

# Concordia Financial Group

## IR Day

April 13, 2023

**CONCORDIA**  
Financial Group



# Human Resource Strategy

FY2023 – 2027

Creating New Value and  
Sustainable Growth

- Aiming to be a company that people want to  
work for and a company that people choose -

April 2023

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## Human Resource Strategy

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### Key Policies

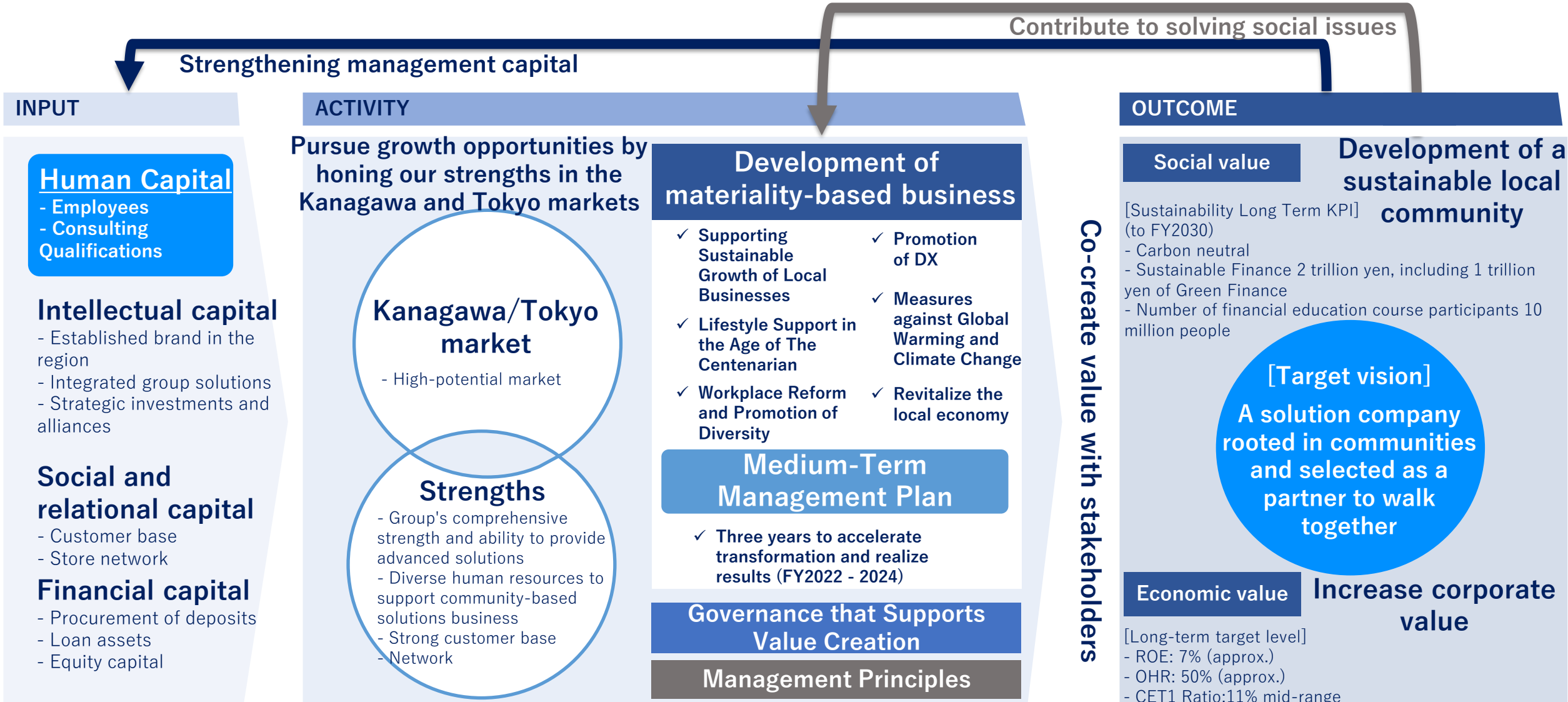
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※ Unless otherwise indicated on the following pages, figures are based on the combined totals of Bank of Yokohama and Higashi-Nippon Bank.

# **Human Resource Strategy Linked to Management Strategy**

# Value Creation Process

## Clarification of the position of human capital as one of the most important capitals within management capital, the source of value creation



# Formulation of Human Resource Strategy Linked to Management Strategy

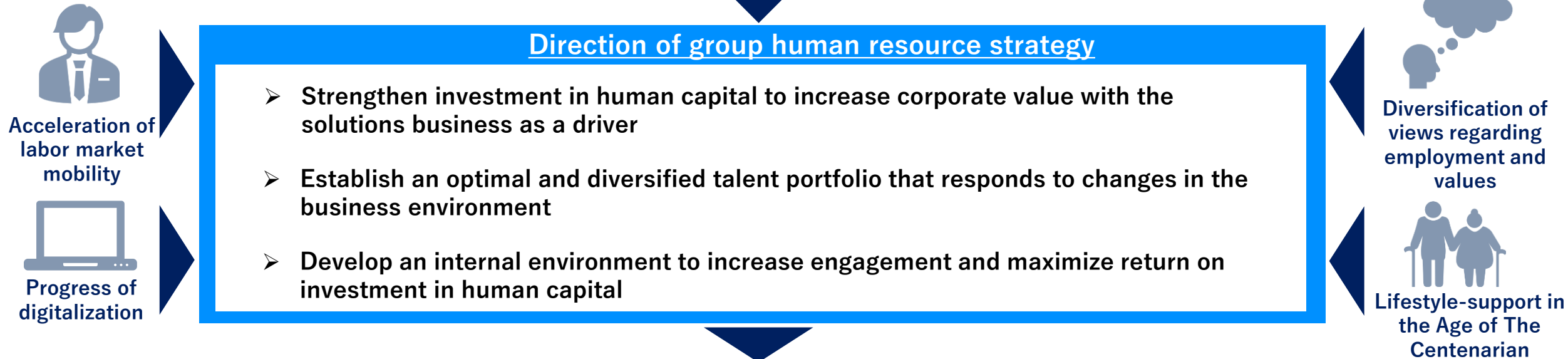
## Adapting to changes in the environment and realizing a human resource strategy to become a solutions company

<b>Long-term vision</b>	<b>A solution company rooted in communities and selected as a partner to walk together</b>	
<b>Medium-Term Management Plan (FY2022 - 2024)</b>	<b>Growth</b>	<ul style="list-style-type: none"> <li>● Moving from the solution business establishment phase to the deepening and upgrading phase</li> <li>● Strengthen and expand business areas by leveraging strategic investments and alliances</li> </ul>
Three years to accelerate transformation and realize results	<b>Change</b>	<ul style="list-style-type: none"> <li>● Investment capacity to be created by realizing the effects of structural reforms invested in growth</li> <li>● Accelerate talent portfolio reforms and DX to achieve customer convenience for transformation into a solutions company</li> </ul>
	<b>Sustainability</b>	<ul style="list-style-type: none"> <li>● Establish sustainability management and continue to upgrade governance to support it</li> <li>● Enhance dialog and information disclosure with stakeholders to enhance corporate value</li> </ul>

