

# Medium-term Management Plan

FY2022–FY2024

Three years to accelerate transformation  
and materialize results

**CONCORDIA**  
Financial Group



Bank of Yokohama

HIGASHI-NIPPON BANK



## Looking Back over the Previous Medium-term Management Plan

---

Looking Back over the Previous Medium-term Management Plan (1) Overview	p. 2
Looking Back over the Previous Medium-term Management Plan (2) Results in Target Indicators	p. 3
Looking Back over the Previous Medium-term Management Plan (3) Results in Measures and Achievements	p. 4

## Overview of the New Medium-term Management Plan

---

Features of and Our Strengths in the Home Market (Kanagawa and Tokyo)	p. 5
Awareness of the Environment	p. 6
Our Vision	p. 7
Positioning of the New Medium-term Management Plan	p. 8
Overview of the New Medium-term Management Plan	p. 9
Target Indicators	p. 10
Roadmap (1) Net Business Profit and FG Consolidated Net Income	p. 11
Roadmap (2) Risk-weighted Assets	p. 12
Roadmap (3) Expenses	p. 13

## Priority Strategies\*

---

### Basic Theme I Growth

Priority Strategies (1) Deepening and Expansion of Solution Business	p. 15
Priority Strategies (2) Making Use of Strategic Investment and Alliances	p. 20

### Basic Theme II Change

Priority Strategies (3) Talent Portfolio Reforms and an Increase in Engagement	p. 23
Priority Strategies (4) Digital Transformation (DX)	p. 25

### Basic Theme III Sustainability

Priority Strategies (5) Contribution to Sustainable Regional Communities	p. 28
Priority Strategies (6) Sophistication of Governance	p. 32
Initiatives of the Higashi-Nippon Bank	p. 34

## Reference Materials

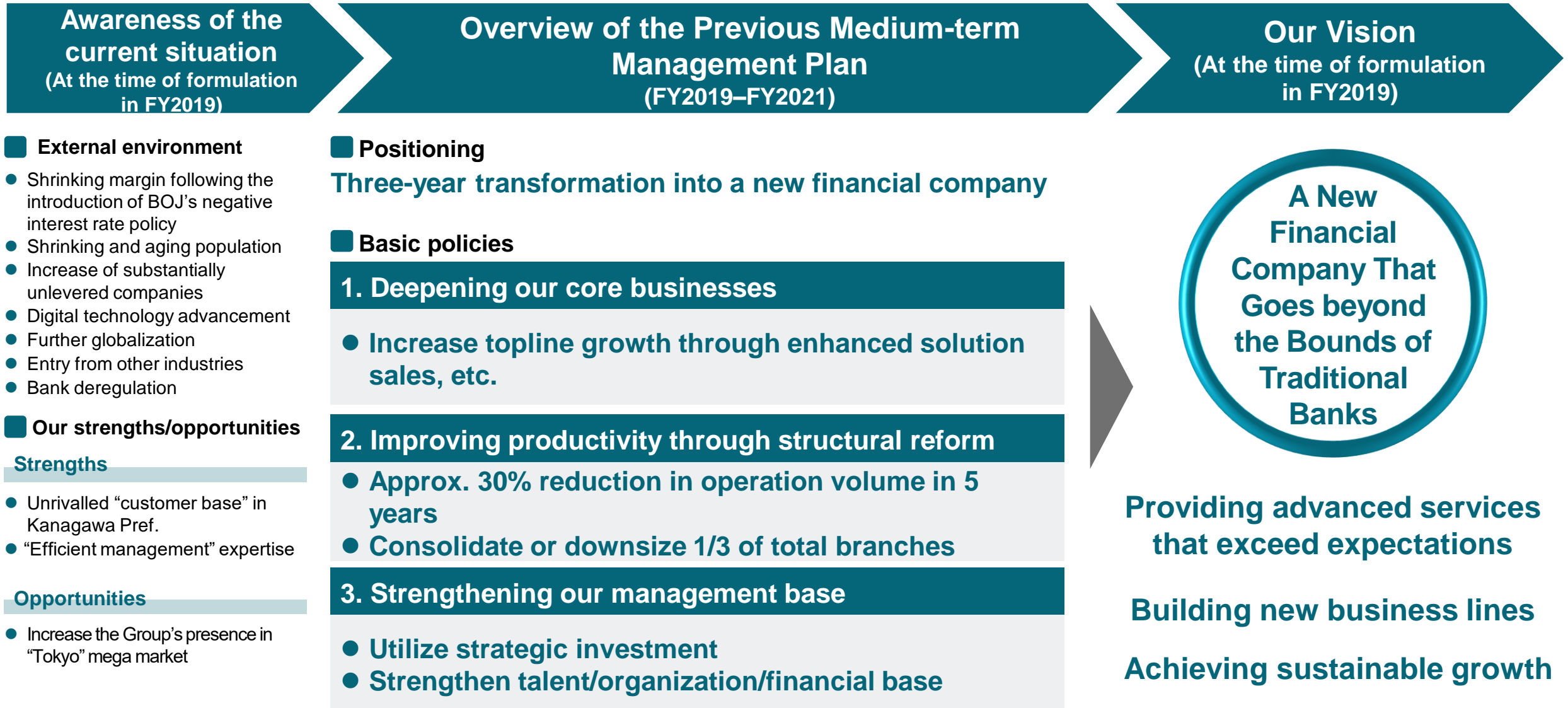
---

Sustainability Strategies	p. 38
Digital Strategies	p. 46

\* The figures are those of the Bank of Yokohama unless otherwise specified.

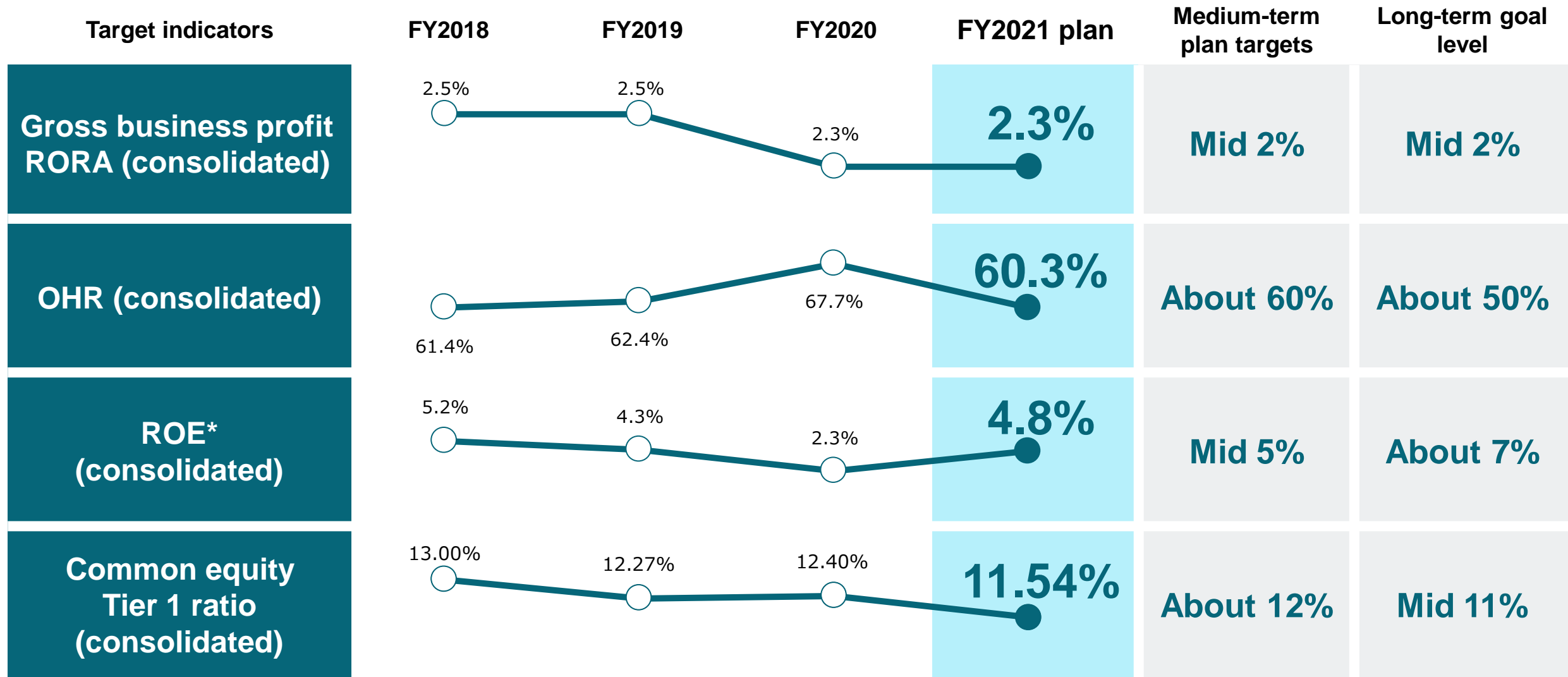
# Looking Back over the Previous Medium-term Management Plan (1) Overview

Formulation of three basic policies, positioning the plan as “three-year transformation into a new financial company”



# Looking Back over the Previous Medium-term Management Plan (2) Results in Target Indicators

Targets for gross business profit RORA, OHR, and common equity Tier 1 ratio, excluding ROE, anticipated to be achieved



\* Shareholders' equity basis

# Looking Back over the Previous Medium-term Management Plan (3) Results in Measures and Achievements

## “Transformation” pushed forward under the three basic policies, entering a phase of materialization of transformation effects in the new Medium-term Management Plan

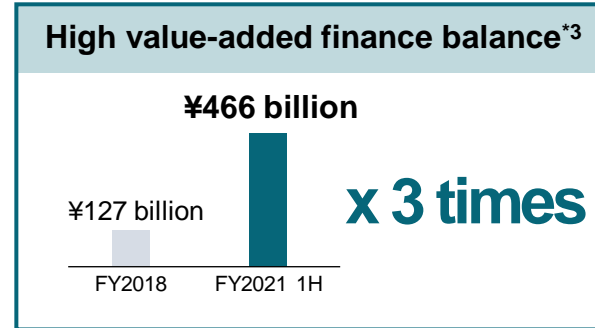
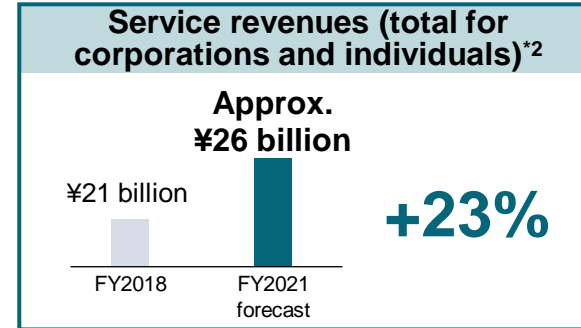
### Basic policies

### Results of major initiatives\*1

#### Deepening our core businesses

#### Strengthening our solution sales

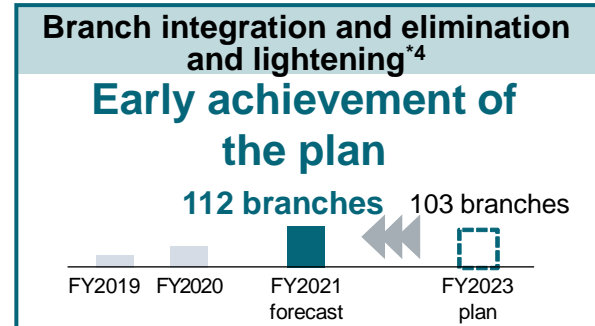
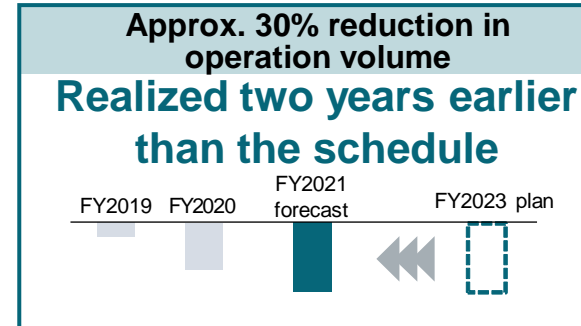
- Accelerate transformation from a focus on traditional loan business to solution business
- Expand new finance areas and strengthen the allocation to highly profitable assets
- Strengthen the overseas business support system by enhancing the overseas network



#### Improving productivity through structural reform

#### Business process reform

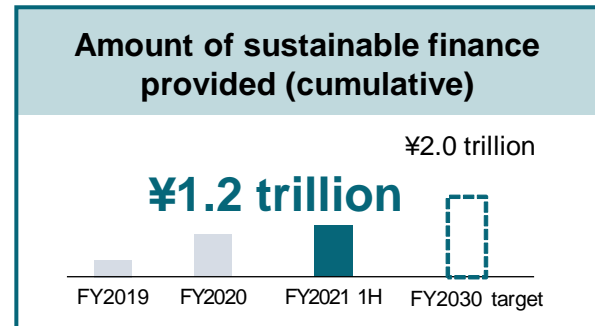
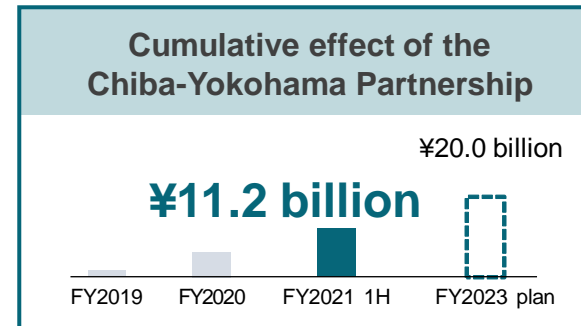
- Realize the work volume reduction plan ahead of schedule through counter operation reforms and enhancement of non-face-to-face transactions



#### Strengthening our management base

#### Strategic financing and alliance strategy

- Financing for the expansion of business areas (Storm Harbor Securities, Bank Resona Perdania, etc.)
- Partnerships executed with Chiba Bank and Kiraboshi Bank



#### SDGs initiatives

- Enhance the menu of our solutions to support customers' decarbonization
- Our targeted timing to achieve carbon neutrality has been moved forward (from FY2050 to FY2030)

\*1 Mainly the results of the Bank of Yokohama \*2 A total of service revenues from corporations and individuals as defined later

\*3 LBO loans (including MBOs, ), capital loans non-recourse loans and non-Japanese loans \*4 Total for two banks

# Features of and Our Strengths in the Home Market (Kanagawa and Tokyo)

## Growth opportunities uncovered by refining our strengths, with Kanagawa and Tokyo markets' high advantages

### Market potential

Size

#### ■ Concentration of 26% of domestic GDP

Scale of economy of over 100 trillion yen\*1

#### ■ Concentration of 18% of the domestic total population

Tokyo (14.04 million people)  
Kanagawa (9.23 million people)\*2

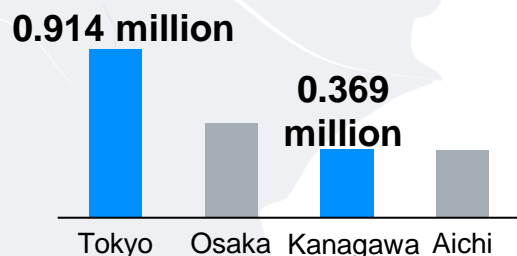
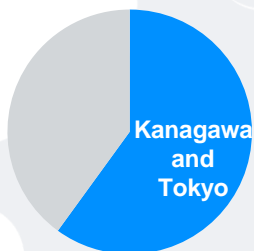
Characteristics

#### ■ Many listed companies

Concentration of approx. 60% of listed companies

#### ■ Concentrated private firms\*3

The first and the third highest numbers of private offices in Japan



#### ■ Large influx of people

The first and the sixth highest net migration from other areas in Kanagawa and Tokyo, respectively\*4

#### ■ Concentration of high-net-worth individuals

Concentration of 26% of persons subject to inheritance tax on estates

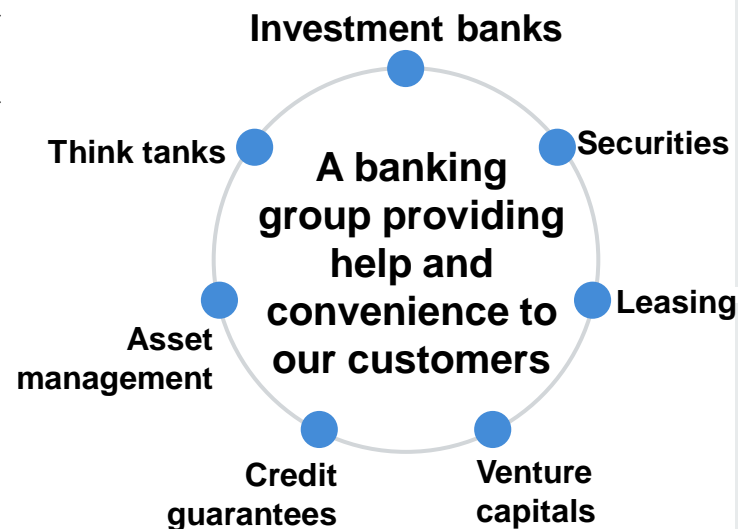


### Our strengths

#### ■ Strong customer base

Corporate customers **Approx. 0.25 million companies** Individual customers **Approx. 5 million people**

#### ■ Overall group abilities



#### ■ Ability to provide solutions

##### Corporate customers

- Finance
- Capital policy
- Business succession and M&As
- Business matching
- Fund management and insurance
- Management consulting

##### Individual customers

- Inheritance measures
- Asset management
- Effective use of real estate
- Succession of company stock
- Succession of assets, including wills
- Money trusts

\*1 "Prefectural Accounts" (FY2018) Kanagawa Prefectural Government; "Tokyo Metropolitan Accounts" (FY2018) Tokyo Metropolitan Government

\*2 2020 Population Census of Japan

\*3 Ministry of Internal Affairs and Communications (Economic Census for Business Frame, June 1, 2019)

\*4 2021 Results from the Report on Internal Migration in Japan

## Awareness of the Environment

Shape of “a new financial company” updated to respond to irreversible and accelerated environmental changes triggered by the coronavirus pandemic

### Awareness of the environment

Low economic growth in Japan  
Normalization of low interest rates



Population decrease  
Aging of society



Development of digitization



Easing of financial regulations



Entry from other industries



Increasing awareness of social and environmental issues



Declining growth potential of the business model centered around deposits and loans

Accelerated progress of diversification and sophistication of customer needs

Accelerated expansion of sustainability management

Facing irreversible and accelerated environmental changes

Update the shape of “a new financial company” in our Our Vision

(Previous “Our Vision”: A new financial company that goes beyond the bounds of traditional banks)



## Our Vision of being a “solution company”

MISSION

Management Principles

As a financial group that is trusted by customers and indispensable to its region, we:

1. Contribute to enriching the lives of our customers and growing their businesses.
2. Contribute to the sustainable development of regional communities.
3. Continue to be an attractive company that employees are proud to work for.
4. Grow sustainably and enhance our corporate value.

VISION

Our Vision

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

VALUE

**Values and action guidelines to be shared by all executives and employees**

**“Confidence and trust”**

We place an importance on the maintenance and strengthening of relationships of trust with communities, customers, shareholders, and employees.

**“Customer-focused”**

We always act based on a customer-first policy.

**“Transformation and challenges”**

We face changes in economy and society always with a transformation spirit and take on challenges without fear of failure.

**“Pride”**

We always do our best with unwavering pride.

