

INTEGRATED REPORT

2022

CONCORDIA
Financial Group



Bank of Yokohama

HIGASHI-NIPPON BANK



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Editorial Policy

This integrated report seeks to clearly communicate to all stakeholders our desire to remain a "financial group that is trusted by customers and indispensable to its region", and the specific initiatives we will take to achieve this. We have therefore presented both financial information and non-financial information regarding areas such as value creation and sustainability that can help fuel continuous growth. The editorial process has been based on the "International Integrated Reporting Framework" and the "Guidance for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry (METI).

This integrated report (main report and reference material) is a disclosure document based on Article 21 and Article 52-29 of the Banking Act. It contains statements regarding future performance, but these statements do not guarantee future performance, and may differ from actual figures due to changes in the business environment and other factors.



Subject of Report

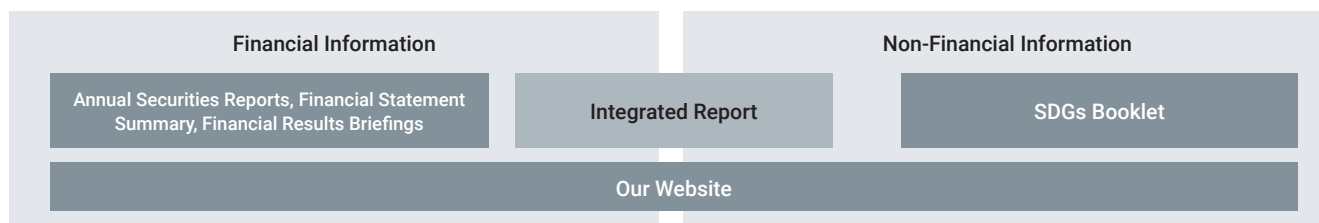
Period

FY2021 (April 2021 - March 2022)
Some information after April 2022 is also included.

Scope

The Concordia Financial Group and its subsidiaries and affiliates

Information Disclosure Communication



For more information, please visit our website.
<https://www.concordia-fg.jp>

Concordia Financial Group

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Management Principles

In the Concordia Financial Group, the following management philosophy system is the basic policy of the Group's management and is the foundation of our corporate activities.

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 our community, customers, shareholders, and employees.

"Customer-focused"

We always act based on a customer-first policy.

"Transformation and Challenge"

We face changes in economy and society always with a transformation spirit and social changes, 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 the sustainable development of vibrant regional communities**.

CONCORDIA
Financial Group

The word "Concordia" is derived from the Latin words "Con" (together) and "Cordia" (heart), and means harmony and cooperation.



TOP MANAGEMENT COMMITMENTS

We aim to be a “Solutions Company” that works together with the community and is chosen by customers. We will create an organization that places emphasis on human resource investment and development and that transforms each problem solved into value.

Concordia Financial Group
President and Representative Director
Tatsuya Kataoka



Our primary mission is to increase corporate value.

I joined the Bank of Yokohama in 1990, and my life as a banker began with a position at the Ofuna Branch in Kamakura, Kanagawa Prefecture. Since then, I have mainly worked in the planning field, including product development. There have been good times and tough times. From the collapse of the bubble economy to the acceptance of public funds and the collapse of Lehman Brothers, we have faced a number of challenges that have threatened the management of the bank. However, as I look back, the common thread through these events is that we were helped by our customers.

The Bank of Yokohama celebrated its 100th anniversary in 2020, and Higashi-Nippon Bank will celebrate its 100th anniversary in 2024. When I think of our long history, I only feel gratitude. There is a community that serves as the foundation, and that is where the customers are located. I feel that the foundation of our work is to be grateful in each of our daily operations, and to keep thinking about what we can do to be of service.

In April 2022, I was appointed President of the Bank of Yokohama, and in June I was appointed President and Representative Director of the Concordia Financial Group. As a manager of a publicly traded company, I see our number one mission as improving corporate value in order to reward shareholders.

