

# Medium-term Management Plan

FY2025 - FY2027

March 31, 2025

**CONCORDIA**  
Financial Group

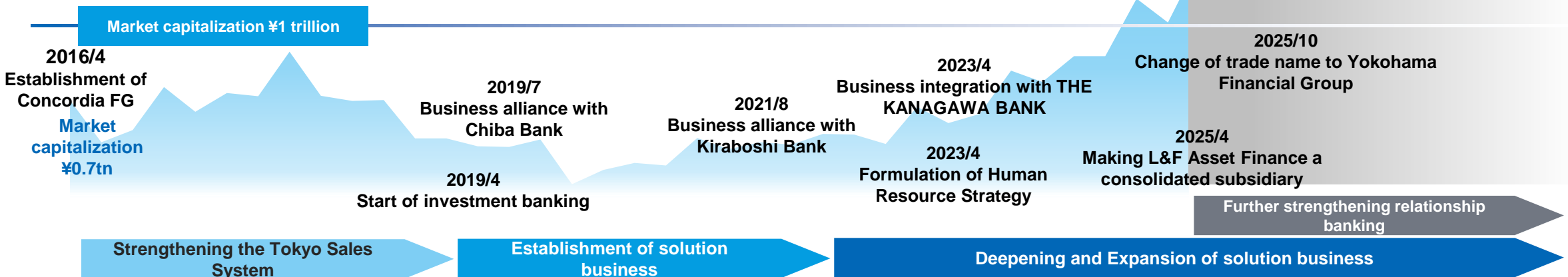
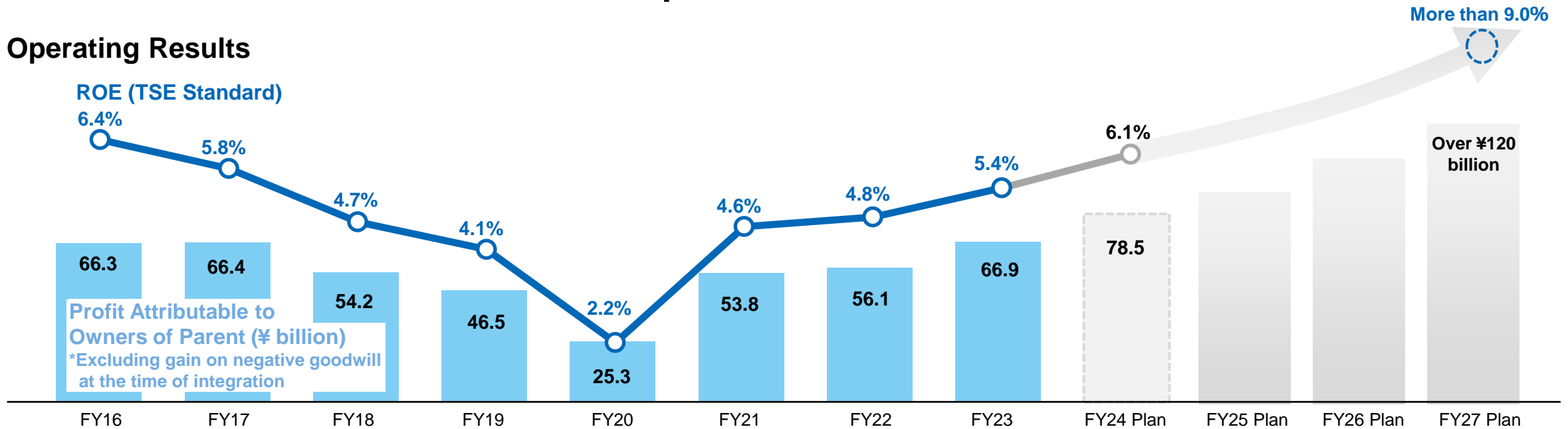
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# Looking Back since the establishment of our company

Exceeded the financial results of the first year after the establishment of FG,  
and market capitalization exceeded ¥1 trillion

## Operating Results



# **Overview of the New Medium-term Management Plan**

## Looking back over the previous Medium-term Management Plan

### Strategy

- Strengthen profitability by implementing priority strategies centered on deepening and expansion of solution business
- Issues identified include increasing small & medium sized businesses financing, securing sticky deposits, developing human talent, and enhancing capital efficiency

### Target indicators

Initial Plan	ROE (Shareholders' equity basis) About 6.0%	Profit attributable to owners of parent ¥70.0 billion	Common equity Tier 1 ratio* <sup>1</sup> Mid 11%
FY2024 plan	About 6.6%	¥78.5 billion	Mid 11%

## Overview of the new Medium-term Management Plan

### Strategy

- Formulate the Medium-term Management Plan based on backcasting from the ideal state 10 years from now and the recognition of issues
- Continue the priority strategies of the previous Medium-term Management Plan, expand forward-looking growth investments and further strengthen the management structure

### FY2027 Target indicators

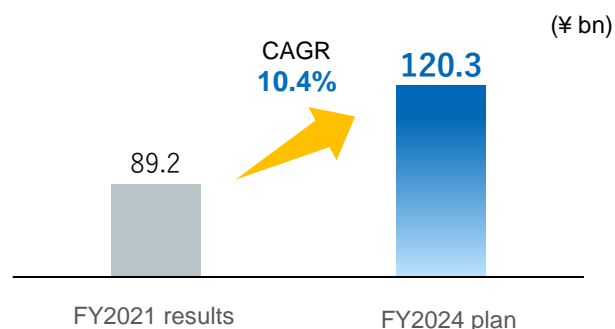
Interest Rate Scenario: Policy Rate at 0.75% (From April 2026)	ROE (TSE standard) <b>Over 9.0%</b>	Profit attributable to owners of parent <b>Over ¥120 billion</b>	Common equity Tier 1 ratio* <sup>1</sup> <b>About 11%</b>
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\*1 Finalized and fully implemented Basel III basis (excluding valuation difference on available-for-sale securities)

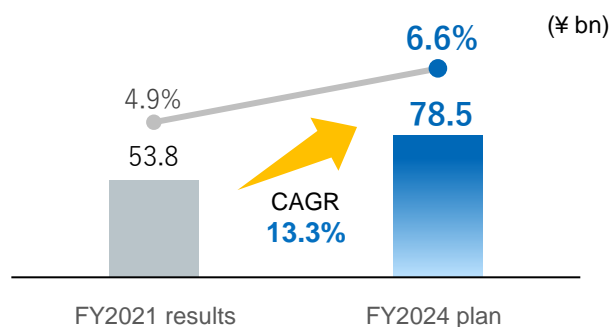
## Target indicators anticipated to be achieved. PBR improved to 0.9x through ROE growth and enhanced shareholder return

### Target indicators

Core net business profit excluding gains/losses on bonds and cancellation of investment trusts



Profit attributable to owners of parent  
ROE (Consolidated)<sup>\*1</sup>



### Shareholder return

Total return ratio

Maintained at 50% or more

(FY2022: 50%, FY2023: 50%, FY2024 forecast: about 68%)

DPS

Implemented progressive dividends

(FY2021: ¥18 ⇒ FY2024 forecast: ¥29)

### Stock price and PBR

Stock price

As of March 31, 2022

¥458



¥1,022

As of March 25, 2025

PBR<sup>\*3</sup>

0.47



0.91

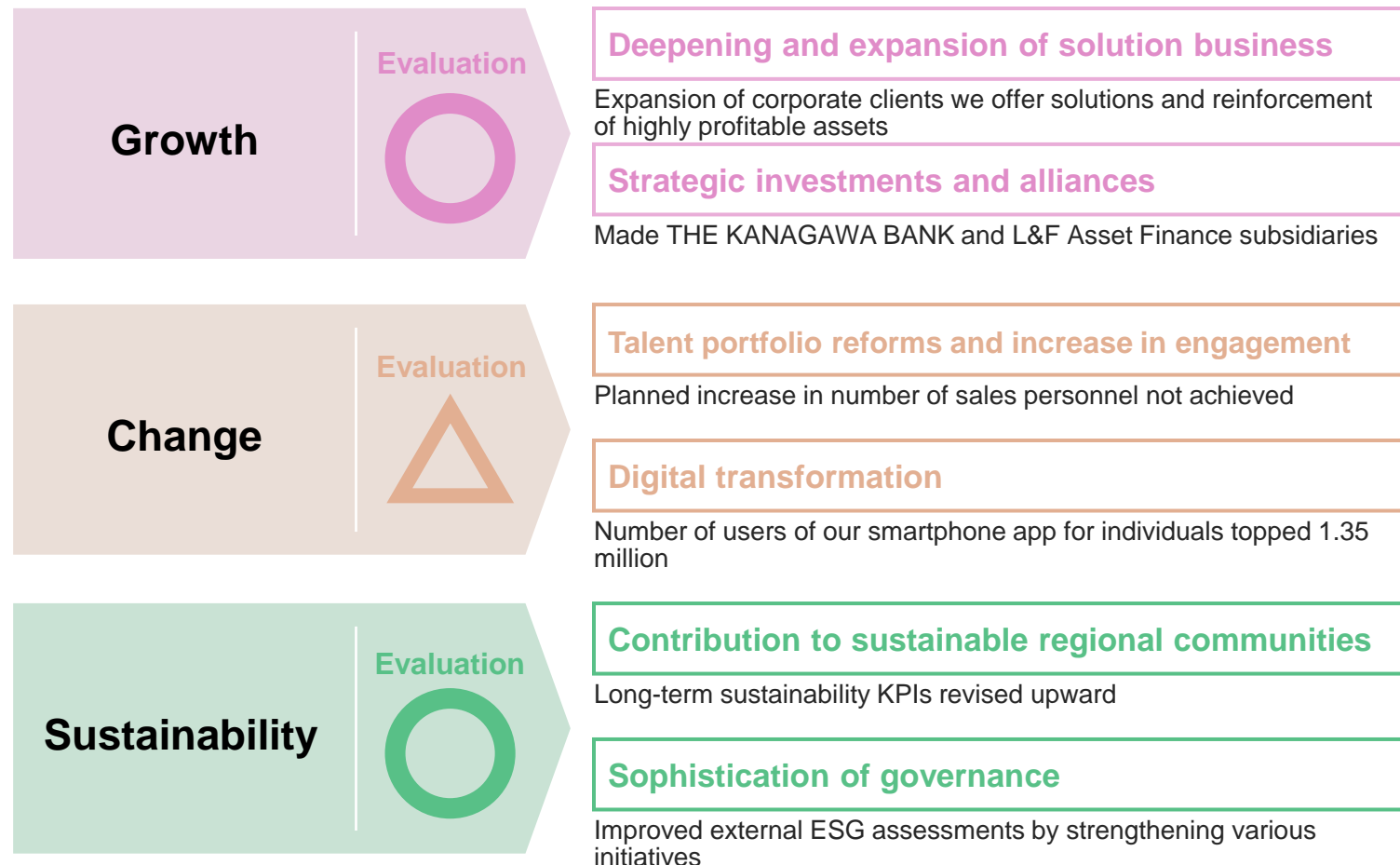
Target indicators	Medium-term plan targets	FY2024 plan
ROE (consolidated) <sup>*1</sup>	About 6.0%	6.6% (TSE standard 6.1%)
OHR (consolidated)	In the lower 50% range	In the lower 50% range
Common equity Tier 1 ratio (consolidated) <sup>*2</sup>	Mid 11%	Mid 11%

\*1 Shareholders' equity basis \*2 Finalized and fully implemented Basel III basis (excluding valuation difference on available-for-sale securities)

\*3 Excluding treasury shares basis. Calculated based on the amount of net assets as of March 31, 2022 and the amount of net assets as of December 31, 2024.

## Confirmed substantial results from the implementation of priority strategies, and recognized points for further growth

### Evaluation of the basic themes and priority strategies of the previous Medium-term Management Plan



### Points for further growth

#### Deepening and expansion of solution business

- Expand opportunities for providing advanced solutions by increasing sales personnel
- Strengthen stock business in view of a world with interest rates
- Strengthen sticky deposits

#### Maximizing human capital

- Strengthen talent development that support the solution business
- Increase productivity to create more time to commit to customers

#### Accelerating growth through strategic investments

- Strengthen business lines for sustainable profit growth
- Sophisticate the governance system associated with the increase of group companies

#### Contributing to sustainable regional growth

- Strengthen support for customers' efforts to reduce carbon emissions
- Contribute further to regional development and business development of regional companies

#### Increasing capital efficiency

- Optimize the use of capital for enhancement of corporate value
- Construct a securities portfolio with loss-absorbing capacity

\* "○" indicates a positive evaluation, suggesting that the goals were successfully achieved.

"△" indicates that while progress was made, some challenges remain to be addressed.

## Backcasting from our ideal state 10 years from now and formulating the Medium-term Management Plan based on the recognition of issues





# Overview of the New Medium-term Management Plan

Building a foundation for sustainable growth by expanding forward-looking growth investments and further strengthening the management structure

## Three years to make a leap into the future

### Basic Themes

### Priority Strategies

### Target indicators for FY2027

#### Growth

- (1) Deepening and Expansion of Solution Business
- (2) Strategic Investments and Alliances

Interest Rate Scenario: Policy Rate at 0.75% (From April 2026)

ROE  
(TSE standard) **Over 9.0%**

#### Empowerment

- (3) Investment in Human Capital
- (4) Improving Productivity

Profit attributable  
to owners of  
parent **Over ¥120 billion**

#### Sustainability

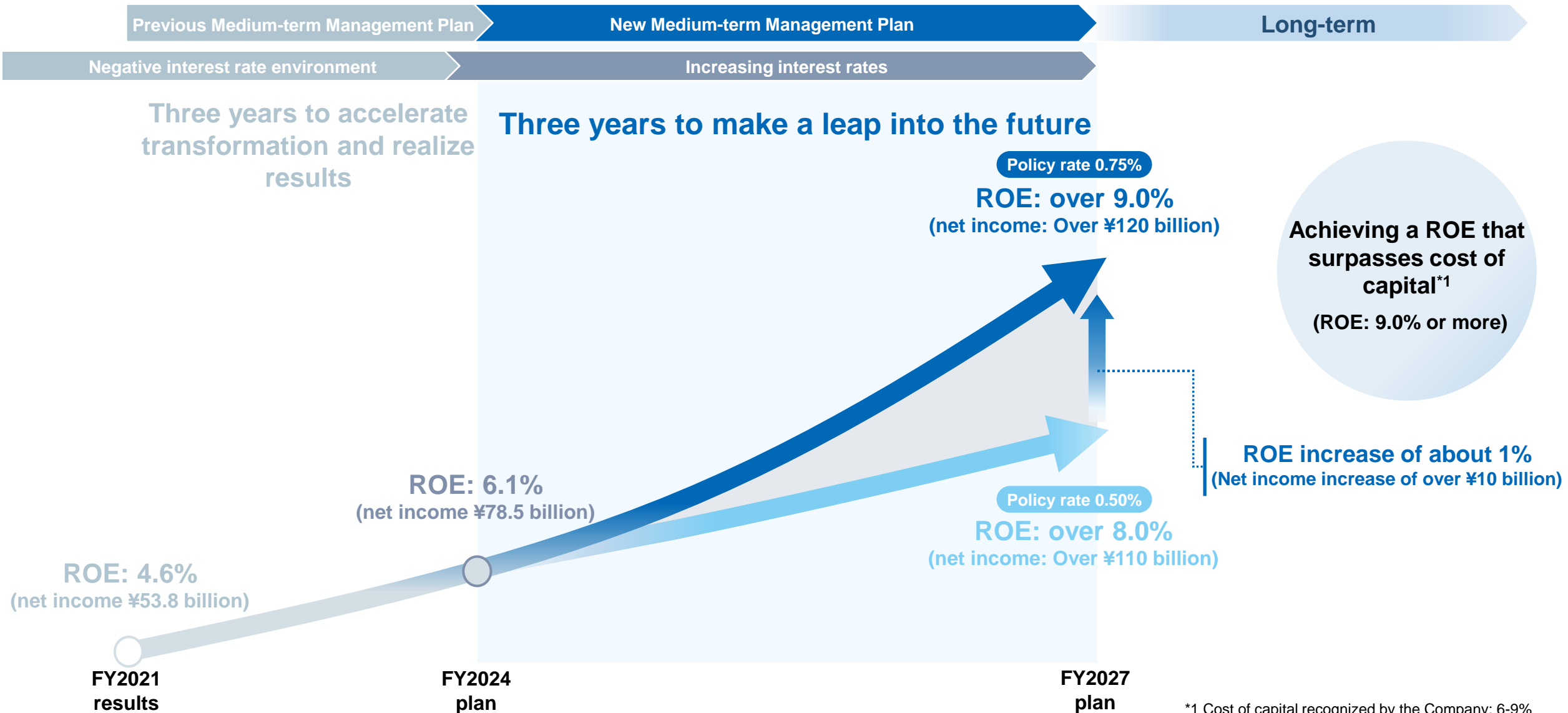
- (5) Contribution to Regional Growth
- (6) Sophistication of Group Governance