### Thoughts underscored in the “Our Vision”

- In order for us to continue to be “a financial group that is indispensable to its region” as set forth in our Management Principles, we aim to become a **“solution company”** that provides solutions to solve issues of customers and regional communities by broadening the range and increasing the quality of our solutions.
- Our commitment to becoming the closest partner for customers and regional communities by sincerely addressing issues faced by them is expressed in the phrase **“rooted in communities and selected as a partner to walk together.”**
- Aiming to become such a “solution company,” we will **contribute to sustainable development of vibrant regional communities.**



# Positioning of the New Medium-term Management Plan

## Three years to accelerate transformation toward a shift to a “solution company” and materialize results



### ■ Our Vision

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

### ■ Positioning of the Medium-term Management Plan

**Three years to accelerate transformation and materialize results**

### ■ Basic themes and priority strategies

#### Growth

- (1) Deepening and expansion of solution business
- (2) Making use of strategic investment and alliances



#### Change

- (3) Talent portfolio reforms and an increase in engagement
- (4) Digital transformation (DX)

#### Sustainability

- (5) Contribution to sustainable regional communities
- (6) Sophistication of governance

## Target Indicators

**Targeted levels in the new Medium-term Management Plan: About 6.0% for ROE; 50-54% for OHR; and mid 11% for common equity Tier 1 ratio**

Target indicators		FY2021 plan	FY2024 target	Long-term goal level
<b>ROE (consolidated)*1</b>	<p><b>Profitability</b></p> <p>Aim to achieve profitability through steady growth of the bottom line and efficient capital management</p>	<b>4.8%</b>	<b>About 6.0%</b>	<b>About 7.0%</b>
<b>OHR (consolidated)</b>	<p><b>Efficiency</b></p> <p>Aim to achieve efficiency through materialization of the effect of structural reforms and secure an extra capacity for growth investment</p>	<b>60.3%</b>	<b>In the lower 50% range</b>	<b>About 50%</b>
<b>common equity Tier 1 ratio (consolidated)*2</b>	<p><b>Soundness</b></p> <p>Secure an appropriate capital level keeping an eye on the finalization of Basel III</p>	<b>11.54%</b>	<b>Mid 11%</b>	<b>Mid 11%</b>

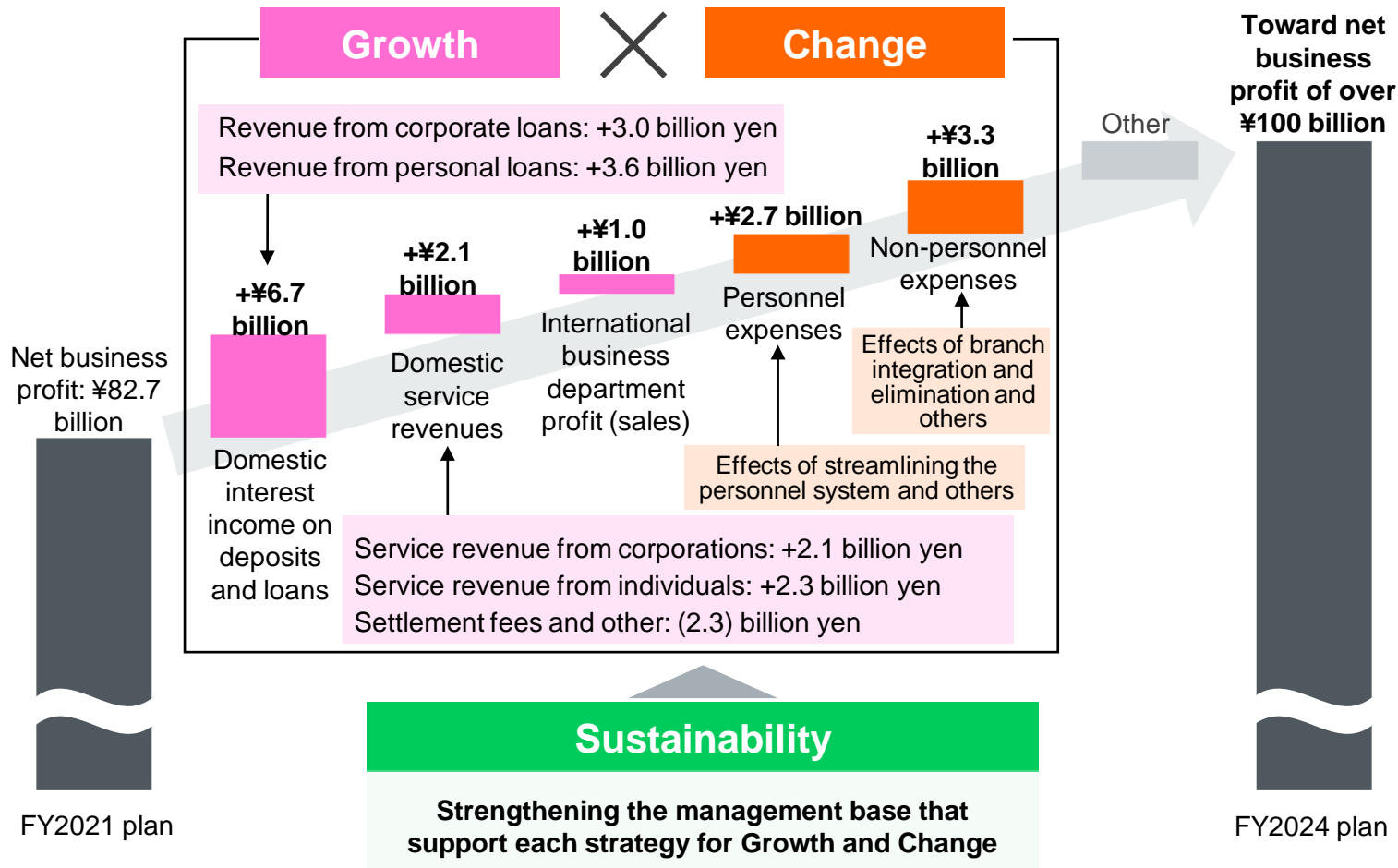
\*1 Shareholders' equity basis

\*2 As for FY 2024 target and Our Vision level, finalized and fully implemented Basel III basis (excluding valuation difference on available-for-sale securities)

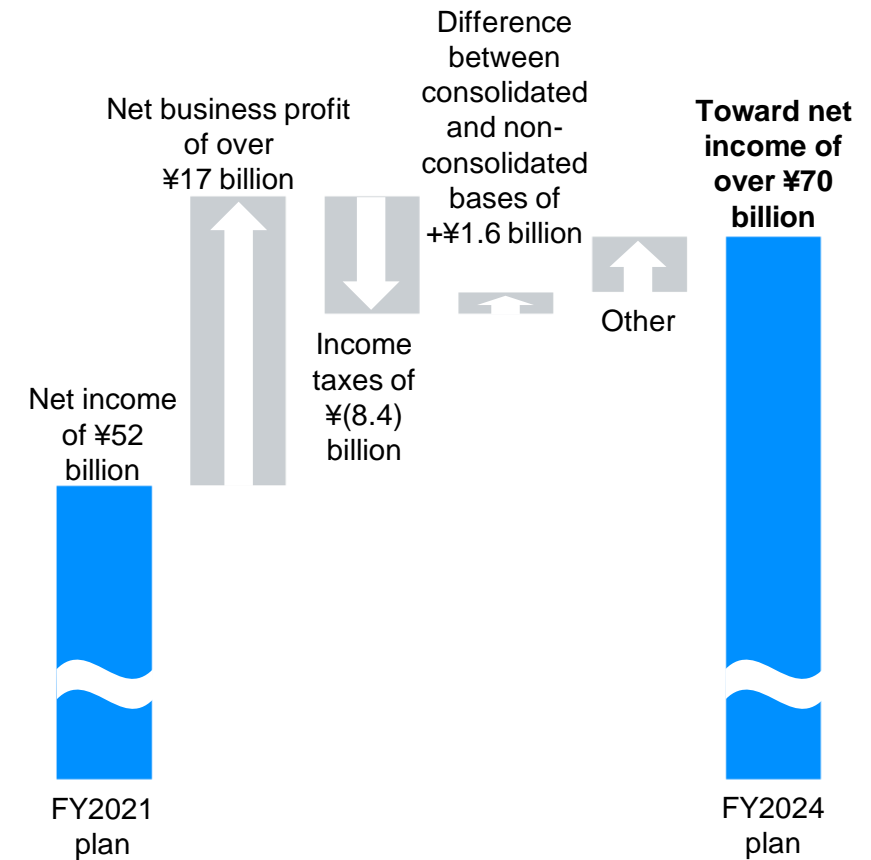
# Roadmap (1) Net Business Profit and FG Consolidated Net Income

Aiming to realize net business profit of 100 billion yen and the bottom line of 70 billion yen by strengthening the solution business and materialization of structural reforms

## Net business profit (total for two banks)



## FG's consolidated net income

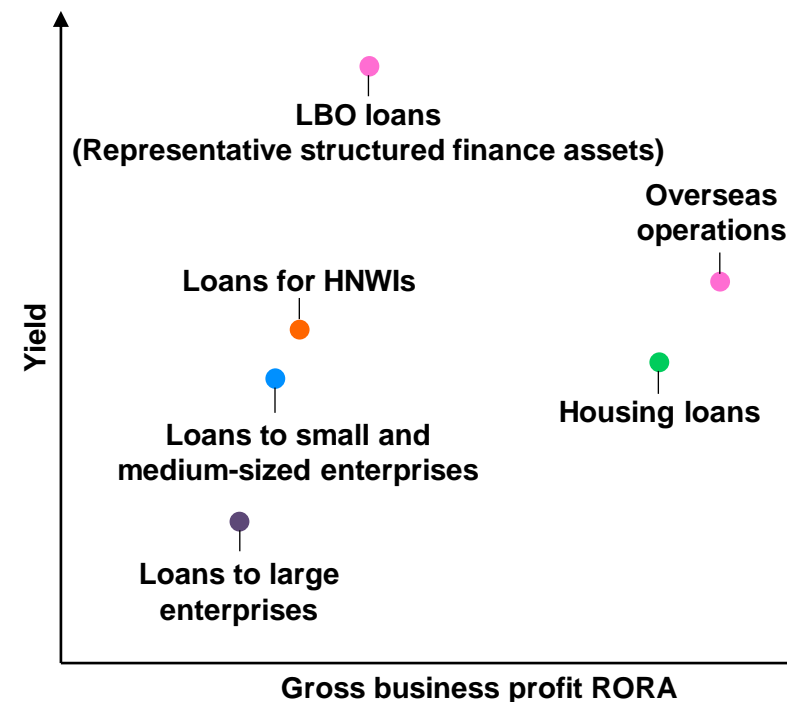
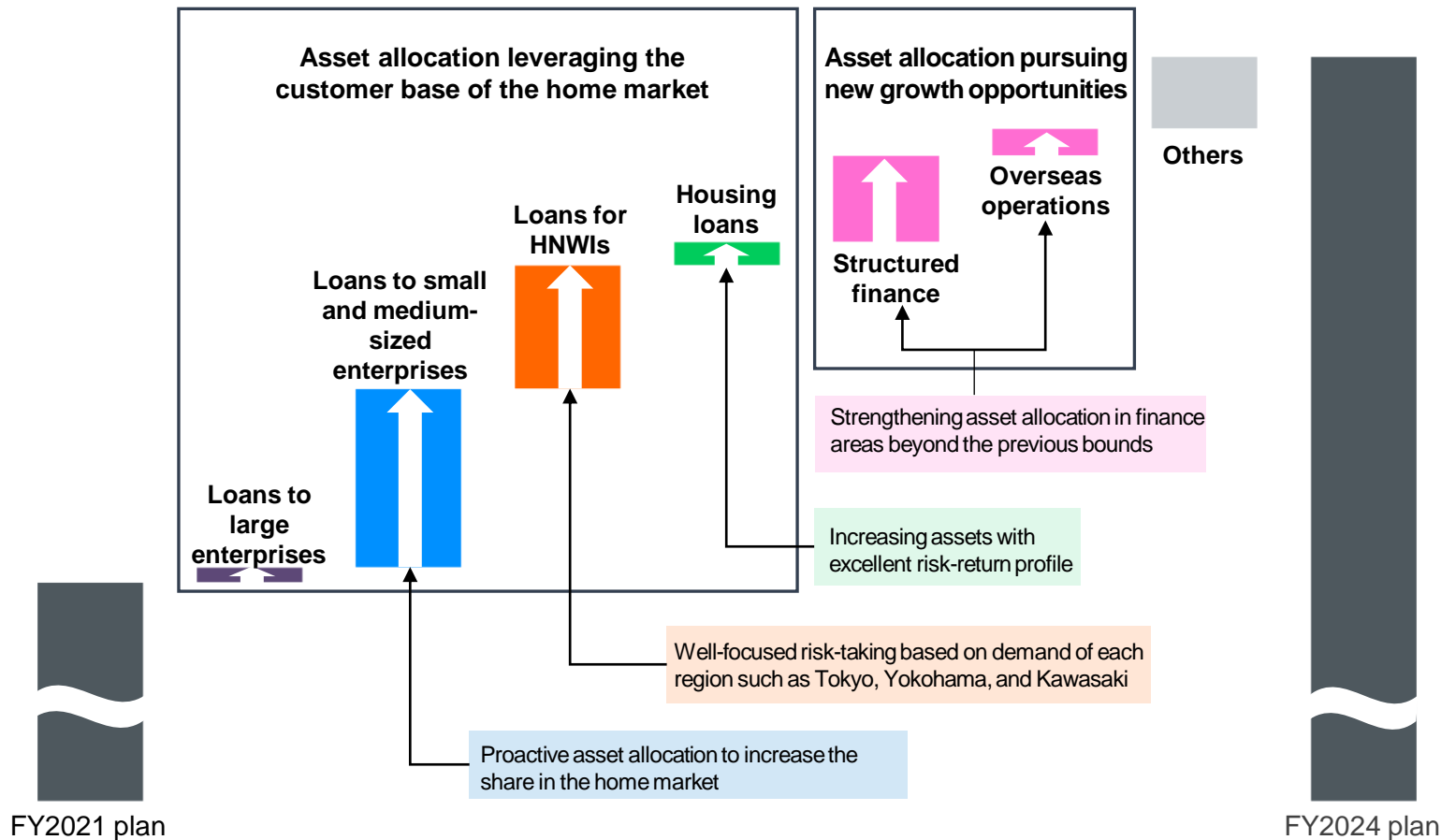


# Roadmap (2) Risk-weighted Assets

## Strengthening risk-taking in areas beyond the previous bounds, in addition to asset allocation in the home market

### Changes in risk-weighted assets (total for two banks)\*1

### (Reference) RORA by asset class\*2

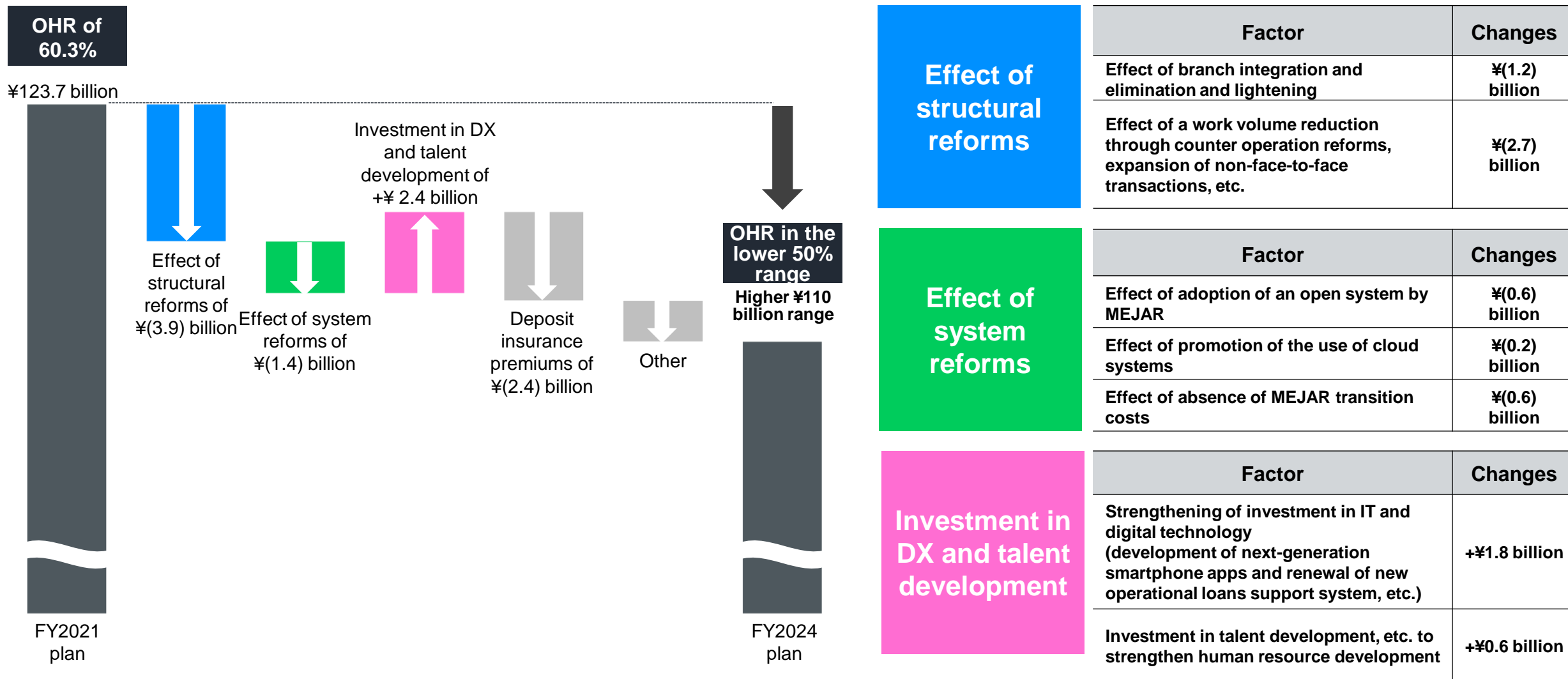


\*1 Before the finalization of Basel III (as of FY2021)

\*2 As of December 31, 2021

## Roadmap (3) Expenses

# Generating growth investment funds through materialization of structural reform results, etc., leading to OHR in the lower 50% range



**Basic Theme I Growth**

**Priority Strategies (1) Deepening and Expansion of Solution Business**

---

**Priority Strategies (2) Making Use of Strategic Investment and Alliances**

**Basic Theme II Change**

**Priority Strategies (3) Talent Portfolio Reforms and an Increase in Engagement**

---

**Priority Strategies (4) Digital Transformation (DX)**

**Basic Theme III Sustainability**

**Priority Strategies (5) Contribution to Sustainable Regional Communities**

---

**Priority Strategies (6) Sophistication of Governance**


---



**Being a partner of customers by strengthening the provision of strategic solutions**

Provision of solutions making use of Group functions, alliance functions, etc.

**System to provide solutions**

Head office direct sales | Provision of advanced solutions 

↕

Sales branches | Broadening the range of solutions by strengthening collaboration with the head office 



---

**Making use of Group functions**

Hamagin Research Institute	Hamagin Finance
Yokohama Capital	Hamagin TT Securities
Sky Ocean Asset Management	Storm Harbor Securities

---

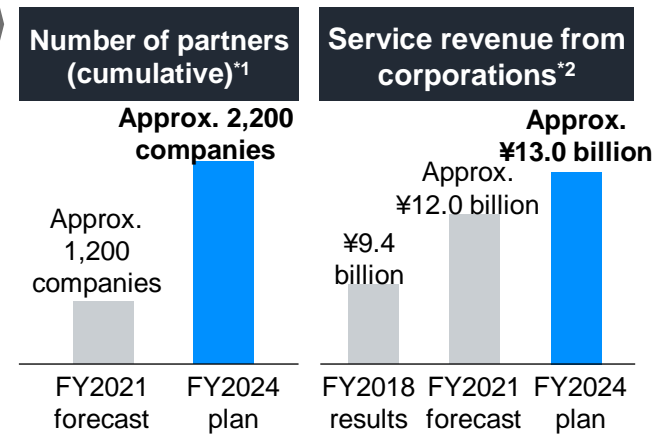
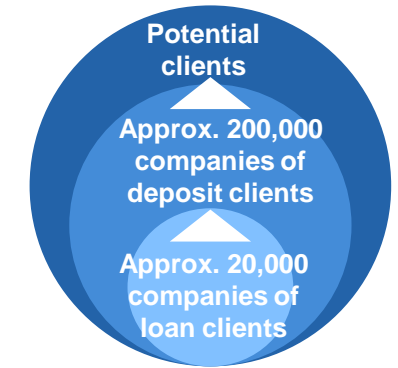
**Collaboration with alliance banks and external business operators**

 千葉・横浜 パートナーシップ CHIBA YOKOHAMA PARTNERSHIP	External business operators such as Fintech companies, etc.
Tokyo Kanagawa Solution Connect	
 Bank of Yokohama	
 Kiraboshi Bank, Ltd.	

