

Concordia Financial Group

IR Day

October 14, 2022

CONCORDIA
Financial Group



Deepening and expanding solutions business (Bank of Yokohama)*

Deepening and expanding solutions business	P3
Solution provision system (initiatives in the previous Medium-Term Management Plan)	P5
Solutions Sales Department structure (initiatives in the previous Mid-Term Management Plan)	P6
Strengthen provision of strategic solutions	P7
Strategic Solution offerings and target customers	P8
Advanced strategic solutions	P9
Sustainability strategy solutions	P10
MEJAR sustainability solutions collaboration	P11
Building a management issue estimating model	P12

Talent portfolio reform (Bank of Yokohama)*

Talent portfolio reform	P13
Developing human resources to strengthen solutions sales capabilities	
Visualization of talent portfolio for each skill	P17
Building an effective training system	P18
Support for self-development and hiring and training of highly specialized personnel	P19
Strategic deployment of human resources	P20
Reskilling	
Realization of structural reform effects	P21
Initiatives to encourage reskilling	P22
Reskilling training	P23

Human resource development initiatives (Higashi-Nippon Bank)

Higashi-Nippon Bank's human resource development initiatives	P25
--	-----

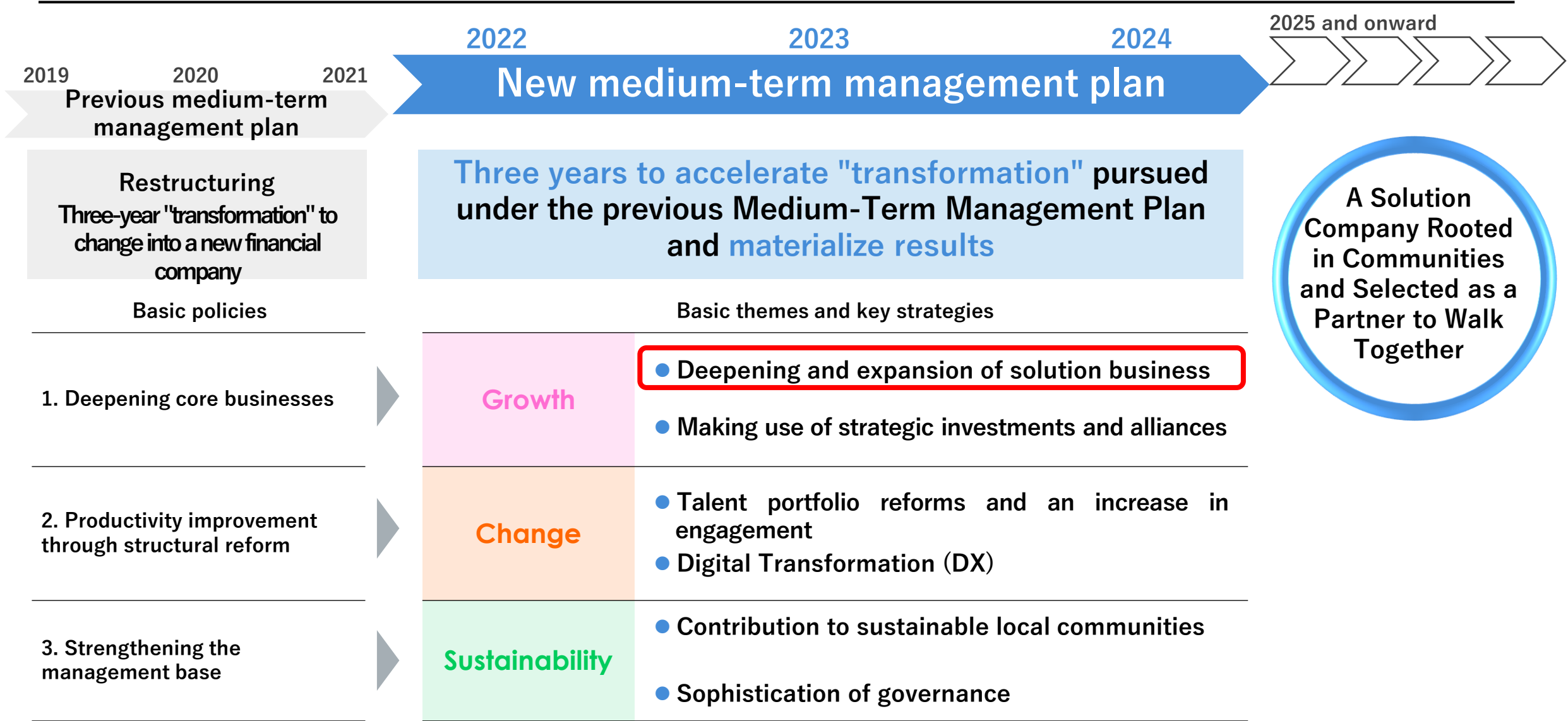
Reference: Hamagin Learning Center Tour

Overview of the training to be observed	P28
---	-----

*Bank of Yokohama numbers unless otherwise noted

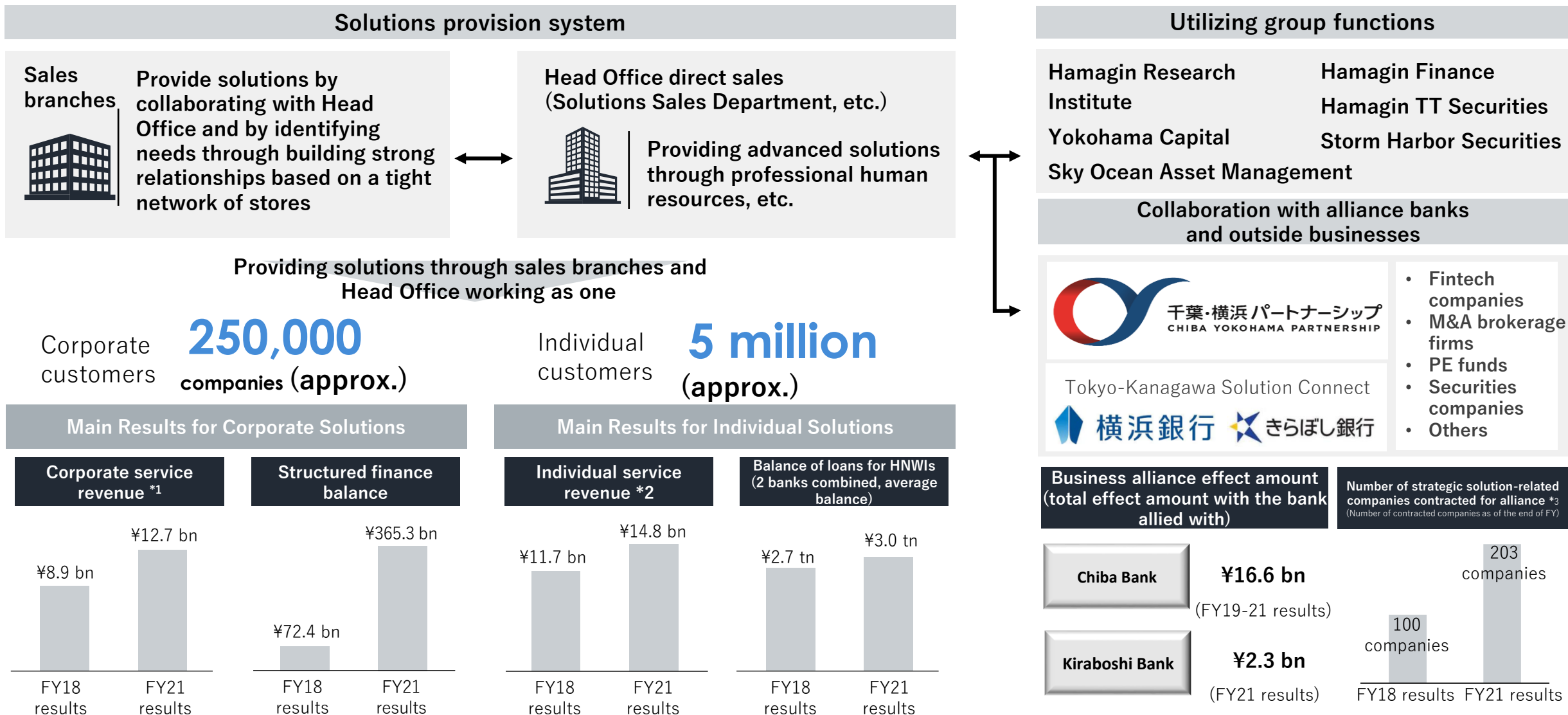
Deepening and expansion of solution business (Bank of Yokohama)

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



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



* 1 Corporate service revenues such as syndicated loans, M&A, business matching, etc. (excluding settlement services and other revenues)

*2 Individual services revenues from investment trusts, consulting-related services, etc. (excluding settlement services and other revenues)

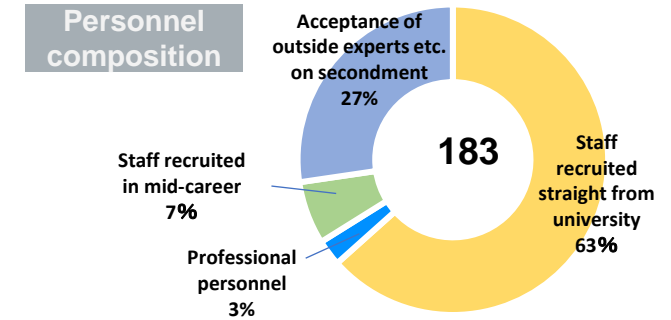
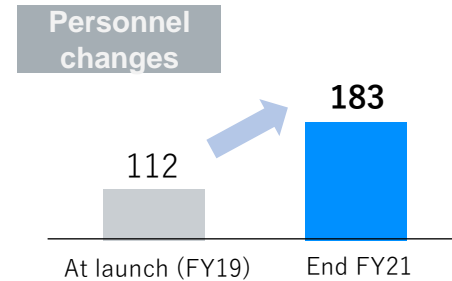
*3 Business alliances and agreements with investment banks, securities firms, PE funds, consulting firms, M&A brokerage firms, VC, tax accountancy corporations, etc.

