitalization and succession strategies	Business recovery support asset succession	M&A advising (selling) Business succession consulting
Sustainability strategy	Sustainability initiatives	Externally assessed sustainable finance Sustainable business matching

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Target clients

Providing strategic solutions to those companies who can be approached by major investment banks and securities firms by leveraging our strength as a regional bank in the Tokyo metropolitan area, where there is a high concentration of listed companies



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On the page eight, we show our specific products and target customers for the strategic solution. As I mentioned earlier, the Bank positions strategic solutions as solutions that are deeply involved in top-level corporate management strategies, such as capital strategy, financial strategy, and business strategy.

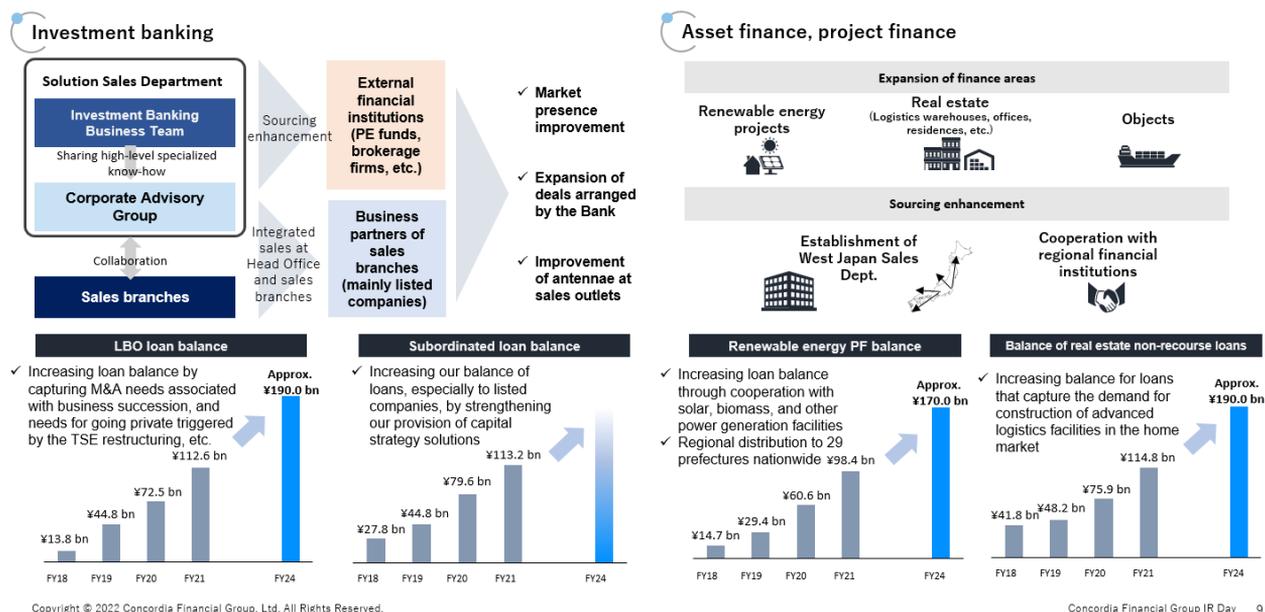
Our main targets for providing strategic solutions are listed companies and upper-middle market partners with sales or total assets of JPY1 billion or more. This segment is also highly competitive, and is a zone that requires a response to complex and diverse needs such as M&A and other sophisticated growth support and capital policies.

For our main target group, which has a variety of needs, we have developed a solution delivery system that allows us to offer a wide range of products such as capital loans, LBO loans, and sustainable finance on a regular basis. In addition, we believe that our strength as a regional bank based in the Tokyo metropolitan area is that we have a large customer base of listed companies with diverse needs.

One of the unique features of our business is that we do business with a large number of clients whose market capitalization is less than JPY100 billion, which is not so large among listed companies, and this is not the case with other regional banks. Since this segment is not fully covered by the major investment banks and securities firms, the Bank has established relationships with these listed companies where it can speak with their management teams as a core bank. This is our strength and enables us to propose sophisticated solutions such as capital policies.

We have also conducted business feasibility assessments and assessments of the actual status of companies in the middle and lower business sectors. As a result, we have been able to expand our transactions more broadly, for example by building up our lending assets, but there is still plenty of room to grow there.

Increased market presence due to advanced solution proposals and risk-taking capabilities



On page nine, I will explain our efforts in investment banking, asset finance, and project finance, which are highly strategic solutions that have been particularly successful in the recent period since the previous medium-term management plan.

In the investment banking business, the head office and sales branches work in unison to develop sales activities centered on the investment banking team, which was headhunted from a foreign securities firm to provide sophisticated solutions to our clients. The Bank's presence in the market has been enhanced by strengthening sourcing service not only for customers but also for funds and other external institutions, and the Bank has significantly increased the balance of its loans, especially LBO loans.

Specifically, we have been involved in specific M&A transactions involving business succession and restructuring, as well as private transactions of listed companies triggered by the market reorganization by the Tokyo Stock Exchange. In addition, the number of cases arranged by the Bank has been increasing. Subordinated loan balances have also increased significantly as the Bank has strengthened its capital strategy solution offerings to listed companies, leveraging its strength of having strong business with listed companies.

This unique sourcing capability of the Bank is largely due to the daily relationships with customers at the sales frontlines. We believe that one of the Bank's future strengths is the ability to share this know-how and develop human resources by further promoting integrated efforts between the head office and branches, and to evolve our efforts to serve a wider range of customers.

We have also accumulated assets in financing areas that go beyond conventional frameworks, such as renewable energy project finance for solar and biomass power generation, and real estate non-recourse loans. In addition to the finance area, we have also expanded our sourcing area by establishing a Western Japan Sales department in Osaka to cover the entire western Japan. The increase in the number of projects is also due to the deepening of cooperation with financial institutions in various regions, mainly in western Japan.

In renewable energy project finance, we are increasing our lending balance while diversifying our geographic coverage to 29 prefectures throughout Japan. In the area of non-recourse real estate loans, we have been able to increase our loan balance by aggressively tapping into financing needs to meet demand for the construction of logistics facilities in Kanagawa and Tokyo against the backdrop of the expanding e-commerce

market. We intend to share our advanced financing know-how with our sales branches to further strengthen the Bank's overall sourcing capabilities.