Being the primary partner for customers by strengthening the provision of strategic solutions that are deeply involved in management strategy, etc. of customers



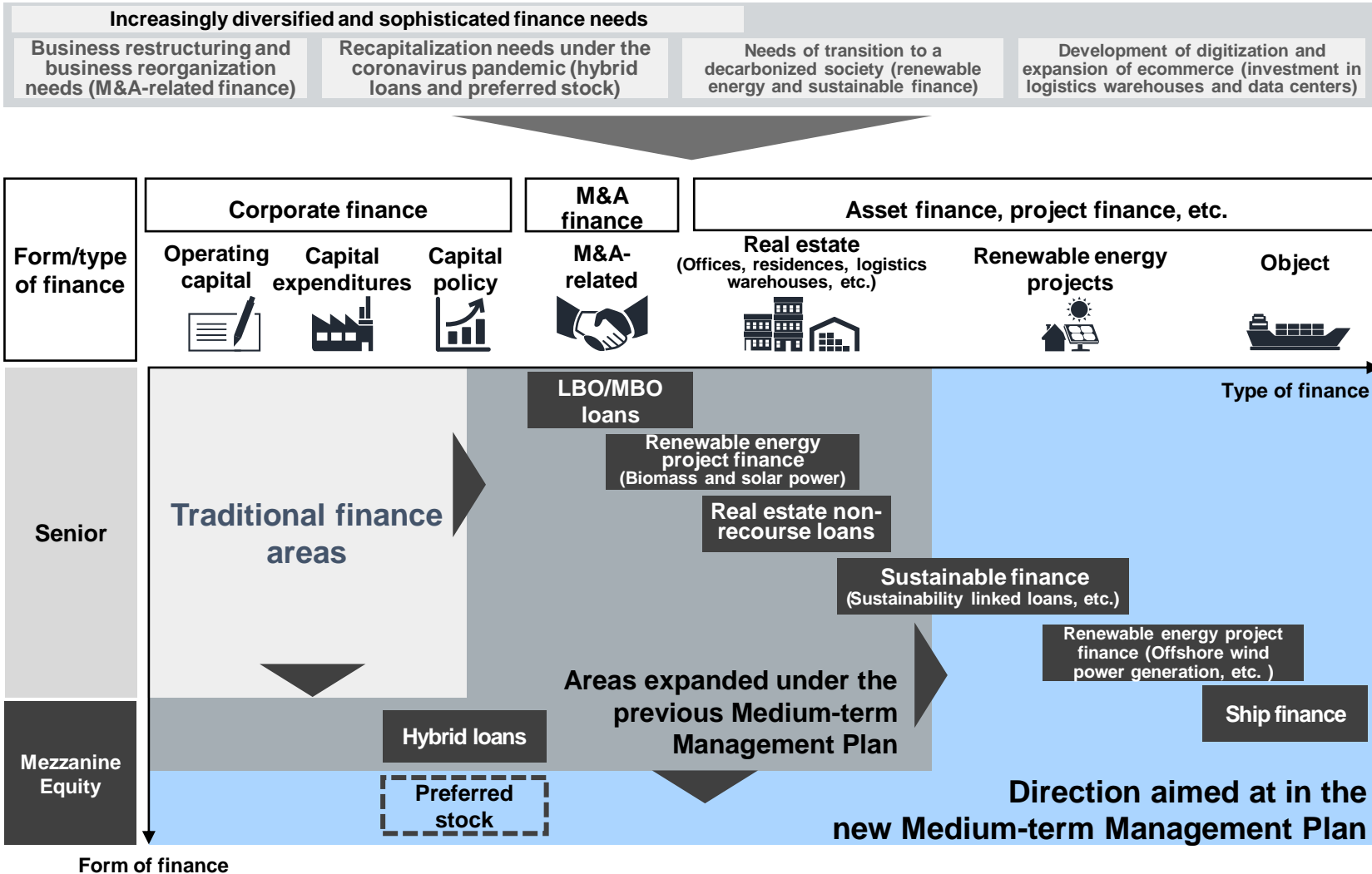
Enhancing and strengthening the customer base by increasing companies to which our solutions are provided



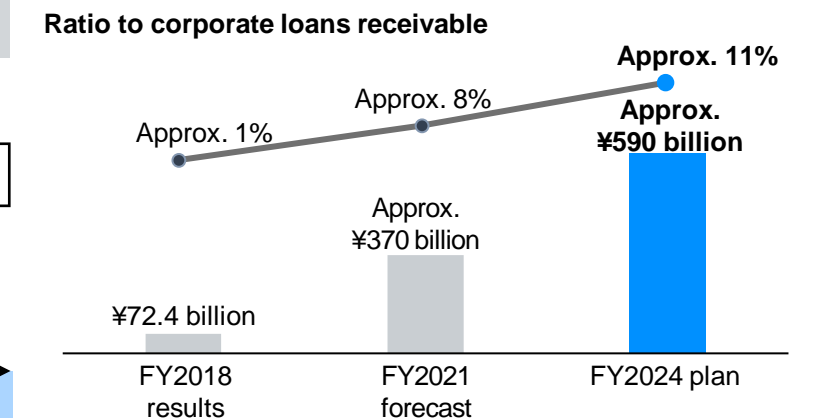
\*1 Number of companies to which strategic solutions are provided  
 \*2 Fees and commissions from corporations such as syndicated loans, M&As, and business matching (excluding settlement service and other revenues)

Strengthening asset allocation in finance areas beyond the previous bounds

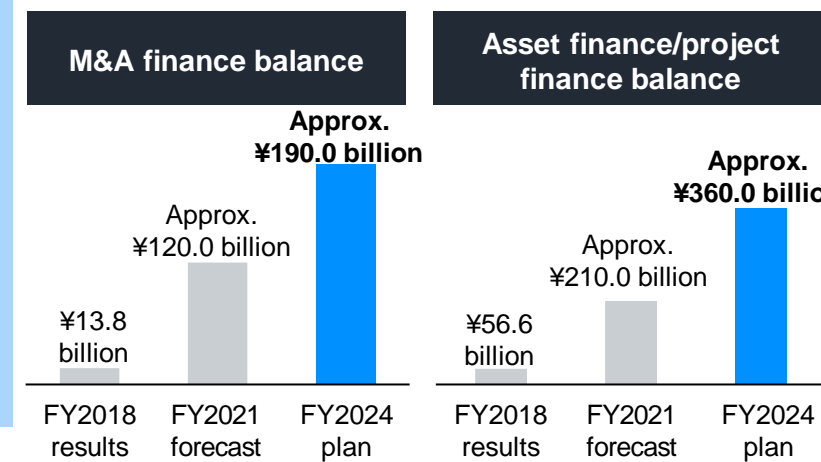
Deepening and expansion from the traditional finance areas



**Structured finance balance**



**Breakdown**



Custom-made and one-stop solutions provided to high-net-worth customers

Custom-made and one-stop solutions provided

Solution provision system and menu

Custom-made and one-stop solutions proposed

Head office direct sales  
Provide custom-made support mainly through wealth managers



Sales branches  
Provide one-stop service according to customers' needs mainly through financial consultants



Loans for HNWI's  
● Apartment loans  
● Large all-purpose loans  
Making use of real estate

Financial instrument  
● Shares and bonds  
● Investment trusts and insurance  
Financial asset management

Consulting  
● Money trusts and will trusts  
● Introduction to experts  
Succession of assets



Making use of Group functions and external experts

Group companies



Hamagin TT Securities  
Sky Ocean Asset Management

External experts



New initiatives (direction)

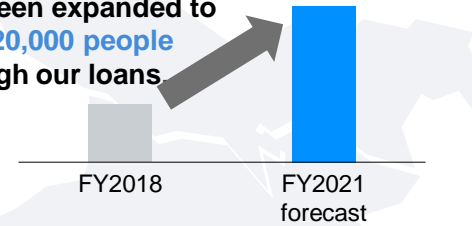
Strengthening the wealth management service for customers who have financial assets

- Loan products and investment products
- Membership services, etc.

Customer base in Kanagawa and Tokyo

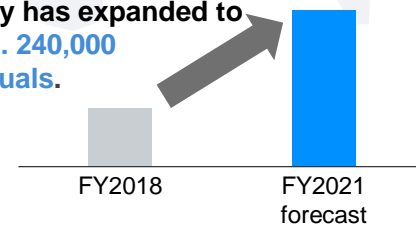
Number of HNWI loan customers

The size of the high-net-worth customer base has been expanded to over 20,000 people through our loans.



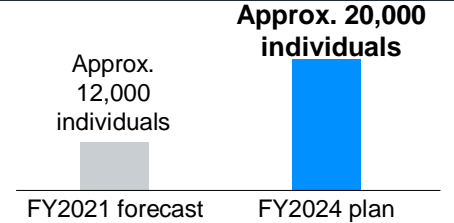
Number of customers whose assets are in custody of the Group

The customer base whose assets are in our custody has expanded to approx. 240,000 individuals.

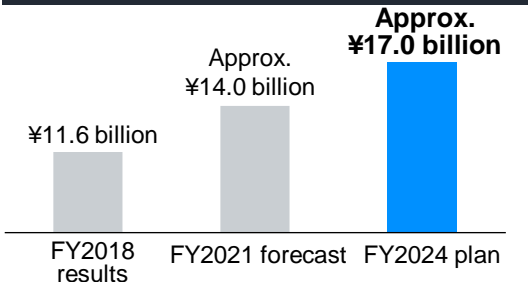


Customers who own real estate such as land owners  
Customers who have financial assets such as corporate owners and certified experts

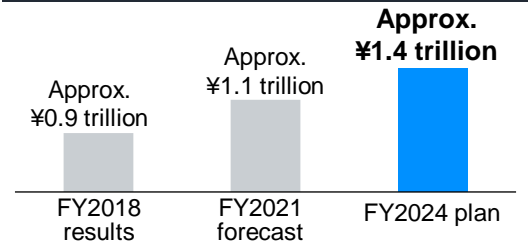
Number of partners\*1



Service revenue from individuals\*2



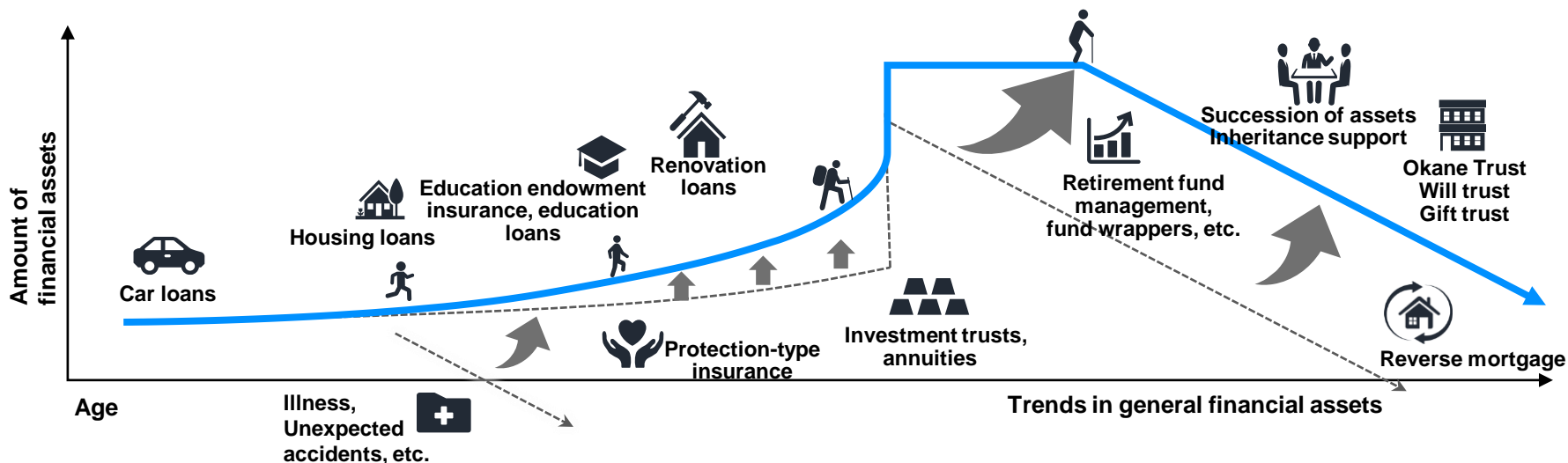
Balance of assets in custody of the Group\*3



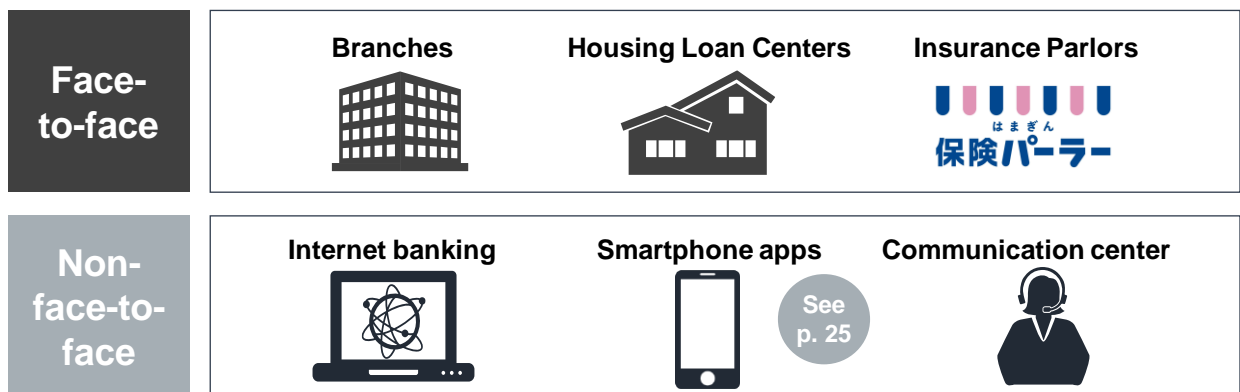
\*1 Number of customers who selected multiple solution transactions  
\*2 Fees and commissions from individuals such as investment trusts and consulting-related services (excluding settlement service and other revenues)  
\*3 A total of the balances of investment trusts, fund wrappers, assets in custody of Hamagin TT Securities

Being a lifetime partner for customers by providing solutions according to each stage of their lives through optimal channels

Provision of solutions according to stages of lives



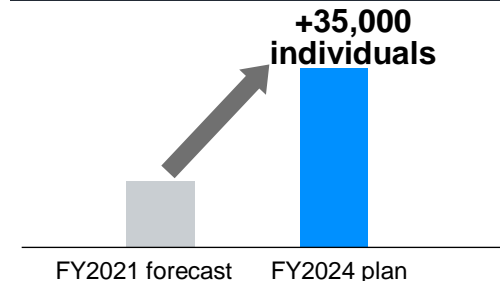
Customers select optimal channels



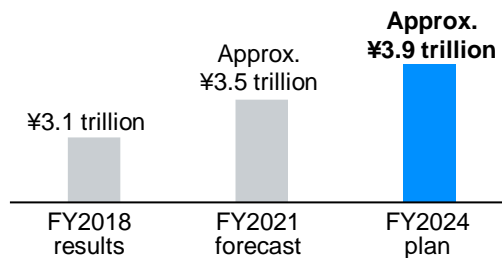
Individuals customers consist mainly of those who are building assets

Approx. 5 million people

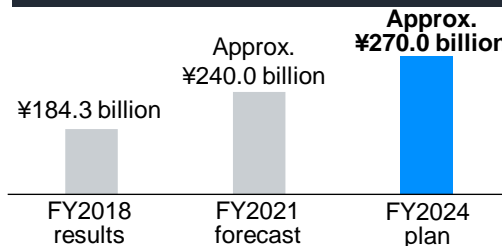
Number of individual main customers\*1



Housing loan balance (average)



Consumer loan balance (average)\*2



\*1 Customers who have products provided by the Bank of Yokohama and engage in transactions at a frequency exceeding a certain threshold  
 \*2 Excluding large all-purpose loans

# Priority Strategies (1) Deepening and Expansion of Solution Business (Overseas Business)

**Borderless promotion of the solution business mainly in Asia as a growth region through integrated efforts by domestic sales branches and overseas locations**

Strengthening the solution business by making use of overseas locations

## Networks in Asia as a growth region



## In Japan



## Previous Medium-term Management Plan

- FY2019: Invested in Bank Resona Perdania
- FY2020: Opened Singapore Branch

## New Medium-term Management Plan

- Strengthening of solution business initiatives through integrated efforts by domestic sales branches and overseas locations

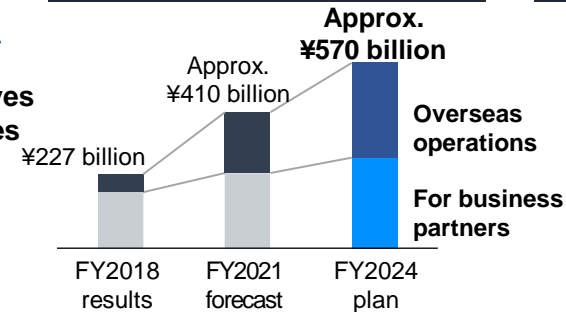
**Number of business partners with operations in China and Hong Kong: Approx. 1,400 companies**

**Number of business partners with operations in Southeast Asia and India: Approx. 2,000 companies**

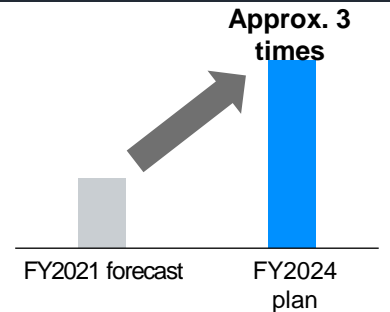
## Specific initiative examples

- 1 Increasing loans for customers' overseas local entities**
  - Overseas branch loans
  - Standby letters of credit
  - Cross-border loans
- 2 Borderless promotion of the solution business**
  - Business expansion support
  - M&As
  - Sales channel expansion, etc.
- 3 Strengthening initiatives toward overseas operations**
  - Portfolio diversification (countries and industries)
  - Strengthening sourcing abilities (making use of overseas locations)
  - Expansion of the scope of projects subject to initiatives (non-Japanese high-credit-level projects)

## Foreign-currency-denominated loan balance



## Number of solutions offered overseas\*1

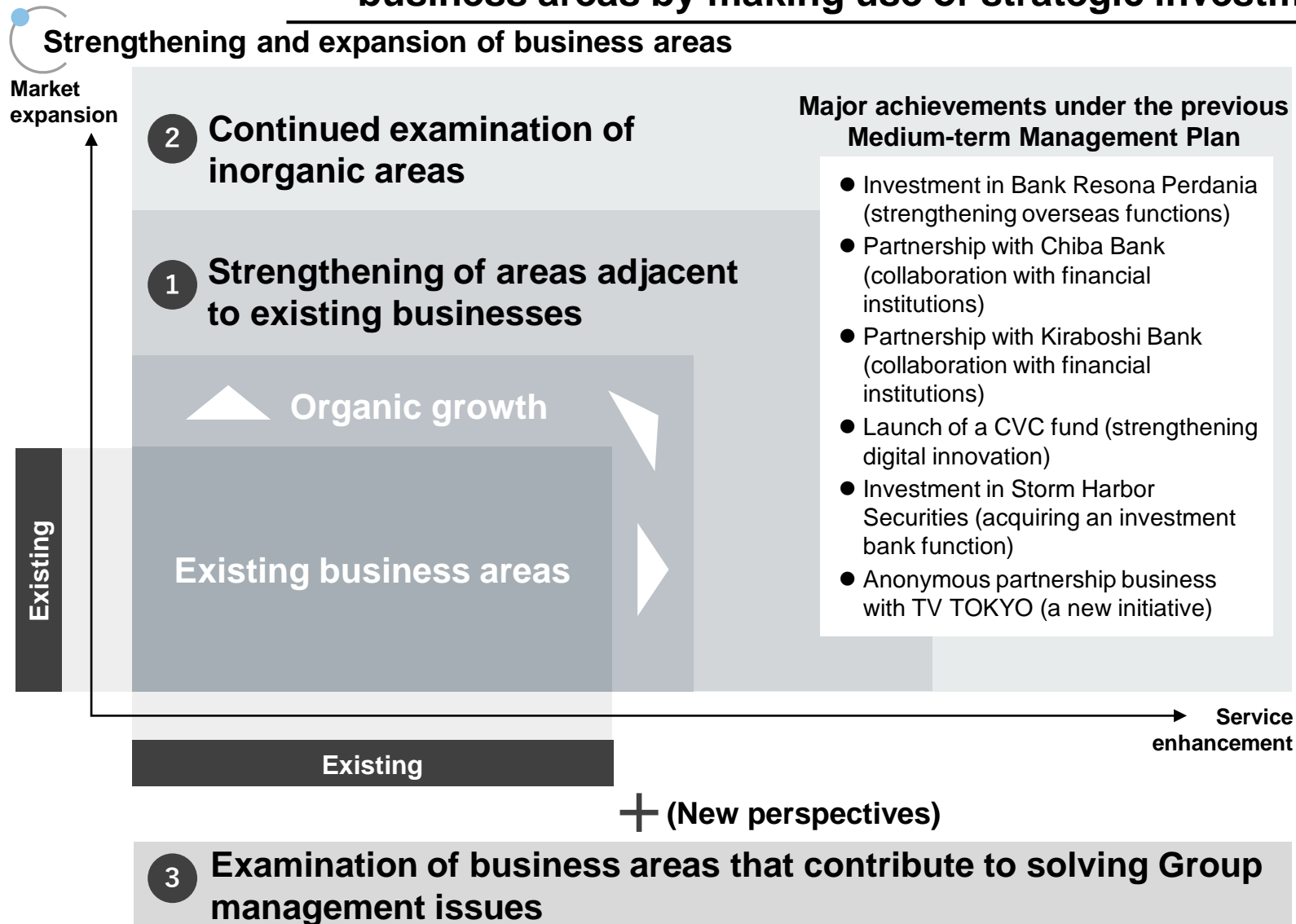


\*1 Number of projects offered for overseas businesses, including M&As, business matching, consulting, and leasing in a single year



## Priority Strategies (2) Making Use of Strategic Investment and Alliances (Strengthening and Expanding the Business Areas)