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

Investment banks

- ✓ Providing debt and equity financing through strategic solutions involving financial and capital strategies



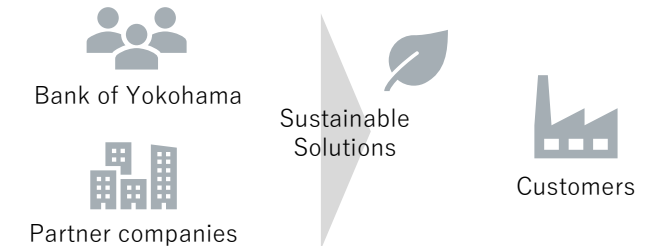
Asset finance, project finance

- ✓ Providing real estate non-recourse loans for logistics warehouses and project financing for renewable energy facilities



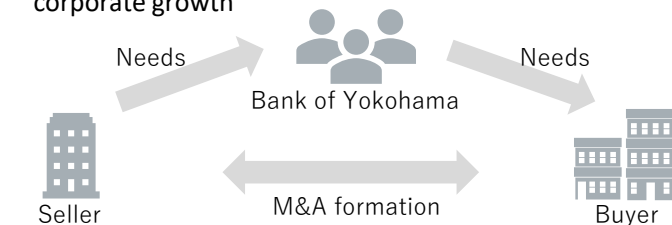
Sustainability support

- ✓ Providing sustainable finance and other solutions to support customers' advanced sustainability management



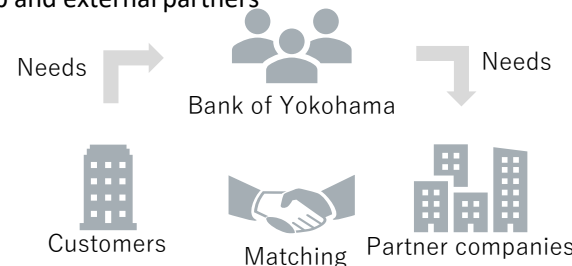
M&A

- ✓ Providing FA capabilities to meet a wide range of needs, including business selection and concentration and future corporate growth



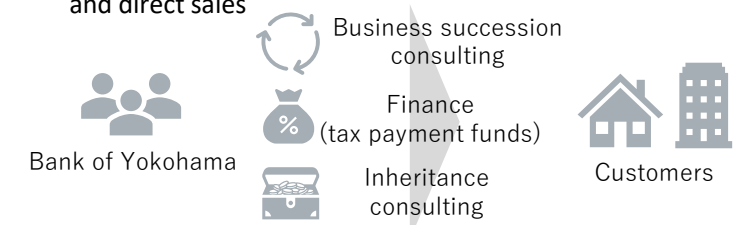
Business matching

- ✓ Providing non-financial solutions to resolve the business issues of business partners through collaboration between the Bank's Group and external partners



Wealth management

- ✓ Providing solutions for business succession, tax financing, inheritance planning, etc., through support of sales branches and direct sales



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

Environmental awareness

TSE realignment Spread of infectious disease Progress of digitalization Transition to a carbon neutral society

Customers' needs

Customer needs are becoming more diverse and sophisticated.

Business restructuring and business reorganization needs

Capital enhancement needs in the coronavirus pandemic

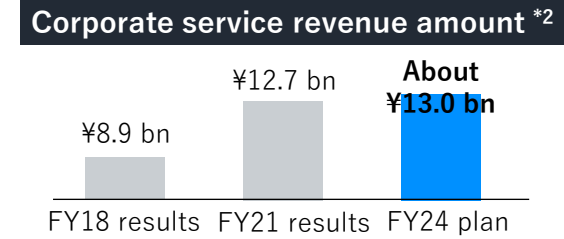
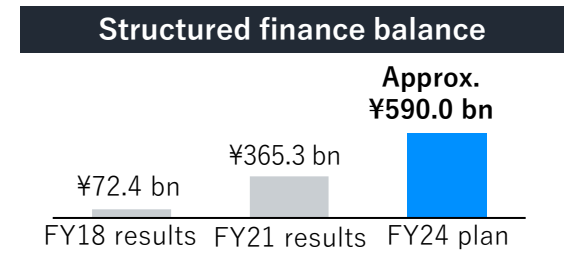
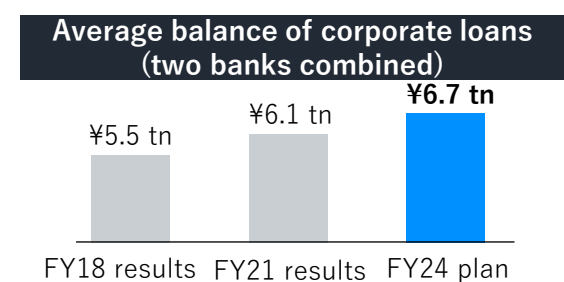
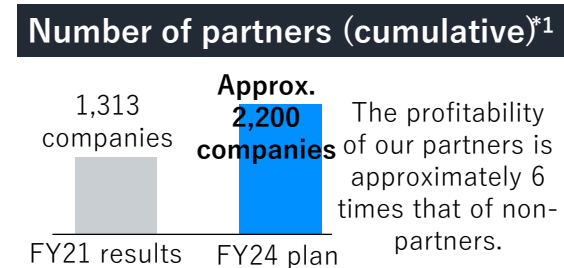
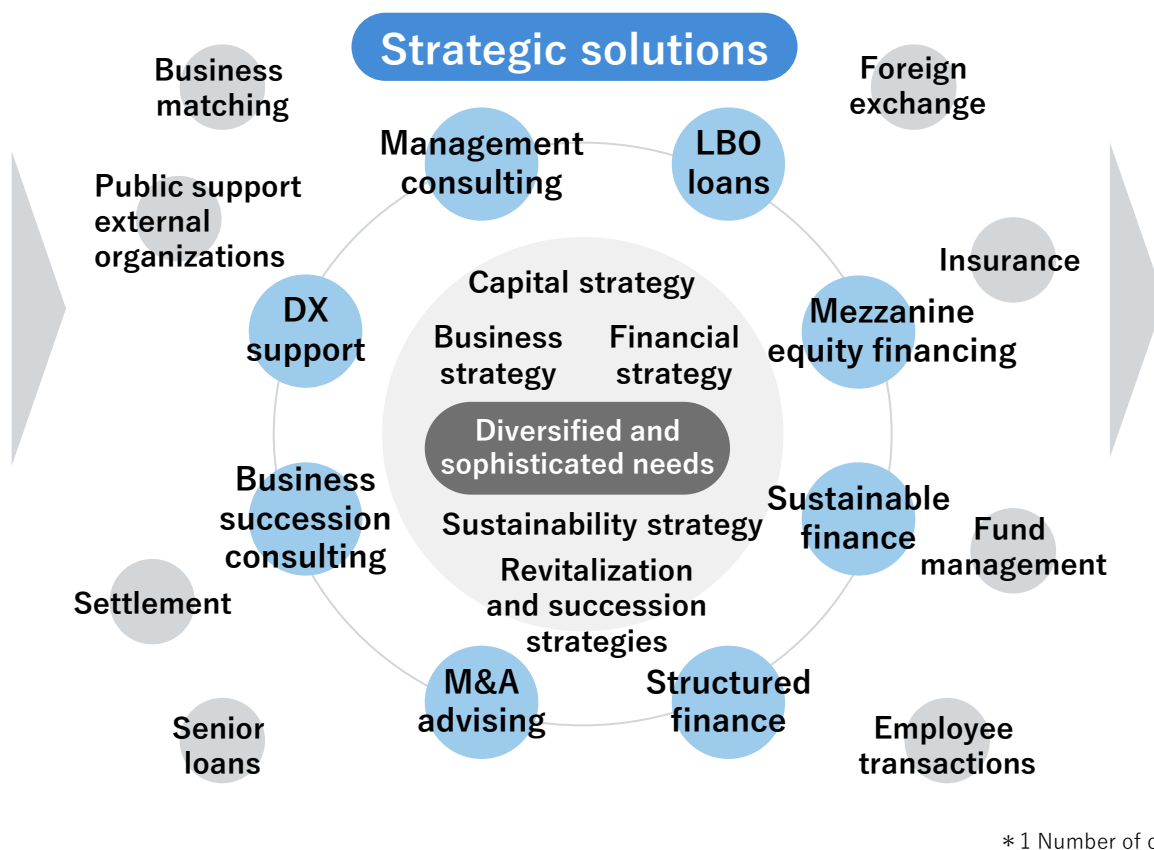
Digitalization needs

Needs for transition to carbon neutral society

Our sustainable growth

Focusing on senior loans Asset enhancement in the high value-added finance sector

Strengthen provision of strategic solutions that are deeply involved in customers' management strategies etc. and become the first partner for customers



* 1 Number of clients provided with strategic solutions
 * 2 Corporate service revenues such as syndicated loans, M&A, business matching, etc. (excluding settlement services and other revenues)