Common equity  
Tier 1 ratio\*1 **About 11%**

\*1 Finalized and fully implemented Basel III basis (excluding valuation difference on available-for-sale securities)

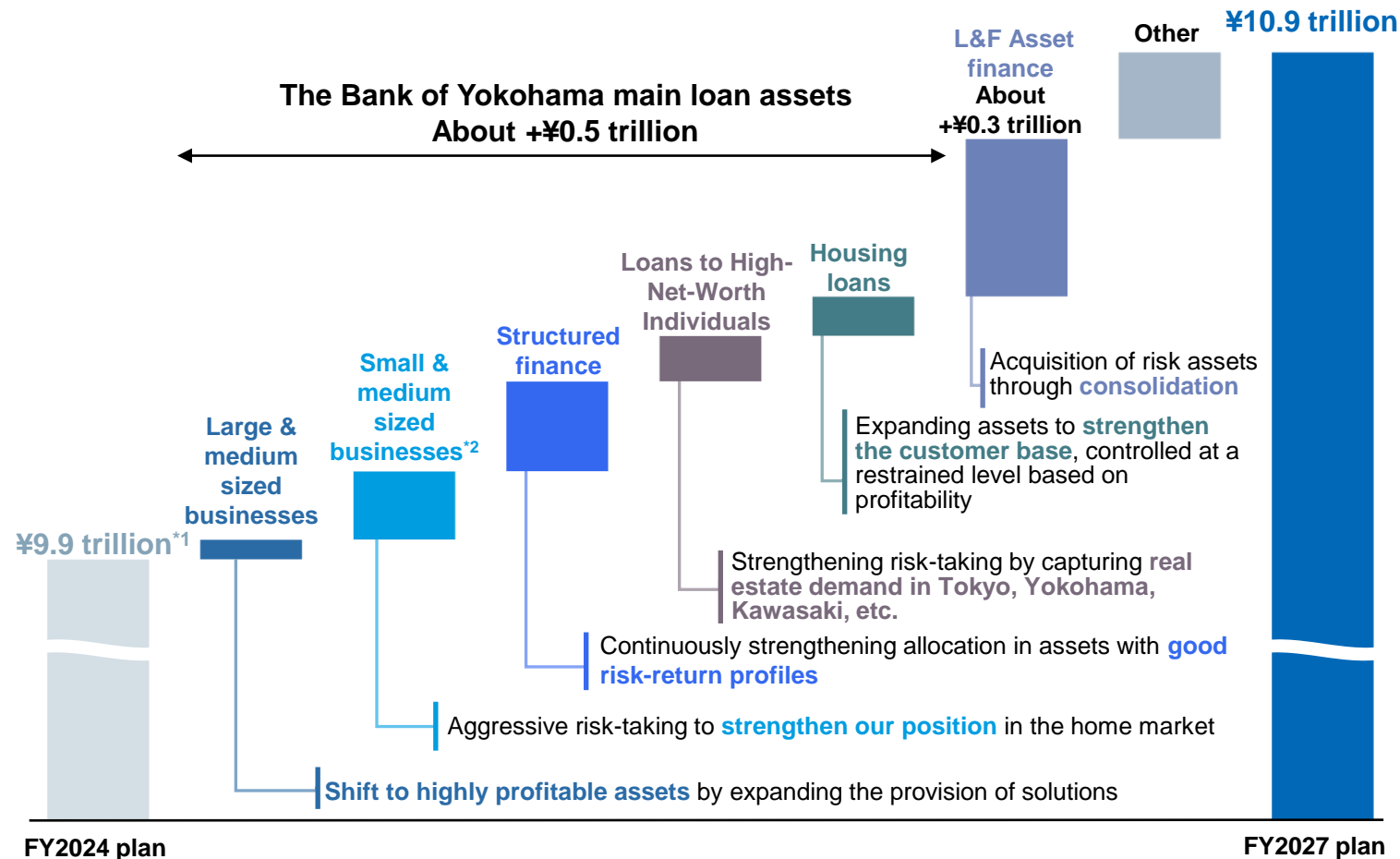
# Achieving a ROE that Surpasses Cost of Capital

## ROE expected to surpass cost of capital in the final year of the Medium-term Management Plan

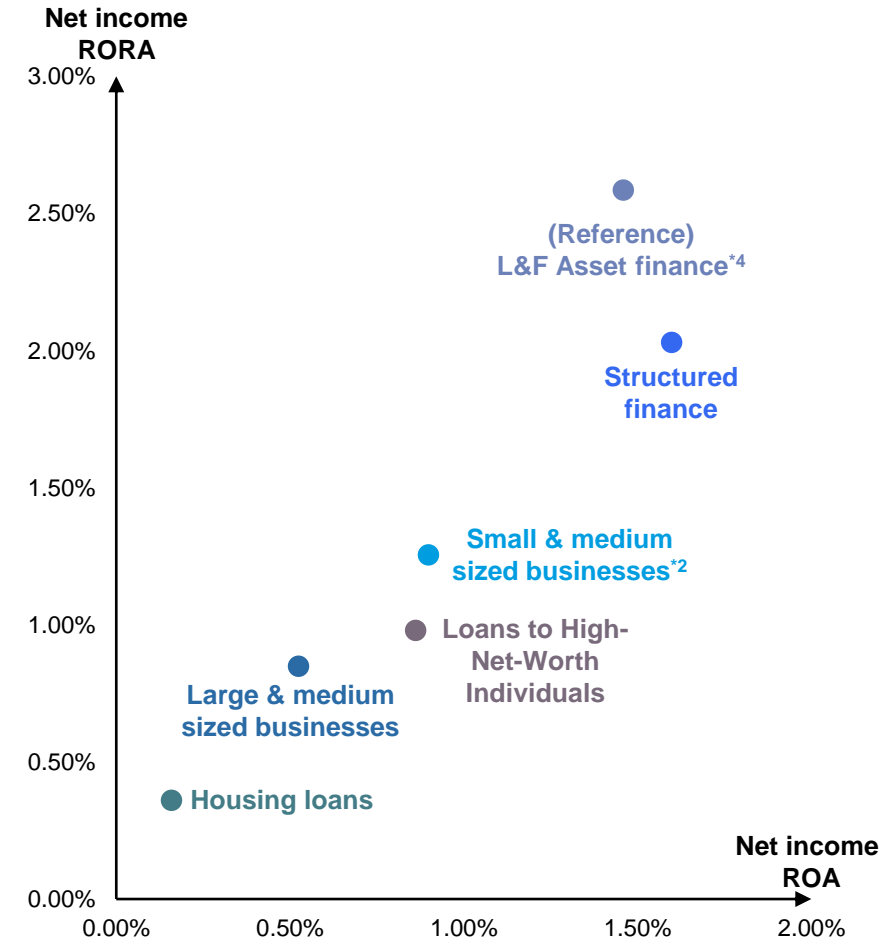


## Implementing strategic asset allocation for sustainable improvement of risk-return

### Image of risk assets increase and decrease



### RORA by asset class (The Bank of Yokohama)<sup>\*3</sup>

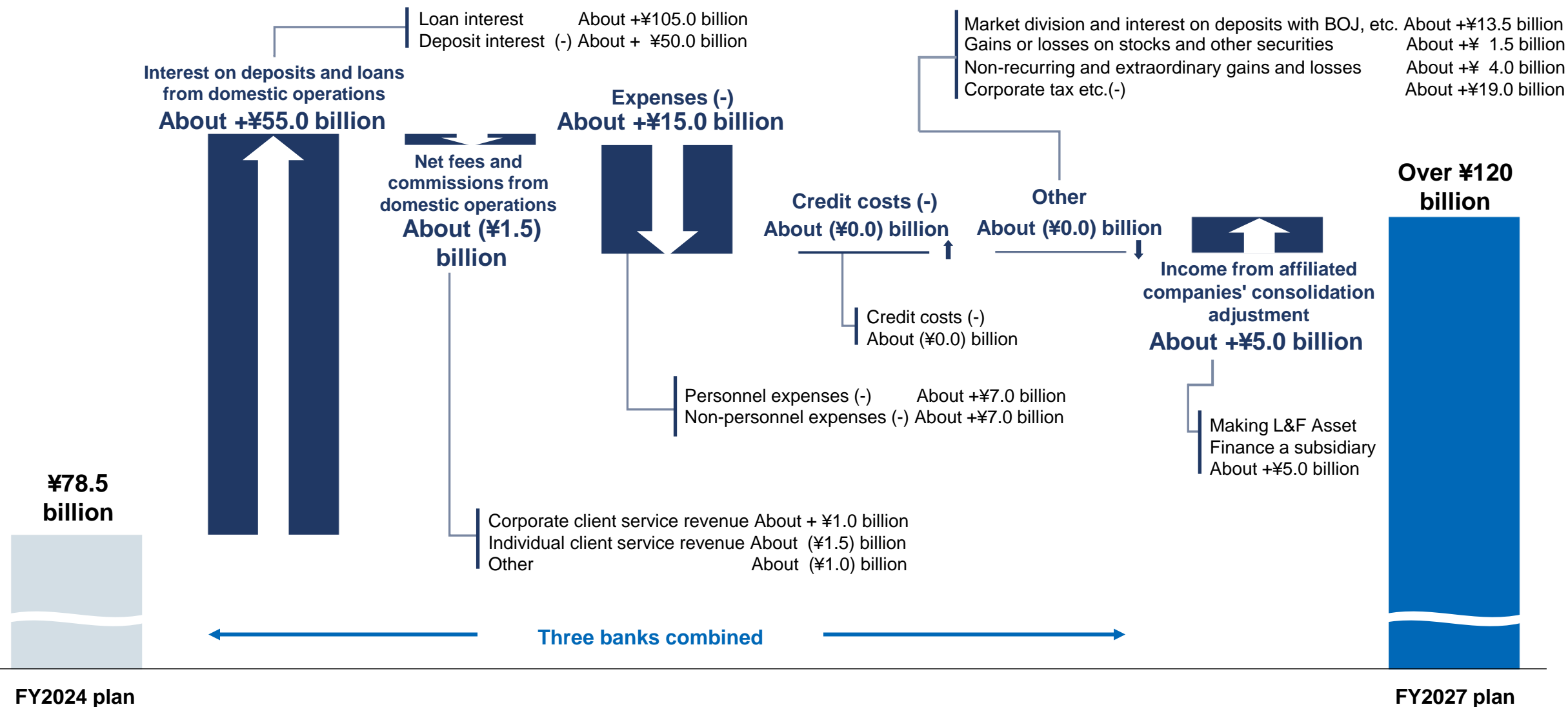


\*1 Finalized and fully implemented Basel III basis (estimated value). \*2 Excluding structured finance

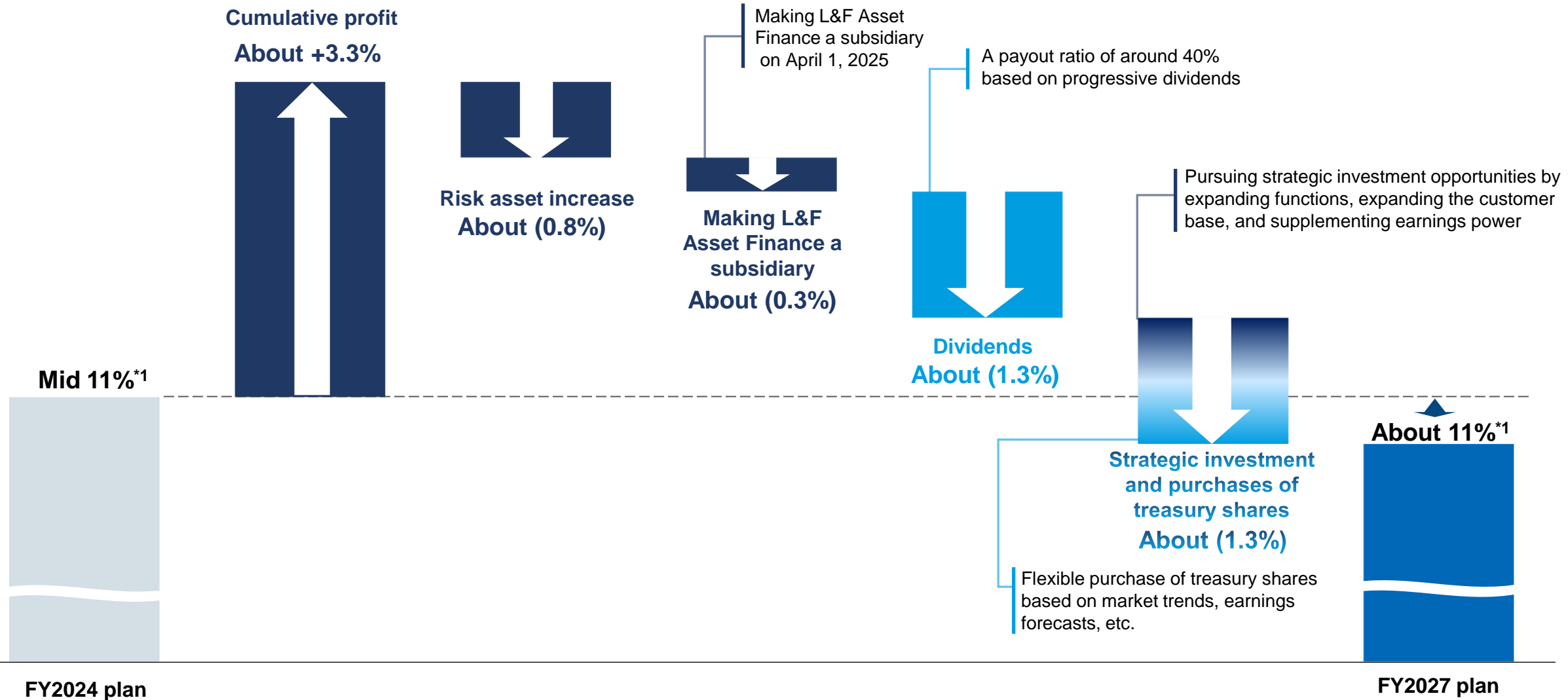
\*3 FY2023 new issuance basis. Finalized and fully implemented Basel III basis (estimated value). Expenses, credit costs, and taxes are deducted from the total of interest margin revenue from loans and fees and commissions (management accounting standards). \*4 FY2023 stock basis (calculated from net income and risk assets (on a finalized and fully implemented Basel III basis (estimated value)) and total assets)