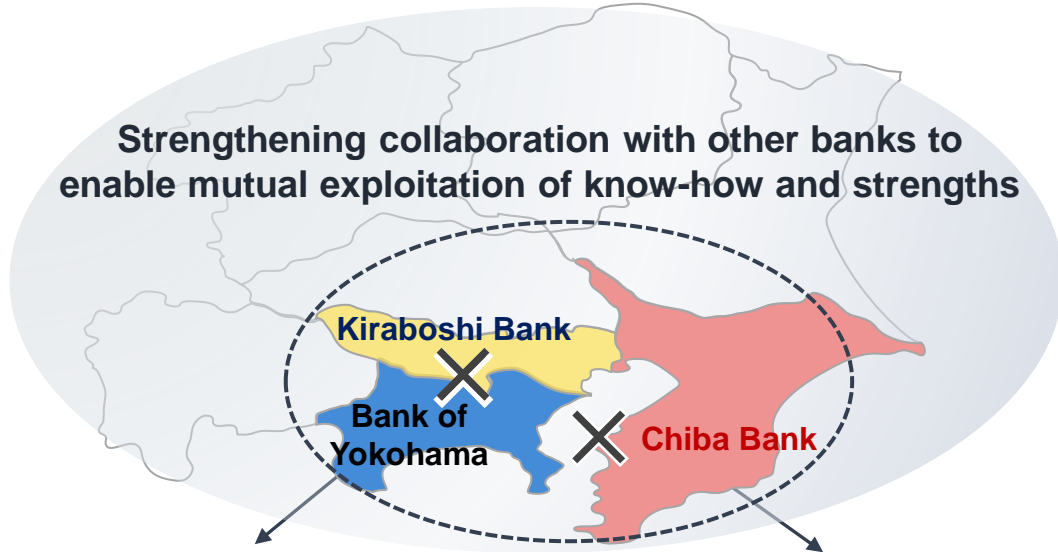
### Achieving sustainable growth through the strengthening and expansion of business areas by making use of strategic investment and alliances



Make proactive use of strategic alliances that contribute to the mutual exploitation of know-how and strengths and the efficiency improvement

Collaboration with other banks in the solution business

Sharing of know-how and cooperation with regional banks based in the Tokyo metropolitan area



Tokyo Kanagawa Solution Connect



- Signed in August 2021
- Supporting an increase in corporate value by mutually exploiting know-how and strengths\* possessed by both banks and thereby meeting customer needs including large-sized and diversified fund procurement needs

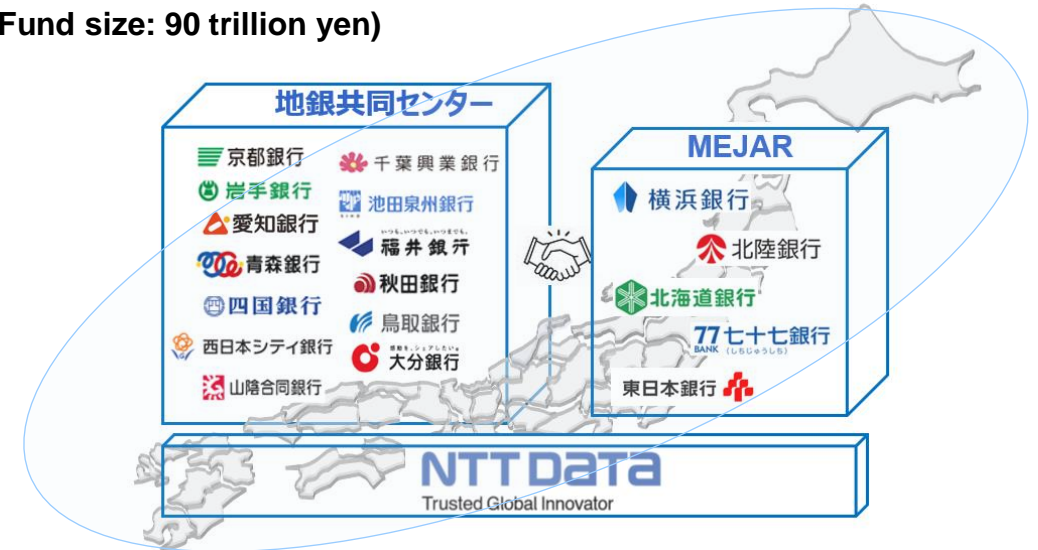


- Signed in July 2019
- Providing customers with more sophisticated services and products through the mutual sharing of know-how and cooperation by the leading regional banks based in the Tokyo metropolitan

Collaboration with other banks in system areas

Collaboration beyond the framework of joint system groups

- Launched in November 2021
- Participated by 18 banks beyond the framework of joint system groups (Fund size: 90 trillion yen)



**Software** The Regional Bank Integrated Services Center and MEJAR have adopted the same system, "BeSTA."

**Hardware** Jointly used by the respective groups

Joint development of new functions, including peripheral accounting systems, becomes easy.

Cost may be reduced through the enhancement of joint use and standardization.

\* Mainly in advanced finance areas such as structured finance



### Basic Theme I Growth

Priority Strategies (1) Deepening and Expansion of Solution Business

---

Priority Strategies (2) Making Use of Strategic Investment and Alliances

### Basic Theme II Change

**Priority Strategies (3) Talent Portfolio Reforms and an Increase in Engagement**

---

**Priority Strategies (4) Digital Transformation (DX)**

### Basic Theme III Sustainability

Priority Strategies (5) Contribution to Sustainable Regional Communities

---

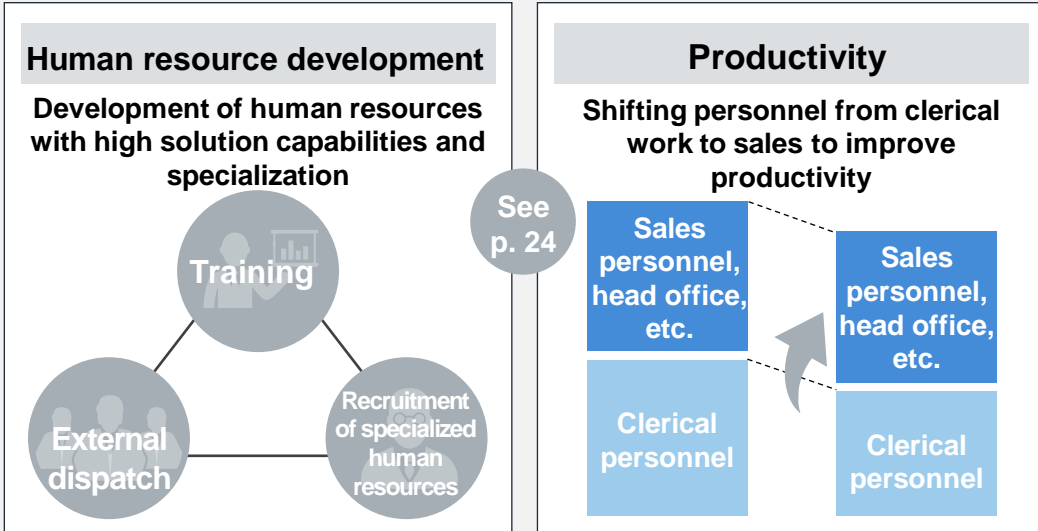
Priority Strategies (6) Sophistication of Governance

---

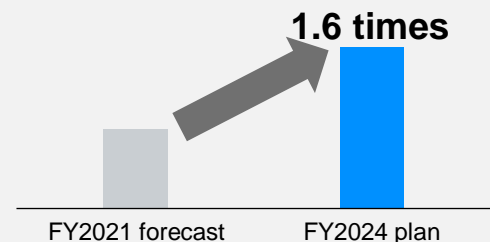
### Strengthening of human resource development toward a shift to a “solution company” and a reform into a corporate culture where employees have high motivation to take on challenges and grow

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

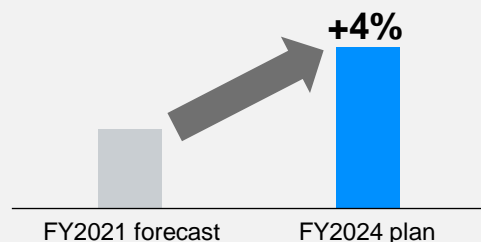
#### Strengthening of human resource development toward a shift to a “solution company”



Time invested in talent development per person



Revenue from solutions per person\*1

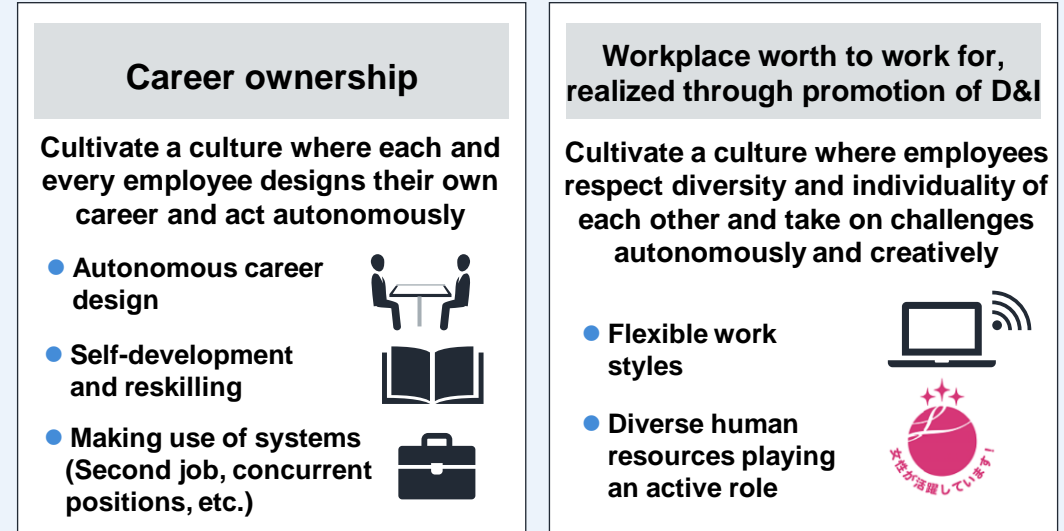


Talent portfolio reforms



An increase in engagement

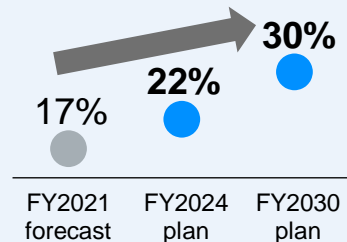
#### A reform into a corporate culture where employees have high motivation to take on challenges and grow



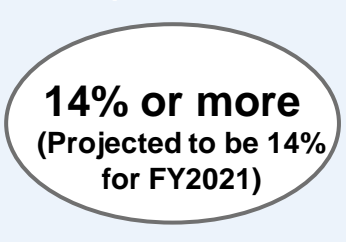
Number of posts open for internal application



Percentage of women managers



Percentage of mid-careers in managerial positions



\*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

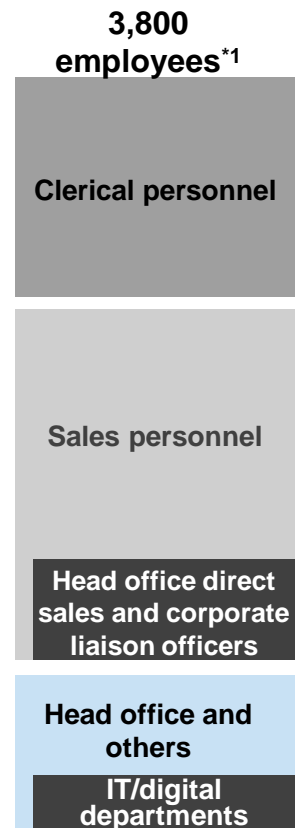
\*2 Annual average for the period covered by the Medium-term Management Plan

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

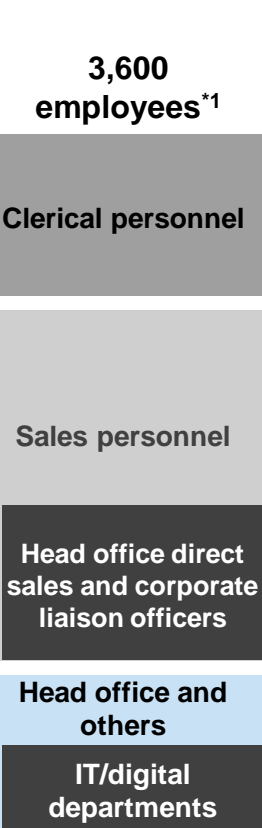
### Streamlining of the personnel system and assignment of personnel to areas of strengthened efforts

- 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

#### FY2021 forecast



#### FY2024 plan



+60 employees

+60 employees

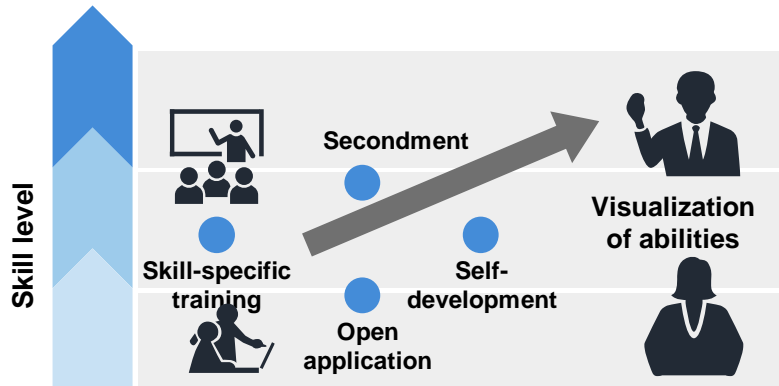
Totalling 630 employees of head office direct sales and corporate liaison officers

Totalling 190 employees of IT/digital departments

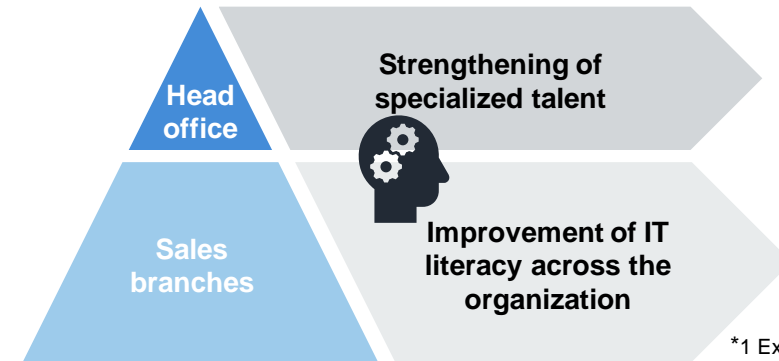
### Strengthening development of human resources with high solution capabilities and specialization

- 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

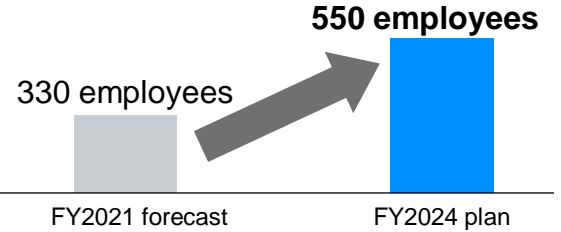
#### Human resource development aimed at strengthening of solution sales capabilities



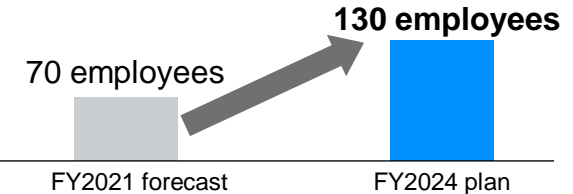
#### Human resource development for IT/digital departments



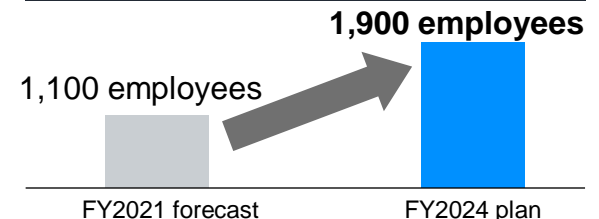
#### Number of holders of major consulting qualifications\*<sup>2</sup>