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

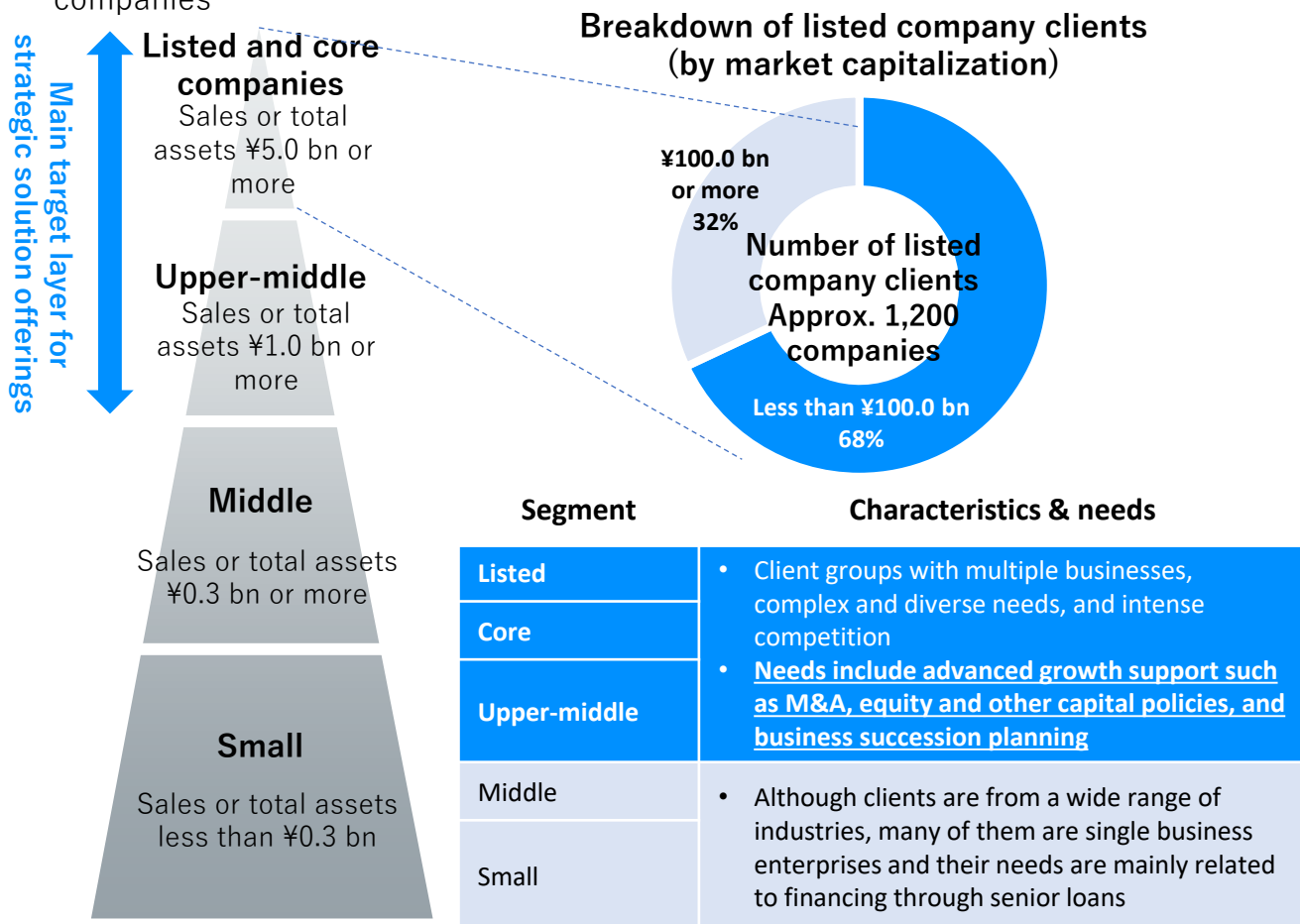
Strategic solutions

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	Growth and business expansion	Syndicated loan arrangement Covenant financing
Business strategy	Business recovery support asset succession	LBO loans M&A advising (buying) Consulting (Hamagin Research Institute) DX support
Revitalization and succession strategies	Sustainability initiatives	M&A advising (selling) Business succession consulting
Sustainability strategy	Externally assessed sustainable finance Sustainable business matching	

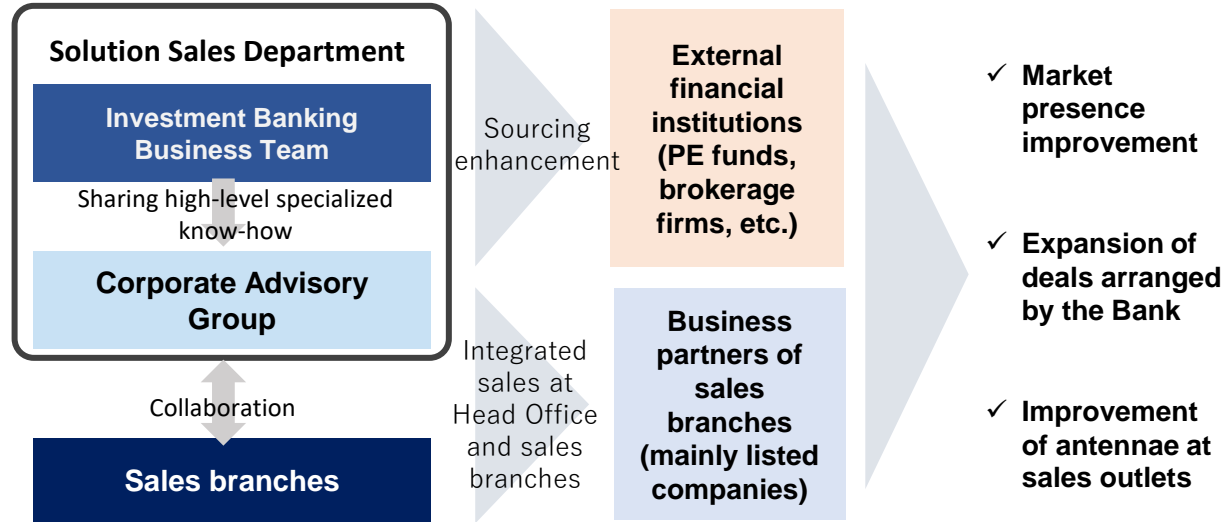
Target clients

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

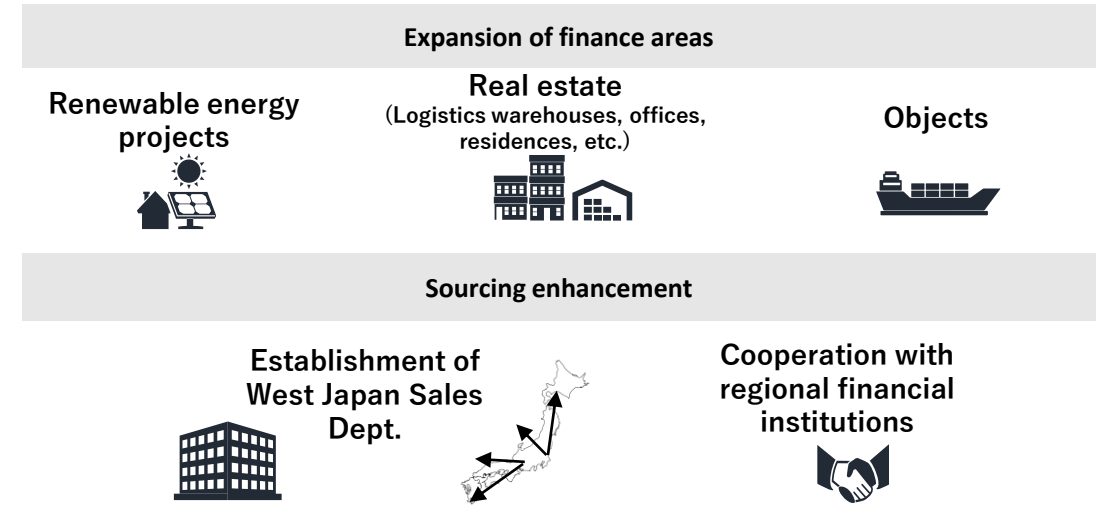


Increased market presence due to advanced solution proposals and risk-taking capabilities

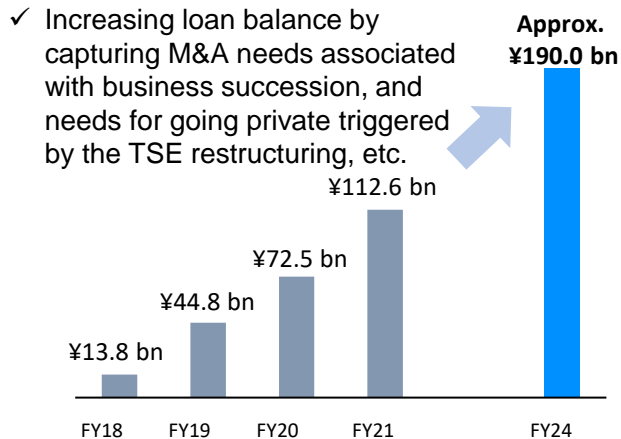
Investment banking



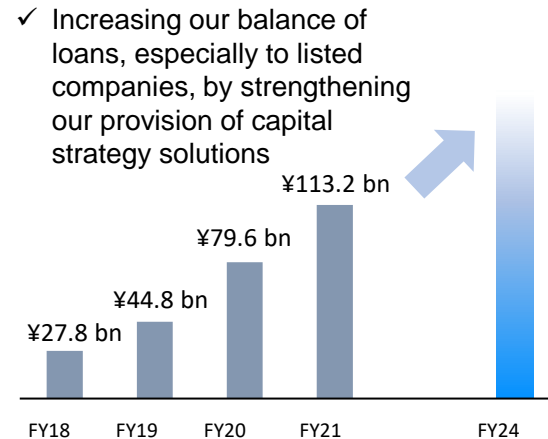
Asset finance, project finance



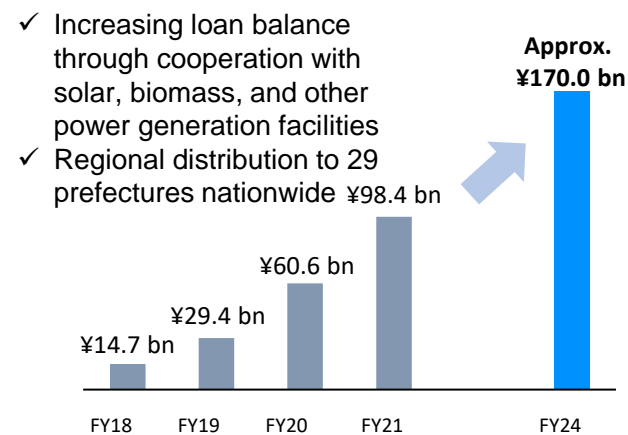
LBO loan balance



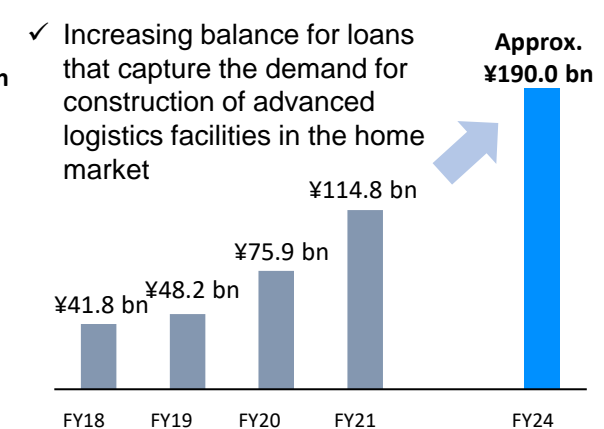
Subordinated loan balance



Renewable energy PF balance



Balance of real estate non-recourse loans



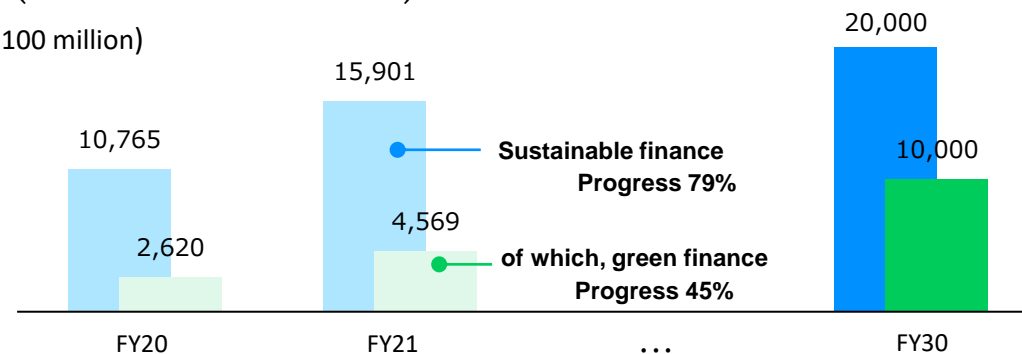
Providing solutions optimized for customers' challenges and supporting them to achieve their sustainability goals

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

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

(¥100 million)



*Our definition

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	

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



<Major Themes>

Sustainable finance

- ✓ Case study and information sharing, product introduction collaboration (Sustainable Linked Loans, Positive Impact Finance, etc.)
- ✓ Joint use of evaluation agencies etc.