Linkage of management and human resource strategies



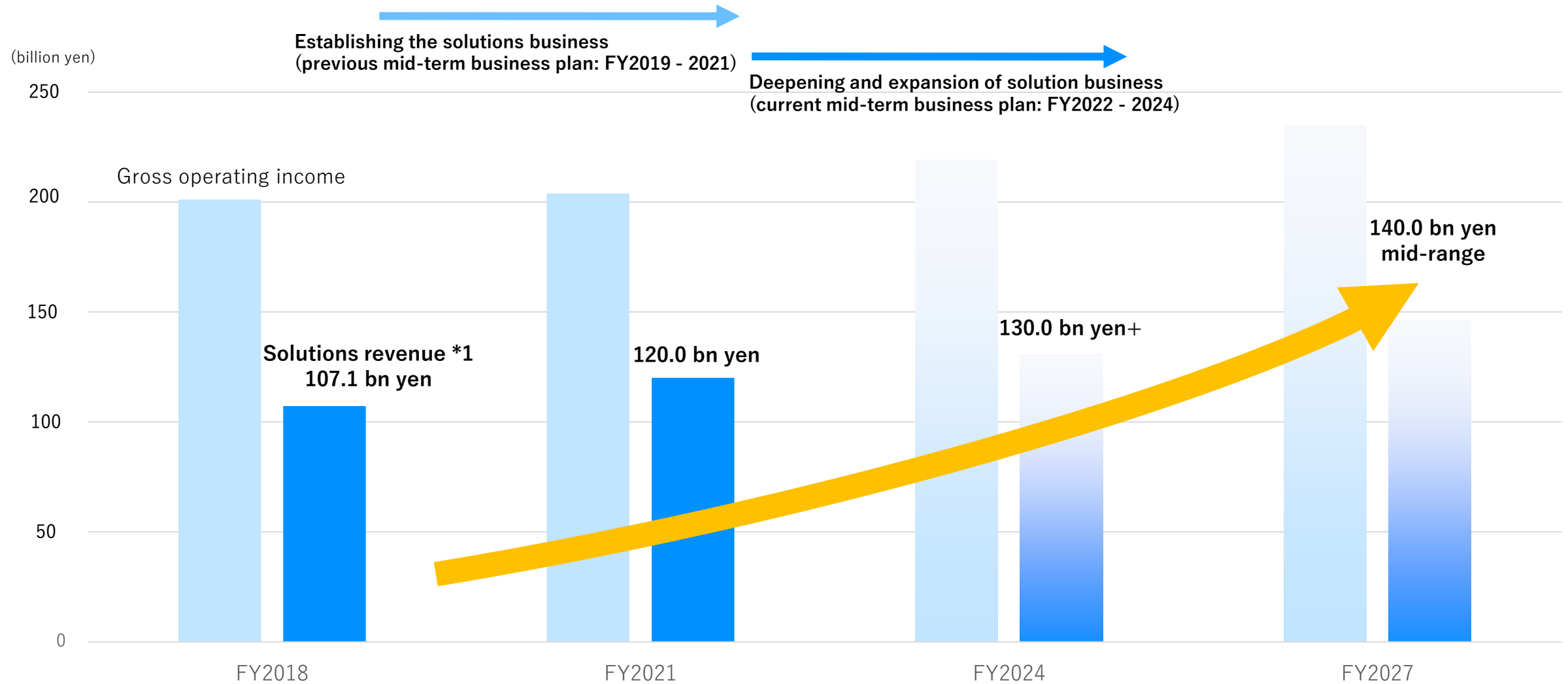
Closing the gap between 'As is' and 'To be'



Fostering and establishing a corporate culture by encouraging behavioral change through implementation of policies

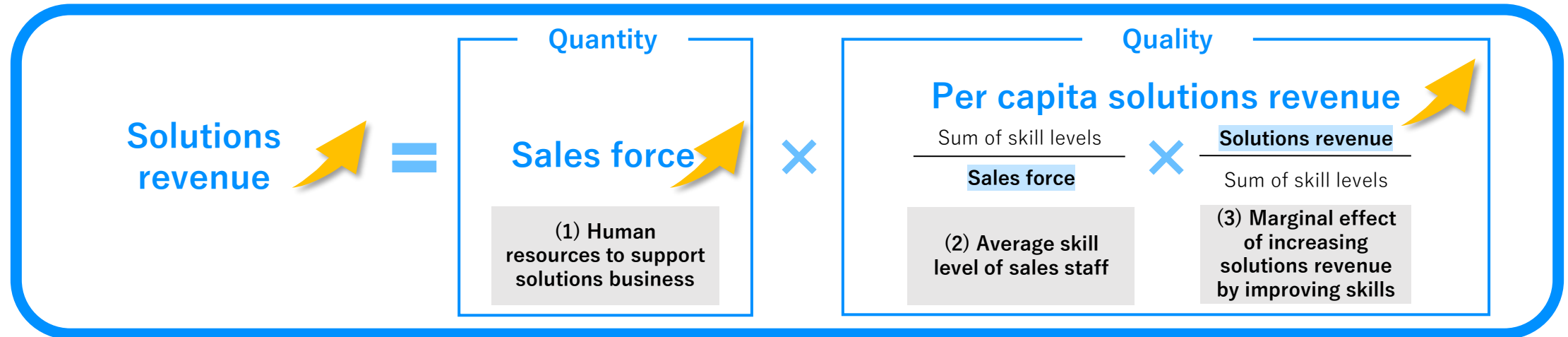
# Strengthening Solution Profitability

**Strengthen solution profitability, the foundation of our revenue, to become a solutions company**



\*1 Total of revenue from yen-denominated loans (loans for corporations and HNWI) + service revenues (total for corporations and individuals) + revenue from foreign currency-denominated loans and revenue from corporate derivatives.

Strengthen profitability by implementing human resource strategy to improve skills and increase sales force through investment in human capital



## Human Resource Strategy

Value the desire to grow and take on challenges

**Human Resource Development**

Enable diverse human resources to thrive

**Build an Organization**

Based on individual well-being

**Create an Environment**

**Strengthen investment in human capital**



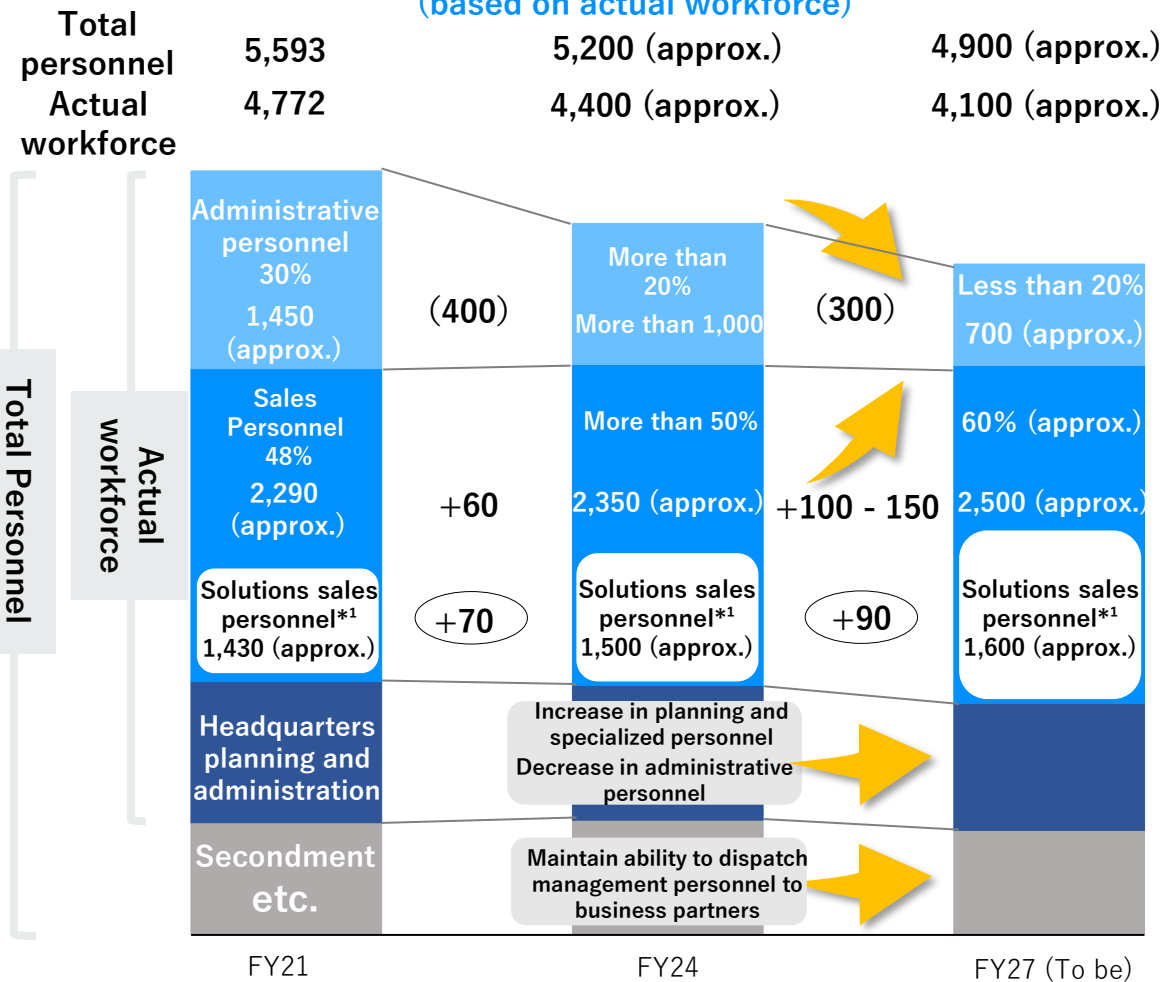
# Long-term Target Talent Portfolio - Percentage of Sales Force -