The basic concept is that to increase corporate value, earnings must be raised. As the saying goes, “Profitability is the sum of customer satisfaction,” and in order to improve profitability, we must be supported by local customers. In addition, no matter how good the products and services are, strong enthusiasm and motivation of employees are essential for customers to be convinced to use them. In other words, in order to enhance corporate value, it is important to consider stakeholders such as customers, local communities, employees, and shareholders not as being in a trade-off relationship, but as a trade-on relationship, and to draw up a long-term growth strategy. I believe this is my role as the head of both the Concordia Financial Group and the Bank of Yokohama.

TOP MANAGEMENT COMMITMENTS

Providing Services that Exceed Customer Expectations

The financial industry, including banks, is in the midst of major environmental changes. In addition to the continuing difficult environment of the declining and aging population, low growth of the domestic economy and the normalization of low interest rates, the barriers to the banking business are fading due to financial deregulation and the entry of different industries into the market. Furthermore, in the past few years, there has been an increased awareness of environmental and social issues such as climate change countermeasures, and the sustainability of business has come under scrutiny by society.

From these several changes in the environment, we feel particularly strongly about two things: speed and diversification. Technological innovation, especially in the digital field, is accelerating the pace of change in the world, and people's values and needs are diversifying. Customers are exposed to a great deal of information through the internet and social networking services, and we live in an age in which banks can be compared with each other with a single click. The bank's business will

not be able to survive with a product oriented approach based on just doing whatever we have done in the past. We must proactively consider what our customers really want and what they expect from the bank, and more than ever, we must be market-oriented and provide tailor-made services that exceed their expectations.

In the previous medium-term management plan formulated in FY2019, we set our vision as "a new financial company that goes beyond the bounds of traditional banks," but the world has changed in a few years to a degree that was unimaginable at that time. Faced with irreversible environmental changes triggered by the coronavirus pandemic, it has become difficult to even imagine a "new financial company". In formulating a new medium-term management plan beginning in FY2022, we first considered updating this "new financial company" vision.

Becoming the Solutions Company of Choice and the No. 1 Regional Bank

Such long-term visions are often decided top-down, but this time we started by reviewing the process itself. Many people said that we who actually convert our vision into action should take responsibility for it, and we promoted discussions involving not only management but also all employees. Specifically, through surveys and opportunities to exchange ideas, we have been discussing where we should be heading. What we decided on is “a solution company rooted in communities and selected as a partner to walk together.”

Several characteristic phrases appear here. The first is “Solution Company”. The fact that the solution of issues arising from diversifying needs is the source of added value was emphasized in the previous medium-term management plan, and this expresses our intention to make this approach even more sophisticated. The second is “rooted in communities”. This is an area where many

employees voiced their opinions. We have a sense of crisis that no matter how many solutions we provide and how much revenue we generate, if the communities in which we operate do not develop, our business as a regional financial institution will not be sustainable. As a regional financial institution, it expresses our desire to be firmly committed to the community.

The third is “to be selected as a partner to walk together.” This reflects our desire to provide services that exceed customer expectations and to become the financial institution of choice for our customers, and our own desire to maintain our pride as the number one regional bank. The pride of being the number one regional bank does not simply mean having the largest number of deposits and loans, but also pride in being a leading regional financial institution in Japan, including in our day-to-day activities.





In Three Years, We Will Accelerate the Transformation and Materialize Results

Based on the achievements and challenges of the previous medium-term management plan, we will explain how we position the new medium-term management plan and what initiatives we will focus on.

The previous medium-term management plan was a three-year period during which we pushed reforms forward to build a foundation for the future. There are two main types of this transformation. One is structural reform. To improve productivity, we proceeded with the consolidation of branches and a review of business processes at sales branches. For example, in branch operations, a tablet terminal called AGENT was installed, and a system was introduced whereby the contents of a customer's own input are directly linked to the account system. As a result, the goal of a 30% reduction in workload in five years was achieved two years ahead of schedule, and we reduced our overhead ratio (OHR) to the targeted 60% level.