#### Number of human resources specialized in IT/digital



#### Number of holders of IT Passport

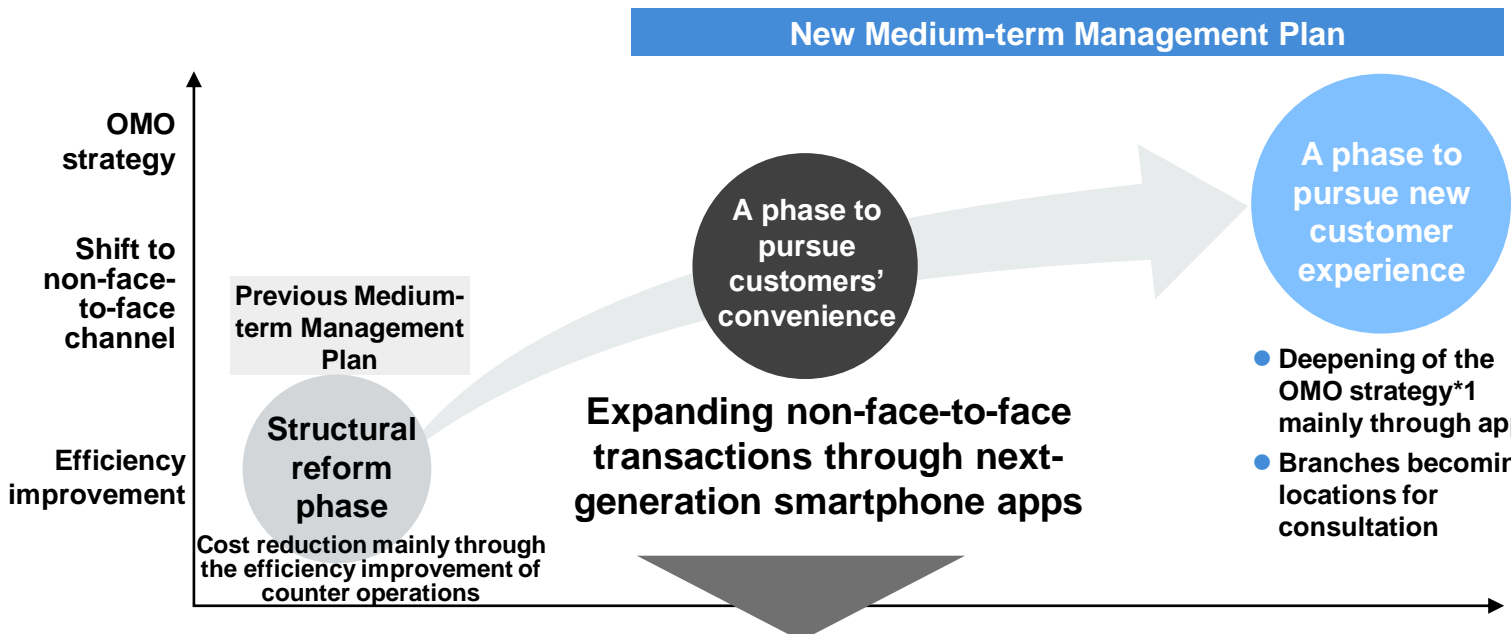


\*1 Excluding employees on secondment or leave of absence

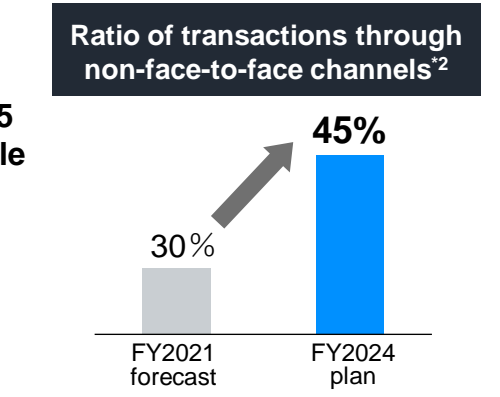
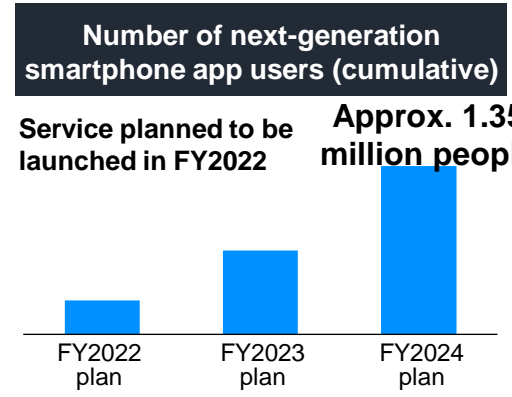
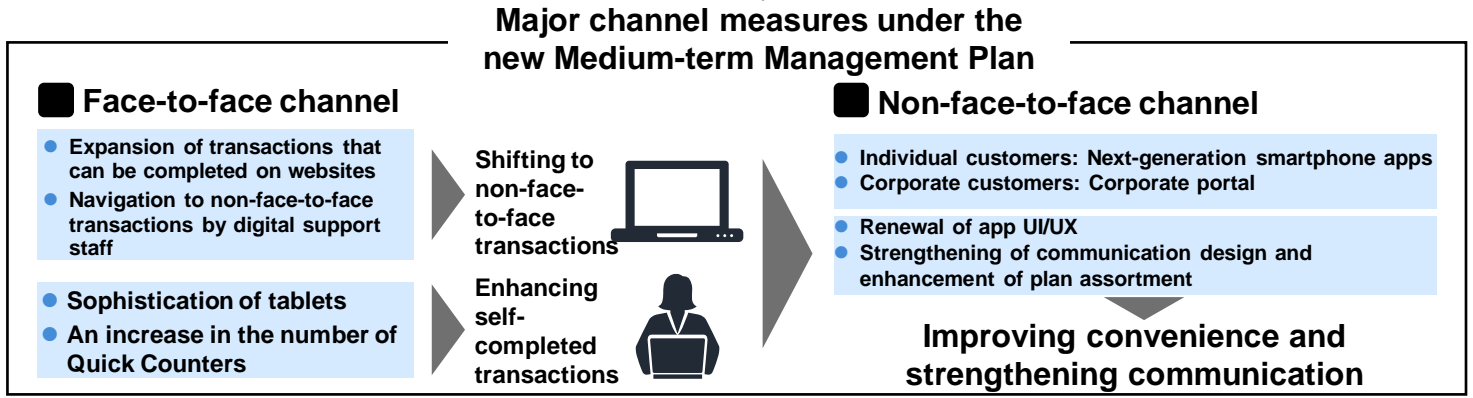
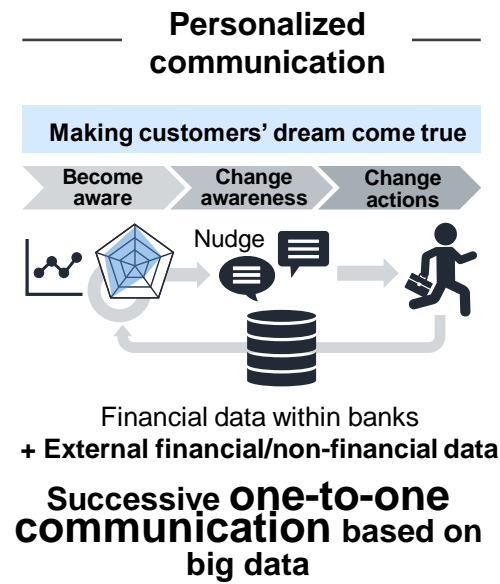
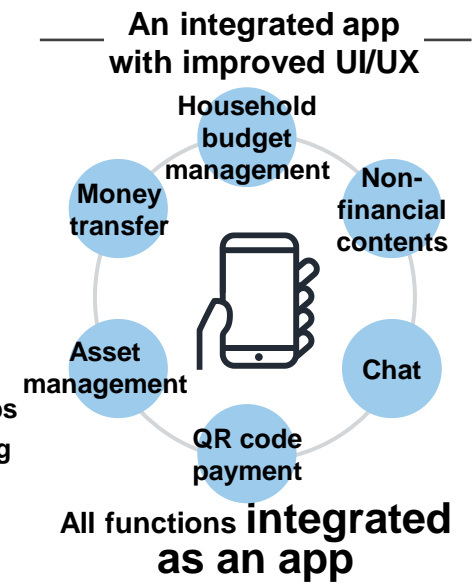
\*2 Number of small and medium-sized enterprise consultants and FP Level 1-certified employees

### Expanding non-face-to-face channels to improve customers' convenience and strengthen communication

#### Direction of channel strategies



#### Improving convenience and strengthening communication through next-generation smartphone apps



\*1 Abbreviation for Online Merges with Offline

\*2 Four types of transactions, namely, account opening, money transfer, tax payment, and changing registered items

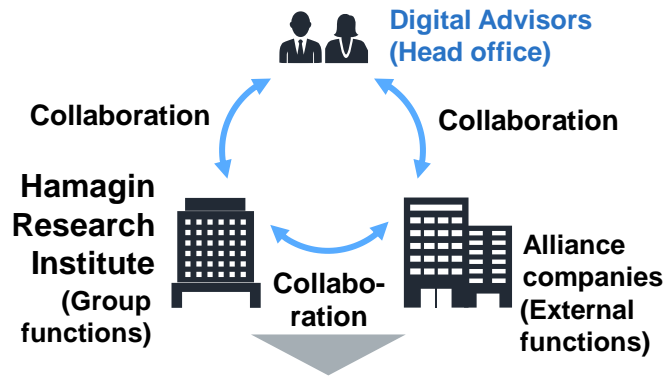
### Strengthening support for digitization of corporate customers by making use of Group functions and external functions and providing non-face-to-face functions

#### Initiatives to support digitization of corporate customers

#### Strengthening of face-to-face approaches

#### Provision of non-face-to-face functions

##### System to provide solutions

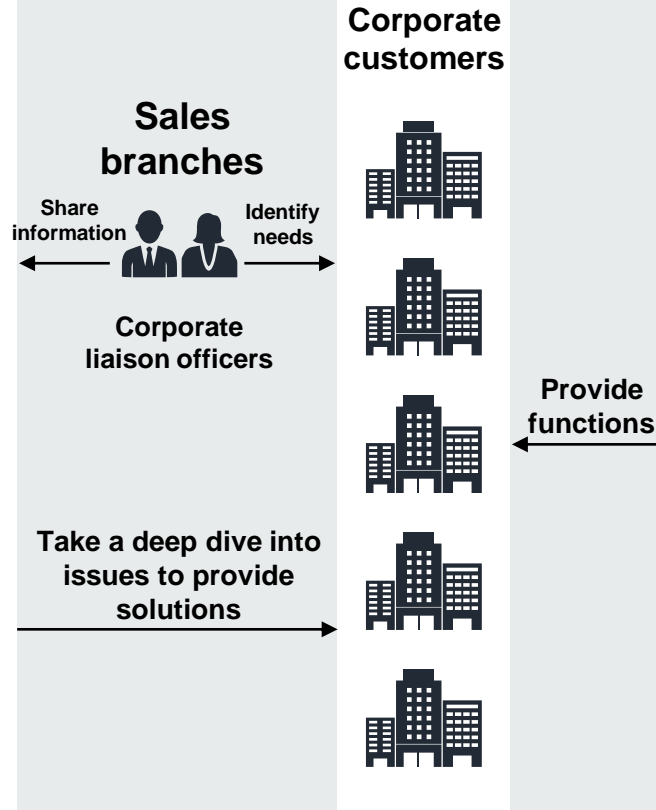


##### Digital Advisors

- Identify customers' issues in digitization based on information from sales branches
- Take a deep dive into the issues to provide optimal solutions making use of Group functions and external functions

##### Themes

- Streamlining operations
- Strengthening sales capabilities
- Improving productivity, etc.

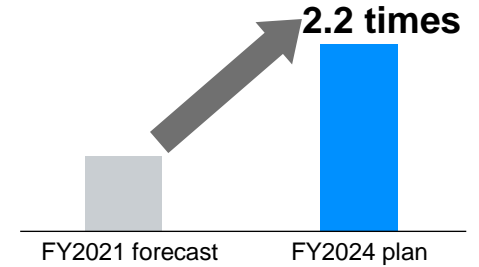


##### Hamagin Business Connect (corporate portal)

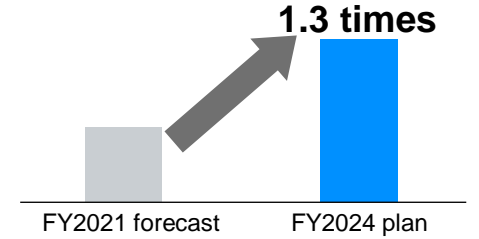
##### Provision of advanced non-face-to-face banking functions

- Online lending
- Web-based overdraft facility
- Corporate debit
- Business matching
- Digital bank book
- Electronic contracts
- Enhancement of communication opportunities
- Contents for business managers
- Various types of seminar information
- Economic reports

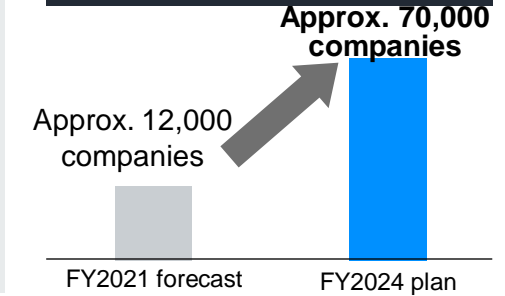
##### Number of DX support corporate customers (for single year)



##### Number of corporate payment main customers\*1



##### Number of companies using Business Connect



\*1 Number of customers who have an internet banking contract and payment transactions of a number exceeding a certain threshold

### Basic Theme I Growth

Priority Strategies (1) Deepening and Expansion of Solution Business

---

Priority Strategies (2) Making Use of Strategic Investment and Alliances

### Basic Theme II Change

Priority Strategies (3) Talent Portfolio Reforms and an Increase in Engagement

---

Priority Strategies (4) Digital Transformation (DX)

### Basic Theme III Sustainability

Priority Strategies (5) Contribution to Sustainable Regional Communities







---

Priority Strategies (6) Sophistication of Governance

---

### Clarify the target for each materiality and strengthen companywide initiatives

#### Initiatives and KPIs corresponding to the Six Materialities

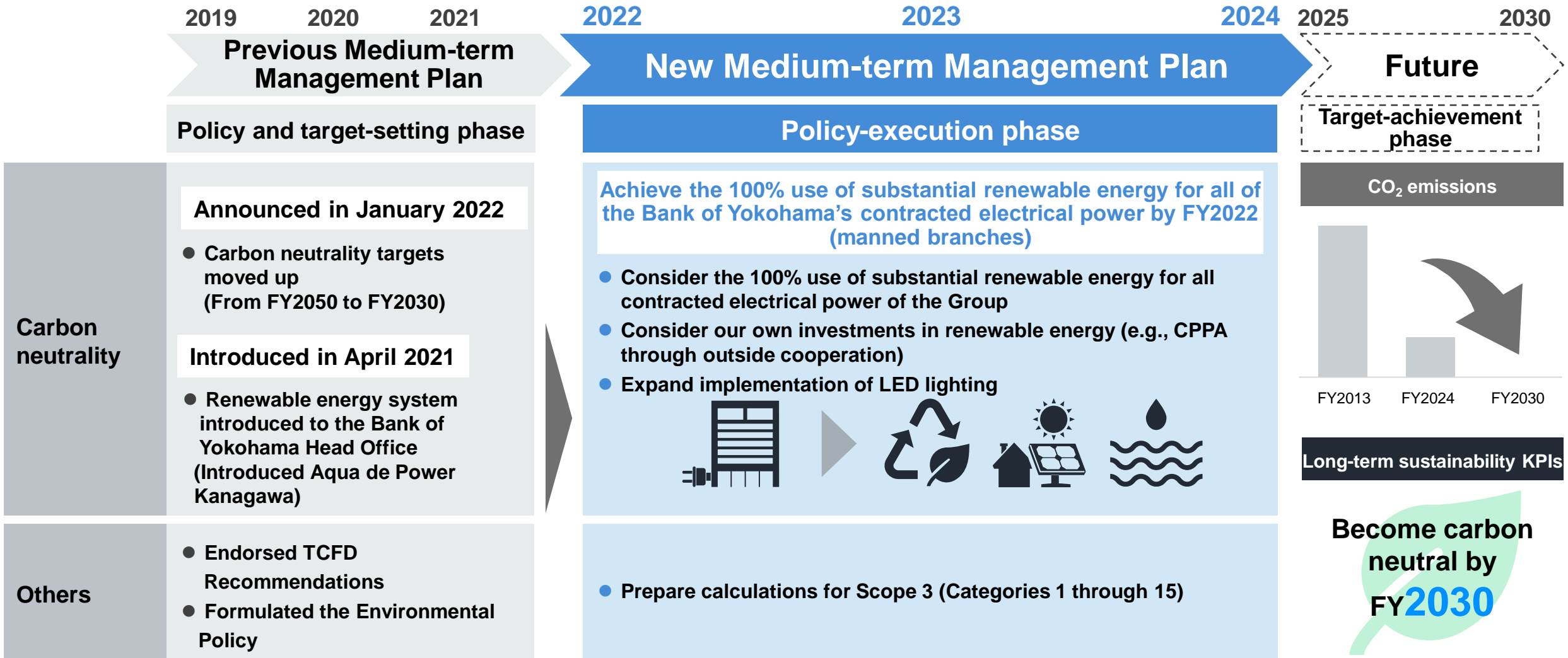
Materialities	Initiatives	Major KPIs under the new Medium-term Management Plan	Long-term sustainability KPIs
<b>1. Measures against Global Warming and Climate Change</b> 	Proactive initiatives toward the decarbonization of our customers and the Group	80% reduction in our CO <sub>2</sub> emissions compared to FY2013*	Achieve carbon neutrality by FY2030* (Initiatives toward our decarbonization)
<b>2. Supporting Sustainable Growth of Local Businesses</b> 	Contribute to the business growth of our customers at various stages	Approximately 2,200 corporate partners	Cumulative loan execution amount by FY2030* Sustainable finance: 2 trillion yen Green finance: 1 trillion yen
<b>3. Revitalizing Local Economies</b> 	Contribute to regional revitalization through industry-academia-government-finance cooperation	Initiatives toward resolving 15 regional issues per year	—
<b>4. Lifestyle Support in the Age of Centenarians</b> 	Provide long-term support to enable our customers to live secure and enriched lives	Approximately 1.4 trillion yen of assets in the Group's custody	100,000 financial education course participants by FY2030
<b>5. Promotion of Financial Digitization (DX)</b> 	Pursue improvement of customer convenience to enable various access methods	Approximately 1.35 million users of next-generation smartphone apps Increase DX support customers 2.2 times	—
<b>6. Workplace Reform and Promotion of Diversity</b> 	Respect the diversity of people and workstyles and build a company where employees can take pride in their work	Percentage of women managers: 22% or higher Percentage of mid-careers in managerial positions: maintain 14% or higher	—

\* KPIs of the Concordia Financial Group



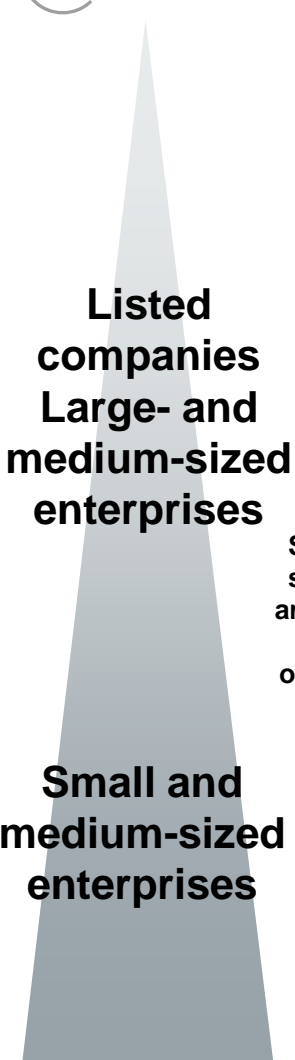
## Move up the target for achieving our carbon neutrality to FY2030 and accelerate initiatives toward our decarbonization

### Initiatives toward our decarbonization



## Strengthen support for the decarbonization of our customers through the expansion and promotion of sustainable finance and other solutions

Provide optimal sustainability solutions aligned with customer phase



Issues facing our customers	Our support	
Initiatives toward decarbonization	<ul style="list-style-type: none"> <li>● Provide solutions toward achieving decarbonization targets</li> </ul>	<p><b>Menu of solutions</b></p> <ul style="list-style-type: none"> <li>● Sustainability linked loans</li> <li>● Positive impact finance</li> <li>● Support in the calculation of Scope 3</li> </ul>
Identify priority issues and set targets toward decarbonization	<ul style="list-style-type: none"> <li>● Visualization of the CO<sub>2</sub> emissions of our customers</li> <li>● Set decarbonization targets</li> </ul>	<ul style="list-style-type: none"> <li>● Loans linked to global warming measures with the cooperation of local governments</li> <li>● Simplified calculation of CO<sub>2</sub> emissions (Hamagin Research Institute)</li> </ul>
Start initiatives relating to SDGs	<ul style="list-style-type: none"> <li>● Link business activities with SDGs</li> </ul>	<ul style="list-style-type: none"> <li>● Business feasibility assessment of SDGs</li> <li>● SDGs Friends Leasing (Hamagin Finance)</li> <li>● SDGs Friends Loan</li> </ul>

### Long-term sustainability KPIs

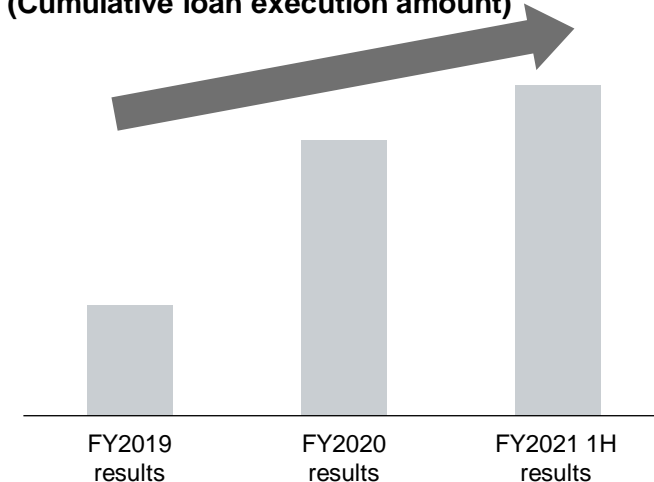
Cumulative loan execution amounts by FY2030

Sustainable finance: 2 trillion yen  
Green finance: 1 trillion yen

### Cumulative loan execution amount by 1H of FY2021:

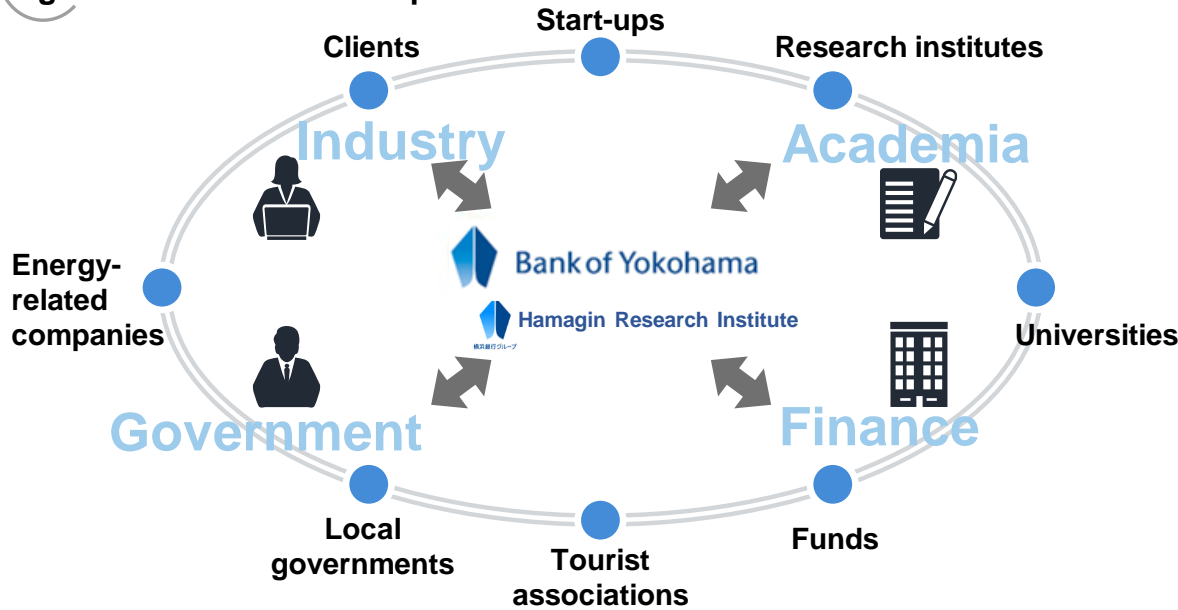
Total of 1,277.6 billion yen  
(of which 330.1 billion yen in green finance)

(Cumulative loan execution amount)



### Strengthen initiatives to address local community issues through industry-academia-government-finance cooperation that utilizes various networks

Respond to local community issues by strengthening industry-academia-government-finance cooperation



- Sagamihara/Atsugi (Central Zone)**  
 Regional development leveraging the location of Tomei/Daini Tomei Expressways and Ken-O Road  
 Tourism revitalization with Oyama/Miyagase Dam
  - Kawasaki**  
 Urban development based on population increases  
 Advanced manufacturing and development of new industries, innovative environmental measures toward decarbonization
  - Odawara/Hakone (Western Zone)**  
 Revitalize tourism  
 Respond to the declining and aging of the population  
 Initiatives toward the local production and local consumption of energy
  - Yokohama**  
 Urban development to further raise the appeal of Yokohama  
 Attracting and developing new businesses in growth areas
  - Shonan**  
 Involvement in various development projects  
 Enhance regional value by utilizing marine resources
  - Miura Peninsula**  
 Enhance regional value by utilizing marine and agricultural resources  
 The community's sustainability in the face of the declining and aging population
- Promote regional revitalization aligned with the issues and potentials of each regions**