## Streamlining the total workforce through structural reforms while increasing the sales workforce through re-skilling of administrative personnel

Percentage of sales personnel (quantity)

**FY2027: Percentage of sales staff 60% (approx.)**

(based on actual workforce)



### Towards procurement of human resources to increase sales force

Human capital investment items

#### Weight shift through re-skilling

- Re-skilling of administrative personnel to sales personnel, etc., in line with the decrease in administrative workload due to the shift of branch services to centralized services at headquarters and non-face-to-face services.

Personnel costs for training participants

#### Competitive advantage for high-quality new graduate recruitment

- Strengthen competitiveness in recruiting new graduates, the basis for building a medium- to long-term talent portfolio, to secure higher quality human resources

An amount equivalent to increase in starting salary

#### Reinforcement of career recruitment to secure immediate capabilities

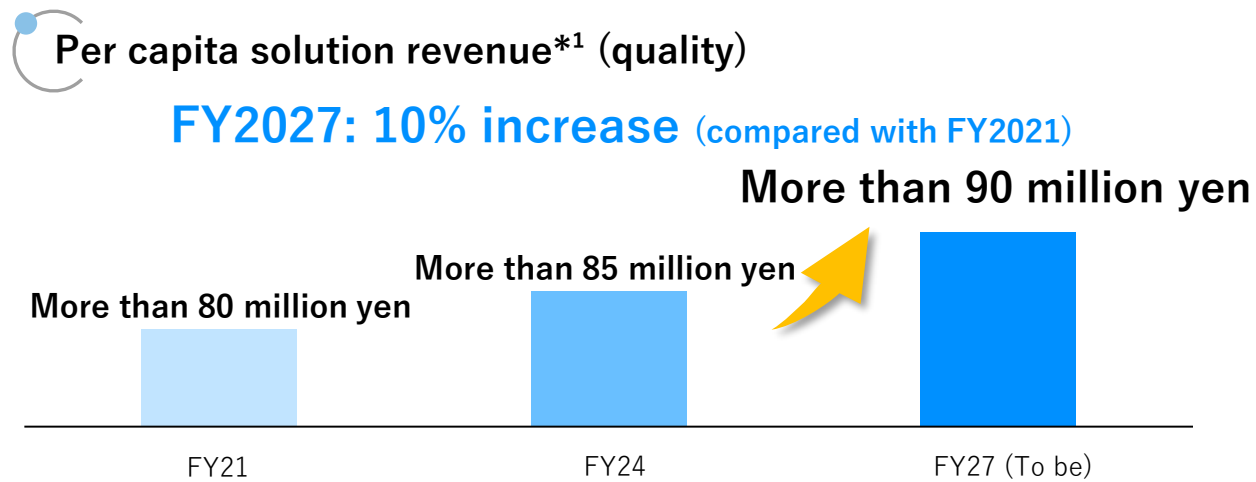
- Strengthen career recruitment activities in order to assign highly specialized human resources as immediate assets to divisions with a high contribution to earnings, centered on direct sales at headquarters

Recruiting activity expenses

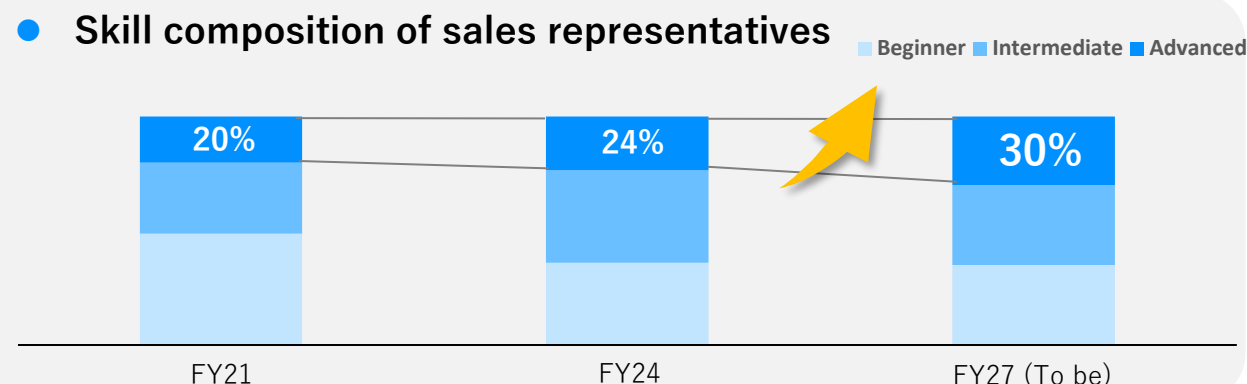
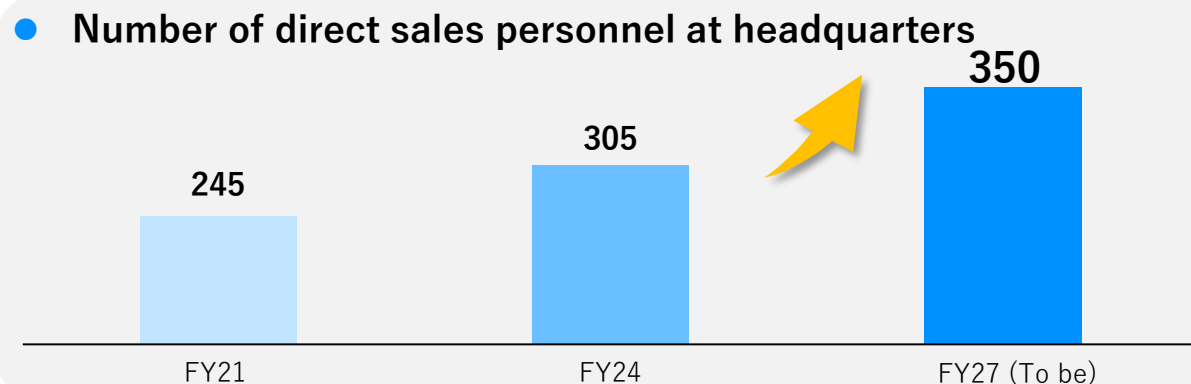
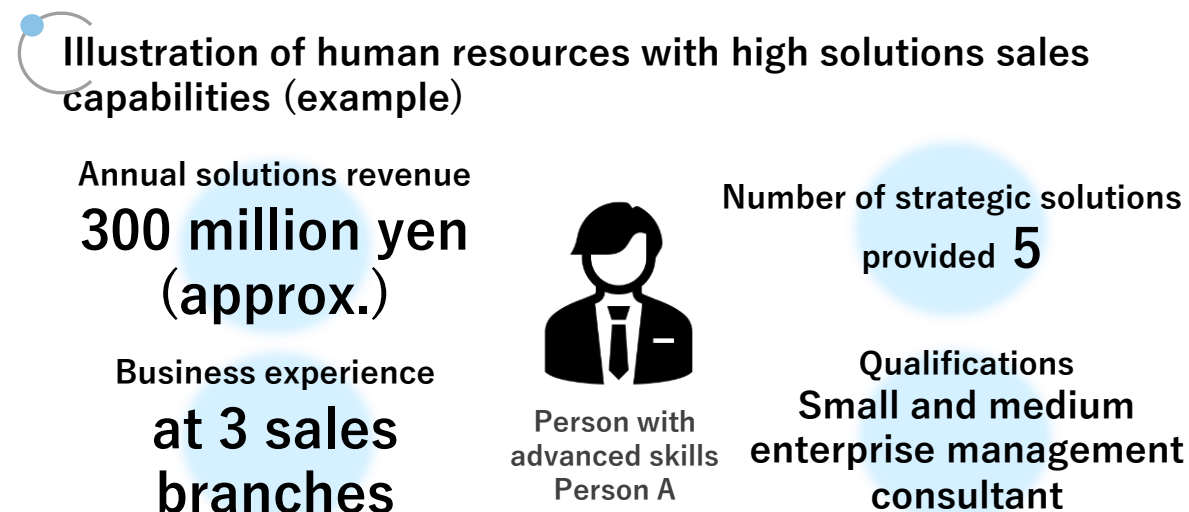
\*1 Solutions sales personnel: Headquarters direct sales, corporate liaison and personal liaison (excluding mortgage loans). Excluding supervisors, section managers.