Sustainability strategy solutions

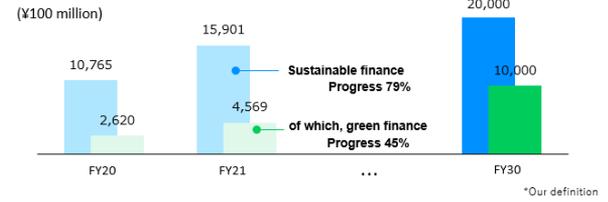
Providing solutions optimized for customers' challenges and supporting them to achieve their sustainability goals

Solutions to support customers' sustainability strategies

Customer Issues	Support by the Bank	
Integrating sustainability into management	<ul style="list-style-type: none"> Providing solutions to achieve sustainability goals 	Solutions menu <ul style="list-style-type: none"> Sustainability-linked loans Positive Impact Finance SDG green loans GHG emission reduction assistance
		<ul style="list-style-type: none"> Loans linked to global warming countermeasures in collaboration with regional public authorities GHG emissions calculation support CO₂ simplified emissions calculation (Hamagin Research Institute) SDG Friends Loan Next
Identifying priority issues and setting goals for sustainability	<ul style="list-style-type: none"> Visualizing customers' GHG emissions Setting sustainability goals 	<ul style="list-style-type: none"> Loans linked to global warming countermeasures in collaboration with regional public authorities GHG emissions calculation support CO₂ simplified emissions calculation (Hamagin Research Institute) SDG Friends Loan Next
Commencement of sustainability initiatives	<ul style="list-style-type: none"> Linking business activities to sustainability 	<ul style="list-style-type: none"> Business feasibility assessments for SDGs SDG Friends Leases (Hamagin Finance) SDG Friends Loans

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Cumulative amount of sustainable finance executed (two banks combined)*



Finance Case Studies	
Putting together Sustainability Linked Loan syndicated loan (Feed One Co., Ltd.)	Development of sustainable animal feed
LBO loan cooperation through sustainability linked loan (acquisition of shares in Chocolate Design Co., Ltd.)	Promoting fair trade chocolate
Financial assistance through Positive Impact Finance (Fujiya Hotel Co., Ltd.)	Maintenance of registered tangible cultural properties
Putting together SDG Green Loan syndicated loan (Sagamihara Biogas Power Co., Ltd.)	Construction of power generation plant fueled by methane gas fermented from food waste

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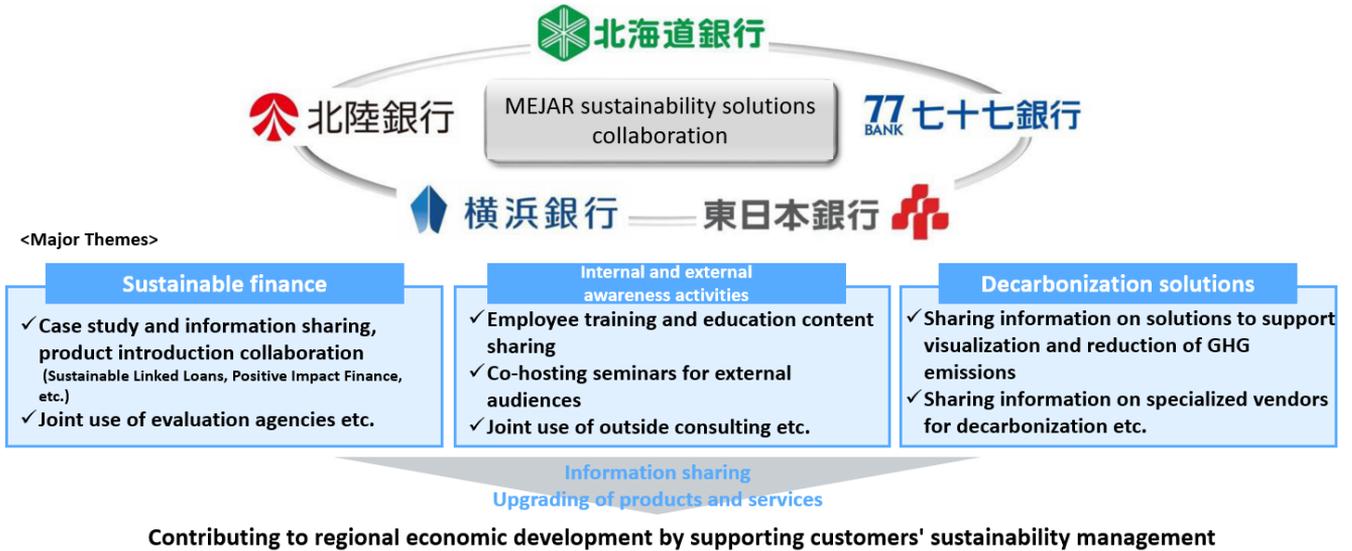
Next, on page 10, I will discuss our sustainability strategy solution to address the recent rapid increase in sustainability issues.

The Bank offers a menu of sustainability solutions tailored to the challenges and phases of our clients' initiatives. We offer a wide range of solutions, from financing that helps clients achieve their sustainability goals, such as Sustainability Linked Loans and Positive Impact Financing, to SDG Friends Loans for companies that are in the beginning phases of their initiatives. Progress in the cumulative amount of sustainable finance execution, which is set as a long-term KPI, is 79%. In addition, progress in green finance, which is used exclusively in the environmental field, is 45%. The steady progress has been made so far.

In April of this year, we established the sustainability promotion office within the solution sales department. This office will take a lead in promoting our sustainability solutions.

MEJAR sustainability solutions collaboration
Strengthening support for customers' sustainability management by upgrading products and services through collaboration with MEJAR participating banks

Raising level of solutions through collaboration with MEJAR participating banks

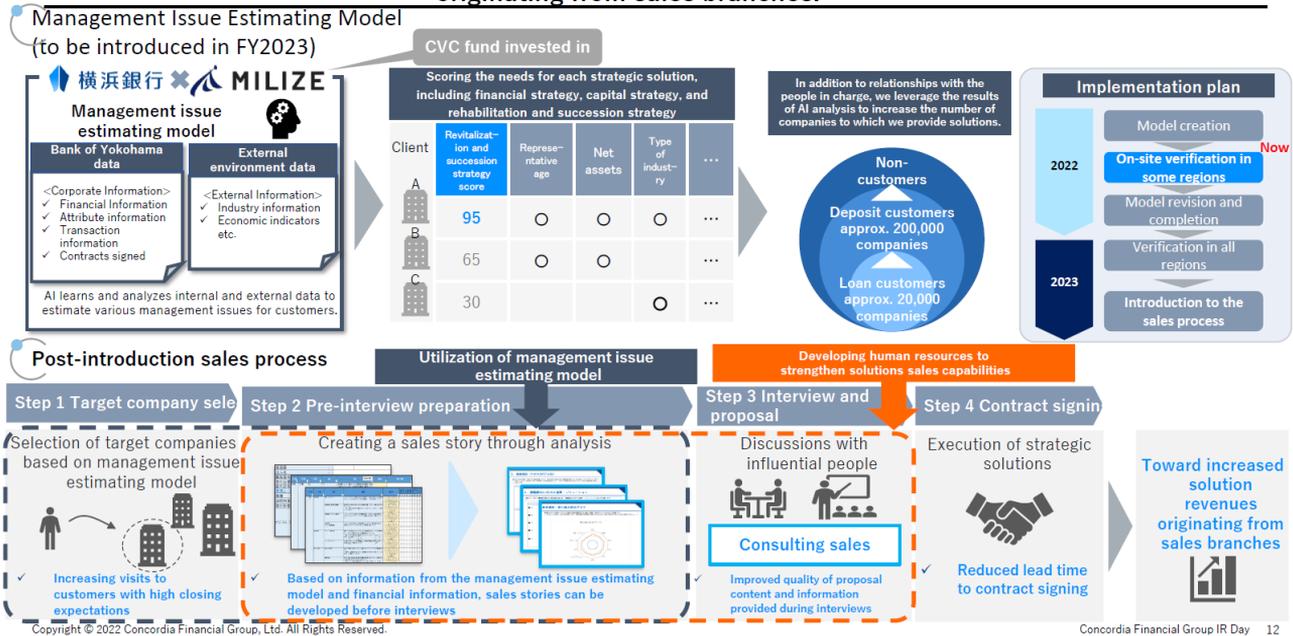


On page 11, I will explain how we collaborate with other banks to strengthen our support for our clients' sustainability management.