Internal and external awareness activities

- ✓ Employee training and education content sharing
- ✓ Co-hosting seminars for external audiences
- ✓ Joint use of outside consulting etc.

Decarbonization solutions

- ✓ Sharing information on solutions to support visualization and reduction of GHG emissions
- ✓ Sharing information on specialized vendors for decarbonization etc.

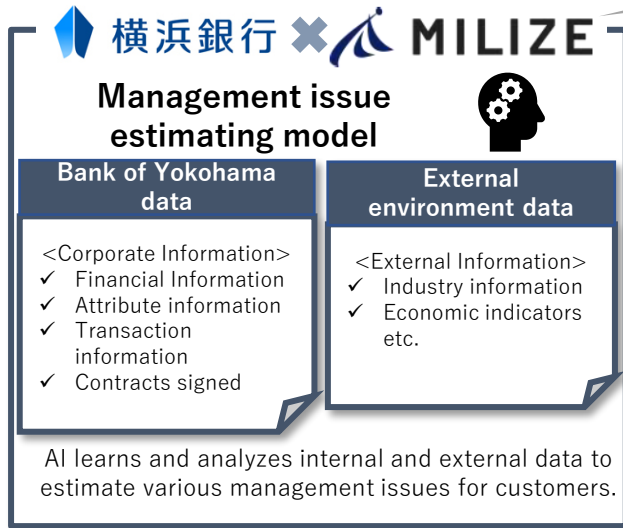
Information sharing
Upgrading of products and services

Contributing to regional economic development by supporting customers' sustainability management

Building a management issue estimating model

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

Management Issue Estimating Model (to be introduced in FY2023)

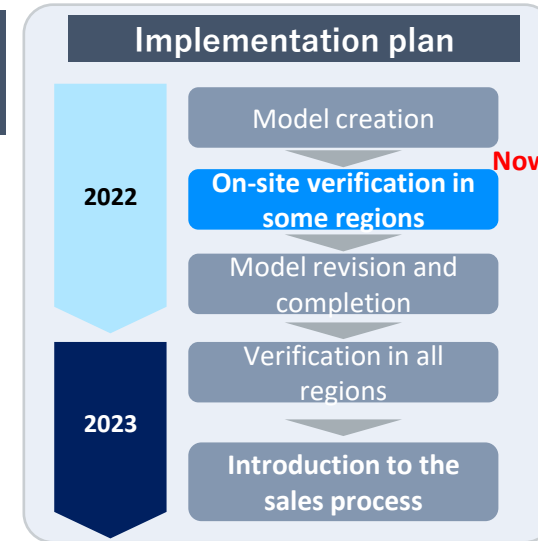
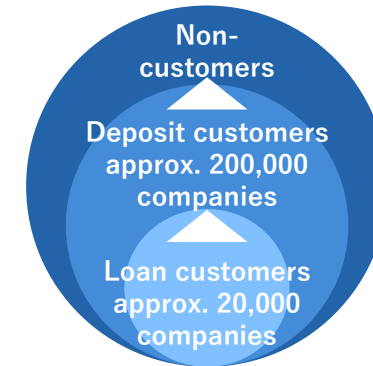


CVC fund invested in

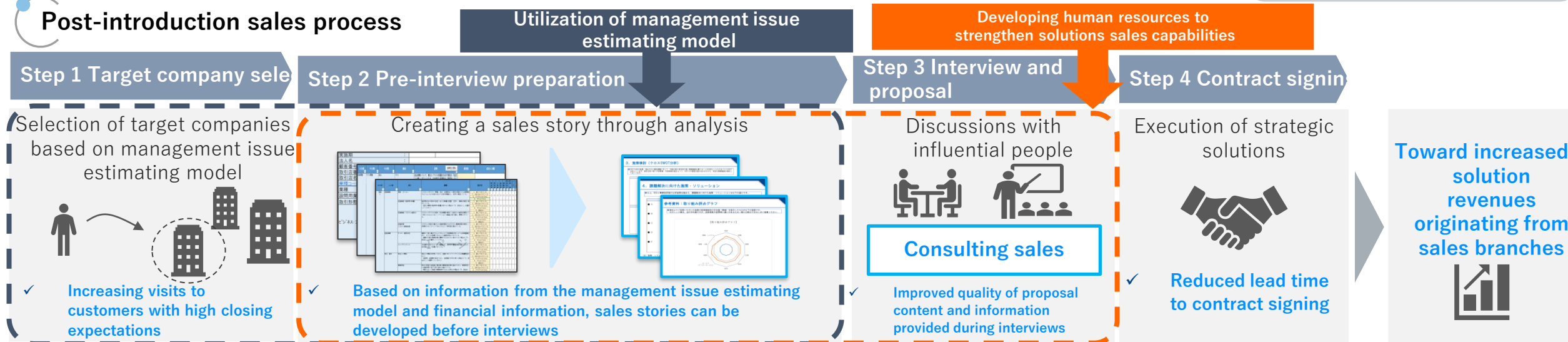
Scoring the needs for each strategic solution, including financial strategy, capital strategy, and rehabilitation and succession strategy

Client	Revitalization and succession strategy score	Representative age	Net assets	Type of industry	...
A	95	○	○	○	...
B	65	○	○		...
C	30			○	...

In addition to relationships with the people in charge, we leverage the results of AI analysis to increase the number of companies to which we provide solutions.

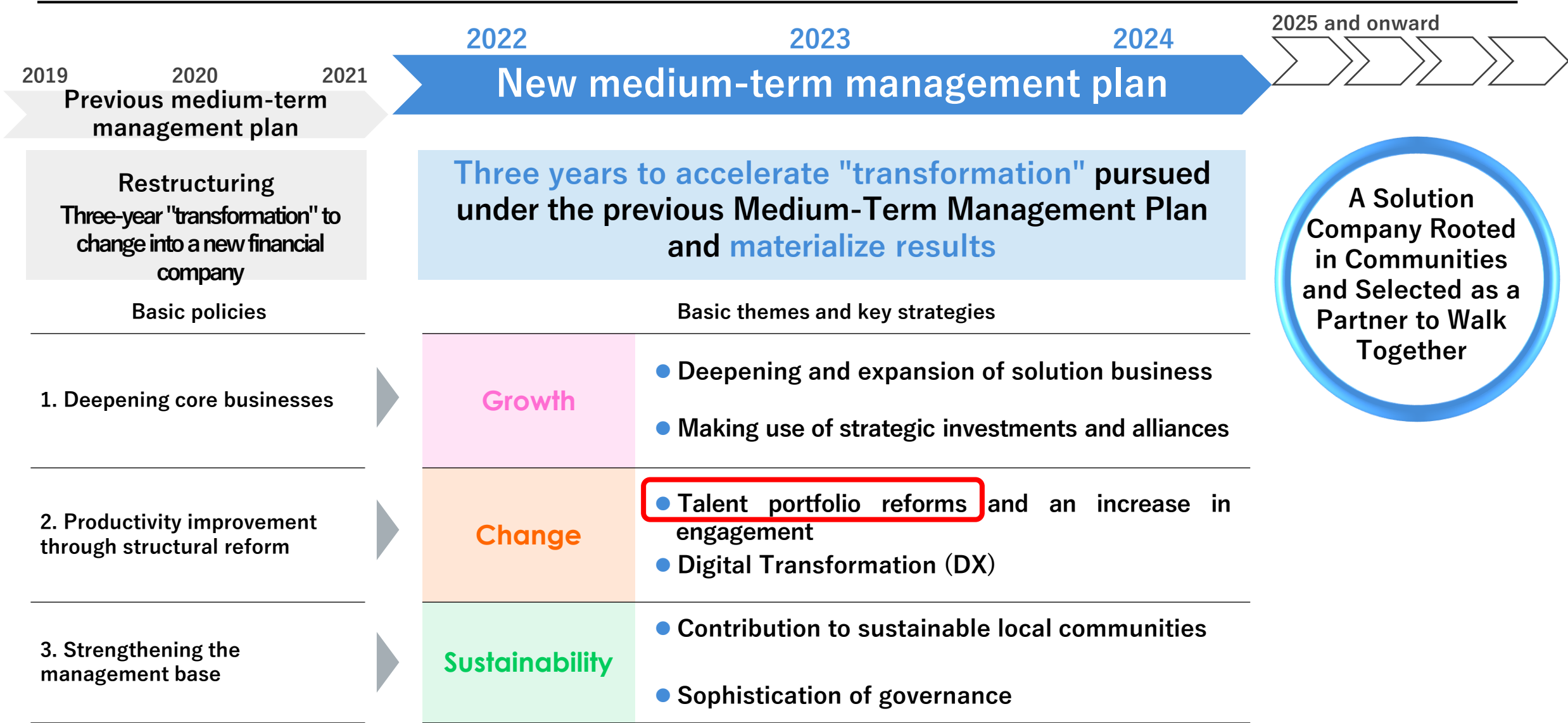


Post-introduction sales process



Talent portfolio reforms (Bank of Yokohama)

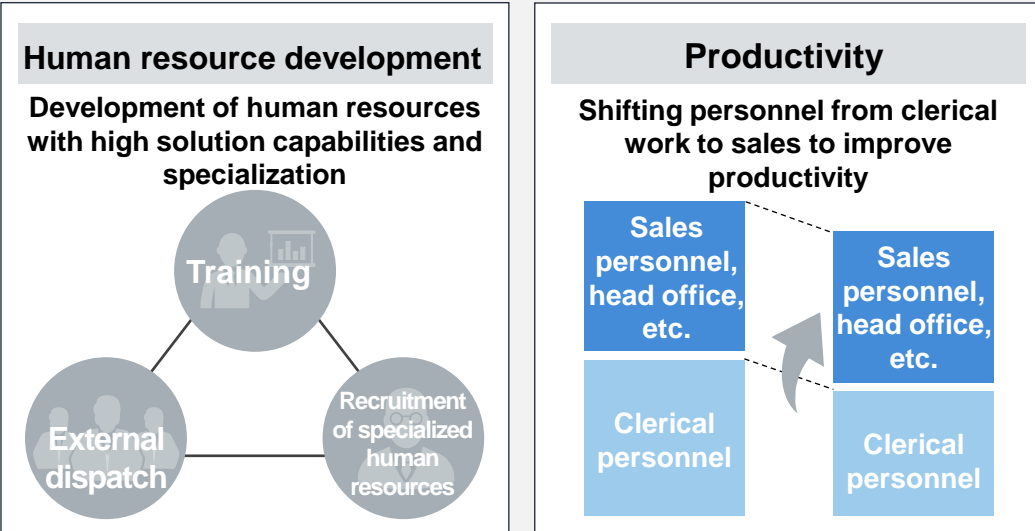
Positioned as important among the six key strategies in the new Medium-Term Management Plan to transform into a "solutions company"