# Plan Figures - Profit Attributable to Owners of Parent

## Aiming for net income of over ¥120 billion by increasing interest on deposits and loans and contribution of L&F Asset Finance to earnings



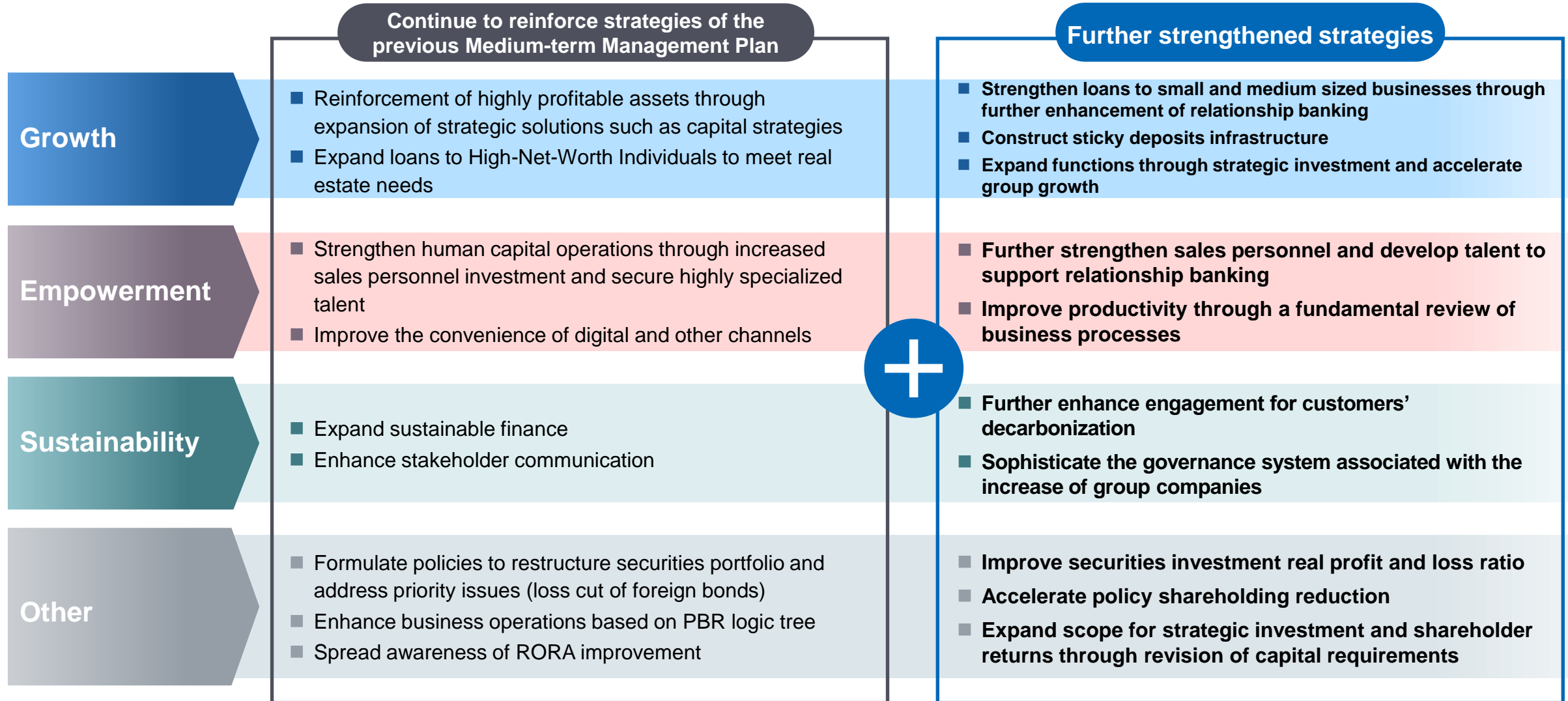
## Common equity Tier 1 ratio will be about 11% through active use of capital in raising ROE



\*1 Finalized and fully implemented Basel III basis. (Excluding valuation difference on available-for-sale securities.)

# Priority Strategies

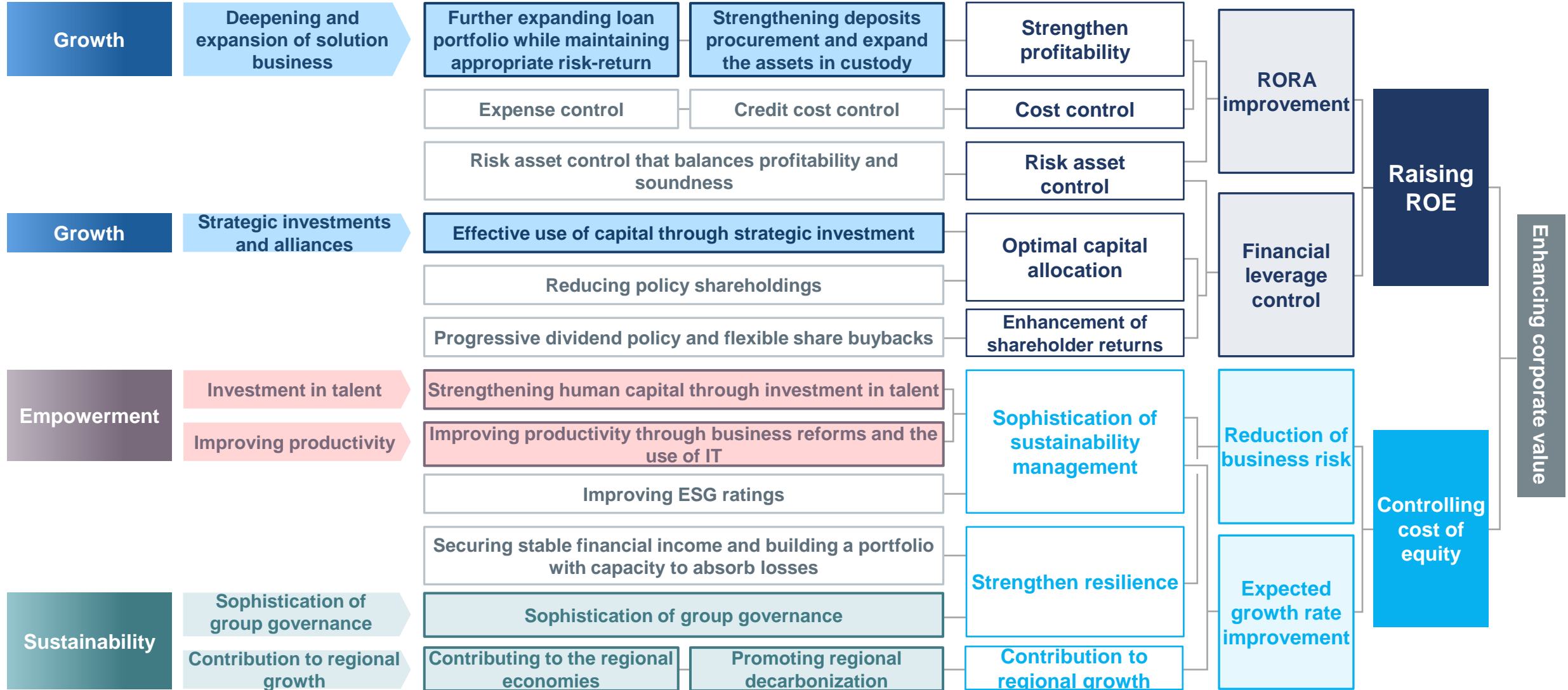
## Continuing the strategy of the previous Medium-term Management Plan and Updating strategies for sustainable growth



# Linkage between Our Priority Strategies and PBR Logic Tree

## New Medium-term Management Plan

## PBR logic tree





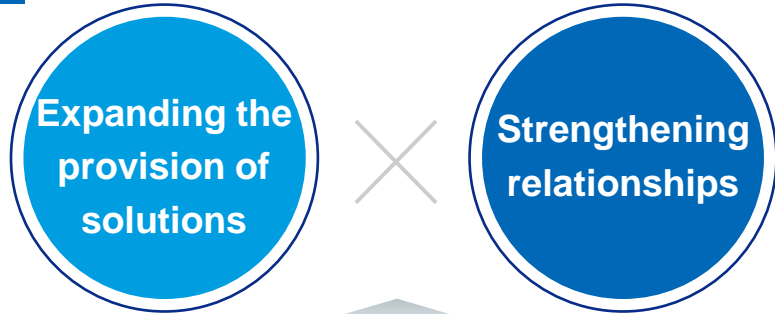
## Strengthening foundations for sustainable growth through expanding the provision of solutions and strengthening relationships

Previous Medium-term plan

- Strengthened provision of strategic solutions that contribute to management strategies for customers
- Recognized room for expansion in the home market of loans to small and medium sized businesses

New Medium-term plan

- Strengthen the system for provision of strategic solutions
- Further strengthen relationships with customers that form the foundation of the provision of solutions



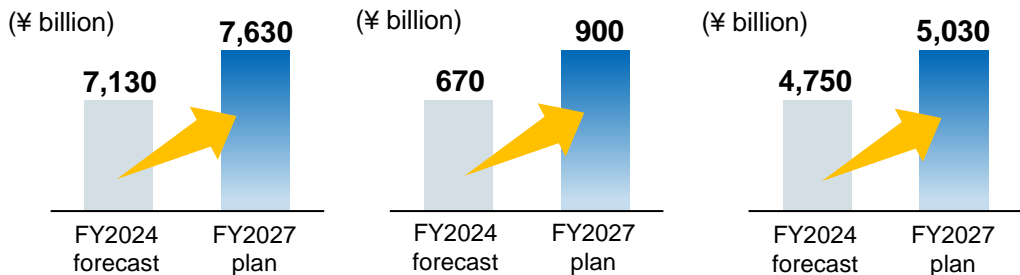
Review of coverage structure

Expanding solutions functions

Average balance of loans to companies

Average balance of Structured finance (The Bank of Yokohama)

Average balance of small & medium sized businesses loans<sup>\*1</sup> (Kanagawa and Tokyo)

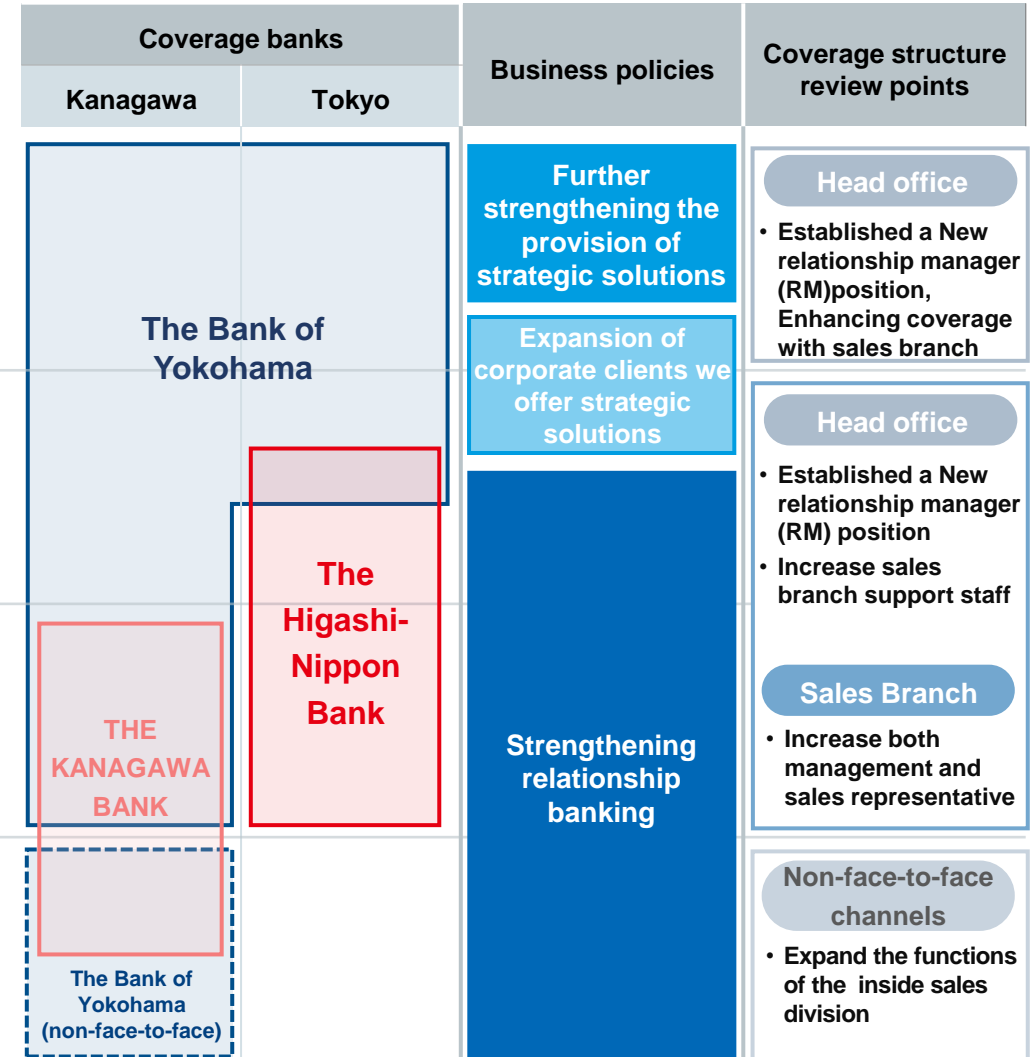


Listed and core

Upper middle

Middle

Small



\*1 Excluding structured finance, Including loans to asset management companies by Higashi-Nippon Bank, The Kanagawa Bank refers to the average balance of loans to companies.