# Long-term Target Talent Portfolio - Per Capita Solution Revenue -

Increase the number of personnel with advanced skills by strengthening training, and increase the number of direct sales personnel at headquarters, which boasts top-tier profitability



\*1 Solutions sales per person

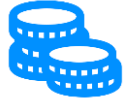


Efforts to increase the number of direct sales personnel at headquarters	Human capital investment items
Strengthening external secondment for specialist development through cross-border learning	External secondment expenses
Strengthen career recruitment to secure highly specialized human resources	Recruiting activity expenses

Initiatives to improve the skills of sales branch personnel	Human capital investment items
Support skill development through increased investment time in human resource development	Personnel costs for training participants
Support for acquisition of consulting qualifications through expansion of self-development support funds	Self-development support funds

## Focused investment in human resource development with emphasis on supporting the solutions business

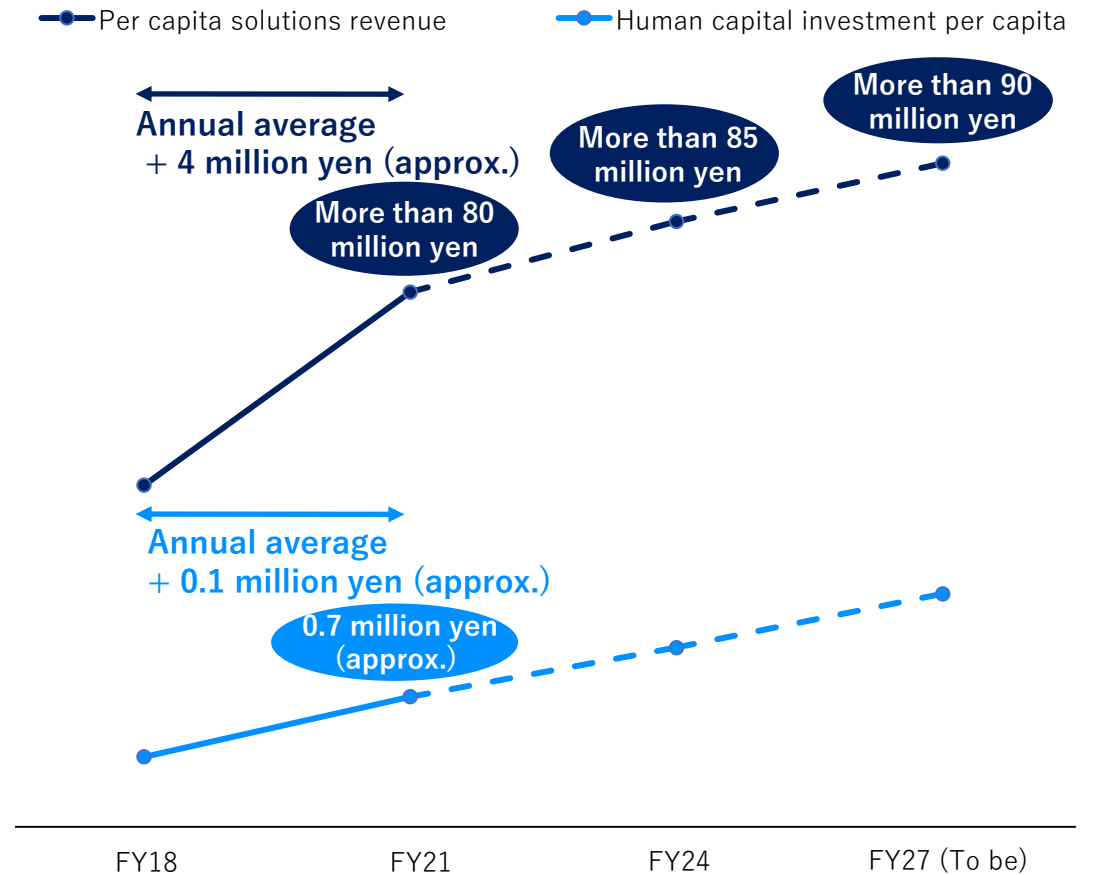
Investment in human capital\*1 (FY2023)



Total 1.53 billion yen (1.0 million yen per person\*2)

<b>Human Resource Development</b>		<b>1.05 billion yen</b>
Training participant personnel cost*3 (includes instructor fees)	External secondment expenses	Self-development support funds . . .
<b>Build an Organization</b>		<b>0.24 billion yen</b>
Recruiting activity expenses	An amount equivalent to increase in starting salary	Talent management system functionality improvement expenses . . .
<b>Create an Environment</b>		<b>0.23 million yen</b>
Evaluator training expenses	Employee awareness survey costs	Equivalent amount of salary increase for young employees (excluding the uniform pay scale increase) . . .