Regional financial institutions are increasingly required to provide sustainability solutions. Recognizing this, we concluded the MEJAR Sustainability Solution Collaboration, in which regional financial institutions collaborate in various areas. We will contribute to the development of the local economy by sharing information on examples of initiatives and upgrading our products and services to support our customers' sustainability management.

We believe that sharing finance expertise has the potential to develop into co-financing. We also believe that there are advantages in terms of efficiency, such as sharing educational content for bank employees and jointly holding seminars for customers.

Building a management issue estimating model
A management issue estimating model is being constructed using AI to increase solution revenues originating from sales branches.



Finally, on page 12, I would like to introduce one of our future initiatives.

As I have mentioned, during the previous medium-term management plan, we have strengthened cooperation between the sales frontlines and direct sales at headquarters, and have accumulated solution revenues. In the current medium-term plan, we intend to further share the advanced know-how we have accumulated to date with our sales branches, and by expanding the number of people in charge, in other words, the people who actually do the work, we intend to further increase solution revenues originating from our sales branches.

In this context, we are now working to improve the quality of consulting sales by building and introducing an AI-based business problem estimation model in order to enhance the sales process for sales representatives.

Specifically, the Bank will utilize its big data and external expertise to estimate the business challenges of its clients, score their needs, and visualize their business challenges. By doing so, we can more efficiently approach customers with high closing expectations and provide high-quality consulting services.

Naturally, human resource development is of utmost importance in providing quality consulting services. Officers Katsuta and Uchida will explain their efforts on the next page and thereafter.

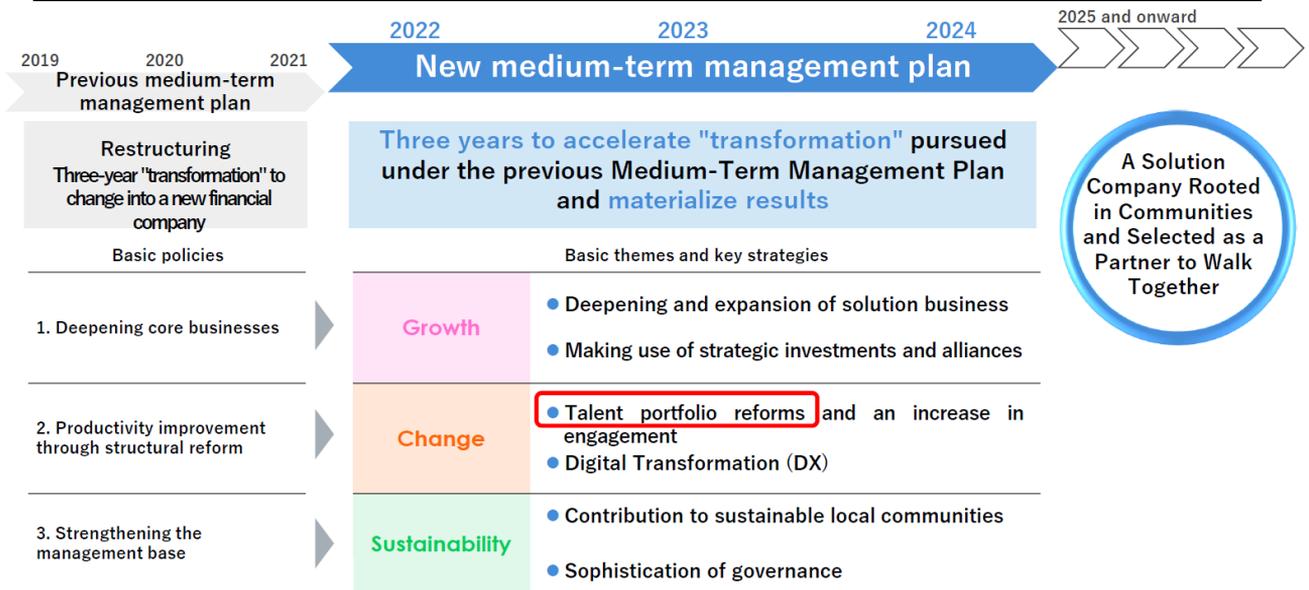
The Bank's business area is centered on the suburbs of the Tokyo metropolitan area, and it has a wide range of clients in this region. In addition, we are able to leverage our daily relationships with our sales staff and customers to provide a variety of non-financial support that goes beyond just loans, including business matching. There is still a lot of potential for growth for us. We still have a mission to continue to serve the community. There is still plenty of room to do so. That's all for my explanation. Thank you very much.

Katsuta: I am Katsuta from the Human Resources department. I would like to explain about the human resource portfolio reforms set forth in our mid-term management plan, with a focus on strengthening solution sales capabilities and reskilling.

Talent portfolio reforms (Bank of Yokohama)

Excerpts from the Medium-Term Management Plan

Positioned as important among the six key strategies in the new Medium-Term Management Plan to transform into a "solutions company"

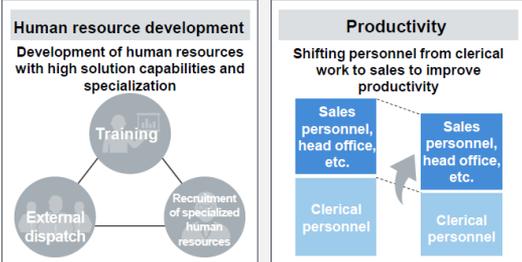


Please see page 14. One of our key strategies for transforming ourselves into a solutions company, which is our long-term goal, is to increase the number and improve the quality of our solutions business personnel.

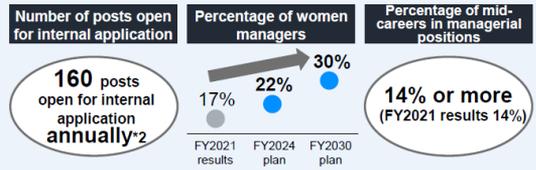
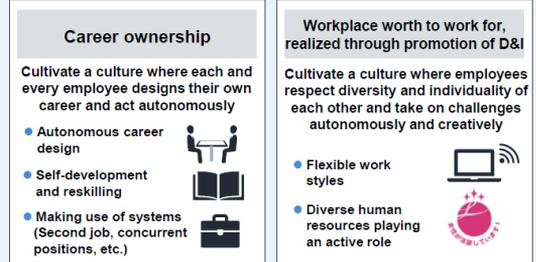
Strengthening of human resource development toward a shift to a “solution company” and a reform into a corporate culture where employees have high motivation to take on challenges and grow

Initiatives aimed at strengthening of human resource development and corporate culture reforms

Strengthening of human resource development toward a shift to a “solution company”



A reform into a corporate culture where employees have high motivation to take on challenges and grow



Talent portfolio reforms

×

An increase in engagement

*1 A total of revenue from yen-denominated loans (loans for corporations and HNWI's) + service revenues (a total of those from corporations and individuals) + revenue from foreign-currency-denominated loans and revenue from corporate derivatives
*2 Annual average for the period covered by the Medium-term Management Plan

On page 15, we present an overall view of the human capital strategy in our medium-term management plan.