#### Major examples

##### World Horticultural Exhibition 2027



- Promotion of the Kamiseya region in preparation for the World Horticultural Exhibition 2027
- Provide full support of the national project as a local financial institution, develop the "Green City" concept and contribute to regional revitalization

##### Partnership agreement with Kanagawa Prefecture to promote SDGs



- As part of the partnership agreement with Kanagawa Prefecture to promote SDGs, we support the activities of NPOs addressing the problem of child poverty
- Going forward we will contribute to resolving local community issues and regional revitalization through even closer partnerships with Kanagawa Prefecture

##### Kawasaki Zero-Carbon Challenge 2050

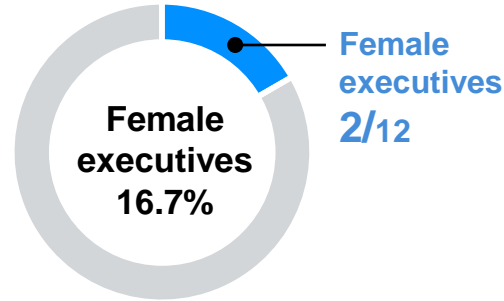
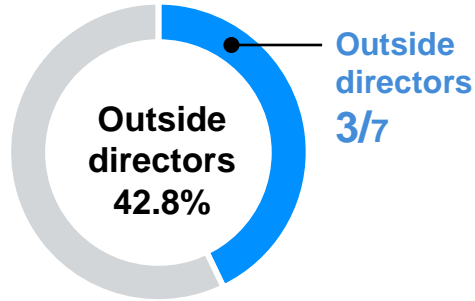


- Cooperate with Kawasaki City in taking on innovative challenges for decarbonization
- As a local financial institution, we promote decarbonization model areas and contribute to decarbonization measures by cooperating with local companies

### Achieve improved corporate value by continuing with a highly efficient governance structure and the improvement of dialogues with stakeholders and information disclosure

#### A governance structure that ensures independence and diversity

- 3 independent outside directors appointed among 7 directors
- 2 female executives appointed among 12 executive (7 directors and 5 auditors)

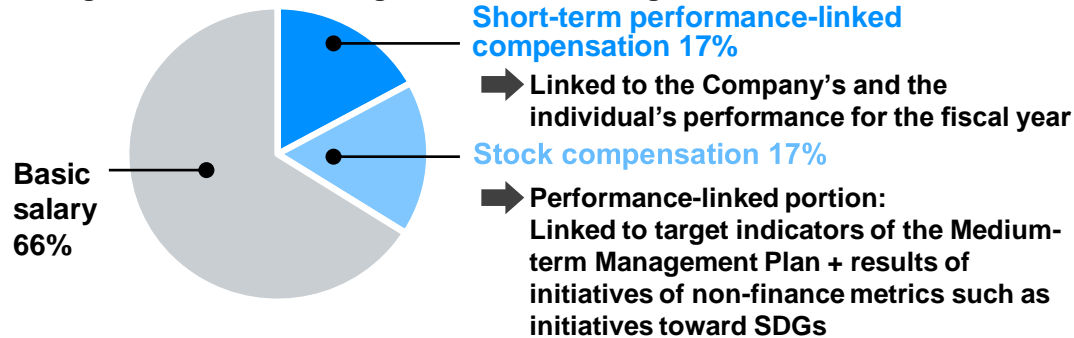


\* As of March 31, 2022

#### An executive compensation system that contributes to the medium- to long-term improvement of corporate value

##### Executive compensation system for directors (excluding outside directors)

- A compensation system that contributes to the enhancement of corporate value and shareholder value, not only in the short-term but also in the medium and long term, while restraining excessive risk-taking



\* As of March 31, 2022

#### Practice companywide sustainability management

##### Group Sustainability Policy

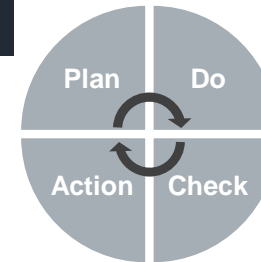
We will solve social issues through our core business and contribute to the sustainable development of society by engaging in activities that contribute to the community.  
We will also confer with stakeholders and actively disclose information.

##### Sustainability organizational structure



##### Practice sustainability management

Under the "Sustainability Committee" led by the President, we will accelerate companywide initiatives and put the PDCA cycle into practice.



##### Conferring with stakeholders and improving information disclosure



- Improvement of outside assessment of ESG
- Enhancement of corporate value

## **Initiatives of the Higashi-Nippon Bank**

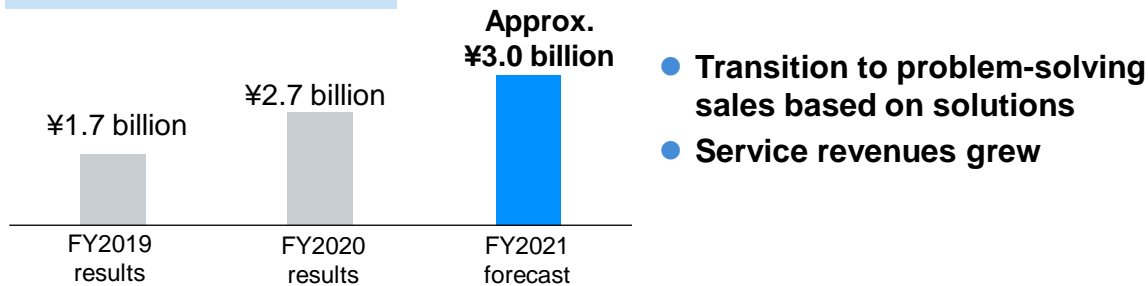
# Initiatives of the Higashi-Nippon Bank (1) Progress of the “Sunrise Plan —Next 100—” and the P/L Plan

## Increase in net business profit through increased corporate solution revenues and a reduction in expenses mainly from structural reforms

### Results of major initiatives

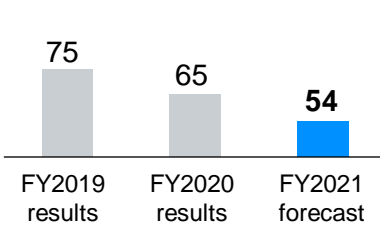
#### 1. Deepen the core business (Deepen sales based on solutions)

##### Trends in service revenues

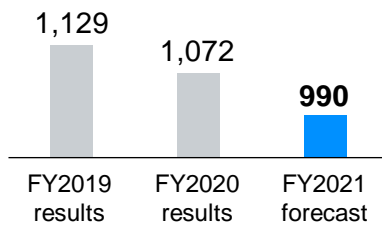


#### 2. Fundamental structural reforms

##### Trends in the number of locations



##### Trends in the number of employees



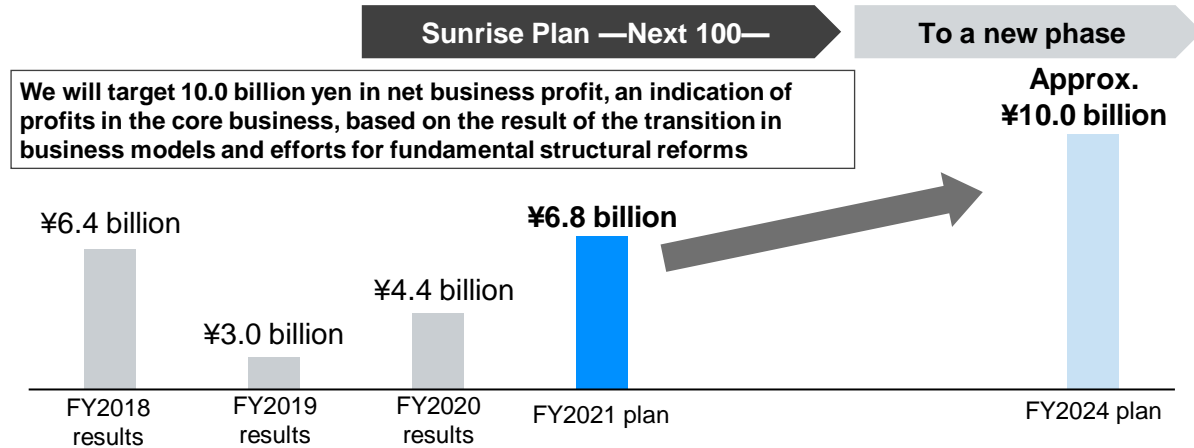
- Conducted branch channel reforms including the consolidation of branches within Ibaraki Prefecture
- Streamlined both the number of locations and employees

#### 3. Strengthen credit risk management

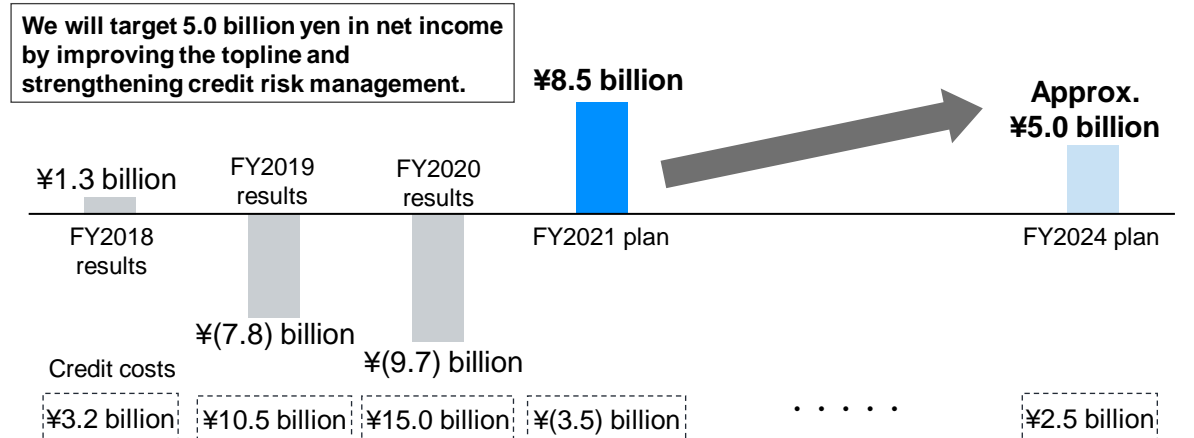
- Strengthened credit limit monitoring by appointing 19 credit management staff
- The Loan Department staff directly educates sales branch staff through loan screening, in order to understand the client’s situation and strengthen the employees’ loan screening capabilities.
- Dispatched trainees to the Bank of Yokohama Loan Department to improve the employees’ loan screen capabilities

### Results and outlook of business performance

#### Trends in net business profit



#### Trends in net income



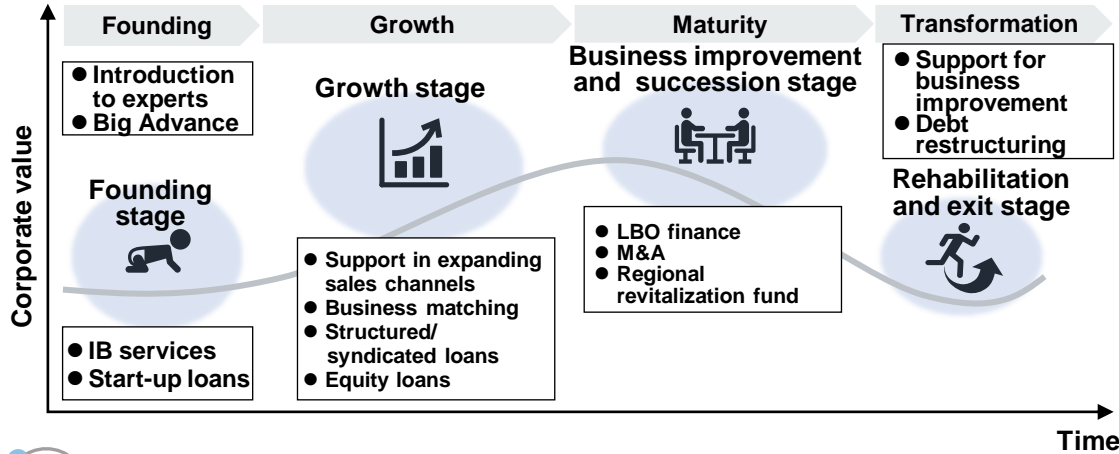


# Initiatives of the Higashi-Nippon Bank (2) Strategies Aiming to Be a “Total Partner for Small and Medium-sized Enterprises”

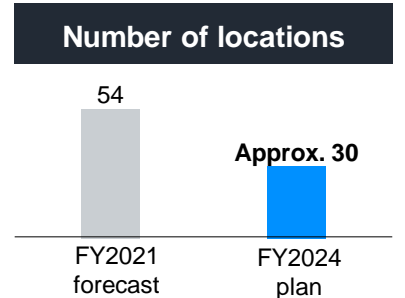
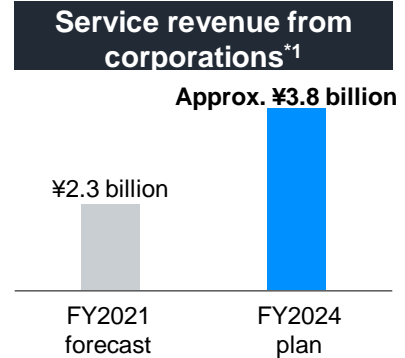
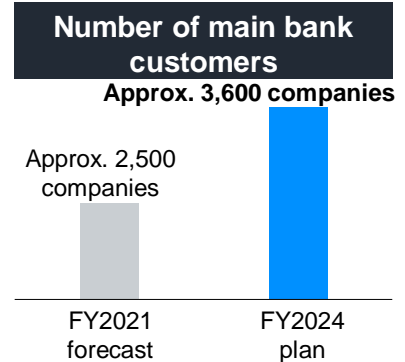
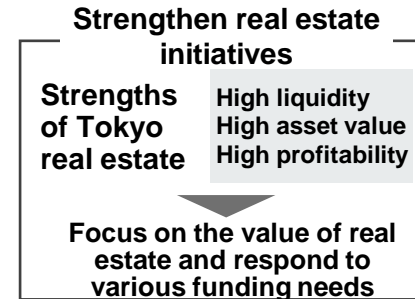
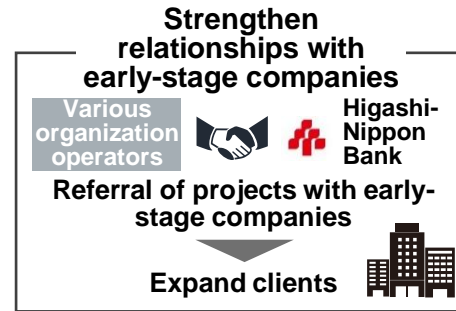
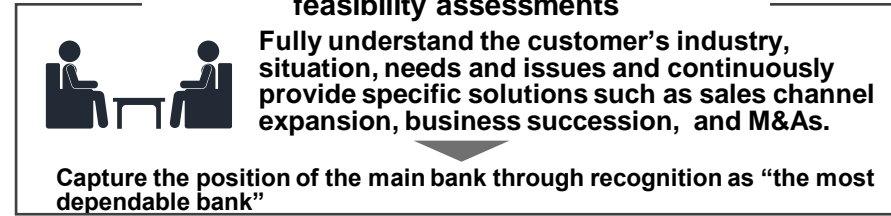
## Build an efficient sales structure and provide optimal solutions as a “Total partner for small and medium-sized enterprises”

### Strengthen support at each stage of a company’s lifecycle

- Provide problem-solving measures in line with the life stage of the customer

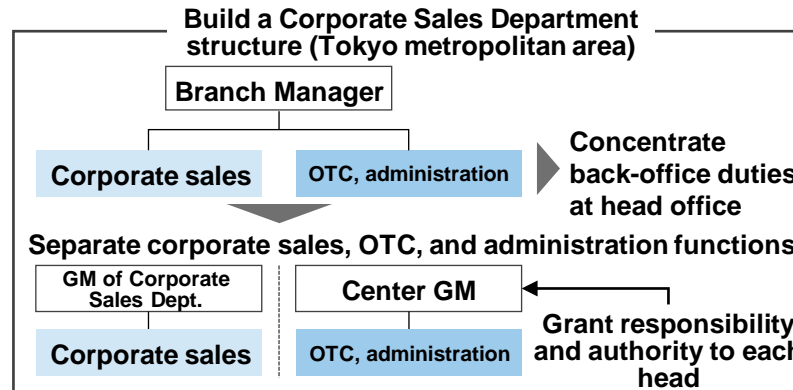
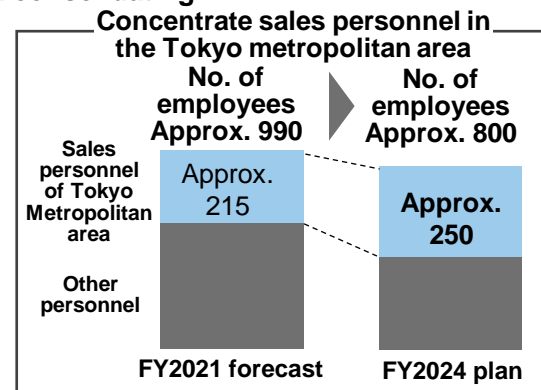
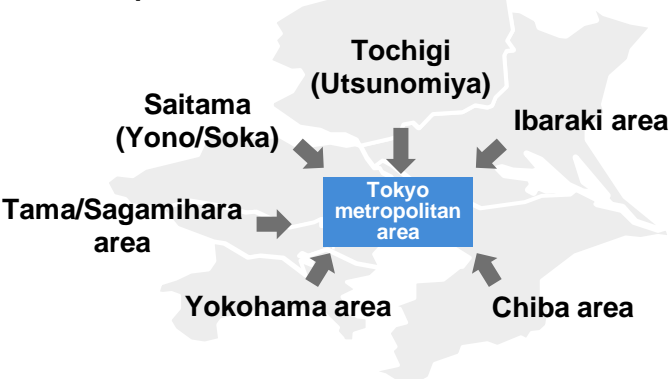


### Deepen solution sales through business feasibility assessments



### Build an efficient sales structure

- Concentrate management resources in the Tokyo metropolitan area by streamlining branch operations and consolidating operations at the head office



\* Within 5 years from founding

\*1 Fees and commissions from corporations such as syndicated loans, M&As, and business matching (excluding settlement service and other revenues)



# **Reference Materials**

**[From FY2022 to FY2024]**

# **Sustainability Strategies**

**Materialities and sustainability strategies**

Identify six materialities and strengthen initiatives toward resolving regional issues

**Process of identifying the Materialities**

We conducted discussions and deliberations from the perspective of the degree of impact on stakeholders and our social presence as a regional financial institution, and upon discussions by the Board of Directors, selected the “Six Materialities” and promoted business strategies.

**Group Sustainability Policy**

We will solve social issues through our core business and contribute to the sustainable development of society by engaging in activities that contribute to the community.







We will also confer with stakeholders and actively disclose information.

**Six Materialities**

Measures against Global Warming and Climate Change	Supporting Sustainable Growth of Local Businesses
Revitalizing Local Economies	Lifestyle Support in the Age of Centenarians
Promotion of Financial Digitization (DX)	Workplace Reform and Promotion of Diversity



## Approach toward the Materialities

Materialities	Initiatives	Major KPIs under the new Medium-term Management Plan	Long-term sustainability KPIs
<b>1. Measures against Global Warming and Climate Change</b> 	Proactive initiatives toward the decarbonization of our customers and the Group	80% reduction in our CO <sub>2</sub> emissions compared to FY2013	Achieve carbon neutrality by FY2030 (Initiatives toward our decarbonization)
<b>2. Supporting Sustainable Growth of Local Businesses</b> 	Contribute to the business growth of our customers at various stages	Approximately 2,200 corporate partners*	Cumulative loan execution amount by FY2030 Sustainable finance: 2 trillion yen Green finance: 1 trillion yen
<b>3. Revitalizing Local Economies</b> 	Contribute to regional revitalization through industry-academia-government-finance cooperation	Initiatives toward resolving 15 regional issues per year*	—
<b>4. Lifestyle Support in the Age of Centenarians</b> 	Provide long-term support to enable our customers to live secure and enriched lives	Approximately 1.4 trillion yen of assets in the Group's custody*	100,000 financial education course participants by FY2030
<b>5. Promotion of Financial Digitization (DX)</b> 	Pursue improvement of customer convenience to enable various access methods	Approximately 1.35 million users of next-generation smartphone apps* Increase DX support customers 2.2 times*	—
<b>6. Workplace Reform and Promotion of Diversity</b> 	Respect the diversity of people and workstyles and build a company where employees can take pride in their work	Percentage of women managers: 22% or higher* Percentage of mid-careers in managerial positions: maintain 14% or higher*	—

\* KPIs for the Bank of Yokohama

## Materiality (1) Measures against Global Warming and Climate Change

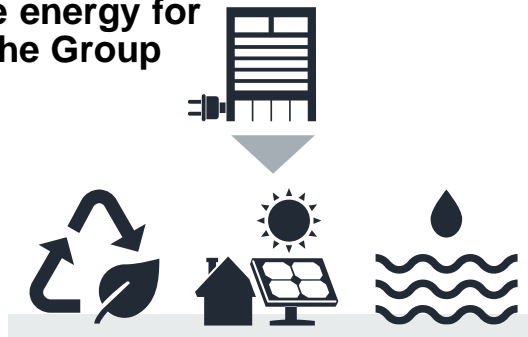
### Major KPI

**Achieve carbon neutrality by FY2030**

\* For Scopes 1 and 2

#### 100% use of substantial renewable energy for all contracted electrical power of the Group

- Consider a switch of all contracted electrical power of the Bank of Yokohama and Higashi-Nippon Bank to 100% use of substantial renewable energy



#### Expand loans linked to climate warming measures with the cooperation of local governments

Loans linked to global warming measures with the cooperation of local governments

Japan's first

Gradually spread to other regions

- We support the decarbonization of our customers who submitted plans for measures against global warming to the local governments, by giving preferential treatment in interest rates according to their degree of achievement of targets.