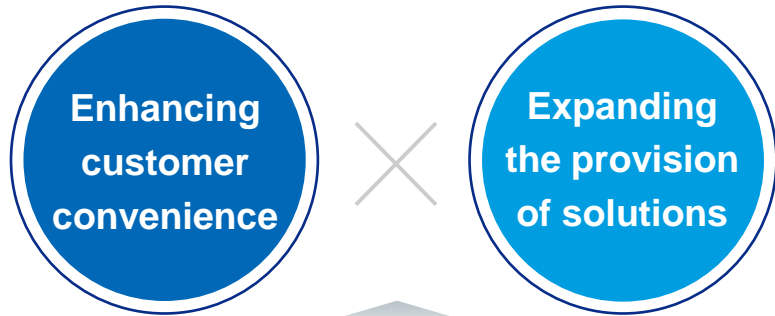
## Review resource allocation and strengthen stock business while enhancing customer convenience

**Previous Medium-term plan**

- Strengthened provision of custom-made and one-stop solutions
- Recognized the superiority of stock business as interest rates are rising

**New Medium-term plan**

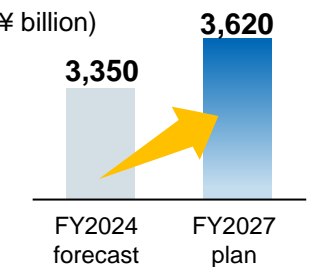
- Expand points of contact with customers by improving channel convenience
- Strengthen advanced solutions provision system centered on loans to High-Net-Worth Individuals



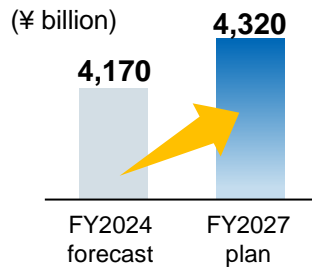
Provision of optimal channels for customers

Review of resource

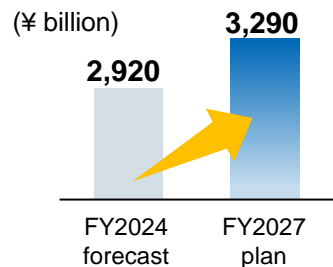
Average balance of loans to High-Net-Worth Individuals<sup>\*1</sup>



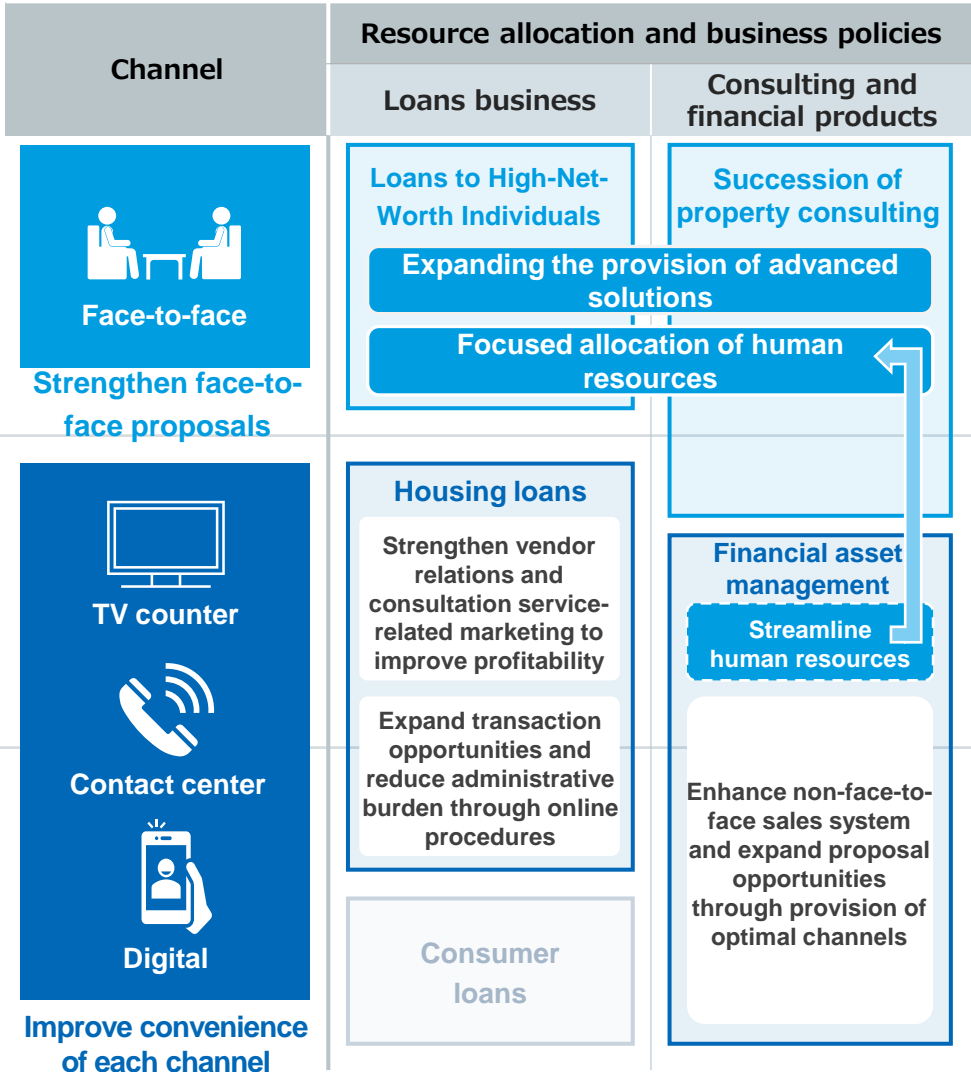
Average balance of housing loans



Balance of assets in custody of the group<sup>\*2</sup>



High-Net-Worth Individuals



\*1 Excluding loans to asset management companies by Higashi-Nippon Bank and Kanagawa Bank

\*2 Total of investment trusts, fund wrap, life insurance and Hamagin TT securities balance of assets in custody. Excluding Higashi-Nippon Bank, Excluding balance of life insurance provided by Kanagawa bank

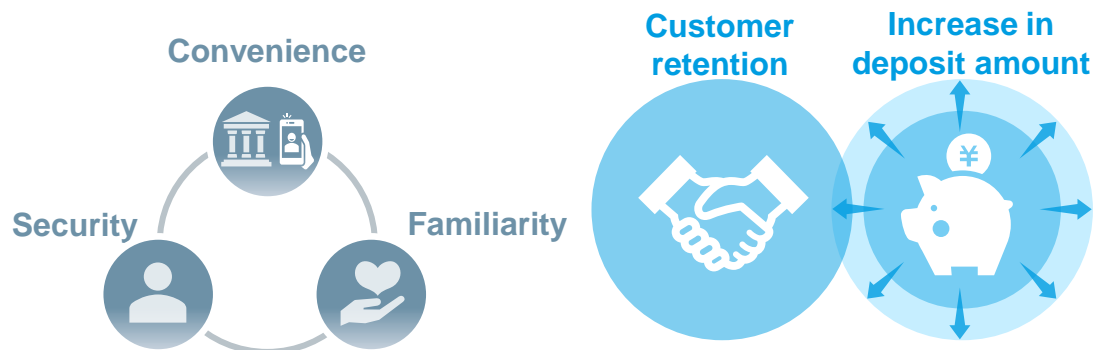
## Increase deposit balance by strengthening sticky deposits infrastructure for both individual and corporate clients

Individual customers

Deposits for everyday use tied to daily life

Increase the number of accounts opened

Development of stickiness



Corporate customers

Deposits based on strong relationships

Strong customer base

backed by close relationship banking



Strategies for cooperation with local communities

that grow together with the regional economy and clients

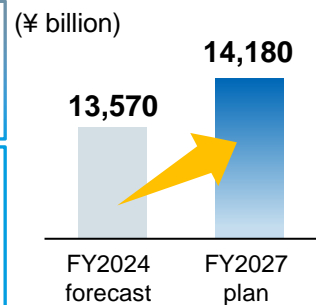
Increase the number of accounts opened

- Maintain superior branches and ATM networks compared to competitors
- Strengthen promotions linked to local activities

Development of stickiness

- Enhance Hamagin 365 functions
- School and job categories that make use of the transaction network (including payment)
- Loyalty programs for specific transactions
- Strengthening the benefits of using bank accounts through cooperation with local companies
- Improving customer satisfaction through strengthening in-store consultation capabilities

Average balance of individual deposits



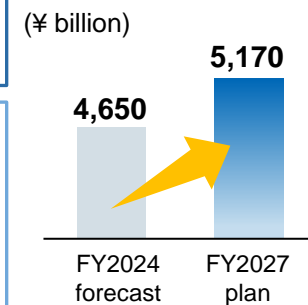
Strong customer base

- Acquisition of ordinary transactions based on relations with loan clients
- Deepening communication by expanding the functions of business portals

Strategies for cooperation with local communities

- Provision of social deposits and other services that contribute to the resolution of regional issues
- Expansion of deposit measures for corporate customers in cooperation with local companies

Average balance of corporate deposits



**Pursue investment opportunities that contribute to the enhancement of corporate value by expanding functions and deepening and expanding the customer base**

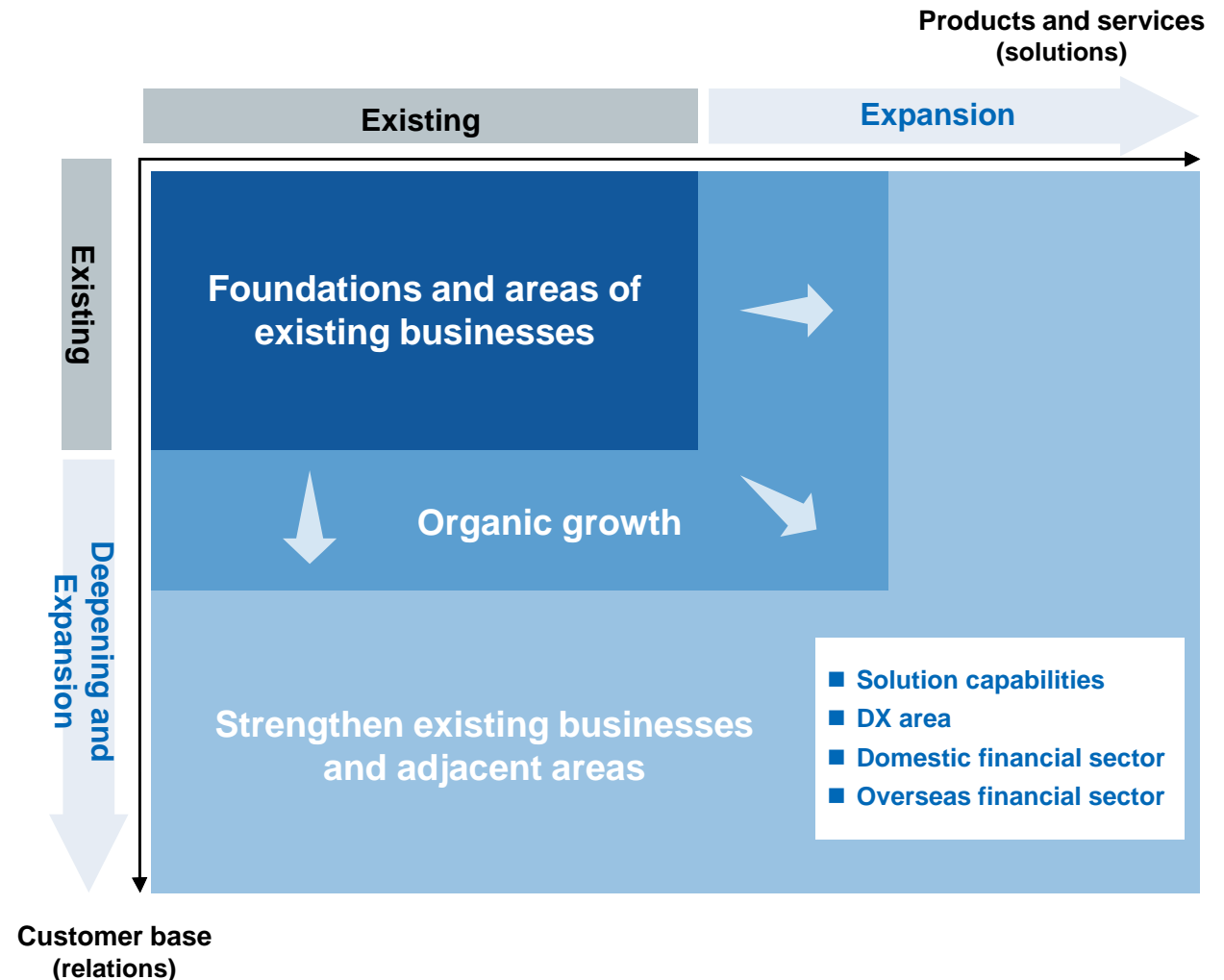
## Positioning

Medium- to long-term enhancement of corporate value and strategic measures to overcome management challenges

Use strategic investment to accelerate organic growth of existing businesses

Expand functions by acquiring new subsidiaries and businesses, deepen and expand the customer base

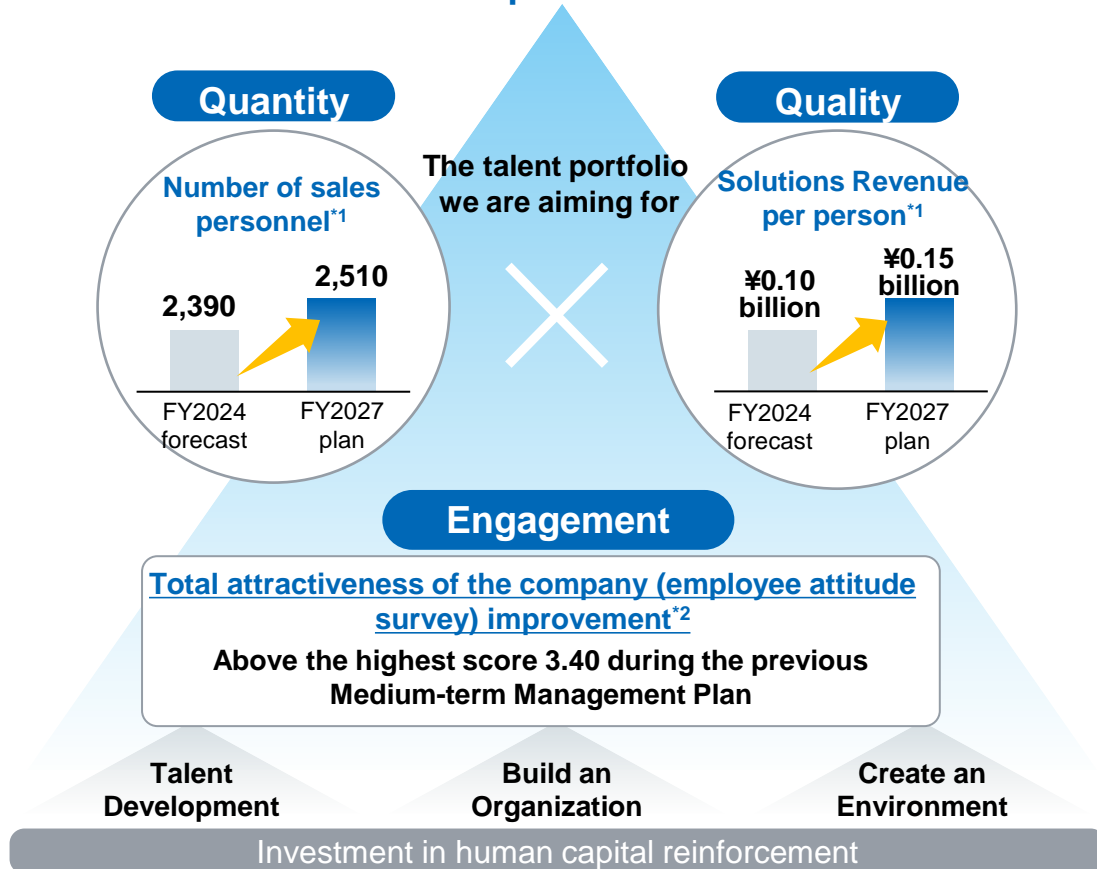
Supplement profitability to support risk-taking in the home market