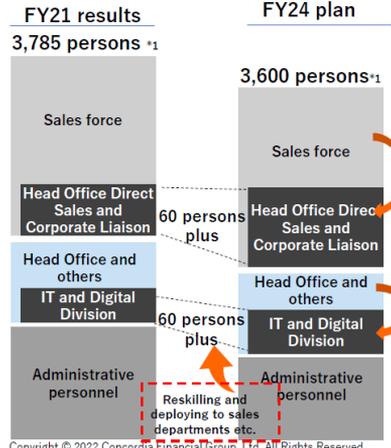
Shown on the left side of the slide is the enhancement of human resource development for the development of a solution company. Described on the right side of the slide is to reform the organizational culture to one that is highly motivated to take on challenges and grow. In this way, we intend to reform our human capital portfolio and improve engagement.

Through these efforts, we aim to increase the time invested in human resource development per employee by 1.6 times the current level and the amount of solution revenue per employee by 4% during the current mid-term management plan.

Promoting human resource development with such aims as the streamlining of the personnel system, sharply modulated personnel assignment, and strengthening of solution sales capabilities

Streamlining of the personnel system and assignment of personnel to areas of strengthened efforts

- Streamlining the personnel system by reducing the number of clerical personnel as part of effects of structural reforms
- Shifting personnel from clerical departments to sales departments with the aim of increasing productivity
- Strategic assignment of personnel to head office direct sales and other areas of strengthened efforts such as IT/digital departments

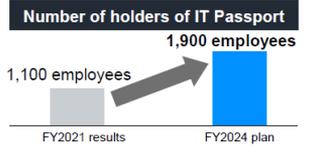
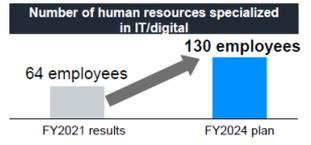
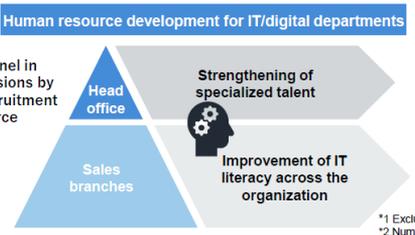
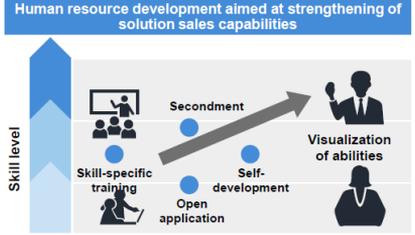


Promoting human resources development to strengthen solutions sales capabilities and deploying them to departments to be strengthened

Increasing personnel in strengthened divisions by strengthening recruitment and human resource development

Strengthening development of human resources with high solution capabilities and specialization

- Conducting human resource development aimed at strengthening of solution sales capabilities as well as development of human resources with high specialization such as IT/digital departments in a planned manner, by strengthening investment in talent development

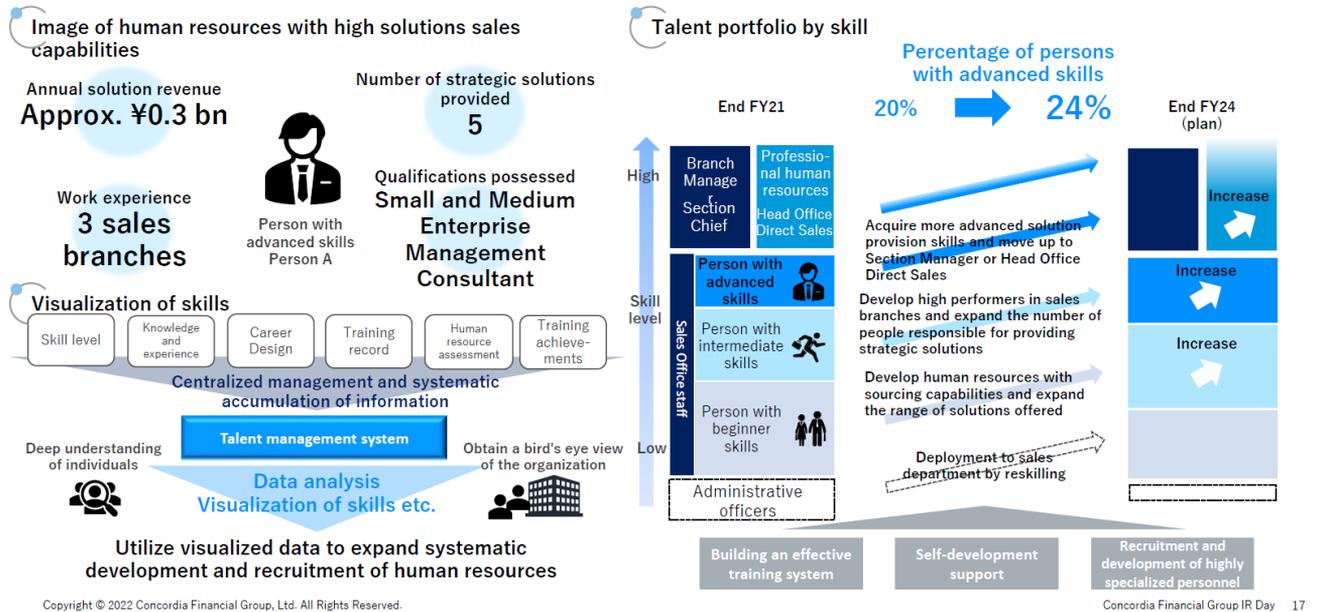


*1 Excluding employees on secondment or leave of absence
 *2 Number of small and medium-sized enterprise consultants and FP Level 1-certified employees

As part of our efforts to reform our human capital portfolio, we have streamlined our total headcount from 3,785 to 3,600 through structural reforms, including reforms in the branch channel. In this context, we will strategically assign human resources to areas to be strengthened, such as direct sales at headquarters and the IT and digital divisions, and encourage the reallocation of human resources from clerical work to the sales and marketing divisions, etc. I will explain later on the various measures we are taking to strengthen our solution sales capabilities.

Developing human resources to strengthen solutions sales capabilities - visualization of our talent portfolio skill by skill

Visualizing the skills of the personnel needed and implementing measures to achieve the desired portfolio



Please see page 17.

First of all, we briefly indicate what kind of human resources are those with high solution sales skills in our bank. As shown on the left, the figures are given for each item, using real people as an example.

The amount of solution revenue including fund revenue and yen services is approximately JPY300 million per year. The number of solutions provided is five and the field experience is three branches. He or she can be considered a middle-class person. His/her qualifications include a small and medium enterprise management consultant. These individuals are the ones with the best solution sales skills.