Per capita solutions revenues and human capital investment amount



\*1 Our definition      \*2 Human capital investment ÷ Number of solutions sales personnel at the end of FY

\*3 Training participant personnel cost = Number of participants × training hours × hourly salary equivalent

# Human Resource Strategy Overview

By achieving the three target indicators, in FY2027 the ROE will be at the level we are aiming for in the long term - approximately 7%

[Management strategy]

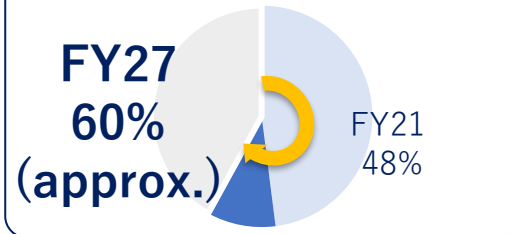
A solution company rooted in communities and selected as a partner to walk together

Target indicator - **ROE 7% (approx.)**

[Human resources strategy]

[Quantity]

Proportion of sales personnel

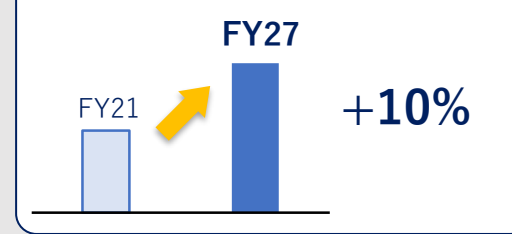


Long-term target talent portfolio (FY27)

×

[Quality]

Per capita solutions revenue



[Engagement]

Improve overall appeal of the company (employee attitude survey)  
(based on FY21: 3.29)

[Basic Theme (1)]

Value the desire to grow and take on challenges  
**Human Resource Development**

[Basic Theme (2)]

Enable diverse human resources to thrive  
**Build an Organization**

[Basic Theme (3)]

Based on individual well-being  
**Create an environment**

**Strengthen investment in human capital**

Improved business performance and support from customers

Improving ability to provide solutions

# Established the Group Human Resource Policy as the basic policy to maximize human capital

## Basic Concepts

- The company recognizes that our employees are important human assets indispensable to the realization of our management philosophy, and capital that is the source of value creation. We will actively invest in our human assets and continuously increase their value, which will lead to the sustainable development of local communities and our own sustainable growth.
- To enhance our ability to provide solutions to the increasingly diverse and sophisticated needs of local communities and customers while flexibly responding to drastic changes in the economic and social environment, we will nurture human resources who will continuously undertake the challenge of transformation by actively providing fields and opportunities corresponding to each employee's desire to grow, and build a diverse talent portfolio with a variety of backgrounds and expertise.
- To enhance the well-being of each and every employee with diverse values and lifestyles, and to enable them to maximize their capabilities by creating a secure work environment and fostering a vibrant organizational culture that leads to increased productivity throughout the organization, so that the company continues to be an attractive organization for human capital both inside and outside the company.

## Desired Human Resources

- Human resource who have a strong sense of pride and awareness in providing value to local communities and customers, as well as undertaking challenges with a mindset of change.

## Process-specific policies

Recruitment

Training and  
deployment

Compensation

Secondment  
and transfer

# Key Policies

## Implement key policies in accordance with the three basic themes of the Group Human Resource Strategy

### Basic Themes and Key Policies

#### Basic Theme (1)



Value the desire to grow and take on challenges

## Human Resource Development

#### Key Policies

- (1) Expansion and quality improvement of solutions business support
- (2) Strengthen development of specialized human resources
- (3) Provide opportunities for proactive challenges and growth
- (4) Systematic development of next-generation management personnel

Corresponding personnel processes



#### Basic Theme (2)



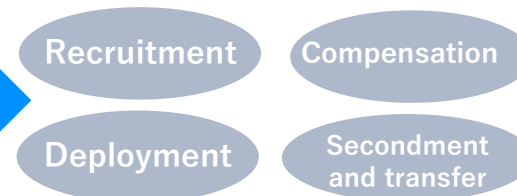
Enable diverse human resources to thrive

## Build an Organization

#### Key Policies

- (5) Implement strategic recruiting activities to secure diverse human resources
- (6) Advancement of talent management
- (7) Further promotion of DEI
- (8) Active promotion of senior human resources

Corresponding personnel processes



#### Basic Theme (3)



Based on individual well-being

## Create an Environment

#### Key Policies

- (9) Fostering a vibrant organizational culture
- (10) Establishment of a workplace environment where employees can work with peace of mind and good mental and physical health

Corresponding personnel processes



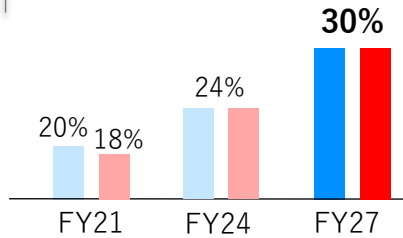
Further strengthen the training system for advancement of solution delivery skills

Increased number, and improvement of the quality, of solution business leaders

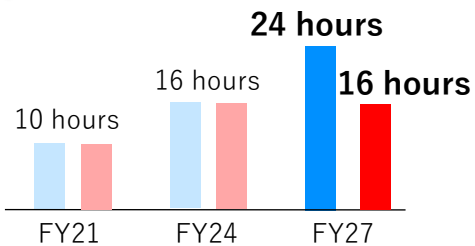
(KPI)

Bank of Yokohama Higashi-Nippon Bank

Proportion of sales personnel with advanced skill levels



Time invested in human resource development per person

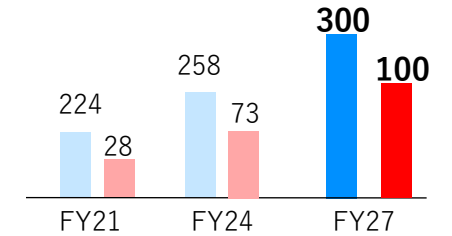


(KPI)

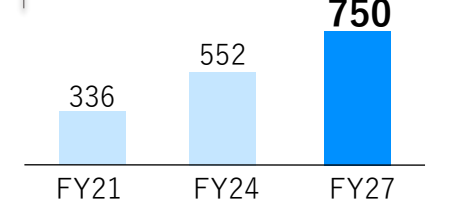
Bank of Yokohama Higashi-Nippon Bank

Number of direct sales personnel at headquarters

(Higashi-Nippon Bank: Number of solutions specialists\*1)



Number of personnel with major consulting qualifications\*2



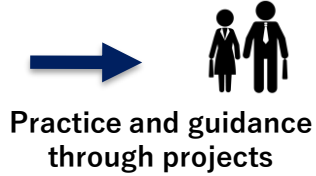
\*1 Solutions specialist human resources: Experience from external secondment in the solutions field or direct sales experience at headquarters

\*2 Major consulting qualifications: FP level 1, small and medium enterprise consultant

OJT and off JT combined training

On-the-job training

- ✓ Head of department and management positions
- Financial business school
- Instructor support



OJT and off JT coordination

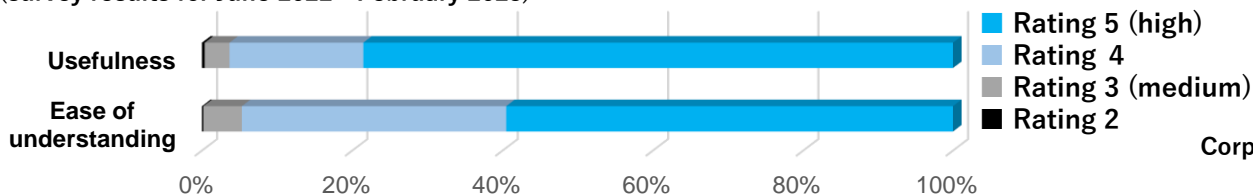
Group training (off JT)

- ✓ Training for advanced, intermediate, and beginner skill levels

Steady acquisition of skills according to level

Questionnaire for participants in skill-based training (intermediate → advanced)

(survey results for June 2022 - February 2023)



**Corporate liaison officer**

It was productive that we were able to take time to think carefully about our customers' business characteristics and solution proposals through the three days of training.

**Personal liaison officer**

I was able to learn how to determine potential needs. I would like to teach junior staff at the branch and contribute to raising the level of the entire organization.