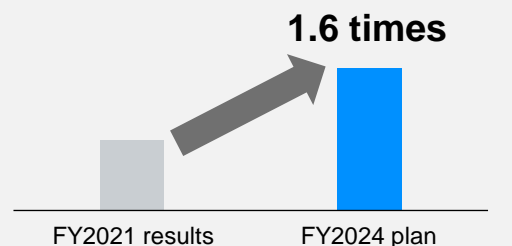
Strengthening of human resource development toward a shift to a “solution company” and a reform into a corporate culture where employees have high motivation to take on challenges and grow

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

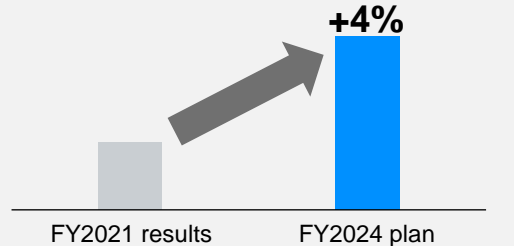
Strengthening of human resource development toward a shift to a “solution company”



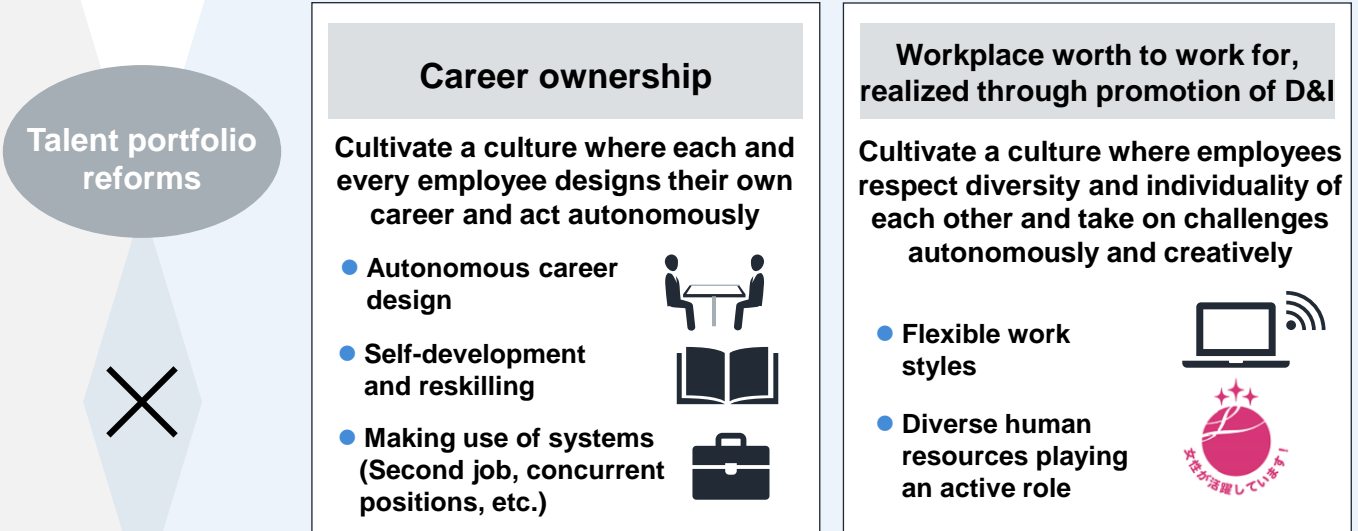
Time invested in talent development per person



Revenue from solutions per person*1



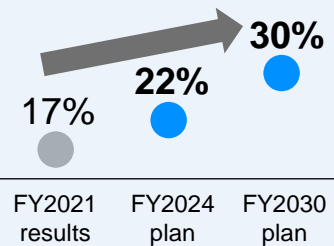
A reform into a corporate culture where employees have high motivation to take on challenges and grow



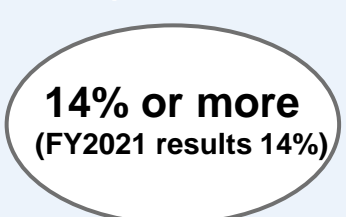
Number of posts open for internal application



Percentage of women managers



Percentage of mid-careers in managerial positions



An increase in engagement

*1 A total of revenue from yen-denominated loans (loans for corporations and HNWI) + 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

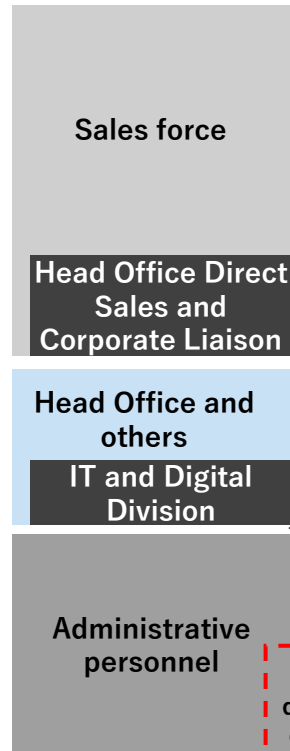
Promoting human resource development with such aims as the streamlining of the personnel system, sharply modulated personnel assignment, and strengthening of solution sales capabilities

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

FY21 results

3,785 persons*1



FY24 plan

3,600 persons*1



60 persons plus

60 persons plus

Reskilling and deploying to sales departments etc.

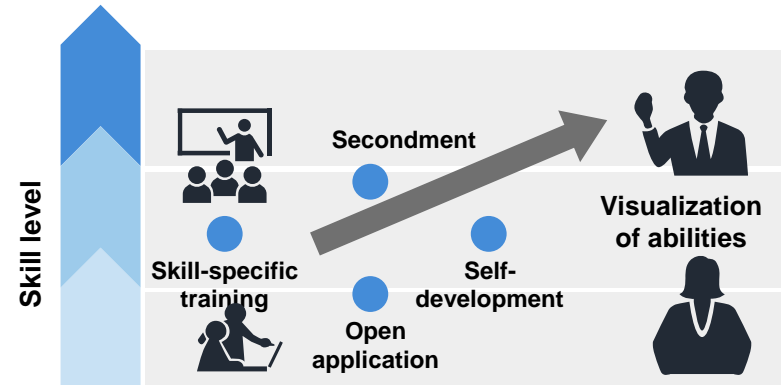
Promoting human resources development to strengthen solutions sales capabilities and deploying them to departments to be strengthened

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

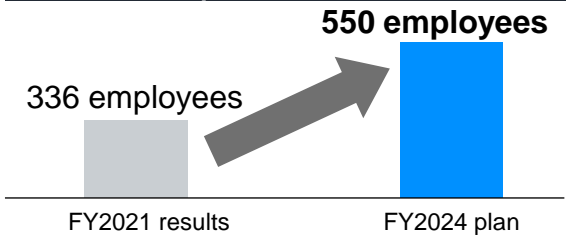
Human resource development aimed at strengthening of solution sales capabilities



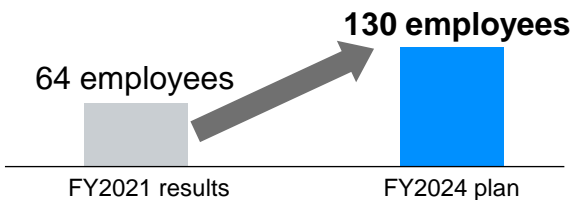
Human resource development for IT/digital departments



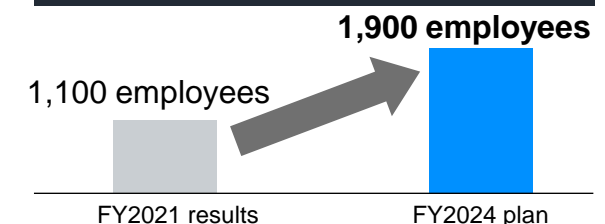
Number of holders of major consulting qualifications*2



Number of human resources specialized in IT/digital



Number of holders of IT Passport



*1 Excluding employees on secondment or leave of absence

*2 Number of small and medium-sized enterprise consultants and FP Level 1-certified employees

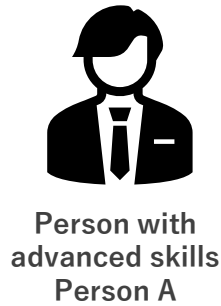
Visualizing the skills of the personnel needed and implementing measures to achieve the desired portfolio