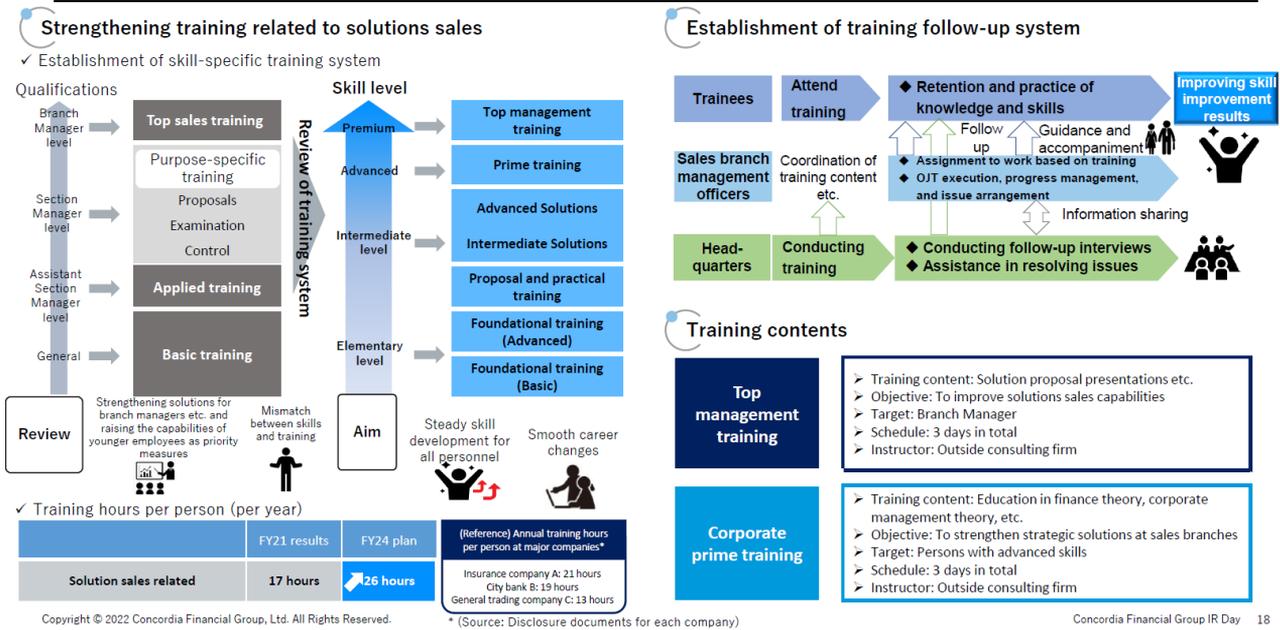
We plan to increase solution revenues by approximately JPY9 billion over the three years of the 2021-2024 mid-term plan. We are thinking in the direction of having these human resources, who earn JPY300 million per year, play a central role in earning about two-thirds of the JPY9 billion increase.

In addition, for the purpose of visualizing their skills, the skills, knowledge, and training records of bank employees are stored in a talent management system and centrally managed for data analysis. At this point, only the staff in charge at the sales branches are visible, but we are working to make this information visible to all employees, including those at the headquarters, as soon as possible.

As you can see on the right side of the slide, we will formulate skill-based human capital portfolios based on the visualized data. Over the next three years, we will increase the number of advanced solution providers by increasing the number of direct HQ sales and highly skilled personnel. To this end, we will work to establish an effective training system, support self-development, and recruit highly specialized human resources.

Developing human resources to strengthen solutions sales capabilities - Building an effective training system

Effective skill development through skill-level-specific training and post-training follow-up



On the next page, I will explain how to establish an effective training system.

First of all, although we have been putting effort into training in the past, the focus has been on training by level, such as section manager or deputy section manager. However, with training by rank, there was naturally a slight difference in the region to which the personnel belonged and skills, and there was a mismatch between the content of the training and their skills.

In the past, training was focused on strengthening solution sales capabilities at the branch manager level and raising the skills of younger employees, but such training was lacking at some levels. In light of this, this year we have changed to a skill-based training system in order to steadily improve the skills of all personnel in charge, including those in positions of responsibility. We believe that this will certainly enhance the effectiveness of the training.

In addition, the number of training hours per person will be increased 1.5 times from the previous 17 hours to 26 hours per year during this mid-term plan period. As noted here, we will spend more time than the average of large firms to make sure we do a good job of training.

In addition, we will provide follow-up services to ensure the effectiveness of the training. Although most of the participants return to their sales branches after the management training, we make sure that they are assigned to work in operations where they can apply the skills they learned in the training to their sales branches. Of course, the field takes the lead in teaching, but we do not leave it up to the field; the head office always coordinates information and provides training support until the employee becomes independent. These initiatives are being undertaken this year.

So what kind of training does The Bank of Yokohama provide? An example of a training session is shown in the lower right corner of the slide.

Top Gun Management Training is a training program for branch managers. This training is designed to teach advanced solution delivery in a hands-on, role-playing format.

Corporate Prime Training is for senior skilled personnel who are the main players in strategic solutions. This level of training is designed to meet the needs of high-quality clients, including advanced finance theory and corporate management theory.

Human resource development to strengthen solutions sales capabilities - support for self-development and recruitment and training of highly specialized human resources -

Support self-motivated challenges and growth, and strengthen recruitment and training of highly specialized human resources

Self-development support

- ✓ Platinum talent certification system



- ✓ Examples of efforts to support certification (FP 1st Grade Certified)

Consulting skills training course

- Two months of commuting to a specialized training institute (weekdays)
- Number of subjects: 10 persons

FP 1st Grade Certified challenge course

- Learning through lectures by outside instructors (holidays)
- Number of subjects: About 100 persons

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Strengthening recruitment of specialized and professional human resources

- ✓ Status of hiring of professional and expert personnel for solutions sales

Area of expertise	FY2019	FY2020	FY2021	Total
Investment banking	3	—	1	4
Corporate, M&A	—	2	2	4
International & markets	4	—	1	5

- ✓ Professional human resource certification system

Required skills, abilities, etc.

- Advanced specialized expertise
- High work performance capability for the role and mission
- Successor guidance and example

Salary structure

- Completely custom-made
- Incentivized compensation for contribution to results
- Levels also apply to board members and department heads

Professional human resources

Providing advanced solutions

Sharing of specialized know-how within the Bank

Presentation of specialized career paths

External secondment of young employees

- ✓ Dispatching young employees to a wide range of fields to hone their expertise



The next page will explain our support for self-development and the hiring and training of highly specialized personnel.

As for initiatives to support self-development, as you can see on the slide, we have started the Platinum Talent Recognition System this fiscal year.

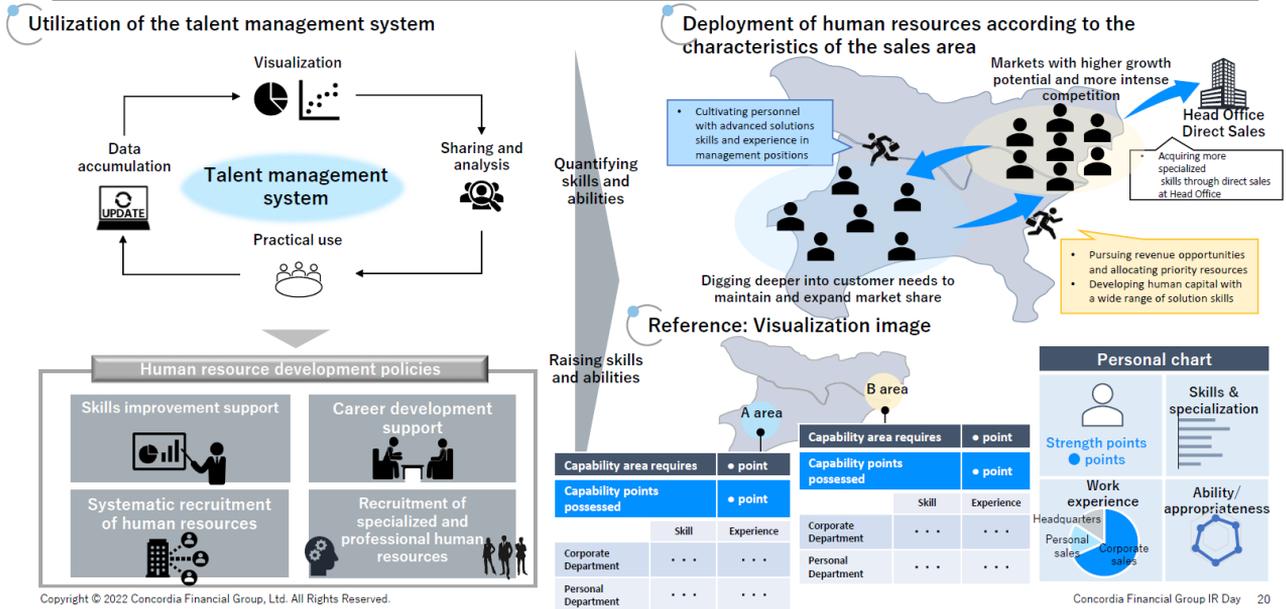
Specifically, individuals who have acquired relatively difficult external qualifications, such as FP Level 1, small and medium enterprise diagnostician, and securities analyst, are recognized as having advanced skills. In order to realize such various career support, we are also strengthening our qualification support.