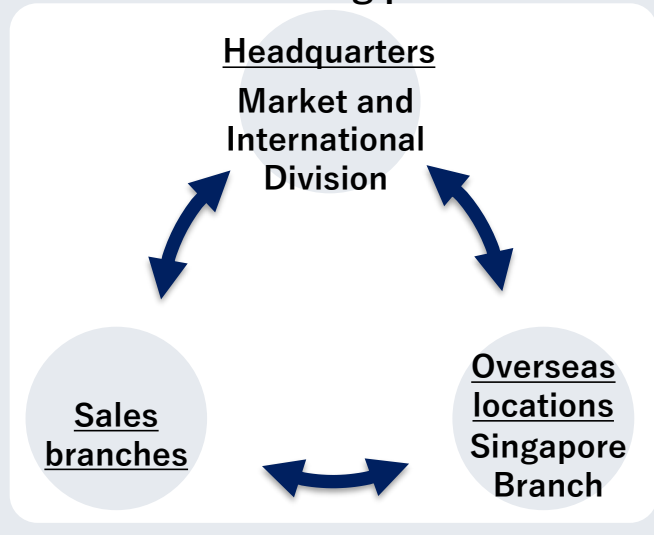
\* Rating 1 no response, n=545 (number of training sessions attended)



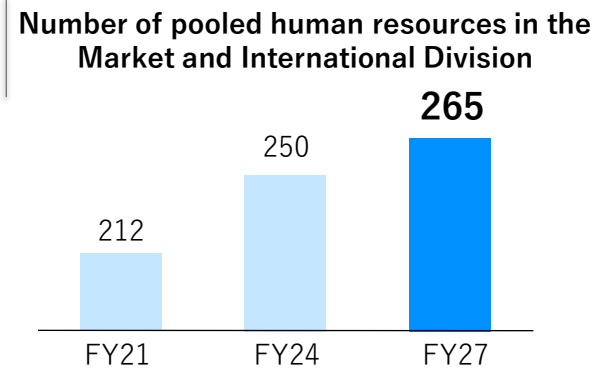
## Strengthen development of specialist human resources through systematic personnel rotation and support for acquisition of specialist qualifications

### Strengthen the development of specialized human resources

#### Practice personnel rotation based on a training plan

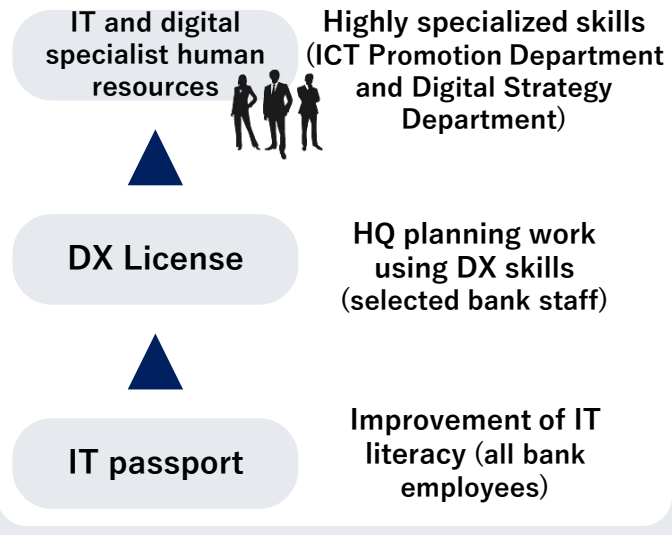


(KPI) Bank of Yokohama

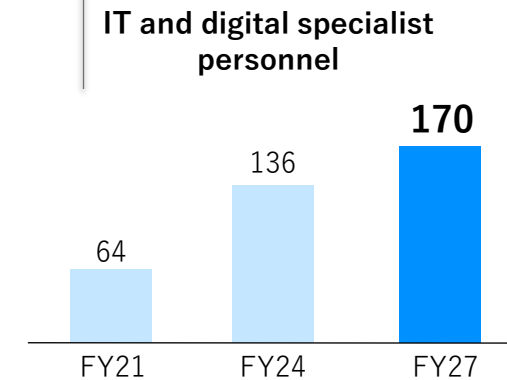


Market and International Division trainee total: 12 persons (reference)  
(FY2022: Market Sales Department, Shanghai, Vietnam)

#### Increase in human resources with specialist knowledge



(KPI) Bank of Yokohama



#### Expansion of self-development grants to support the acquisition of specialist qualifications

Qualification	NEW Before qualification	UP When qualification is obtained	NEW After qualification
Securities analyst	50 % of school fees	250,000yen	20,000 yen per year
Language qualifications	-	100,000 yen	-
IT and digital-related qualifications	-	-	-

#### Increase the number of DX licensees through selective training

- DX Academy (5 days) Started October 2022
- Data analysis, definition of requirements, project management, preparation of proposals
- Pass the final exam → Acquire DX license
- FY2022: 20 persons (approx.) certified → FY2023 1st half: 50 persons (approx.) expected to be certified (cumulative total)**

## Expanding opportunities for challenges to advance careers. Systematic development of next-generation management personnel

### Provide opportunities for proactive challenges and growth

#### Strengthening provision of challenging opportunities

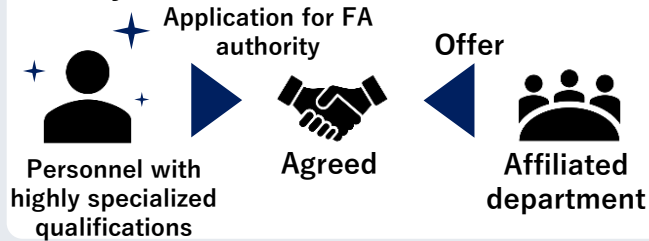
- ✓ Re-skilling and recruitment within the bank



New business

Branch liaison and headquarters direct sales, headquarters planning and IT digital, administration and external secondment

- ✓ FA system



### Steady progress in re-skilling

Examples of posts

- Investment-type product sales
- Solutions sales support
- Digital promotion support
- Other (headquarters planning etc.)



Eligible applicants apply

90% (approx.)



Six months of training and OJT

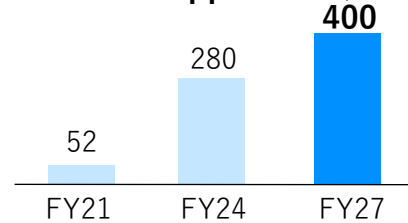


95 of 110 have been assigned

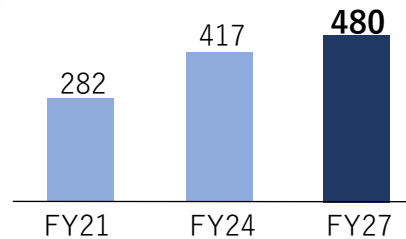
(KPI) ■ Two banks combined ■ Bank of Yokohama

Re-skilling challenge

Number of applicants (cumulative)

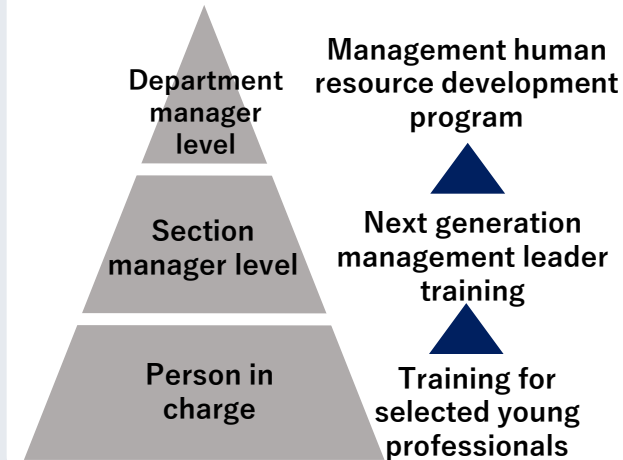


Number of applicants from within the bank



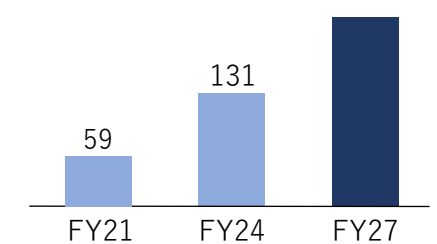
### Systematic development of next-generation management personnel

Formulate and implement a succession plan for the development of next-generation management personnel



(KPI) ■ Two banks combined

Number of participants in Management Human Resource Development Program (supervisory level)



### Planned succession planning in practice

- ✓ Launched next-generation management leader development training to expand the base of management candidates



Management ability

Ability to understand strategy

Involvement ability

- Selection of human resources with top management potential as section managers prior to becoming department managers.