Image of human resources with high solutions sales capabilities

Annual solution revenue
Approx. ¥0.3 bn

Number of strategic solutions provided
5

Work experience
3 sales branches



Qualifications possessed
Small and Medium Enterprise Management Consultant

Visualization of skills



Centralized management and systematic accumulation of information

Talent management system

Deep understanding of individuals



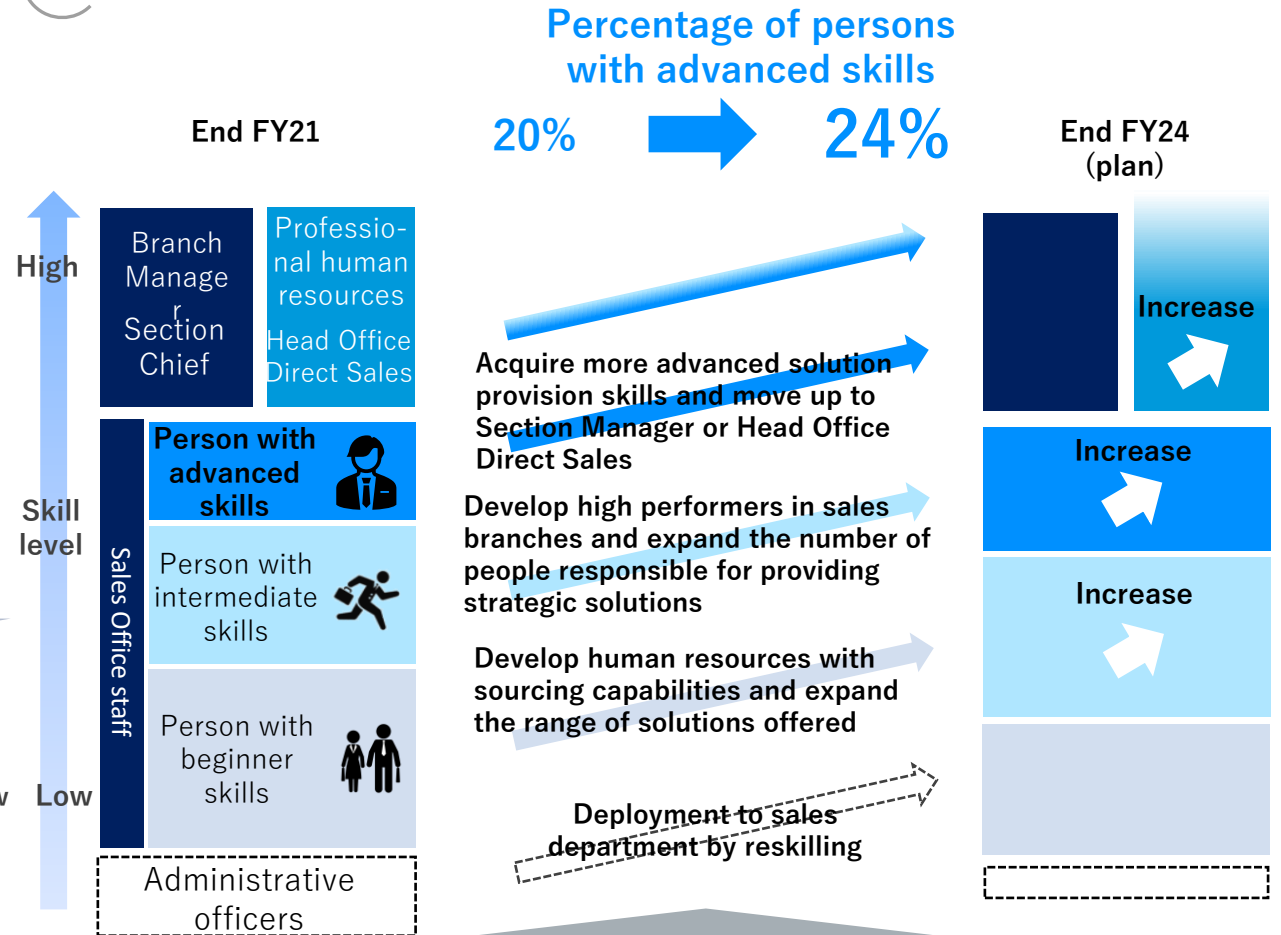
Data analysis
Visualization of skills etc.

Obtain a bird's eye view of the organization



Utilize visualized data to expand systematic development and recruitment of human resources

Talent portfolio by skill



Building an effective training system

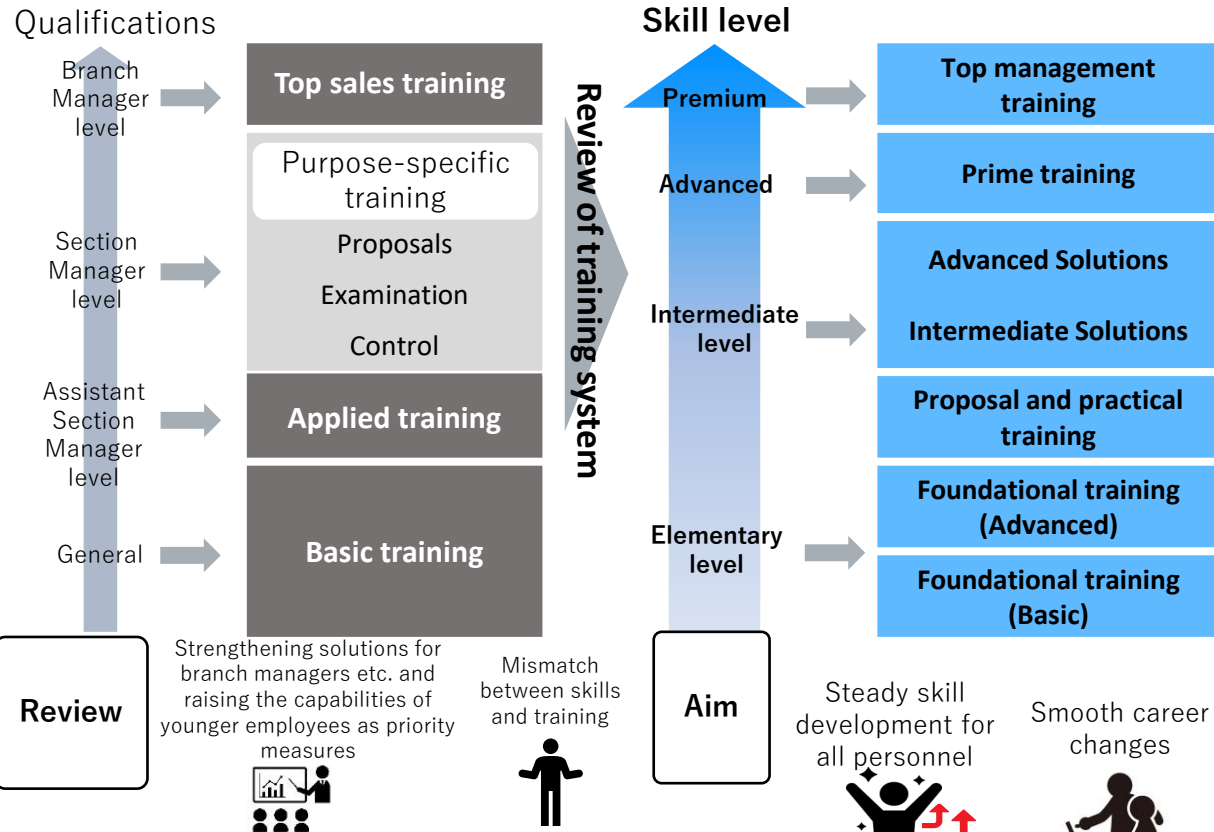
Self-development support

Recruitment and development of highly specialized personnel

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

Strengthening training related to solutions sales

✓ Establishment of skill-specific training system

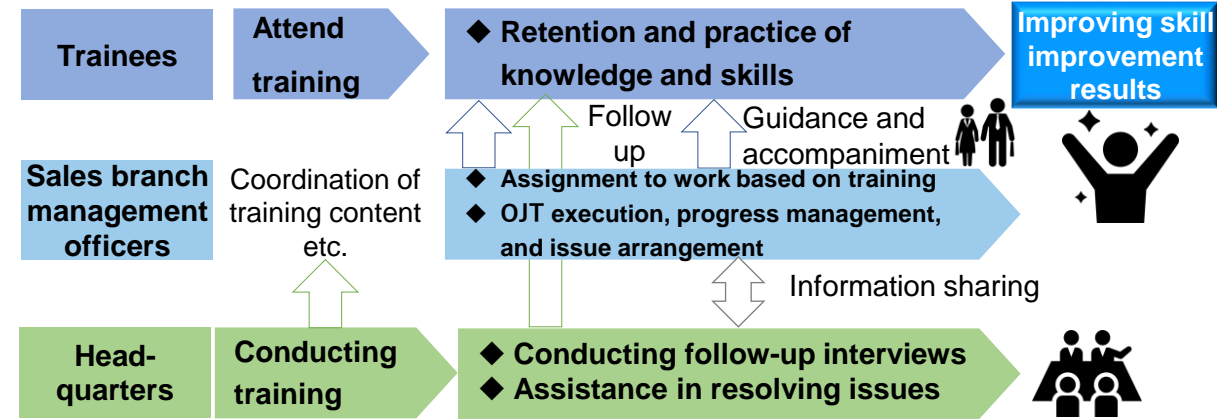


✓ Training hours per person (per year)

	FY21 results	FY24 plan	(Reference) Annual training hours per person at major companies*
Solution sales related	17 hours	26 hours	Insurance company A: 21 hours City bank B: 19 hours General trading company C: 13 hours

* (Source: Disclosure documents for each company)

Establishment of training follow-up system



Training contents

Top management training	<ul style="list-style-type: none"> ➤ Training content: Solution proposal presentations etc. ➤ Objective: To improve solutions sales capabilities ➤ Target: Branch Manager ➤ Schedule: 3 days in total ➤ Instructor: Outside consulting firm
Corporate prime training	<ul style="list-style-type: none"> ➤ Training content: Education in finance theory, corporate management theory, etc. ➤ Objective: To strengthen strategic solutions at sales branches ➤ Target: Persons with advanced skills ➤ Schedule: 3 days in total ➤ Instructor: Outside consulting firm

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

Holders of official certifications with a high level of expertise

- FP 1st Grade Certified
- Small and Medium Enterprise Management Consultant
- Securities analyst etc.



Recognized as platinum talent



Achieving career goals

- Career development as a specialist human resource
- Placement in the desired job or post
- Linkage to the professional human resources system



Support for qualification acquisition

- Increase in qualification acquisition grants
- Reinforcement of qualification acquisition support courses