For example, among those who have acquired FP Level 1 certification, we select 10 applicants and have them study intensively at an outside professional institution under the direct supervision of the Human Resources department, completely separating them from the business of the sales branches. Apart from that, about 100 people applied for the short, intensive nine-day holiday course. We provide assistance in obtaining this holiday course.

At the same time, we have established a professional human resources certification system to recruit highly specialized human resources. We believe that when professional human resources, i.e., those with a high level of expertise, utilize their strengths, it has a positive impact on the career paths of bank employees that have spent their entire career at the Bank. In addition to this training, we are attempting to strengthen the secondment of young employees to investment banks, securities firms, government-affiliated financial institutions, and corporate planning departments of private companies in order to hone our solutions business.

Human resource development to strengthen solutions sales capabilities - strategic human resource deployment -

Utilizing a talent management system to optimize the deployment of human resources according to the characteristics of the sales area



How are we doing those things? On page 20, I will report the use of talent management systems.

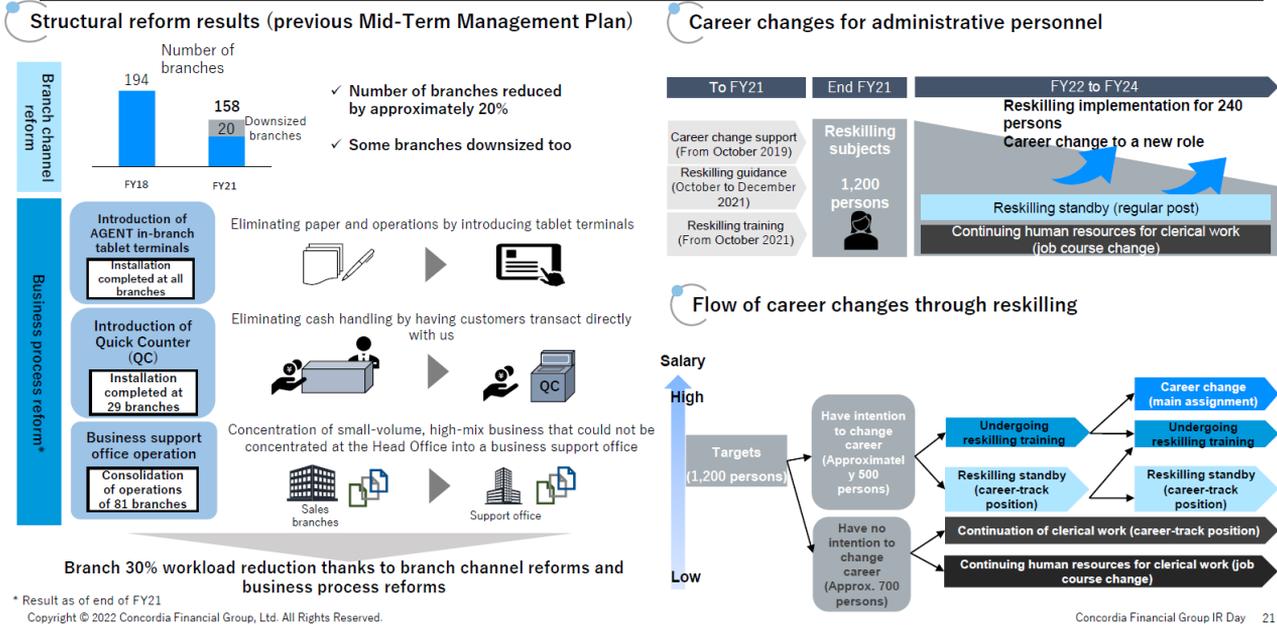
As I mentioned earlier, a talent management system is an advanced HR system, or an evolution of the HR system. The objective is to visualize using a variety of data. After visualizing the abilities and aptitudes of each employee, we will analyze and share this information with everyone and make use of it in human resource development. The fact that each individual can be visualized means that the skill capacity of the Bank as a whole, in its aggregate, can also be quantified. This will be used for staffing.

In addition, as you can see on the right side of the slide, we will assign personnel based on the characteristics of the area. For example, in high-growth markets such as Tokyo, Kawasaki, and central Yokohama, where competition is intense, we are pursuing profit-earning opportunities by focusing our resources on these markets.

At the same time, the intense competition naturally means that a wide range of skills can be acquired there, so that highly skilled people can grow even more. These people will gain experience, become managers, and train younger staff in the local prefectural market. We are in the process of strengthening our efforts to circulate human resources in this way.

We are currently working on a system that will enable us to verify the necessary manpower for each business area based on market analysis, and to appropriately assign human resources in light of the abilities of the employees belonging to that area.

Reskilling - Realization of structural reform effects -
Following the reduction of workload thanks to structural reforms, promoting reskilling of administrative personnel and supporting career changes



I would now like to continue with an explanation of the reskilling of administrative personnel as a result of the structural reforms.

As you can see on the left side of the slide, the previous medium-term plan included some branch reforms and the introduction of quick counters where customers can do the work themselves instead of bank staff, resulting in a 30% decrease in the workload .

A 30% decrease in the number of employees means, of course, that administrative personnel will need to be reassigned. For this reason, we are placing special emphasis on reskilling from this fiscal year.

We have been providing support for administrative staff to change their duties under the name of "career change" in a way that also takes into account their engagement at the Bank. We currently have 1,200 reskilling targets, of which we hope to realize 240 reskilling during this mid-term period.

Meanwhile, for the remaining 960 positions, we are working on initiatives and training, for example, by enhancing training in the IT department, in order to further widen the scope of open recruitment and also to create an opportunity to take up the challenge of reskilling.

Reskilling - Initiatives to encourage reskilling -

Encouraging the expansion of career design options that are not limited by previous careers or values

Reskilling guidance

Reskilling guidance is provided to eliminate concerns about the future and to encourage taking on the challenge of new duties. Almost all of the target personnel participated.