# Basic Theme (2) Enabling Diverse Human Resources to Thrive – Build an Organization

## Secure diverse human resources by strengthening new graduate and career recruiting. Achieve optimal human resource deployment through advanced talent management

### Implement strategic recruiting activities to secure diverse human resources

Strengthen information dissemination to students and expand contact points

- ✓ Strengthen information disclosure on human resource development systems and career paths
- ✓ Expanding new points of contact, including SNS



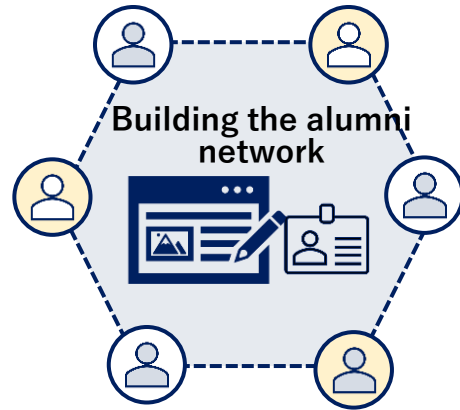
### Practice in course-based recruitment for securing

- ✓ Strengthen recruitment on the IT and digital specialty courses

- Digital strategy course
- Data science course
- ICT promotion course



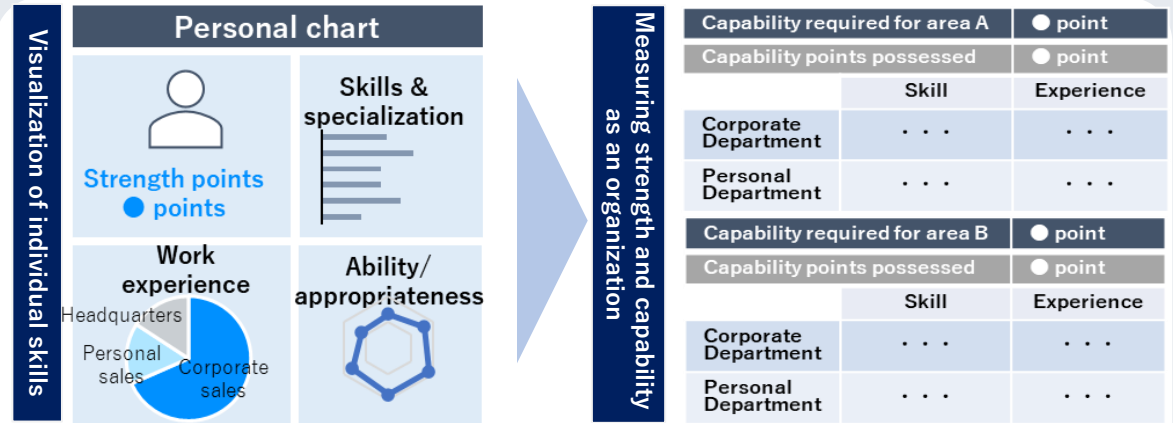
### Diversification of recruitment routes



- ✓ Utilize retiree connections and information networks for innovation, collaboration, recruitment

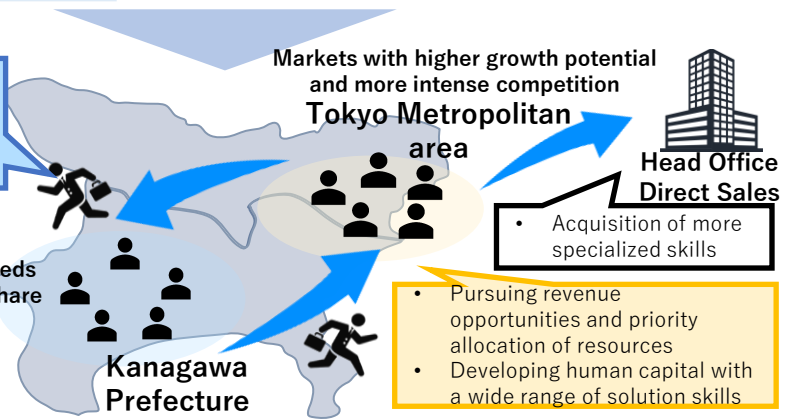
### Advancement of talent management

#### Visualization of skills and practice in assigning the right people to the right jobs



• Cultivating personnel with advanced solutions skills and experience in management positions

Digging deeper into customer needs to maintain and expand market share



### Strengthen activities and measures to recruit new graduates

<Recent results (Bank of Yokohama)

#### Open company

Number of participating students



250 (approx.)

+ 90 (approx.)

#### Company information meeting

Number of meetings conducted



20 (approx.)

+ 10 (approx.)

Figures in parentheses are year-on-year changes

### Implementation of human resource allocation best suited to the sales strategy

- ✓ Centralized management and visualization of human resource information and formulation of capability maps

# Basic Theme (2) Enabling Diverse Human Resources to Thrive – Build an Organization

## Becoming an organization through DEI in which diverse human resources can demonstrate their abilities Strengthen support for senior human resources to be active both inside and outside the Group

### Further promotion of DEI

#### Reform of attitudes and culture to

Support program for return from maternity leave  
 ✓ Continuous learning during leave of absence, prevention of career fragmentation

Support for balancing family and work (male participation in childcare)

✓ Promotion of male childcare leave



#### Ensure diversity in management positions and higher

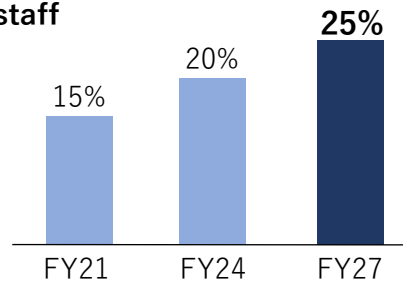
Female activity promotion project

✓ Selected young female bank employees  
 ✓ Cultivating management through leadership, role model sharing, and dialog with management personnel