## Building a talent portfolio to maximize earnings of the solutions business

### Human resource strategy linked to management strategy

Building an organization with the capabilities to provide efficient and sophisticated solutions



### Securing talent to support the solutions business<sup>\*1</sup>

Streamline head office and clerical personnel operations by increasing productivity  
Increase sales personnel staff to enhance the profitability of the solutions business

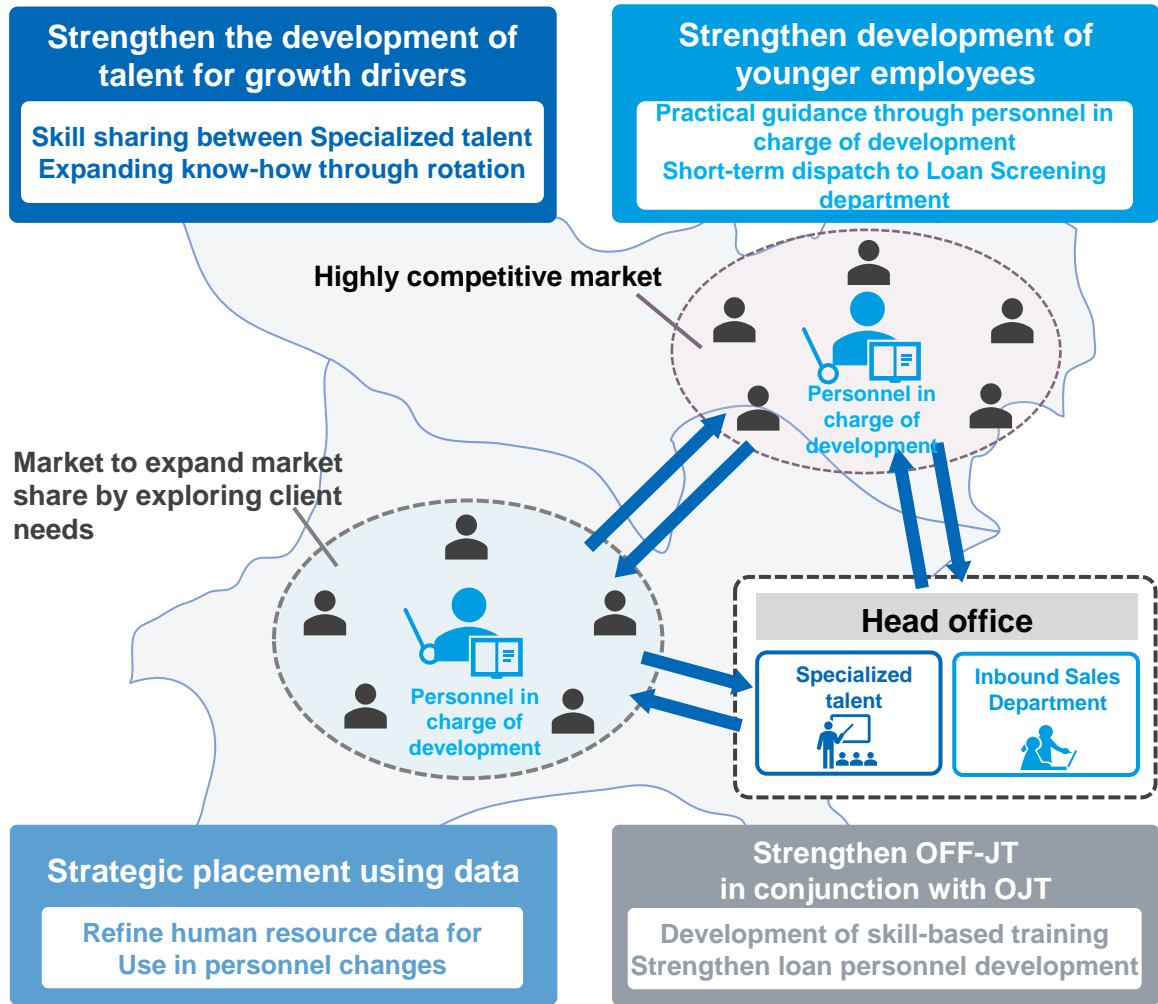
	5,280 employees		5,240 employees
Total personnel	5,280 employees		5,240 employees
Seconded personnel and other	700		720
Clerical personnel	1,180	(100) employees	1,080
Head office personnel	1,010	(80) employees	930
Sales personnel	2,390	+120 employees	2,510
	Head office direct sales 330		Head office direct sales 380
	FY2024 forecast		FY2027 plan

\*1 The Bank of Yokohama and the Higashi-Nippon Bank two banks combined

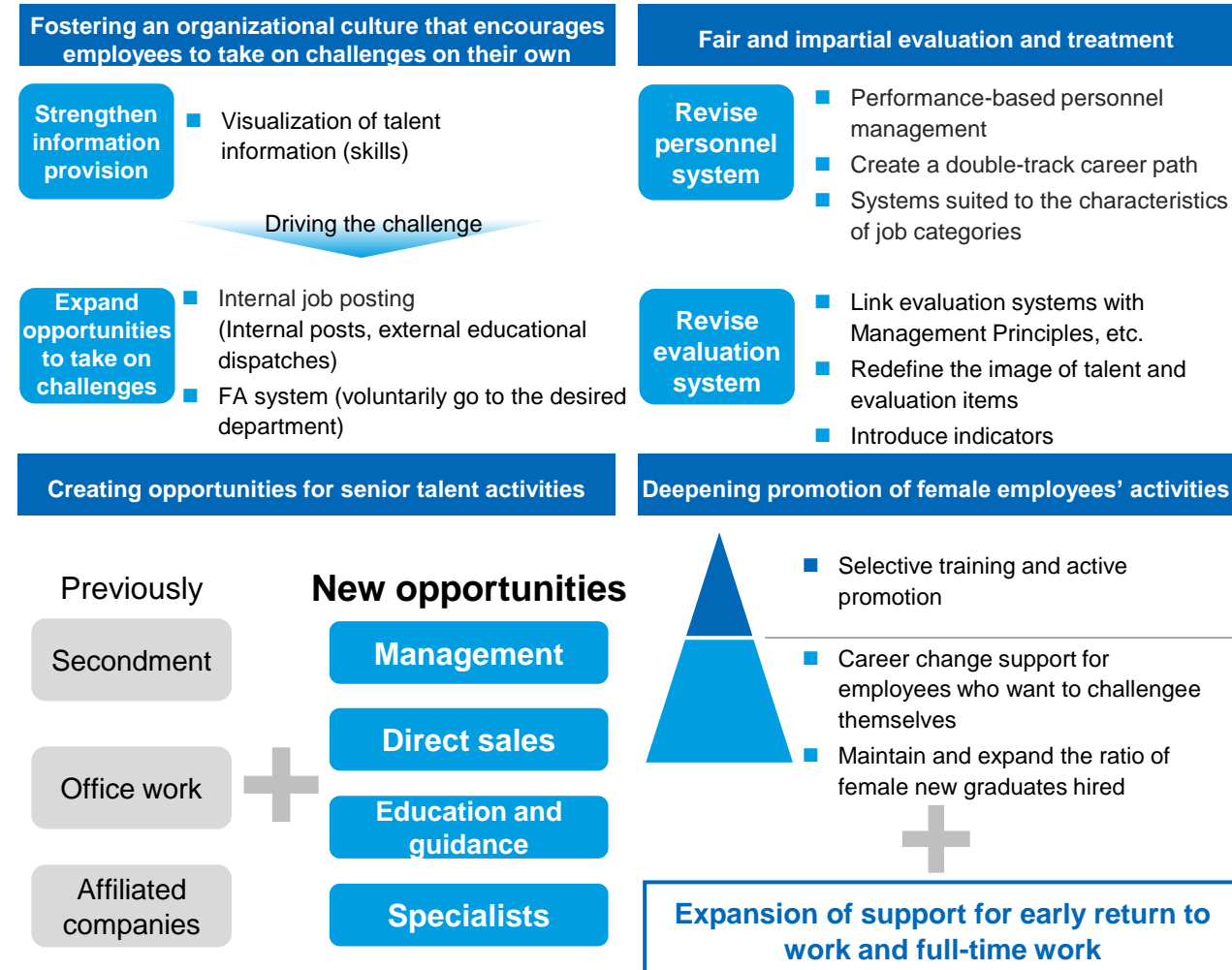
\*2 Weighted average for The Bank of Yokohama, the Higashi-Nippon Bank, and THE KANAGAWA BANK

## Strengthen talent development, increase high added value through strategic placement, and strengthen initiatives for an increase in engagement

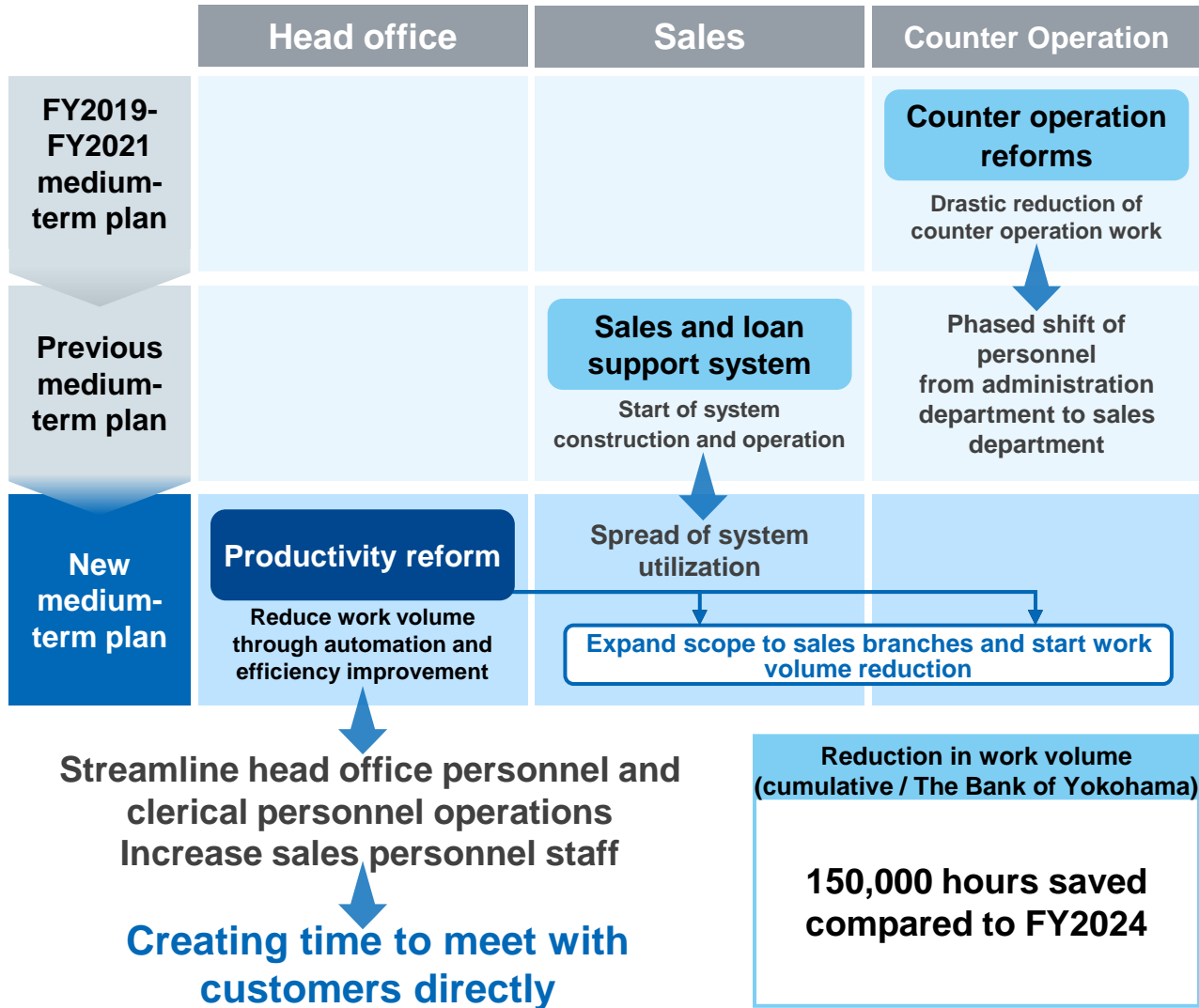
### Expansion of solutions revenue per person