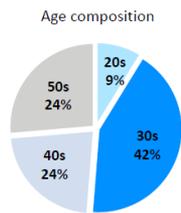
Number of times held	15 times (October to December 2021)	
Number of participants	1,085	Approximately 90% of target personnel participated
Contents	<ul style="list-style-type: none"> • Necessity of career ownership • Background to the need for reskilling • Treatment and career path 	

JOB FORUM 2022

To help staff to consider a career design, "JOB FORUM 2022" was held to introduce the specific duties of each division of Head Office.

Number of times held	10 times (June to September 2022)	
Number of participants	700	Approximately 70% of participants in reskilling guidance participated in the FORUM
Contents	<ul style="list-style-type: none"> • Description of work in 12 Head Office departments • Introduction to case studies of bank employees who reskilled 	

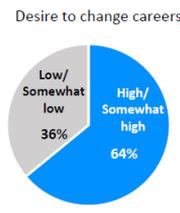
Participant breakdown*1



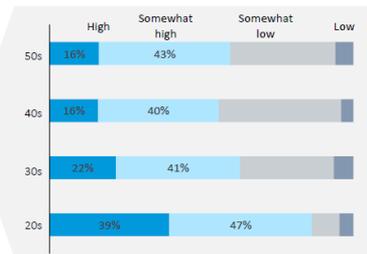
*1 Number of respondents 1,009
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Post-event survey results*2



*2 Number of respondents 651



Please move on to page 22. I would like to explain the status of support for specific reskilling.

Bank employees engaged in clerical work are commonly referred to as general employees, and of course they did not enter the Bank to engage in sales or planning. It is very difficult to change such awareness.

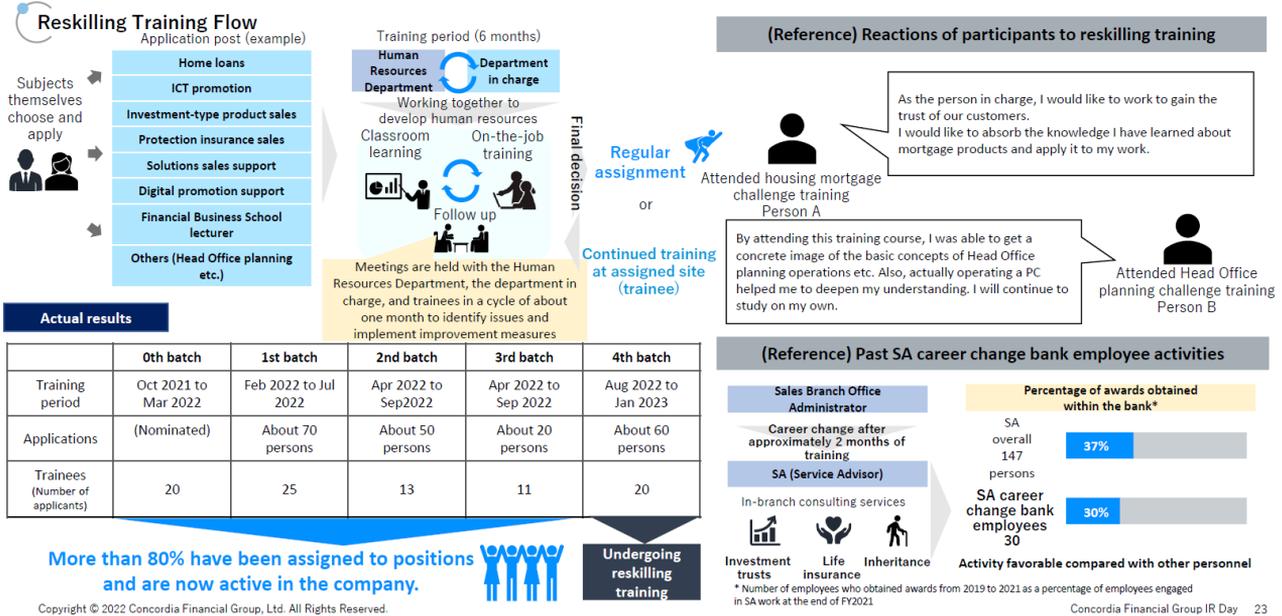
However, without this change in awareness, we cannot move forward. Naturally, there are concerns about the future and many other worries that come with a career change. So, as you can see on the left side of the slide, we are doing something called reskilling guidance. 15 sessions were held between October and December last year, with a total of 1,085 participants. Of the 1,200 targeted individuals, we carefully explain to more than 90% of them the need for career ownership, the background behind the need for reskilling, the treatment, and the respective career paths.

In addition, since many general employees are not familiar with the bank's overall operations, we held 10 JOB FORUMs from June to September this year.

For JOB FORUM, we enlisted the help of all 12 divisions of the headquarters to explain each division. We held a total of 10 events, each lasting 15 to 30 minutes, depending on the department, and taking a full day to explain the 12 departments of the headquarters. The number of participants was 700.

Regarding the difference between the number of participants in the reskilling guidance and the JOB FORUM, the reskilling guidance is an initiative at the start, so it is for almost everyone. On the other hand, this JOB FORUM is for 700 people because it targets bank employees who do not aim for career-track positions but want to work hard in OTC clerical work and OTC services, even among those who are eligible for reskilling. In any case, 64% of the 700 participants were positive about changing careers, and about 90% of those in their 20s indicated that they were willing to do so.

Reskilling - Reskilling training - Supporting the activities of subjects of reskilling subjects through training programs in which the Human Resources Department and the department in charge work together



On page 23, I will describe the reskilling training process and results.

Please refer to the left side of the slide. We have established various positions for reskilling posts, for example, the mortgage loan center, the ICT promotion department, and the sales of investment-based products. This is an open call for applications, and those eligible for reskilling raise their hands voluntarily. After raising your hand and being selected, you will have a trainee period of about six months.

The training does not continue for the entire six months; depending on the job, the training may be two months or one month. However, since they are only trainees for six months, after the training is over, they will be trained through on-the-job training at their new workplaces. During this period, the assigned site, the individual, and our Human Resources department will meet every month for follow-up.

Naturally, each person has different abilities and progress levels, but we are in the process of implementing follow-up in a way that is tailored to each individual. In addition, how many of them are really reskilling? Currently, approximately 80% of the total number have been assigned to their desired workplaces.

For example, an employee who has some knowledge of the digital field and is slightly interested in it can become able to define system requirements in six months, or can reach the level where he can work as a department member even if he cannot do something that advanced, and 80% of them are assigned to the desired position.

So what about those who went to the field? The activities of past SA career challenge employees are shown on the right side of the slide. Prior to our full commitment to reskilling this year, we have supported career changes from 2019 to 2021.

The following table shows the results of bank employees who converted from clerical positions to SA positions. The SA position is a service advisor, which means that it is responsible for offering investment-type products at retail outlets. We give out semiannual awards for outstanding sales performance, and approximately 30% of those who have changed careers to SA positions have received awards in the past three years.

What kind of level is this 30% level? It is about the same as the percentage of people who enter the Bank in the regular career track who receive awards. Although they started out in a clerical position, they applied for the positions on their own and have been able to make proper career changes.

You are now seeing page 14 again. I have now explained The Bank of Yokohama's specific approach to human resource development.

I explained how to achieve human resource portfolio reform by training advanced skilled personnel, strategically allocating personnel by visualizing their skills, strengthening support for self-development to become expert human resources, and enhancing sales capabilities and productivity through reskilling. By bringing together these measures, we hope to realize our transformation into a solutions company.