- ✓ 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

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



About 2 to 3 years

Around the age of 30

Investment banks
Securities companies



Government financial institutions
Major banks



PE funds
VC funds

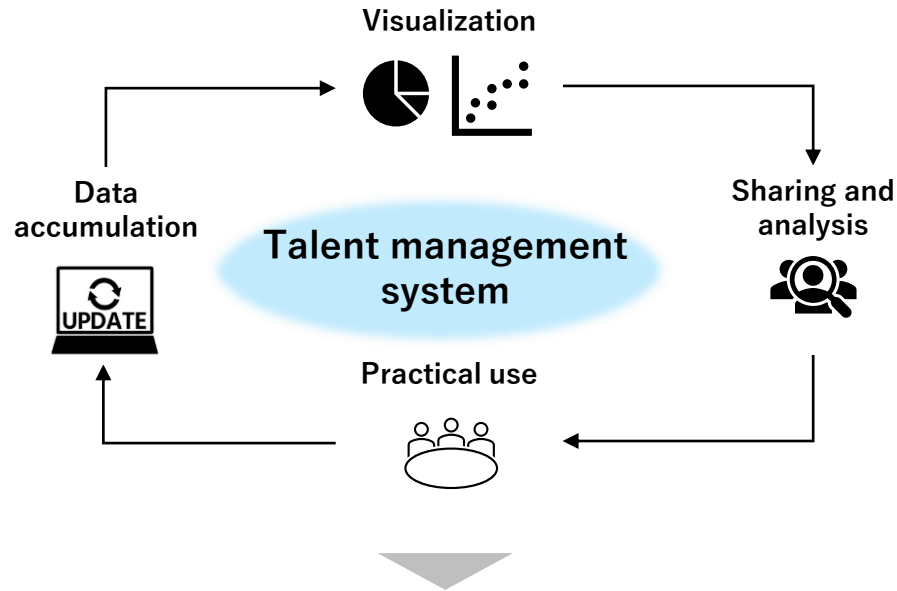


Trust banks
Trust companies

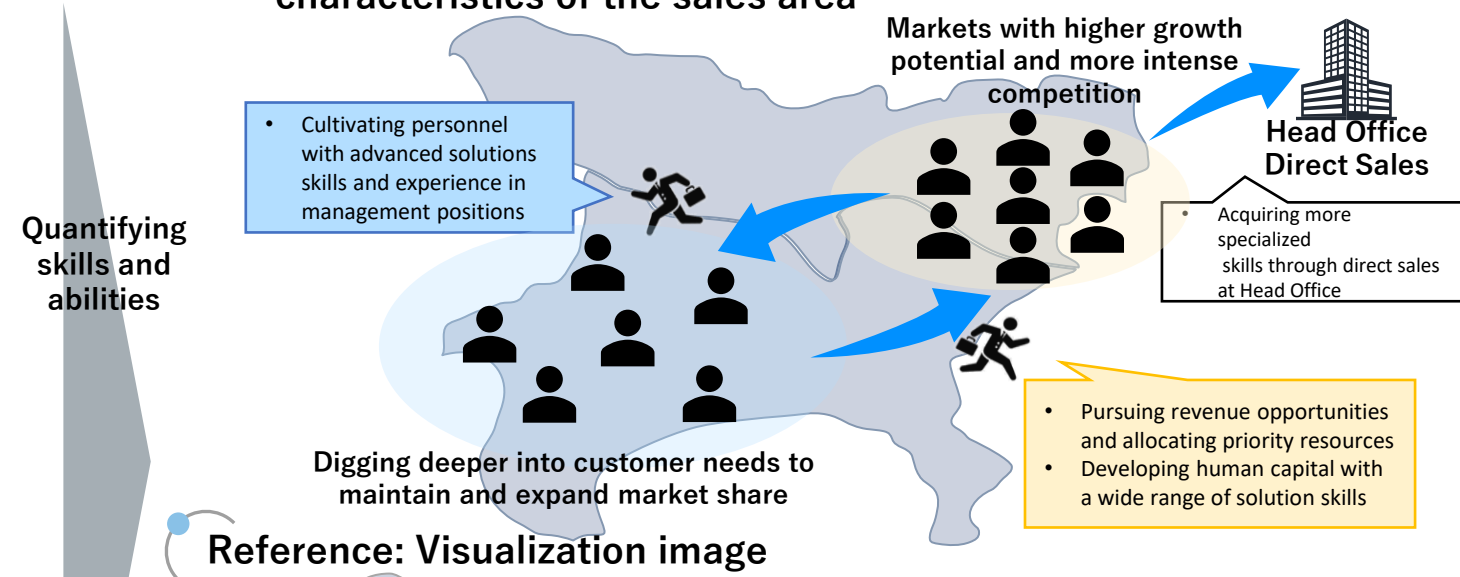


Utilizing a talent management system to optimize the deployment of human resources according to the characteristics of the sales area

Utilization of the talent management system



Deployment of human resources according to the characteristics of the sales area



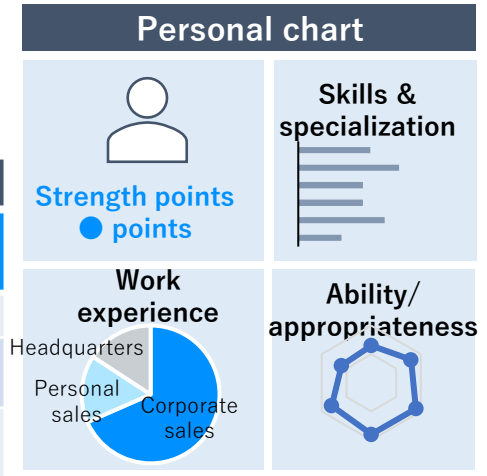
Reference: Visualization image



Raising skills and abilities

Capability area requires	● point
Capability points possessed	● point
	Skill Experience
Corporate Department	...
Personal Department	...

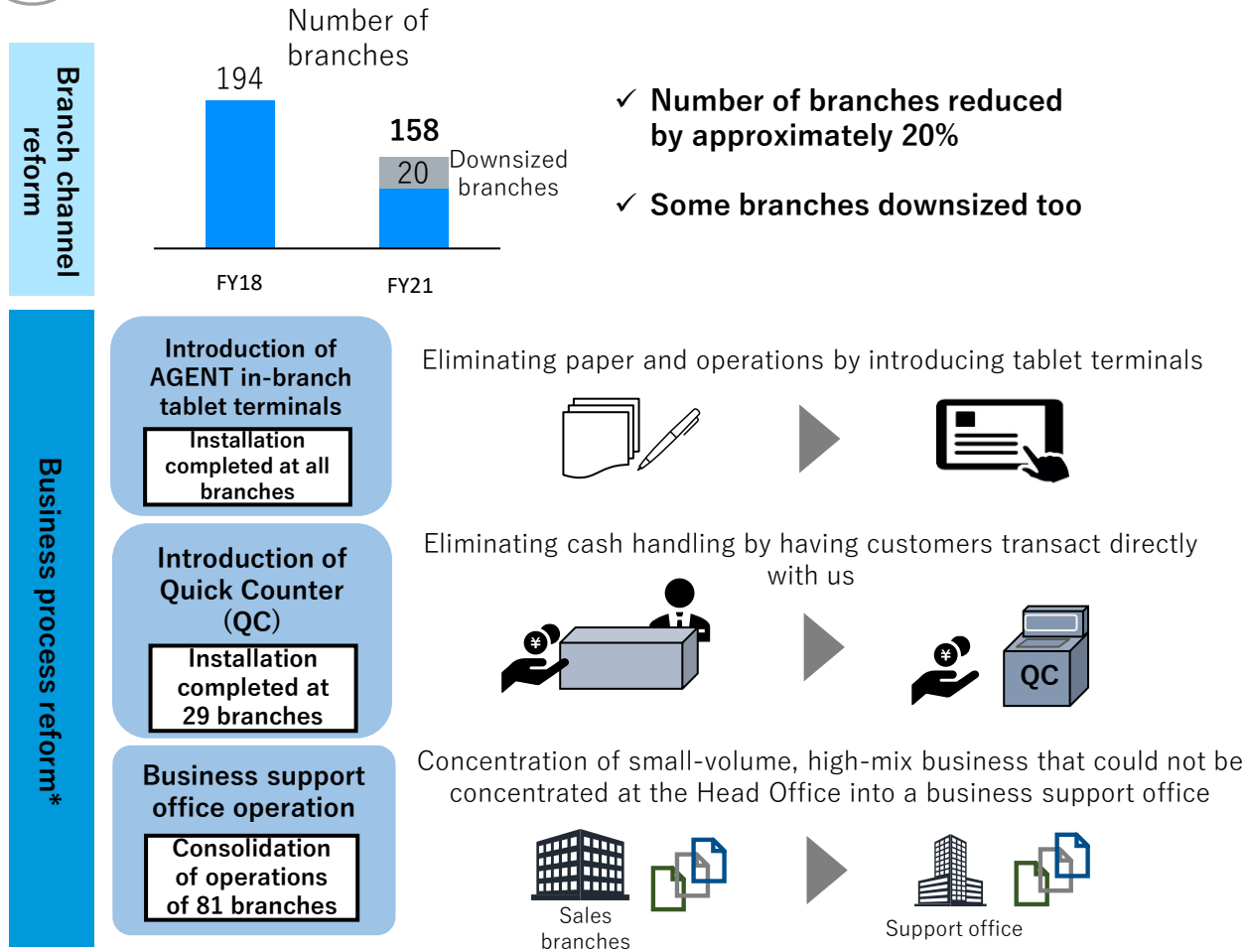
Capability area requires	● point
Capability points possessed	● point
	Skill Experience
Corporate Department	...
Personal Department	...



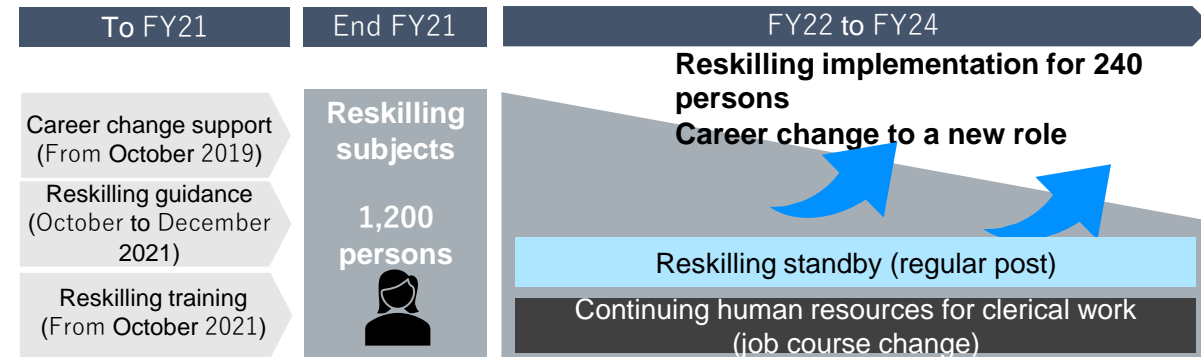
Reskilling - Realization of structural reform effects -

Following the reduction of workload thanks to structural reforms, promoting reskilling of administrative personnel and supporting career changes

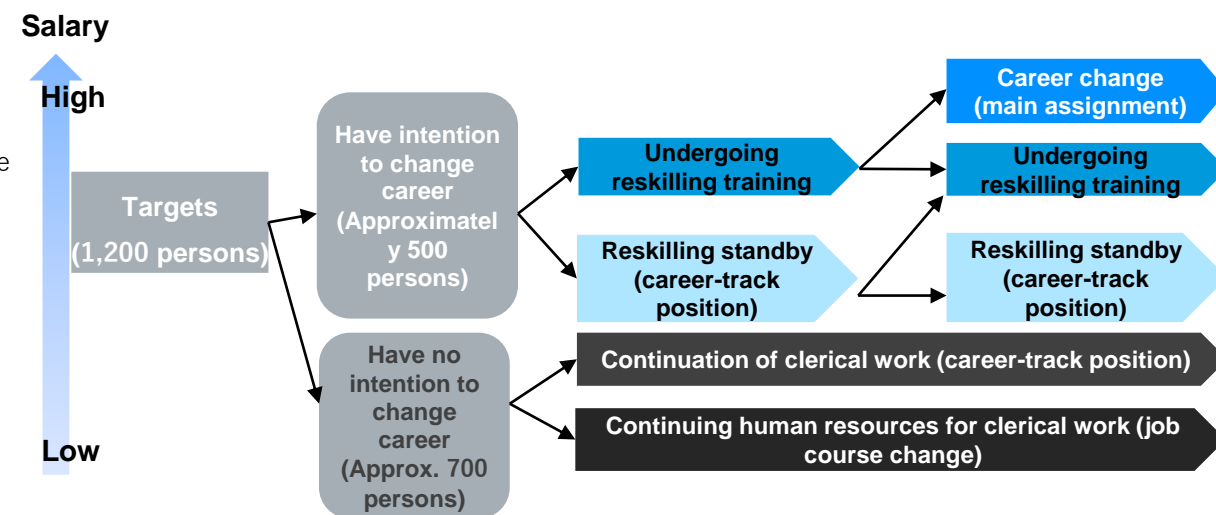
Structural reform results (previous Mid-Term Management Plan)



Career changes for administrative personnel



Flow of career changes through reskilling



Branch 30% workload reduction thanks to branch channel reforms and business process reforms

* Result as of end of FY21

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.