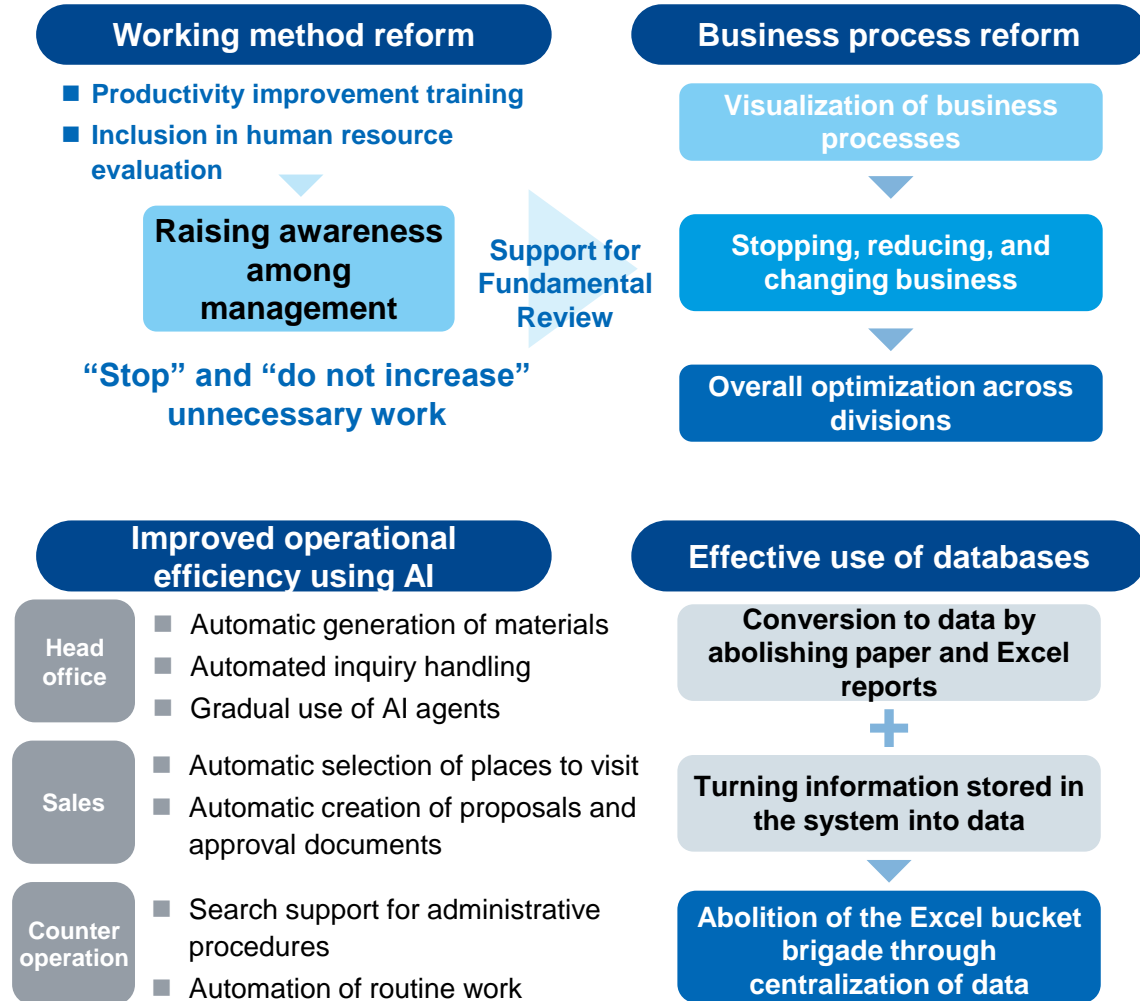
### Increase in engagement



## Reducing the volume of work through productivity reforms and creating time to meet customers directly

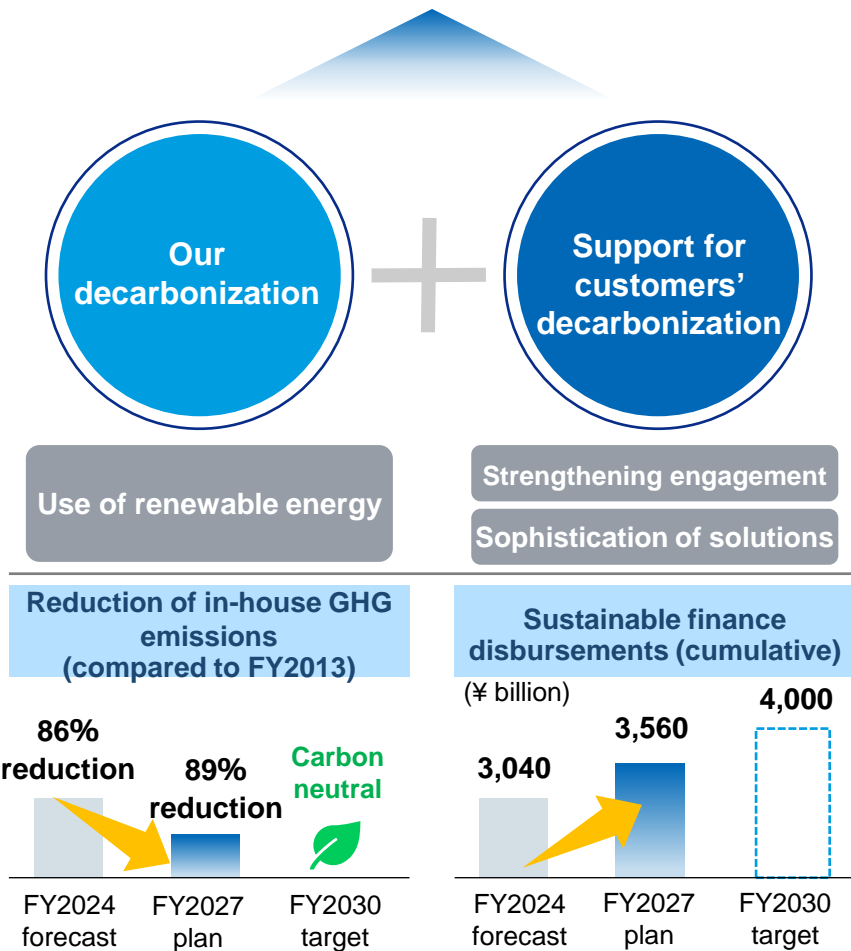


### Four points of productivity reform

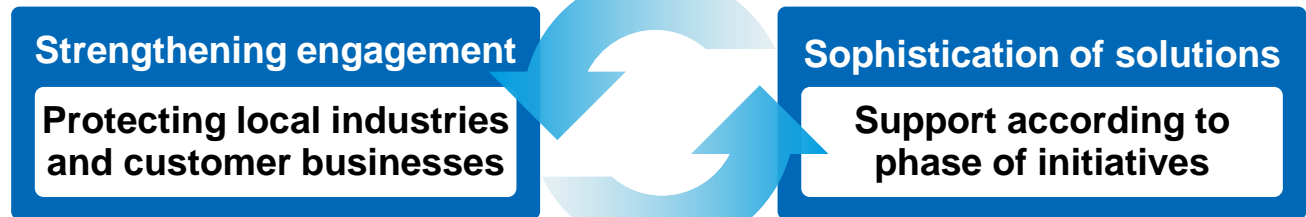


## Strengthening our own decarbonization and support for the decarbonization of our customers to achieve net zero GHG emissions

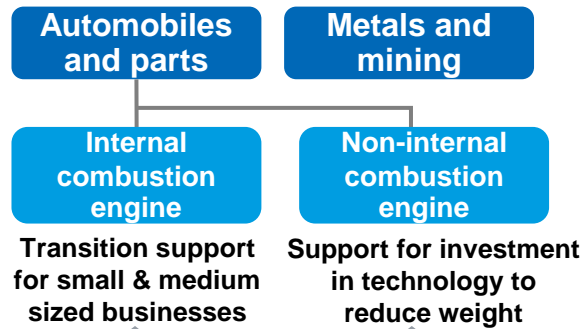
Achieving net zero GHG emissions (2050 target)



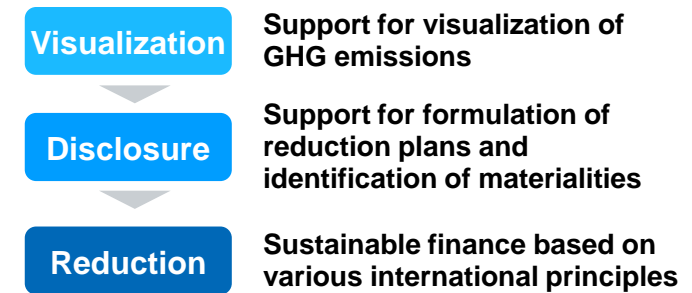
### Support for customers' decarbonization



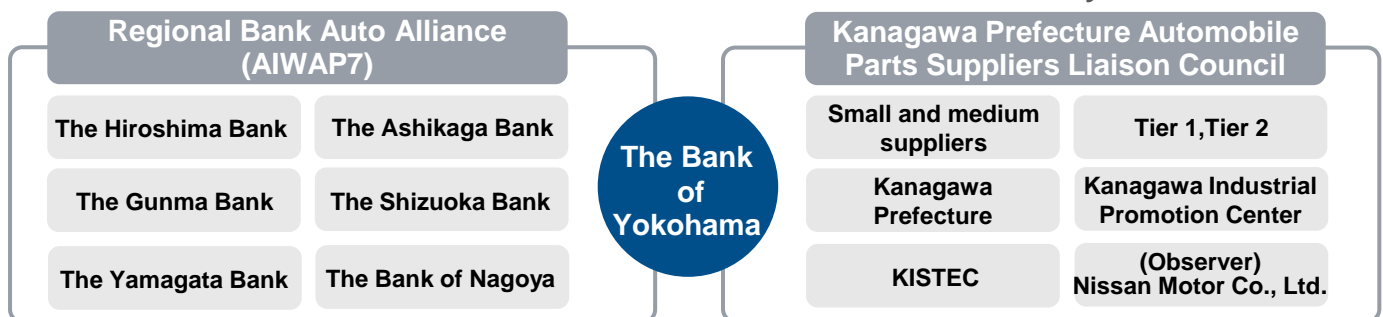
#### Priority sectors for engagement



#### Solutions that support phasing up

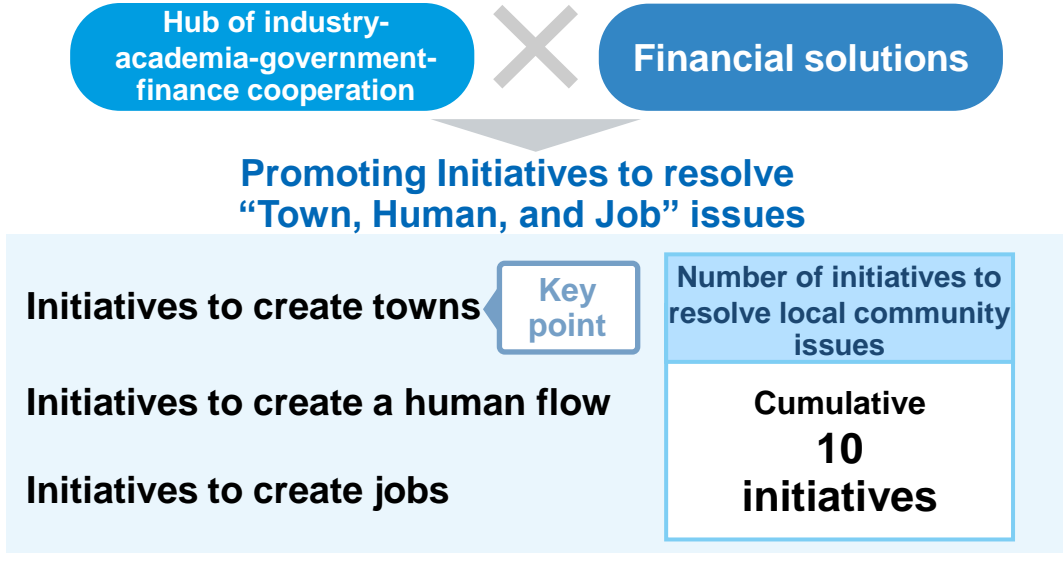


#### Accelerating cooperation and support for the automobile industry



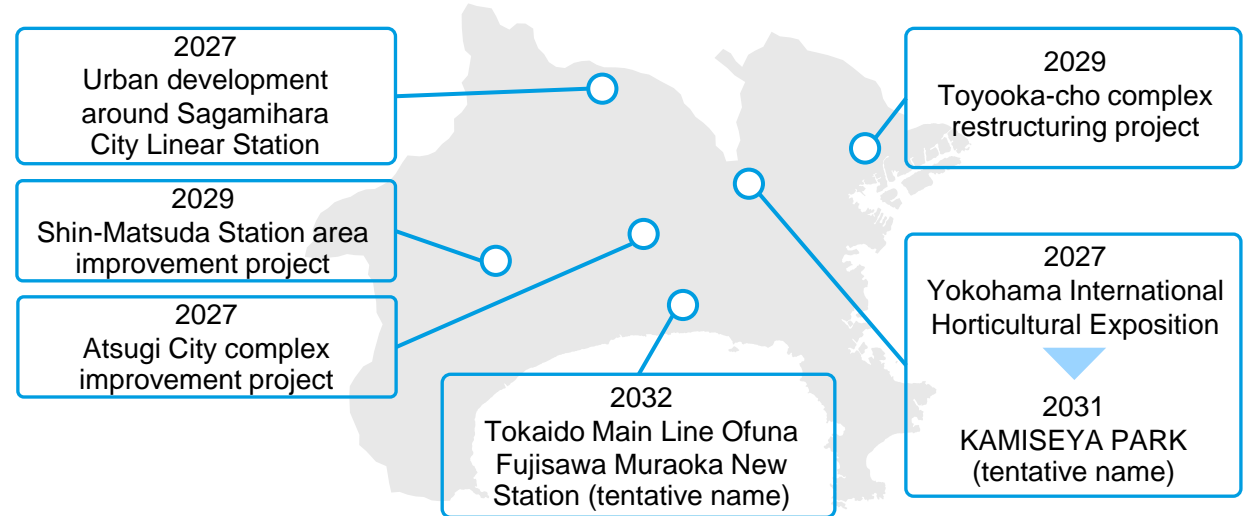


# Using diverse networks to strengthen initiatives to resolve regional issues



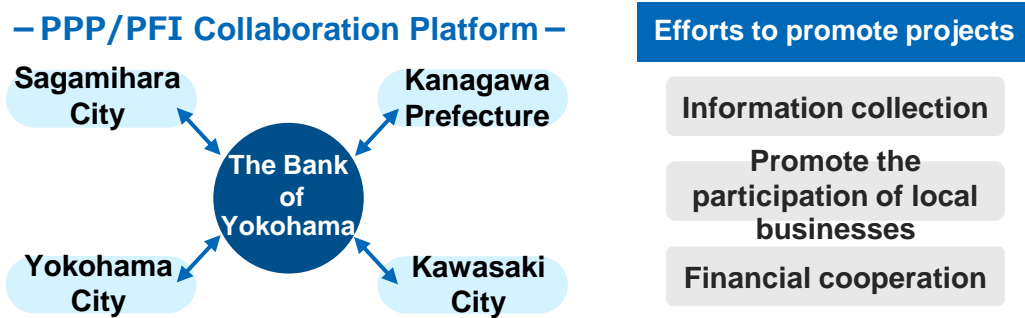
## Initiatives to create towns (2) Contributing to regional development

Contributing to regional development by strengthening cooperation with local governments and railway operators



## Initiatives to create towns (1) Contributing to the promotion of PPP/PFI

Utilizing diverse networks to contribute to public sector infrastructure development



## Supporting management improvement of local businesses

Contributing to the regional economies by supporting customers' business improvements



## Building a highly efficient governance structure by transitioning to a company with an Audit & Supervisory Committee

▶ Sophistication of governance toward an evolution into a comprehensive financial group