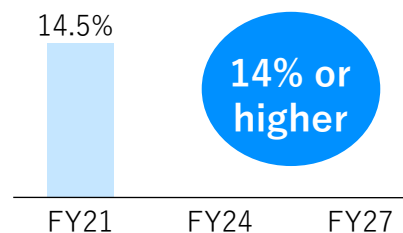


(KPI) ■ Two banks combined ■ Bank of Yokohama

Percentage of female managerial staff

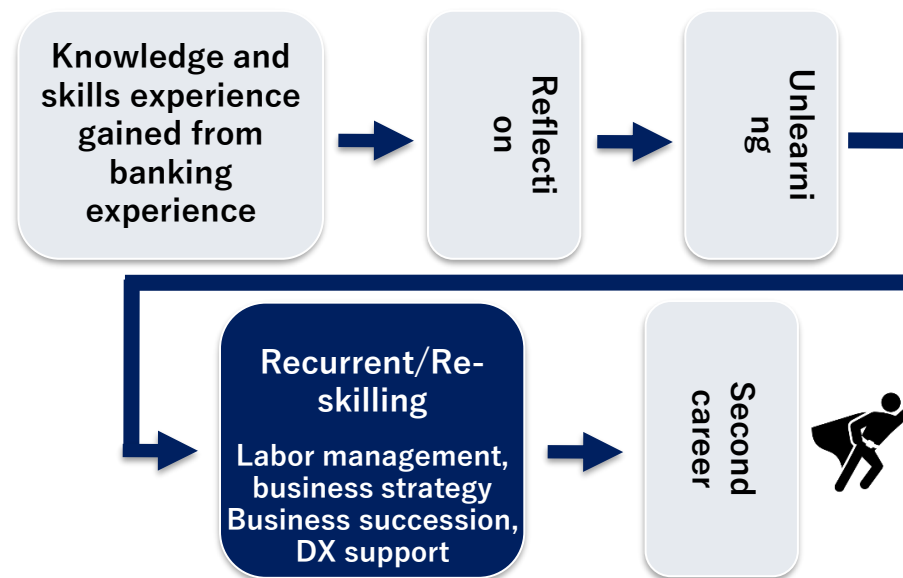


Percentage of management recruited mid-career



### Active promotion of senior human resources

#### Increased added value through recurrent re-skilling



### Status of candidates for management positions to promote female advancement



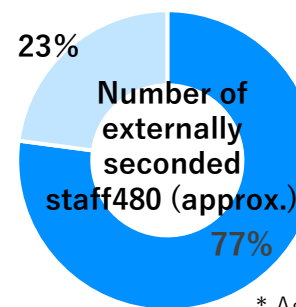
➤ Steadily train management candidates

Percentage of women in management positions: 15.3%

Percentage of women executives: 34.2%

\* As of April 1, 2022

### Status of staff seconded to external business partners



■ Directors, general managers, directors in charge  
 ■ Deputy director level and below

➤ Many members of staff are active in important posts at our business partners

\* As of December 2022, excluding affiliates, Bank of Yokohama base

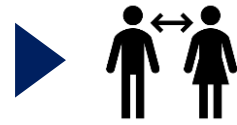
## Basic theme (3) Based on Individual Well-being - Create an Environment

### Improve individual well-being through fostering a vibrant organizational culture and creating a safe work environment

#### Fostering a vibrant organizational culture

##### Ensuring fair and impartial evaluation and treatment

- ✓ Review and consideration of evaluation system
- ✓ Strengthening of evaluator education



Reducing blurring between evaluators

##### Implementation of various measures to enhance job satisfaction



#### Establishment of a workplace environment where employees can work with peace of mind and good mental and physical health

##### Health management initiatives

- ✓ Improvement in specific health guidance consultation rate
- ✓ Curbing smoking rates
- ✓ Improvement in the rate of taking paid leave



##### Invigoration of communication

- ✓ Increasing the rate of holding 1-on-1 meetings (relationship of trust between supervisors and subordinates)



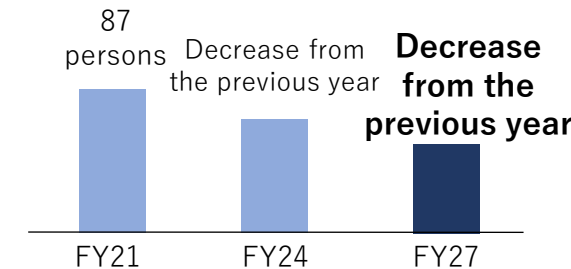
Fixed-point understanding of the psychological situation

- ✓ Presenteeism (a state of high self-evaluation of productivity)



(KPI) ■ Two banks combined

Absenteeism (status of leave of absence etc.)



### Provide a highly motivated and secure work environment with a sense of job satisfaction and growth

- ✓ Training system and career support for job satisfaction
- ✓ Creating a healthy working environment, both mentally and physically (health management)
- ✓ Realization of a sense of growth and increased motivation through a relationship of trust between supervisors and subordinates
- ✓ Creating a psychologically safe workplace by measuring psychological conditions
- ✓ Promote employee financial wellness

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- ◆ Acknowledged as 'Excellent Health Management Corporation 2023 - White 500 -' for fifth consecutive year and fifth time (Bank of Yokohama)
- ◆ Acknowledged as 'Excellent Health Management Corporation 2023' for second consecutive year and for second time (Higashi-Nippon Bank)

# Initiatives to improve penetration and engagement of human capital strategy

## Expand opportunities for dialog between management and employees, and establish a system to reflect the views of employees in management

### Initiatives to improve penetration and engagement of human capital strategy

Department manager



### General manager's meeting

- ✓ Explain the background and key points of formulation of human resource strategy from a management perspective and share the importance of this as a company-wide management issue.

Management staff



### Video distribution

- ✓ Familiarize employees with the key measures of the human resource strategy and the ideal role of a manager (career support for subordinates, human resource development etc.).

All officers and employees



### General meeting

- ✓ Management visits branches to directly explain management approach

	General meeting (large)	General meeting (small)
Implementation period	April	Implemented all year-round
Objective	Deepen understanding of business operation policy and human resources strategy	Hear the real opinions of our sales offices Communicate the bank's direction and thoughts through the mouths of its officers
Targets	All bank staff	Section chief and below
Person explaining	Directors of Bank of Yokohama, Higashi-Nippon Bank etc.	Bank of Yokohama, Higashi-Nippon Bank Director, division executive officers
Number of meetings held(FY22)	78 meetings	132 meetings

### Reflecting employee opinions in management



Improve overall appeal of the company (employee attitude survey)  
(based on FY21: 3.29)

# Key Policies and Human Resource Strategy KPI List (reference)

## Basic Theme

## Key Policies

## Human Resource Strategy KPI

## Key Targets (FY27)

Perspectives on improvement of added value

**Valuing the desire to grow and take on challenges**  
**Human Resource Development**

- Increased number, and improvement of the quality, of solution business leaders
- Systematic development of specialist human resources
- Support for proactive challenge and growth
- Strengthening the development of next-generation management personnel

		FY21	FY27
• Proportion of sales personnel with advanced skill levels	Yokohama	20%	30%
	Higashi-Nippon	18%	30%
• Number of direct sales personnel at headquarters	Yokohama	224	300
	Higashi-Nippon	33	100
• Solutions specialist human resources			
• Number of pooled human resources in the Market and International Division	Yokohama	212	265
	Yokohama	64	170
• IT and digital specialist personnel			
	Two banks combined	282	480
• Number of applicants from within the bank			
	Two banks combined	59	190

**Enabling diverse human resources to thrive**  
**Build an Organization**

- Implement strategic recruiting activities to secure diverse human resources
- Advancement of talent management
- Further promotion of DE&I
- Active promotion of senior human resources

		-	-
		-	-
• Percentage of female managerial staff	Two banks combined	15%	25%
	Yokohama	14.5%	14% or higher
• Percentage of management recruited mid-career		-	-
		-	-

**Based on individual well-being**  
**Create an Environment**

- Fostering a vibrant organizational culture
- Establishment of a workplace environment where employees can work with peace of mind and good mental and physical health

		-	-
• Absenteeism * Physical illness or other causes that affect attendance	Two banks combined	87 persons	Year-on-year Decrease

Solutions company  
*ROE 7% (approx.)*

Improving engagement  
*(FY21 ratio)*

Proportion of sales personnel  
*60% (approx.)*

Per capita solutions revenue  
*+10% (FY21 ratio)*

Risk management perspectives