#### Our own investments in renewable energy

- Consider CPPA
- Work with outside cooperation
- Consider our own investments in renewable energy



#### Strengthen renewable energy project financing



- We will strengthen initiatives to reduce CO2 through project financing for renewable energy.

#### Introduction of energy-saving equipment

- Expand implementation of LED lighting and other energy-saving equipment



Solar power generation

Biomass power generation

Wind power generation

Hydroelectric power generation

## Materiality (2) Supporting Sustainable Growth of Local Businesses

Support initiatives toward decarbonization aligned with customer needs

### Major KPI

Cumulative loan execution amount by FY2030  
 Sustainable finance: 2 trillion yen  
 Green finance: 1 trillion yen

Listed companies  
 Large- and medium-sized enterprises

Small and medium-sized enterprises

Solutions that are aligned with the phase of our customer's initiatives

### Our support

- Provide solutions toward achieving decarbonization targets

- Visualization of the CO<sub>2</sub> emissions of our customers
- Set decarbonization targets

- Support for linking business activities with SDGs

### Menu of solutions

- Sustainability linked loans
- Positive impact finance
- Support in the calculation of Scope 3

- Loans linked to global warming measures with the cooperation of local governments
- Simplified calculation of CO<sub>2</sub> emissions (Hamagin Research Institute)

- Business feasibility assessment of SDGs
- SDGs Friends Leasing (Hamagin Finance)
- SDGs Friends Loan

Pursue optimal products and services and support the improvement of our customers' corporate value

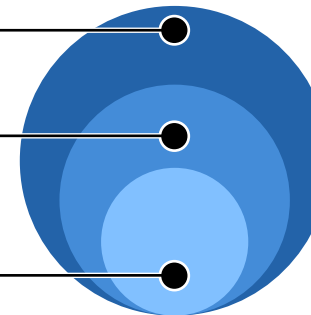
### Major KPI

Approximately 2,200 corporate partners by FY2024\*

### Potential clients

Approx. 200,000 companies of deposit clients

Approx. 20,000 companies of loan clients



- Expand the customer base to include deposit clients and potential clients as well as loan clients
- The Group will make a concerted effort to strengthen support that will contribute to the improvement of the customers' corporate value

### Group companies

Leasing	Think tanks
Securities	Venture capitals
Investment banks	Asset management

### Products and services

Management consulting	LBO loans
DX support	Mezzanine/equity finance
Business succession consulting	Sustainable finance
M&A advisory	Structured finance

\* KPIs for the Bank of Yokohama

## Materiality (3) Revitalizing Local Economies

### Major KPI

Initiatives toward resolving 15 regional issues per year\*

#### Initiatives that contribute to urban development

- Regional development and support in attracting companies to industrial parks, etc.
- Promote the utilization of public facilities using PPP/PFI, etc.



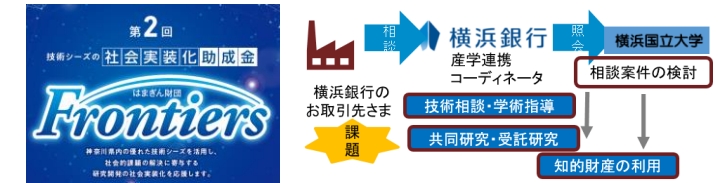
#### Initiatives to create a flow of people

- Tourism promotion in line with the changes to the social environment
- Specific measures for increasing migration and settlement



#### Initiatives to create jobs

- Start-up support from R&D to the free-running stage
- Support in improving corporate value through cooperation with universities and other institutions



#### Initiatives that contribute to the decarbonization of the region

- Launch of the regional decarbonization platform
- Decarbonization support including new regional electrical power and EVs



#### Initiatives to improve the business efficiency of public funds

- Promote digitalized and paperless collection of taxes and public money
- Improve inefficient business practices which have continued out of habit



#### Initiatives to resolve local community issues

- Initiatives to address child poverty problems by cooperating with local governments and NPOs and healthcare and welfare initiatives



\* KPIs for the Bank of Yokohama (Annual average during the period of Medium-term Management Plan)



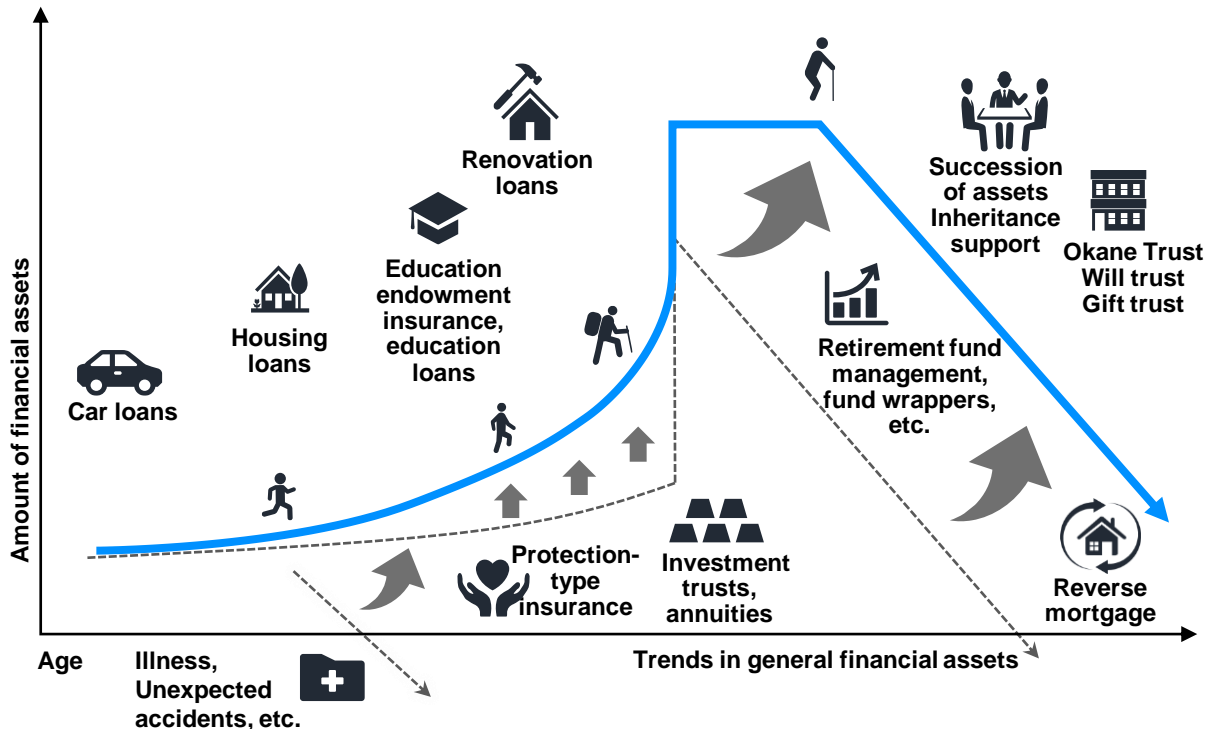
## Materiality (4) Lifestyle Support in the Age of Centenarians

Provide solutions in line with the life stage of the customer

### Major KPI

Approximately 1.4 trillion yen of assets in the Group's custody by FY2024\*

- Provide optimal solutions in line with the life stage of the customer
- Improve the asset formation function to enable customers to realize their optimal life plans



\* KPIs for the Bank of Yokohama

Expand financial education

### Major KPI

100,000 financial education course participants by FY2030

- Expand the web content of financial education
- Expand the use of our materials at schools



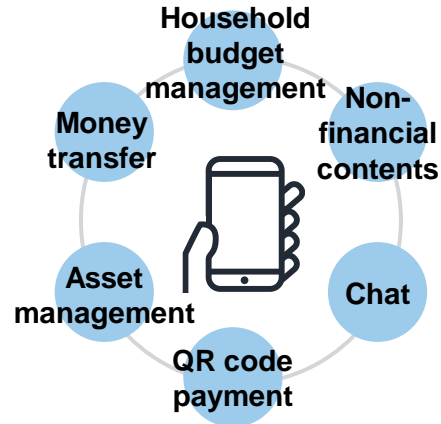
# Sustainability Strategies

## Materiality (5) Promotion of Financial Digitization (DX)

Develop next-generation smartphone apps for individual customers

### Major KPI

Approximately 1.35 million users of next-generation smartphone apps\*



An integrated app with improved UI/UX

- Provide a seamless customer experience
- Flexibly develop systems and implement PDCA through agile development

Support digitization of corporate customers

### Major KPI

Increase DX support customers 2.2 times (for single year) by FY2024\*

- Strengthen digitization support through the utilization of Group companies and external functions

## Materiality (6) Workplace Reform and Promotion of Diversity

Percentage of women managers

### Major KPI

22% or higher by FY2024\*

- Deepen talent management based on systematic succession
- Strengthen the curriculum from the period prior to maternity and childcare leave to return to work

	As of April 1, 2021	New Medium-term Management Plan KPI	Government targets March 31, 2030
Yokohama	15.3%	22.0%	30.0%
Higashi-Nippon	6.7%	13.0%	

Percentage of mid-careers in managerial positions

### Major KPI

Maintain 14% or higher (FY2022 to FY2024)\*

- Strengthen diversity by proactively promoting mid-career recruits to core positions

\* KPIs for the Bank of Yokohama

# **Digital Strategies**

## Our Vision of being a “solution company”

MISSION

Management Principles

As a financial group that is trusted by customers and indispensable to its region, we:

1. Contribute to enriching the lives of our customers and growing their businesses.
2. Contribute to the sustainable development of regional communities.
3. Continue to be an attractive company that employees are proud to work for.
4. Grow sustainably and enhance our corporate value.

VISION

Our Vision

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

VALUE

**Values and action guidelines to be shared by all executives and employees**

**“Confidence and trust”**

We place an importance on the maintenance and strengthening of relationships of trust with communities, customers, shareholders, and employees.

**“Customer-focused”**

We always act based on a customer-first policy.

**“Transformation and challenges”**

We face changes in economy and society always with a transformation spirit and take on challenges without fear of failure.

**“Pride”**

We always do our best with unwavering pride.

### Thoughts underscored in the “Our Vision”

- In order for us to continue to be “a financial group that is indispensable to its region” as set forth in our Management Principles, we aim to become a **“solution company”** that provides solutions to solve issues of customers and regional communities by broadening the range and increasing the quality of our solutions.
- Our commitment to becoming the closest partner for customers and regional communities by sincerely addressing issues faced by them is expressed in the phrase **“rooted in communities and selected as a partner to walk together.”**
- Aiming to become such a “solution company,” we will **contribute to sustainable development of vibrant regional communities.**

### ■ Our Vision

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

### ■ Positioning of the Medium-term Management Plan

**Three years to accelerate transformation and materialize results**

### ■ Basic themes and priority strategies

#### Growth

- (1) Deepening and expansion of solution business
- (2) Making use of strategic investment and alliances



#### Change

- (3) Talent portfolio reforms and an increase in engagement
- (4) Digital transformation (DX)

#### Sustainability

- (5) Contribution to sustainable regional communities
- (6) Sophistication of governance

**By providing our local customers with new experience and value through financial and non-financial services that leverage digital technology and supporting business growth through the provision of advanced digital solutions, we will contribute to the sustainable development of the local community.**

### I. Individual customers

**Improve customer convenience through smartphone apps**

- An integrated app with improved UI/UX
- Strengthen personalized communications

**Improve branch convenience**

- Expand non-face-to-face transactions and direct customers to non-face-to-face transactions
- Enhance self-completed transactions

### II. Corporate customers

**Provide digital solutions**

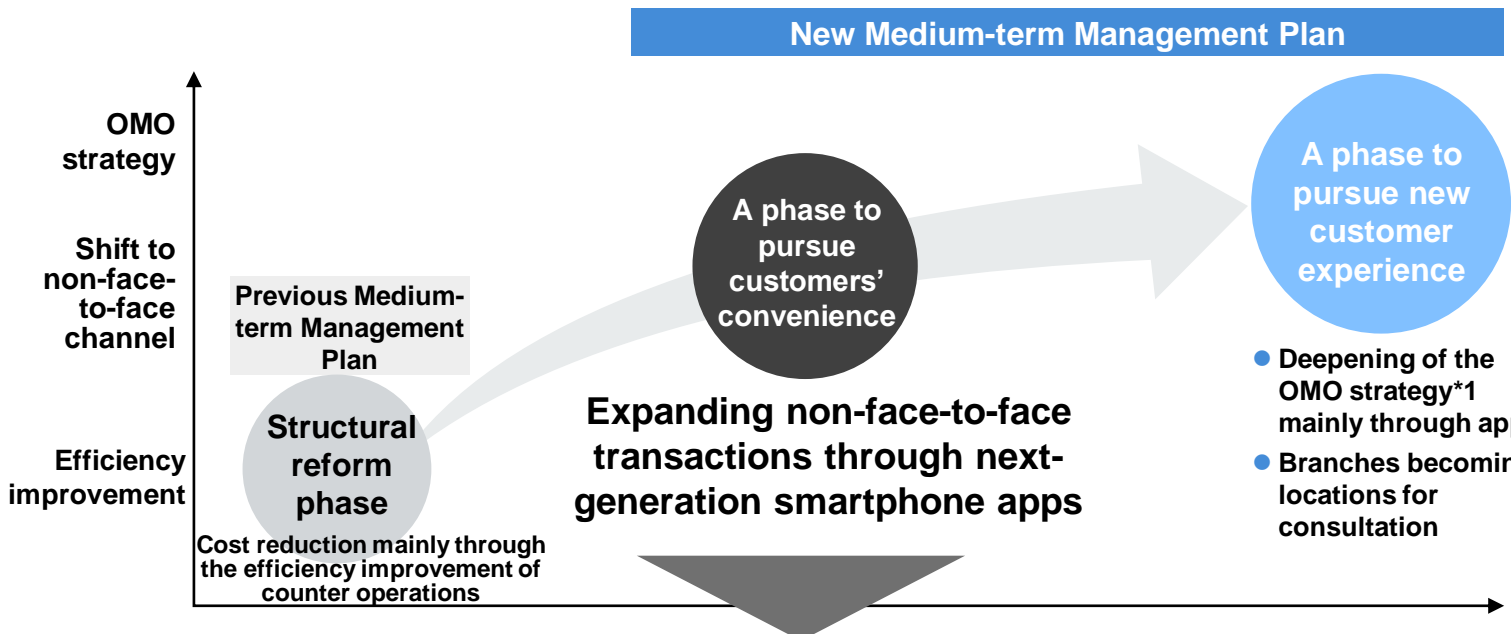
- Provide advanced non-face-to-face banking functions
- Increase opportunities for communications
- Provide solutions from Digital Advisors

**Expand non-face-to-face channels to improve customers' convenience and strengthen communication**

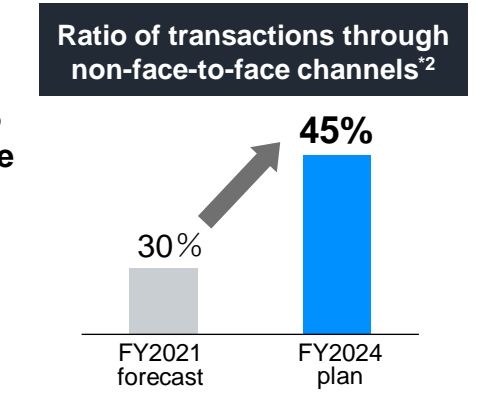
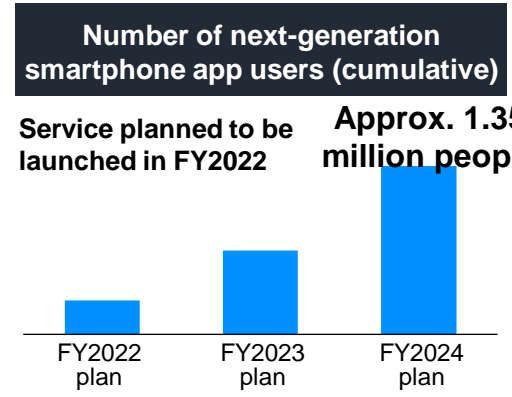
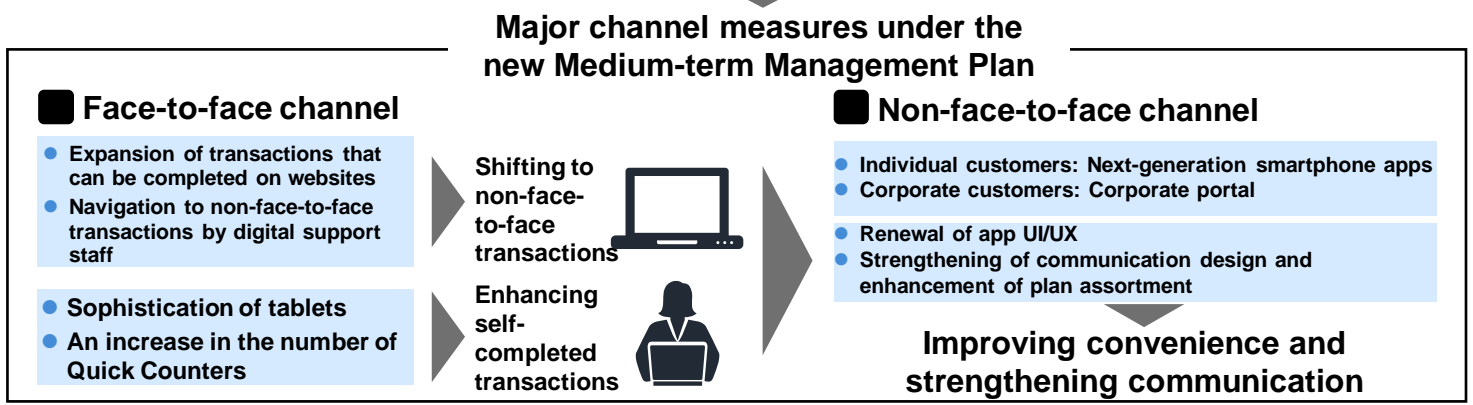
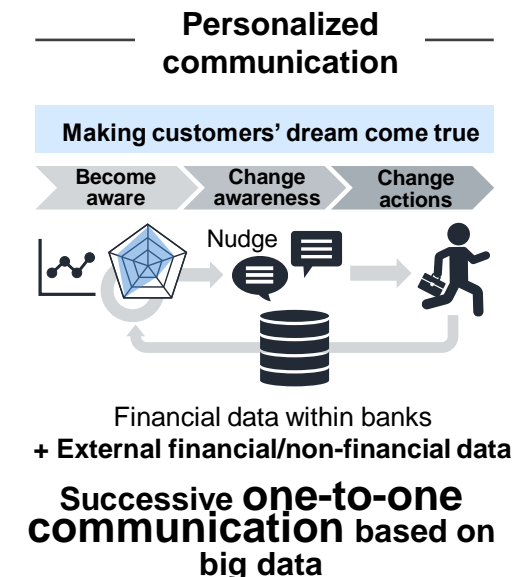
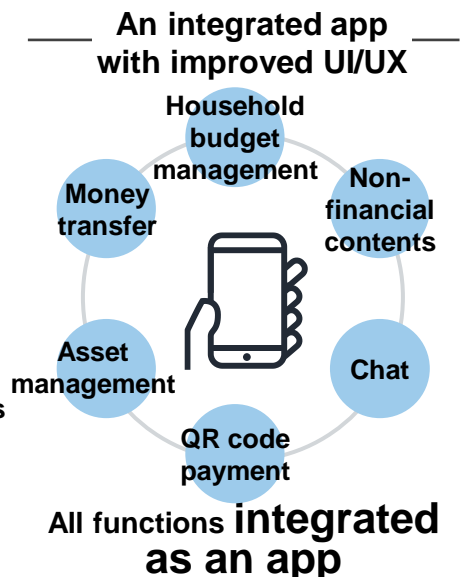
**Strengthen support for digitization by making use of Group functions and external functions and providing non-face-to-face functions**