Increase in affiliated subsidiaries



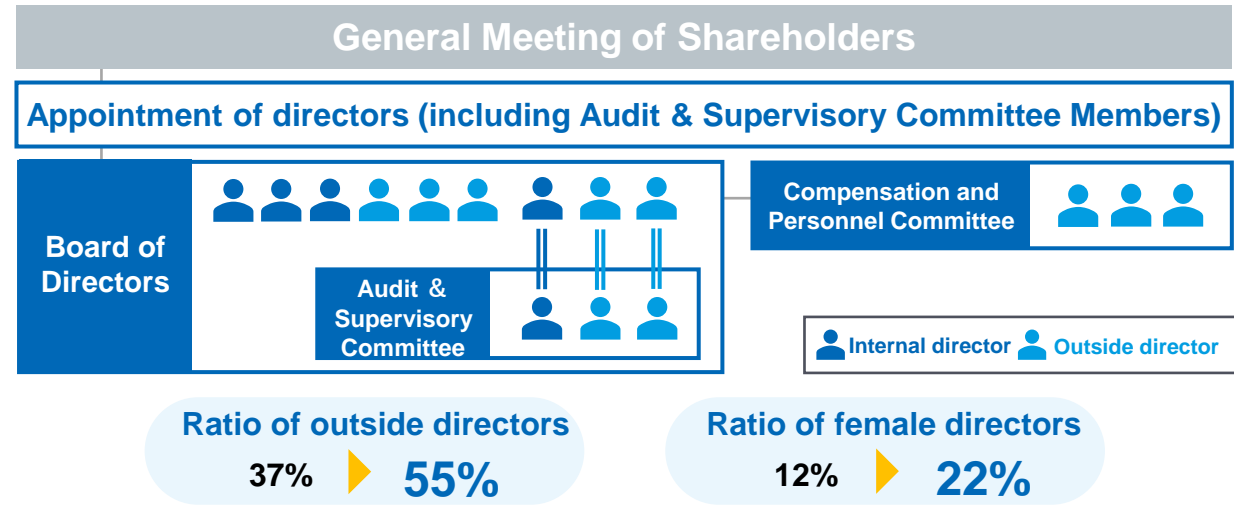
Participation of non-banking subsidiaries

Need to build a more efficient governance structure

Sophisticating the governance structure by adding “monitoring-type” elements to the “management-type” framework

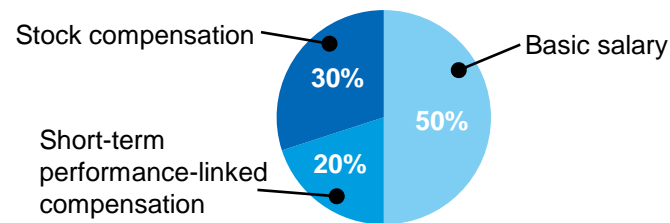
Transition to a company with an Audit & Supervisory Committee

▶ Transitioning to a company with an Audit & Supervisory Committee (Scheduled for June 2025)



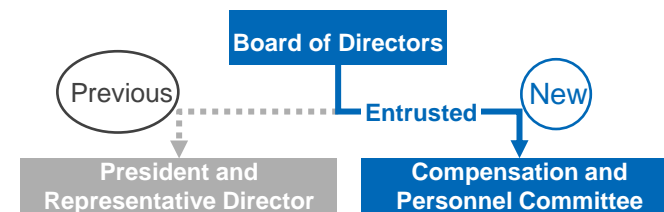
▶ Review of executive compensation system and compensation decision process

Increase the ratio of stock compensation to 30%<sup>\*1</sup> to achieve medium- to long-term enhancement of corporate value



\*1 For executive directors

Individual compensation is now determined by the Compensation and Personnel Committee, which consists exclusively of outside directors<sup>\*2</sup> (Strengthening compensation governance)

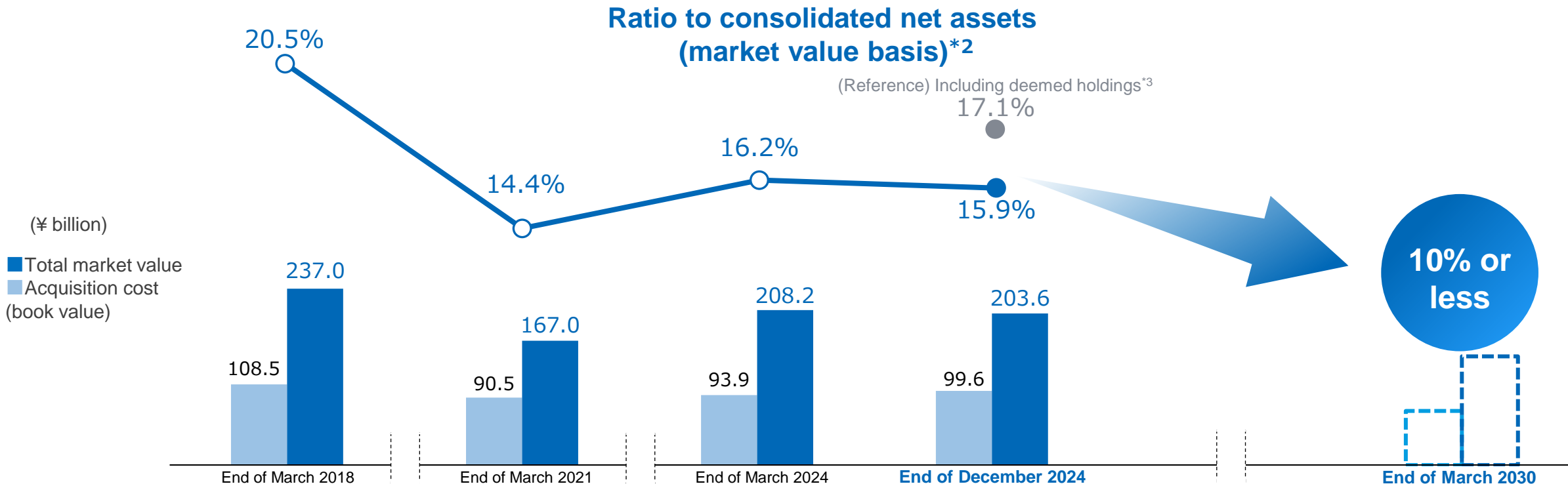
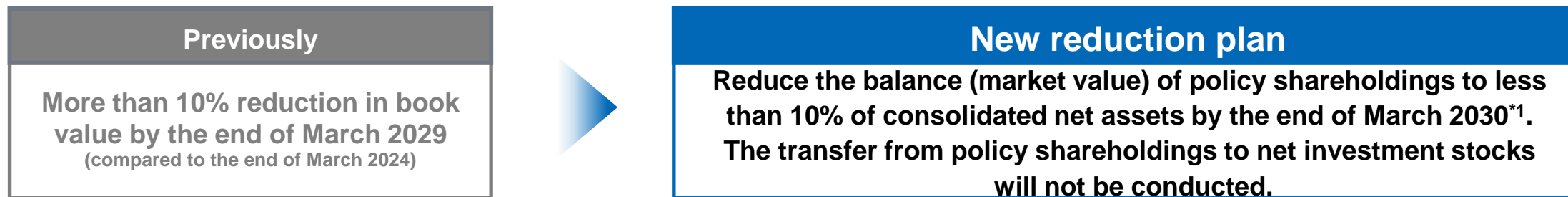


\*2 Previously determined by President and Representative Director after deliberation by the Compensation and Personnel Committee  
Concordia Financial Group, Ltd. Medium-term Management plan 25

# Capital Policy

# Reduction of Policy Shareholding

**Reduction plan will be reviewed based on the progress of negotiations.  
Reduce consolidated net assets ratio to less than 10% by the end of March 2030.**



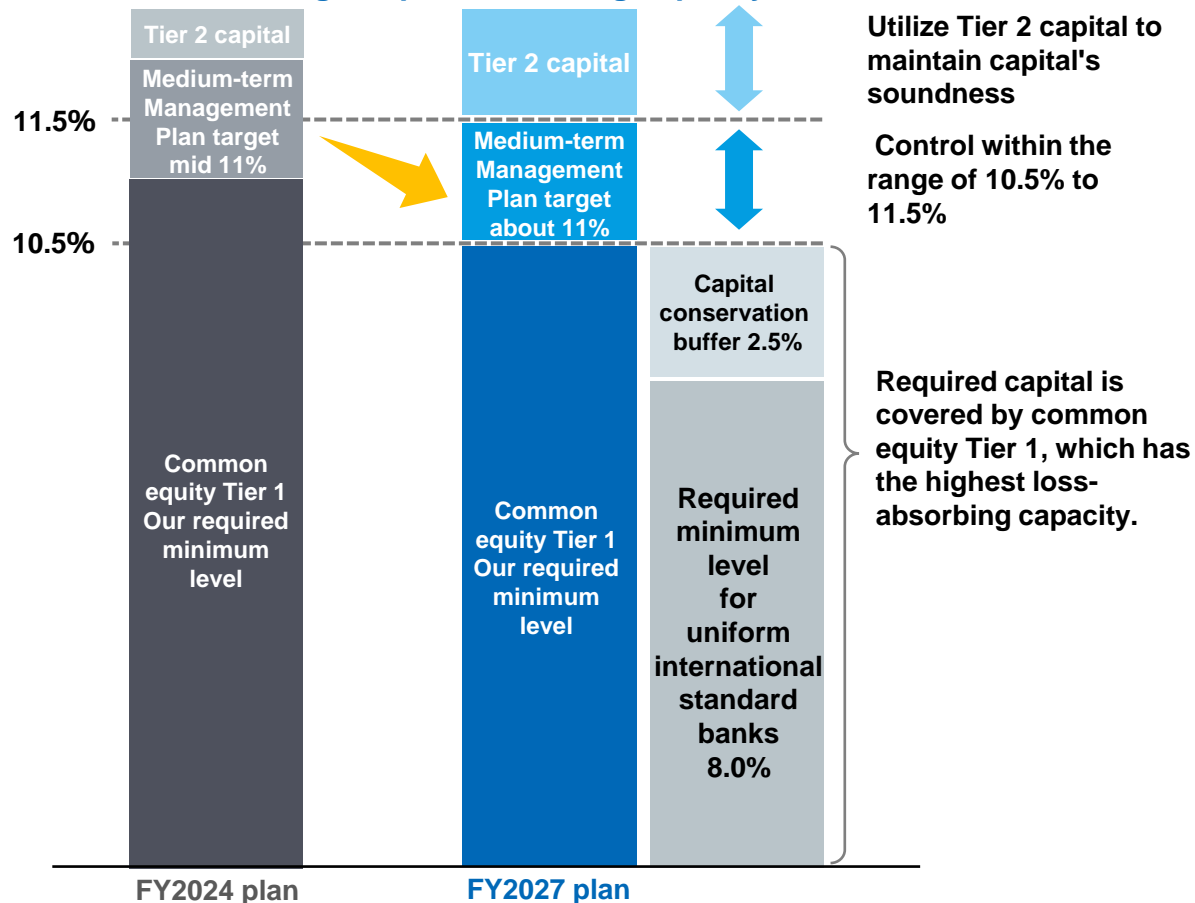
\*1 Total listed and unlisted stocks held by The Bank of Yokohama, the Higashi-Nippon Bank and THE KANAGAWA BANK. Shares reserved voting rights (no ownership rights) are excluded. Calculated by dividing policy shareholding (market value) by consolidated net assets.  
\*2 Figures up to the end of March 2023 do not include THE KANAGAWA BANK. Figures from March 2024 are for three banks combined, including THE KANAGAWA BANK.

\*3 (Policy shareholding (market value) + shares reserved voting rights (no ownership rights) (market value)) ÷ consolidated net assets  
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## Expanding the scope of capital utilization by reviewing common equity Tier 1 ratio levels based on the resilience of capital

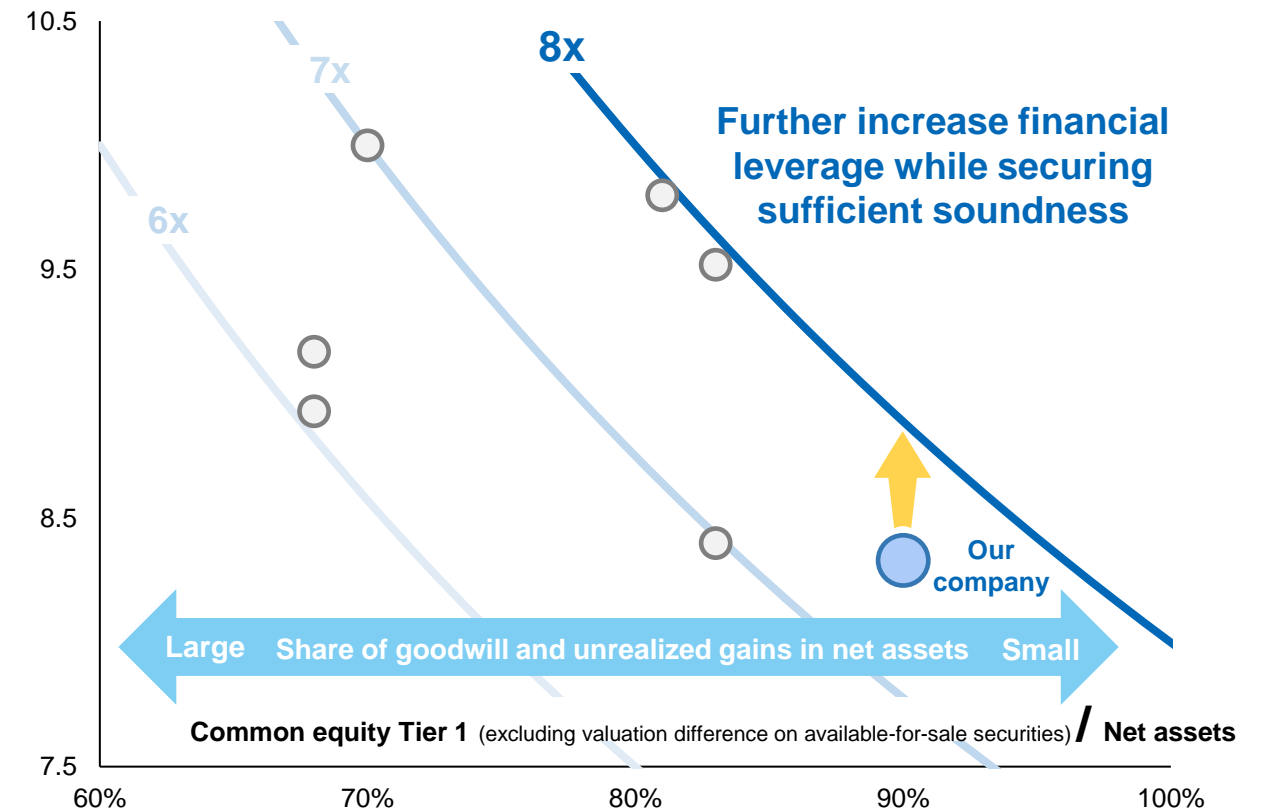
### Capital level

The target level for common equity Tier 1 ratio\*1 has been lowered in light of the capital resilience through improved earning capacity.