As a result of the deepening and expansion of the solutions business as explained at the beginning of this report and the reform of the human resource portfolio that supports the realization of the solutions business, we would like to increase solutions revenue by approximately JPY9 billion from JPY98.7 billion in 2021 to JPY107.5 billion in 2024, which is three years away, to achieve the numerical targets of the medium-term management plan.

This is all about the human capital portfolio reform efforts at The Bank of Yokohama. From here, Ms. Uchida, Executive Officer, will explain about the human resource development initiatives at Higashi-Nippon Bank. Thank you for your attention.

Uchida: Next, I, Uchida, would like to explain about Higashi-Nippon Bank's human resource development initiatives. Thank you.

Human resource development initiatives (Higashi-Nippon Bank)
Establish a systematic human resource development system to become a "total partner for small and medium-sized enterprises"

Initiatives to develop human resources to achieve the target vision

[Target vision]
Total partner for small and medium-sized businesses

Proposal of optimal solutions that fit the lifecycle of small and medium size enterprises etc.

Concentrate management resources in the Tokyo metropolitan area and establish a customer base specially of small and medium-sized enterprises etc.

Contributing to corporate growth by providing "peace of mind" to management

Improving solutions sales capabilities

Fostering human resources that create "high customer satisfaction" and "diverse innovation"

Expertise and advanced knowledge

Overall strength as a bank employee



Building an 800-person workforce through structural reforms

Number of employees	About 990 persons	About 800 persons
Number of sales personnel (*)	About 370 persons (about 37%)	About 420 persons (about 52%)
	Others Personnel	

FY21 results FY24 plan

Major Initiatives

- Establishment of a human resources development system to achieve the target vision based on the Financial Business School (August 2022)
- Implementation of human resource development (training etc.) according to skill level
- Developing professional and management-level human resources through intra-group human resource exchange

(*) Number of sales personnel: Branch liaison personnel + Head Office direct sales personnel

Establishment of human resources development system

Systematic human resource development centered on the Financial Business School

Human Resources Department
Financial Business School

Visualization of skills and identification of goals for each skill level



←

Skill assessment (division store managers and Head Office divisions)



Promoting autonomous career development

Understanding of the gap between aspirations and the necessary initiatives



→

OJT based on skill level, training, and self-development



OJT based on skill level, training, and self-development

Education and training by Head Office



×

Fostering site-based initiatives through block education councils



Sales branch OJT



—

Head Office OJT (follow up)



Training and study sessions



—

Self-development



First, I would like to explain our efforts toward our goal. Please refer to page 25.

In its new medium-term management plan, Higashi-Nippon Bank has set its sights on becoming a total partner for small and medium-sized enterprises. We aim to establish a client base specializing in SMEs in the Tokyo metropolitan area and to provide optimal solutions tailored to the lifecycle of SMEs. In addition, we will accelerate structural reforms to establish a workforce of 800 by the final year of the medium-term management plan. Among them, we will increase our share of sales personnel from the current slightly less than 40% to more than 50%.

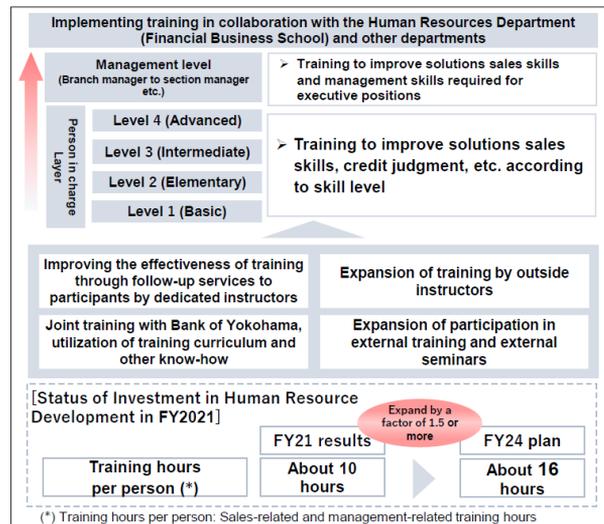
In order to realize our vision, we need to improve our solution sales capabilities, and as an initiative to this end, we have established a financial business school in August 2022. In addition, we are building a system for systematic human resource development based on skill levels. We are also promoting the exchange of human resources within the Group in order to improve management skills at the executive level, which is the core of human resource development, and to develop human resources for headquarters planning, etc.

Please look at the right side of the slide. As for the human resource development system, skill levels for solution sales are set within the Bank, and branch managers evaluate the skills of each sales representative and provide feedback to each representative to visualize the skill level of each individual. After clearly stating the goal for each skill level and recognizing gaps from the current situation, headquarters and the field will organically link on-the-job training, training, and self-development to nurture them. The cornerstone of our systematic human resource development system for this purpose is the newly established financial business school. This axis will promote independent career development.

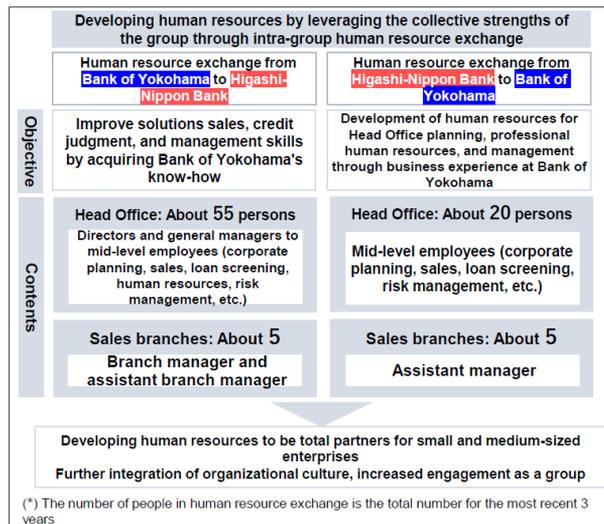
Human resource development initiatives (Higashi-Nippon Bank)

Training based on skill level, human resource development and engagement improvement through intra-group human resource exchange

Training based on skill level



Development of specialist human resources and management



Please look at the next page. So how do we provide training based on skill level? Training is divided between management and personnel. For the personnel level, the training curriculum will be set according to skill level, and the training to be taken will be determined by skill level, not by length of service or position.

By assigning a full-time instructor to the financial business school, we will also follow up on the practical application of what has been learned in the training, which has been somewhat lacking in the past. We will also expand external training programs, including joint training with The Bank of Yokohama, to improve the skill level in terms of both quality and quantity of training.

We plan to increase the number of training hours from about 10 hours in actual FY2022 to about 16 hours in FY2024, or more than 1.5 times. In addition to training programs, we are also working to develop management skills through human resource exchanges with The Bank of Yokohama.

The exchange of human resources from The Bank of Yokohama to our bank, including executive-level employees, has totaled about 60 people over the past three years, 55 at headquarters and five at sales branches, who are now active in various fields at our headquarters and branches. On the other hand, there are about 25 personnel exchanged from our bank to The Bank of Yokohama, mainly in the area of head office planning personnel, and they are also working to improve management skills in the field as deputy branch managers of The Bank of Yokohama's sales branches.

Through these efforts, in addition to fostering human resources to achieve our vision, we hope to further harmonize our organizational culture through the development of mutual understanding and improve the engagement of the Group as a whole. That's all from me. Thank you very much.