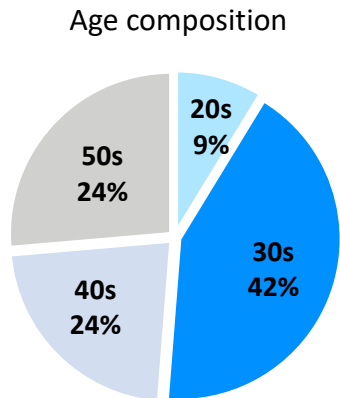
Number of times held	15 times (October to December 2021)
Number of participants	1,085 Approximately 90% of target personnel participated
Contents	<ul style="list-style-type: none"> Necessity of career ownership Background to the need for reskilling Treatment and career path

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.

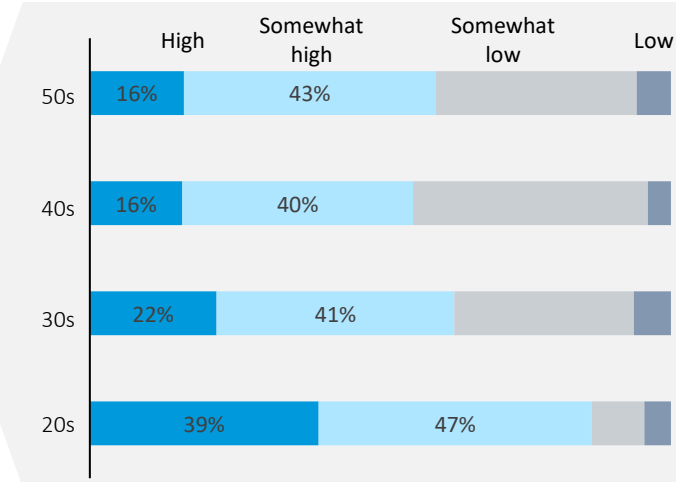
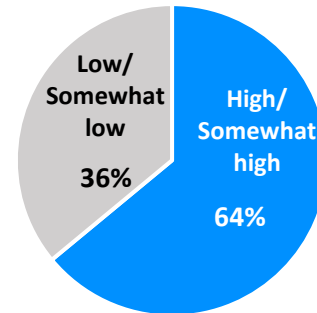
Number of times held	10 times (June to September 2022)
Number of participants	700 Approximately 70% of participants in reskilling guidance participated in the FORUM
Contents	<ul style="list-style-type: none"> Description of work in 12 Head Office departments Introduction to case studies of bank employees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

Participant breakdown*1



Post-event survey results*2

Desire to change careers



*1 Number of respondents 1,009

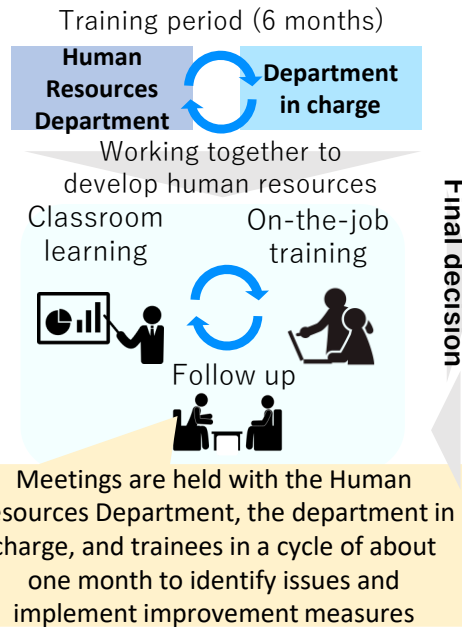
*2 Number of respondents 651

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

Reskilling Training Flow

Application post (example)

- Subjects themselves choose and apply
- Home loans
 - ICT promotion
 - Investment-type product sales
 - Protection insurance sales
 - Solutions sales support
 - Digital promotion support
 - Financial Business School lecturer
 - Others (Head Office planning etc.)



Final decision

Regular assignment

or

Continued training at assigned site (trainee)

(Reference) Reactions of participants to reskilling training

Person A: Attended housing mortgage challenge training

As the person in charge, I would like to work to gain the trust of our customers. I would like to absorb the knowledge I have learned about mortgage products and apply it to my work.

Person B: Attended Head Office planning challenge training

By attending this training course, I was able to get a concrete image of the basic concepts of Head Office planning operations etc. Also, actually operating a PC helped me to deepen my understanding. I will continue to study on my own.

Actual results

	0th batch	1st batch	2nd batch	3rd batch	4th batch
Training period	Oct 2021 to Mar 2022	Feb 2022 to Jul 2022	Apr 2022 to Sep 2022	Apr 2022 to Sep 2022	Aug 2022 to Jan 2023
Applications	(Nominated)	About 70 persons	About 50 persons	About 20 persons	About 60 persons
Trainees (Number of applicants)	20	25	13	11	20

More than 80% have been assigned to positions and are now active in the company.

Undergoing reskilling training

(Reference) Past SA career change bank employee activities

Sales Branch Office Administrator

Career change after approximately 2 months of training

SA (Service Advisor)

In-branch consulting services

Investment trusts | Life insurance | Inheritance

Percentage of awards obtained within the bank*

SA overall 147 persons: 37%

SA career change bank employees 30: 30%

Activity favorable compared with other personnel

* Number of employees who obtained awards from 2019 to 2021 as a percentage of employees engaged in SA work at the end of FY2021

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

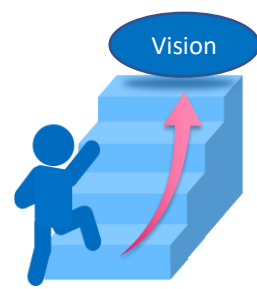
Improving solutions sales capabilities

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

Category	FY21 results	FY24 plan
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		

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



Understanding of the gap between aspirations and the necessary initiatives

Promoting autonomous career development




Skill assessment (division store managers and Head Office divisions)


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

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


Education and training by Head Office



Sales branch OJT




Head Office OJT (follow up)




Fostering site-based initiatives through block education councils

Training and study sessions

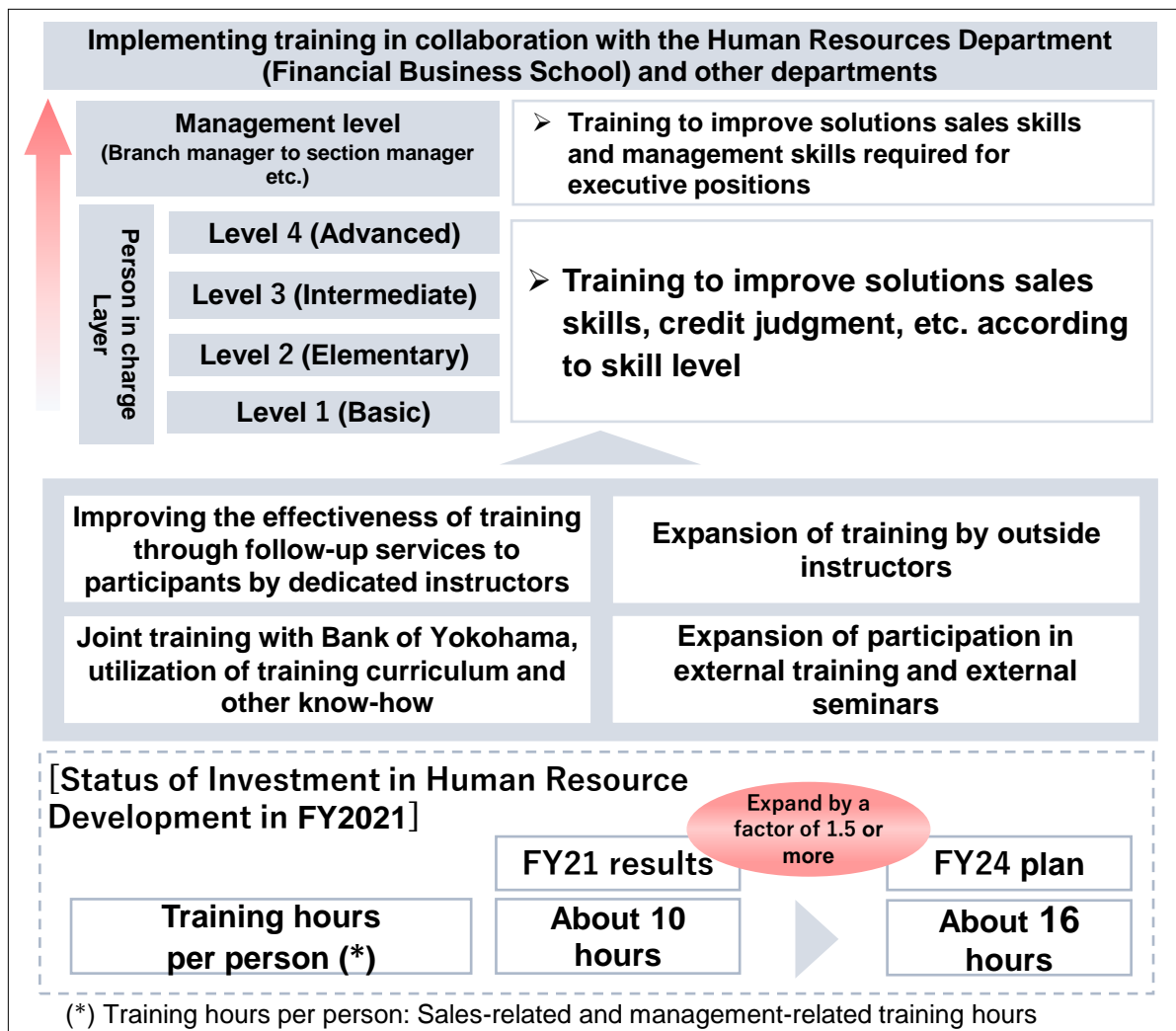


Self-development



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