### Comparison of financial leverage with megabanks and major regional banks\*2

Risk assets / Common equity Tier 1 (excluding valuation difference on available-for-sale securities)  
\*Reciprocal of common equity Tier 1 ratio



\*1 Finalized and fully implemented Basel III basis (excluding valuation difference on available-for-sale securities)  
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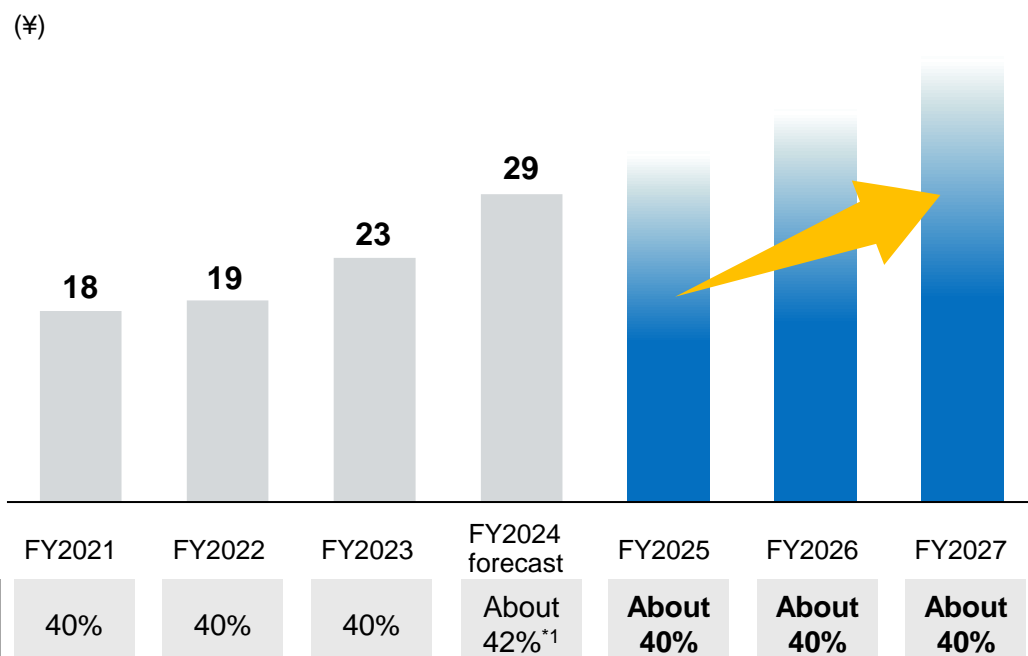
\*2 Prepared by the Company based on disclosed materials of MUFG, SMFG, MIZUHO, SMTB, Resona HD, Chiba Bank, Shizuoka FG, including some estimates.

## Enhancing shareholder returns through progressive dividends and flexible share buybacks

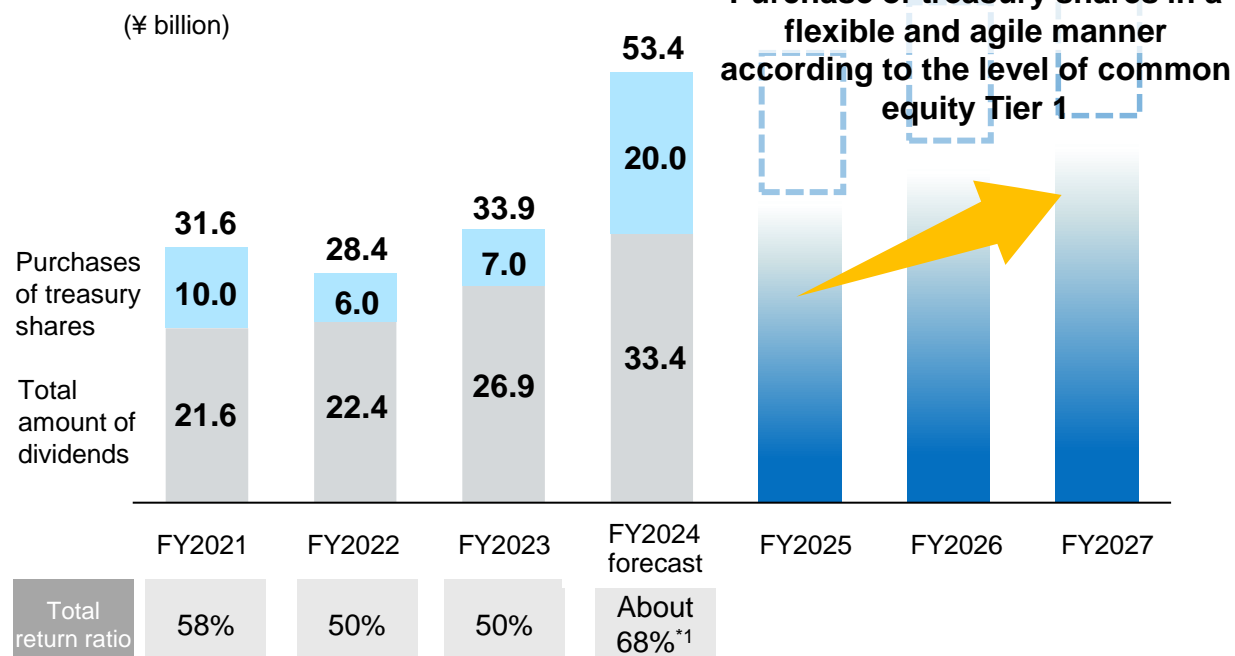
### Shareholder returns policy

- Based on progressive dividends, with a payout ratio of around 40%
- Purchase treasury shares in a flexible and agile manner, considering market trends, earnings forecasts and other factors.

### Dividend per share

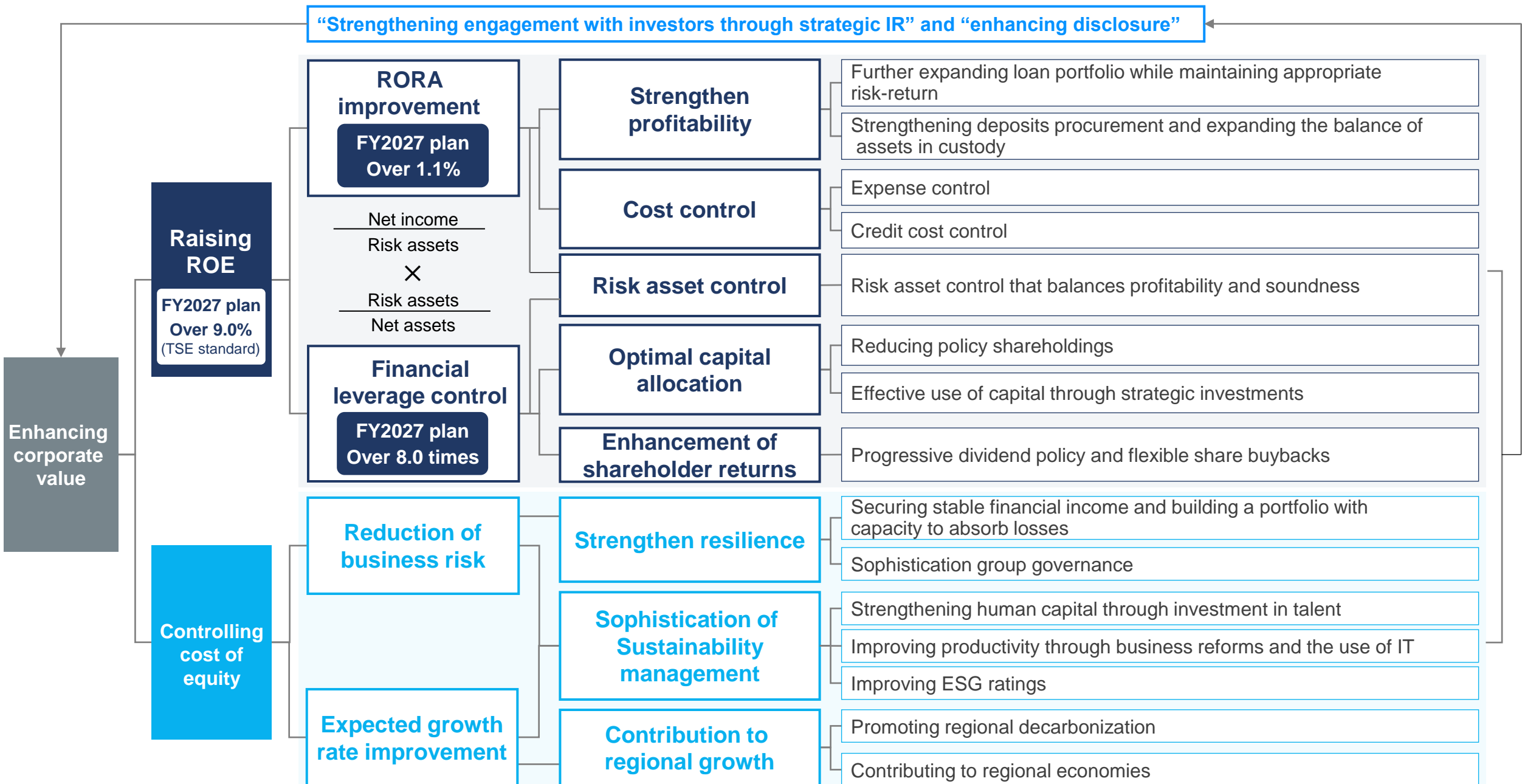


### Shareholder returns



\*1 Net income used to calculate the FY2024 payout ratio and total return ratio forecasts is ¥78.5 billion (forecast)

# Reference Materials





# Medium-term Management Plan KPIs

Logic tree	Medium-term Management Plan Priority Items	Medium-term Management Plan KPIs	FY2024 forecast	FY2027 plan	Logic tree	Medium-term Management Plan Priority Items	Medium-term Management Plan KPIs	FY2024 forecast	FY2027 plan
Strengthen profitability	Growth Further expansion of loan portfolio while maintaining appropriate risk-return	Average balance of loans to companies	¥7,130 billion	¥7,630 billion	Sophistication of Sustainability Management	Empowerment Strengthening human capital through investment in talent	Revenue from solutions per person (single year)	¥0.10 billion	¥0.15 billion
		Average balance of loans to small and medium-sized enterprises in Kanagawa and Tokyo <sup>*1</sup>	¥4,750 billion	¥5,030 billion			Number of sales personnel	2,390 people	2,510 people
		Average balance of loans to HNWIs	¥3,350 billion	¥3,620 billion			Total attractiveness of the company <sup>*2</sup> (employee attitude survey)	3.40	3.40 or higher
		Average balance of housing loans	¥4,170 billion	¥4,320 billion		Empowerment Improving productivity through business reforms and the use of IT	Work volume reduction	—	150,000 hours
		Average balance of corporate deposits	¥4,650 billion	¥5,170 billion			Improving ESG ratings	External evaluation indicators <sup>*3</sup>	—
	Growth Strengthen deposits procurement and expand the balance of assets in custody	Average balance of individual deposits	¥13,570 billion	¥14,180 billion	Strengthen resilience	Securing stable financial income and building a portfolio with capacity to absorb losses	Market division realized gains/losses rate	—	1%
		Balance of assets in custody of the group (end balance)	¥2,920 billion	¥3,290 billion			Contribution to regional growth	Contributing to regional economies	Number of initiatives toward resolving regional issues
					Promoting local decarbonization	Sustainable finance (cumulative)		¥3,040 billion	¥3,560 billion
						Company's GHG emissions reduction rate (cumulative)		86%	89%

\*1 Excluding structured finance \*2 Rated on a 5-point scale

\*3 Rated based on five indices ((1) CDP (climate change), (2) S&P/JPX Carbon Efficient Index, (3) MSCI Empowering Women Index, (4) MSCI ESG Rating, (5) FTSE ESG Rating).

(1) The CDP aims for the highest rating (A- or above), while (2) to (5) target levels that meet the criteria for indices adopted by GPIF.

## Updated materialities in light of changes in the business environment and external environment

Previous materialities	After			Major KPIs under the Medium-term Management Plan
	Materialities	Opportunities and risks		
Supporting Sustainable Growth of Local Businesses	<b>Sustainable Growth of Local Businesses</b>	Opportunities	Increase and expansion of strategic solutions needs due to diversification and sophistication of corporate management issues	<ul style="list-style-type: none"> <li>■ Average balance of loans to companies</li> <li>■ Average balance of loans to small and medium-sized enterprises (Kanagawa and Tokyo)</li> <li>■ Average balance of corporate deposits</li> </ul>
		Risks	Deterioration in corporate performance due to a decline in competitiveness caused by a delay in the departure from a business model centered on traditional loan business and a lack of response to changes in the industrial structure	
Lifestyle Support in the Age of Centenarians	<b>Solving the Problems of an Aging Society with a Declining Birthrate</b>	Opportunities	Increase and expansion of asset formation and asset management needs in a super-aging society, and provision of highly convenient services to support a society with a declining population	<ul style="list-style-type: none"> <li>■ Average balance of loans to HNWIs</li> <li>■ Average balance of housing loans</li> <li>■ Average balance of individual deposits</li> <li>■ Balance of assets in custody of the Group</li> </ul>
		Risks	Decline in competitiveness due to insufficient response to the diversification and sophistication of customer needs associated with changes in the social structure, such as the declining birthrate and aging population	
Workplace Reform and Promotion of Diversity	<b>Human Capital Management and Respect for Human Rights</b>	Opportunities	Improve competitiveness by strengthening relationships with employees and customers through the practice of human capital management and respect for human rights	<ul style="list-style-type: none"> <li>■ Number of sales personnel</li> <li>■ Per capita solutions revenue</li> <li>■ Total attractiveness of the company (employee attitude survey)</li> </ul>
		Risks	Loss of competitiveness due to economic and social sanctions resulting from a lack of solution business support and human rights violations	
Promotion of Digitization (DX)	<b>Forming a Digital Society</b>	Opportunities	Improvement of productivity through operational efficiency, and increase and expansion of needs for provision of non-face-to-face services and advanced solutions	<ul style="list-style-type: none"> <li>■ Work volume reduction</li> </ul>
		Risks	A decline in productivity due to a delay in responding to the development of digitalization, and a decline in competitiveness due to entry from other industries	
Measures against Global Warming and Climate Change	<b>Conserving and Preserving the Environment</b>	Opportunities	Expanding business opportunities associated with the transition to a decarbonized society and a nature-positive society, and building and strengthening relationships with stakeholders through environmental conservation	<ul style="list-style-type: none"> <li>■ External evaluation indicators</li> <li>■ Sustainable finance</li> <li>■ Company's GHG emissions reduction rate</li> </ul>
		Risks	Loss of business infrastructure due to lack of customer support for climate change measures and biodiversity conservation	
Revitalizing Regional Economies	<b>Contributing to the Growth of Regional Economies</b>	Opportunities	Sustainable growth of regional economies through industry-academia-government-finance cooperation	<ul style="list-style-type: none"> <li>■ Number of initiatives toward resolving regional issues</li> </ul>
		Risks	Regional economic downturn due to population decreases and industrial decline	

These materials contain forward-looking statements with regard to the expectations, forecasts, targets, and plans of our group. These forward-looking statements are based on information currently available to us, and are set forth in these materials on the basis of the outlook at the time these materials were produced. In producing these forward-looking statements, certain assumptions (premises) have been used, which are subjective and may prove to be incorrect. Should any underlying assumption prove to be incorrect, actual future results may vary materially from some of the forward-looking statements in these materials. Underlying these circumstances are a large number of risks and uncertainties. Please see other disclosures and public filings that have been or will be made, including the Financial Summary reports, Annual Securities reports, and Integrated reports, for additional information regarding these risks and uncertainties.

As mentioned above, the forward-looking statements contained in these materials are valid as of the date of these materials (or as otherwise specified therein), and we have no obligation or intent to update them. In addition, information on companies and other entities outside our group that is included in these materials has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by us and cannot be guaranteed.