## Expanding non-face-to-face channels to improve customers' convenience and strengthen communication

### Direction of channel strategies



### Improving convenience and strengthening communication through next-generation smartphone apps



\*1 Abbreviation for Online Merges with Offline  
 \*2 Four types of transactions, namely, account opening, money transfer, tax payment, and changing registered items

# Priority Strategies: Digital Transformation (DX/Corporate Customers)

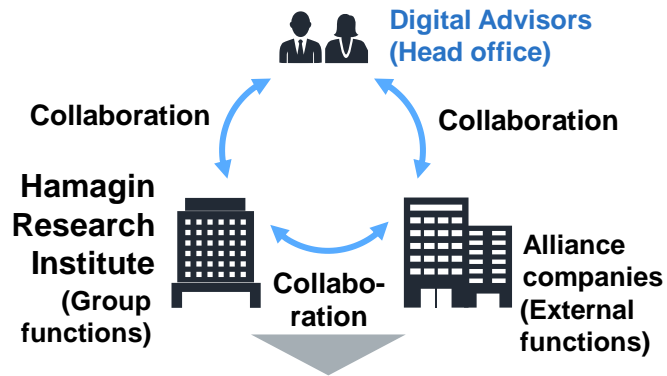
## Strengthening support for digitization of corporate customers by making use of Group functions and external functions and providing non-face-to-face functions

### Initiatives to support digitization of corporate customers

#### Strengthening of face-to-face approaches

#### Provision of non-face-to-face functions

##### System to provide solutions

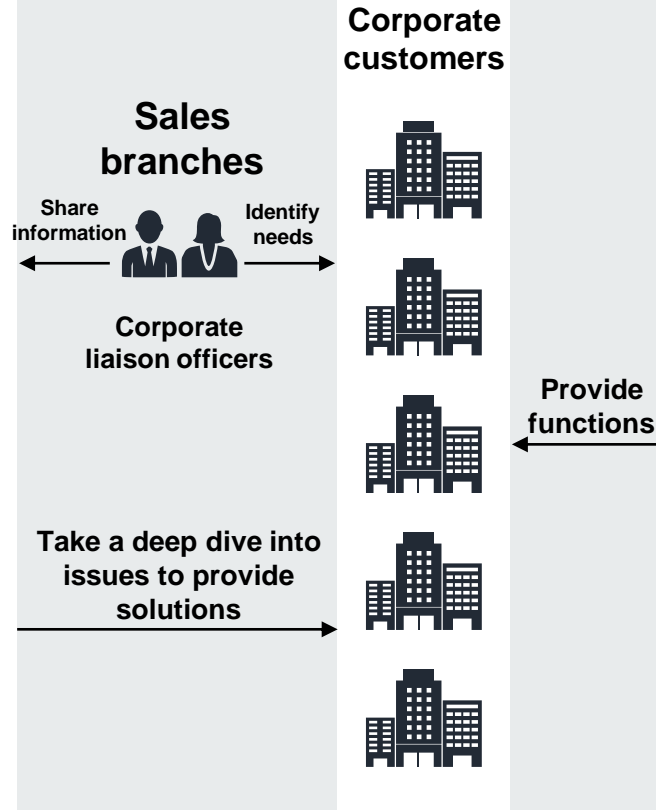


##### Digital Advisors

- Identify customers' issues in digitization based on information from sales branches
- Take a deep dive into the issues to provide optimal solutions making use of Group functions and external functions

##### Themes

- Streamlining operations
- Strengthening sales capabilities
- Improving productivity, etc.

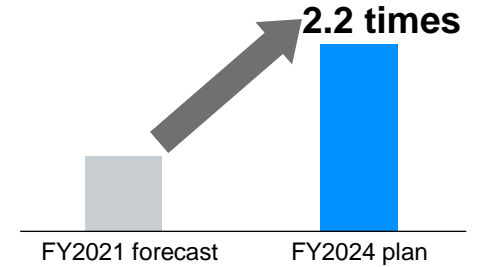


##### Hamagin Business Connect (corporate portal)

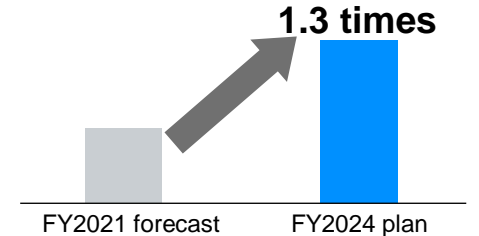
##### Provision of advanced non-face-to-face banking functions

- Online lending
- Web-based overdraft facility
- Corporate debit
- Business matching
- Digital bank book
- Electronic contracts
- Enhancement of communication opportunities
- Contents for business managers
- Various types of seminar information
- Economic reports

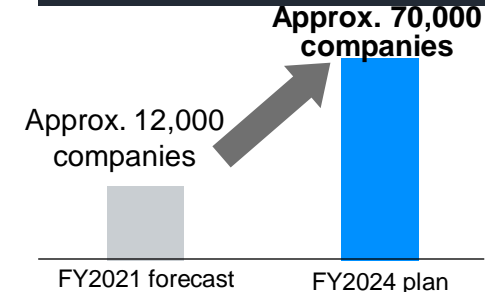
##### Number of DX support corporate customers (for single year)



##### Number of corporate payment main customers\*1

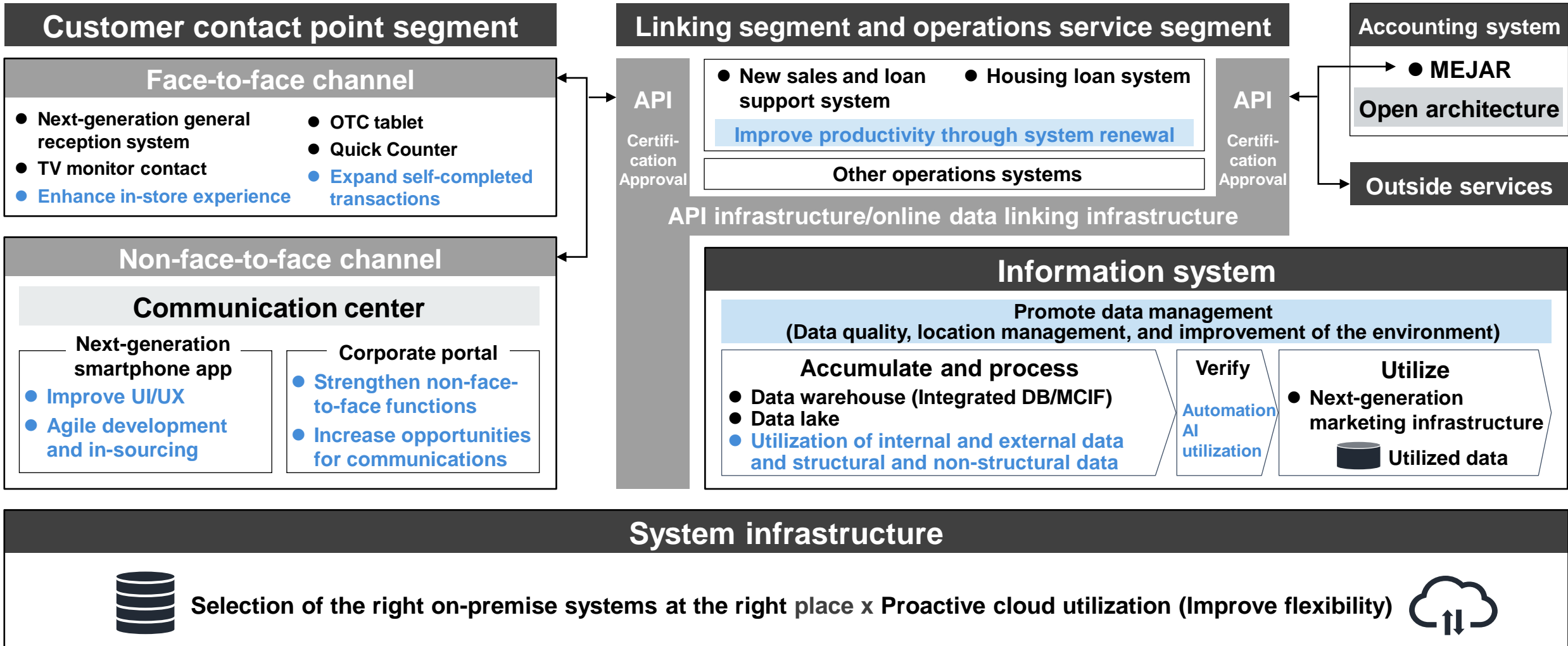


##### Number of companies using Business Connect



\*1 Number of customers who have an internet banking contract and payment transactions of a number exceeding a certain threshold

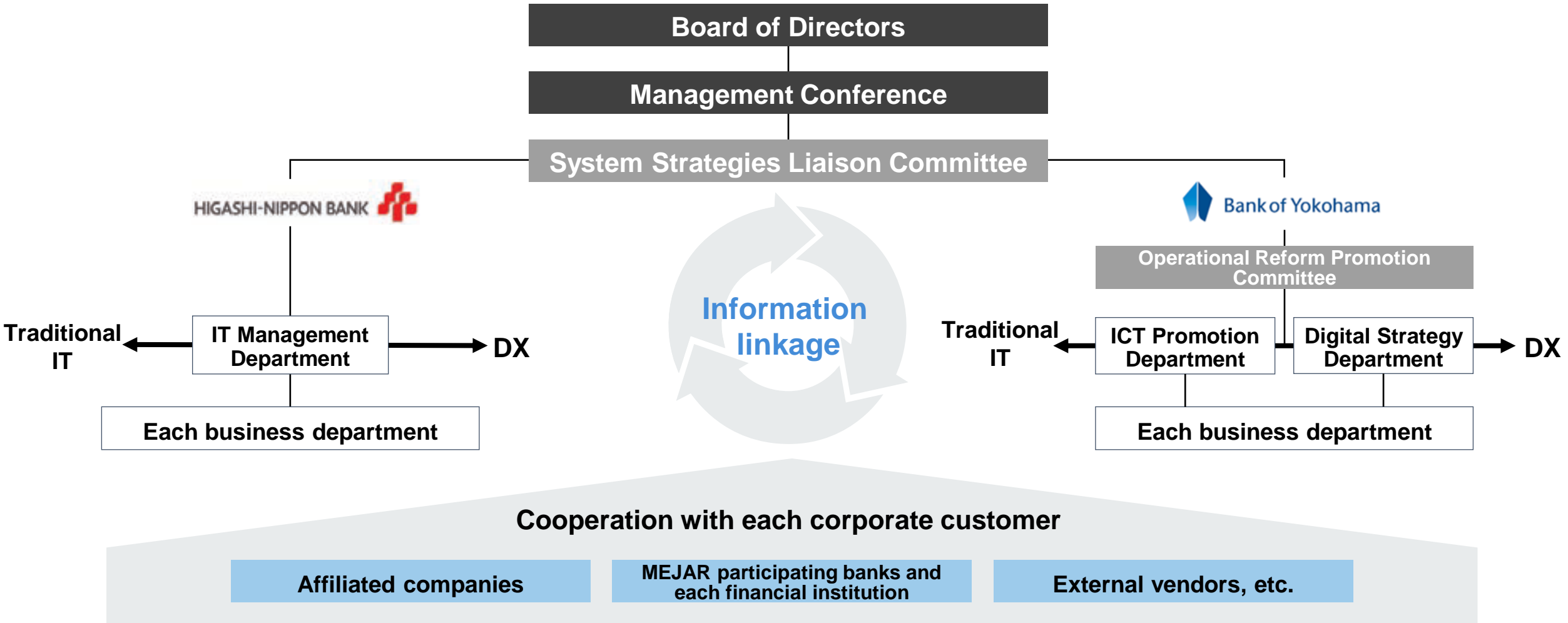
## Implement measures that utilize digital technology as well as develop the infrastructure that supports them





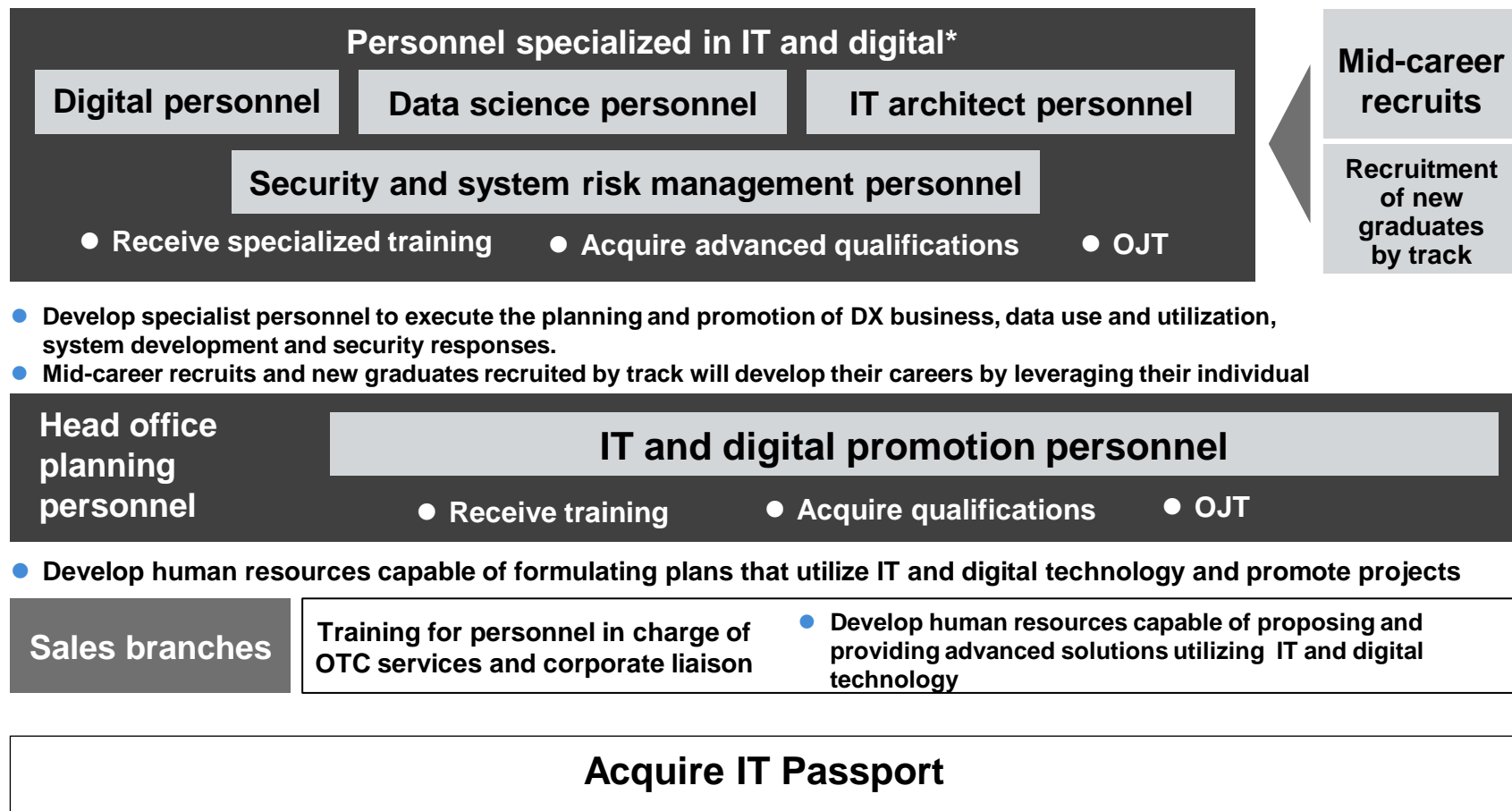
## Measures for the organization

**The Group's meeting bodies formulate the strategies and policies and the IT department and digital department of both banks primarily implement the measures**



## Systematically recruit and develop human resources to execute digital strategies

System for the development of IT and digital personnel



\* Including human resources to carry out in-house development and promote data management

## The entire Group will strengthen both cyber hygiene and cyber resilience\*1

### Strengthen cybersecurity governance

FY2019–FY2021

Utilization of the Cyber Security Framework of NIST (US National Institute of Standards and Technology)

FY2022–FY2024

Utilization of the Cyber Security Assessment Tool of FFIEC (US Federal Financial Institutions Examination Council)

### Cybersecurity measures

#### Systems

- Establish a real-time dashboard on security information intended for management
- Automated management of IT asset vulnerabilities and risks
- Strengthen zero trust security architecture
- Advanced and automated analysis using the next-generation SIEM platform\*2

#### Process

- Establish guidelines compliant with new technology
- Strengthen third party risk management

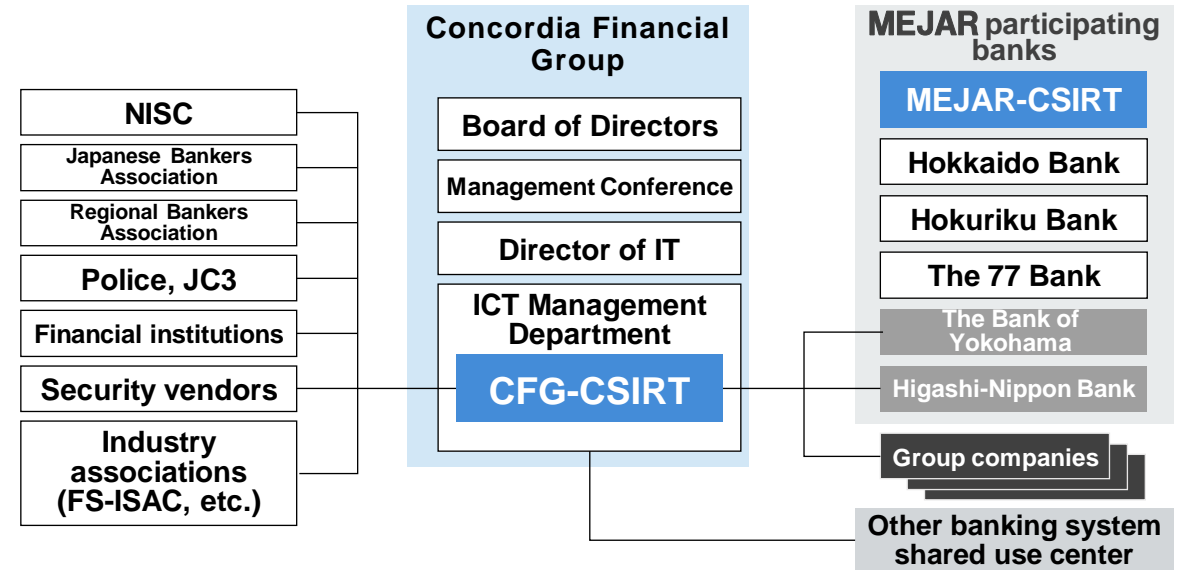
#### Human resources

- Increase and develop sophisticated professional personnel (Promote the acquisition of Registered Information Security Specialist and other advanced security qualifications)
- Share resources with the other banking system shared use center

### Strengthen the cybersecurity system

- Strengthen emergency response using both the Concordia Financial Group-CSIRT and MEJAR-CSIRT frameworks
- Strengthen information linkage with the other banking system shared use center

### Cybersecurity system



\*1Cyber hygiene refers to maintaining the IT environment in a sound secure state and cyber resilience refers to recovery capabilities that minimize the impact of cyberattacks. \*2 SIEM acronym for Security Information and Event Management

## Set the KPIs for the last year of the Medium-term Management Plan and measure the degree of achievement of digital strategies

	KPI items		FY2021 forecast	FY2024 targets
Improve customer convenience and strengthen communications through the expansion of non-face-to-face channels	Users of next-generation smartphone apps*		-	Approx. 1.35 million
	Percentage of transactions on non-face-to-face channels*		30%	45%
Strengthen digitization support through the utilization of Group and external functions and providing non-face-to-face functions	Users of the corporate portal*		Approx. 12,000 companies	Approx. 70,000 companies
	Digital support implementation cases (for single year)*		-	2.2 times increase
IT and digital investments (on a P/L basis)	Percentage of strategic investments in IT and digital investments		21%	30% or higher
	Percentage of security investments		3%	5% or higher
IT and digital personnel	It and digital departments	Personnel specialized in IT and digital*	70	130
	Head office planning department	IT and digital promotion personnel*	-	100
	All employees	Number of employees acquired IT Passport	1,250	2,300
DX promotion indicators	Average score of DX self-assessment		1.7	3.2

\* Figures for non-consolidated Bank of Yokohama