The other is improvement in the ability to make proposals. We have shifted from a traditional lending business focus to a problem-solving, solutions-oriented sales approach. In order to solve issues, we expanded advanced financial services such as LBO loans and hybrid loans, which resulted in an increase in service revenues other than interest on deposits and loans, positively impacting gross business profit.

In the new medium-term management plan, we intend to accelerate the transformation for this foundation laying, and to manifest results over the next three years. We will ensure the attainment of the plan while pushing forward with transformation, and will also firmly promote long-term growth strategies from a medium- to long-term perspective.

This new medium-term management plan has three basic themes: Growth, Change, and Sustainability. "Growth" means a growth strategy to strengthen and upgrade solution sales, and to expand business areas through strategic investments and alliances. "Change" is reform aimed at becoming a solutions company, such as strengthening human resource development and Digital Transformation (DX). "Sustainability" is positioned to support "Growth" and "Change" by strengthening the management foundation through the establishment of sustainable management and the enhancement of governance.

As a goal, we aim to achieve ROE of around 6.0% in FY2024 and 7.0% in the long term. I am sure that many issues will arise in the process, but I believe that if we tackle each with a spirit of tackling challenges rather than following precedent, it will not be an impossible level to achieve.

Focus on Promoting Human Resource Development and Fostering a Corporate Culture that Recognizes Diversity

We believe that a major key to achieving our goals is the development of human resources. Human resource development has two aspects to its objectives. One is to acquire a sufficiently high level of competence to be chosen by customers. The other is to improve one's skills in order to have job satisfaction. The ideal form of human resource development is for the two to interact, with skill development leading to gratitude on the part of customers, and that gratitude leading to motivation.

However, support for reskilling still only goes part way to encourage employees who lose their responsibilities as a result of structural reforms to take on new challenges. People fear change, and many may prefer to maintain the status quo. That is why it is so important to play catch when drawing up future career plans to convince people that it is not just them alone that is changing, but the company as a whole that is changing and why it is necessary to do so. We particularly want superiors to maintain interest in their subordinates. This is because being properly seen and recognized for one's efforts is a wellspring of growth.

In order to enhance their skills, I would like employees to be aware of the importance of not being "a frog in a well." Common sense in banking is not necessarily common sense in the world. This is something I have done consciously, but I would like employees to increase their relationships with people outside of the bank as much as possible, and to try as much as possible to reach out to them and have opportunities for conversation. This often makes worries in the bank seem surprisingly insignificant, or gives new insights into how to solve problems.

In addition to promoting human resource development, we will also focus on creating a corporate culture in which diverse human resources can play an active role. Regarding diversity, equity, and inclusion initiatives, I feel that respect for those who are different from us must be the starting point. Find the good points of the other party and fill in where they are lacking. Based on the humble premise that there is no one who can do everything, it is important to be oriented to sharing roles so that each person does what they excel in. We will further promote efforts to foster a corporate culture in which diverse human resources can maximize their abilities and create new value.

TOP MANAGEMENT COMMITMENTS

We Want to Contribute to the Region as a Hub in the Sustainability Field

As we have indicated in our vision, “rooted in communities and selected as a partner to walk together”, sustainability and community growth are inseparable. We are truly blessed with our market. Kanagawa Prefecture and Tokyo, which form the foundation of the region, boast an economy that accounts for one-fourth of Japan’s GDP, and 60% of all listed companies are concentrated in these prefectures. However, if that home market declines, our sustainable growth will also be difficult. The starting point of sustainability is to see community issues as one’s own business.

In particular, we are taking the lead in decarbonization. In January 2022, the Bank of Yokohama announced that it would bring forward the target date for achieving carbon neutrality from FY2050 to FY2030. As a first step toward this goal, the Bank of Yokohama will make all of its contracted electricity from 100% substantially renewable energy sources by FY2022. We also intend to contribute to the region by playing a role as a hub in the sustainability field, including the establishment of a Regional Decarbonization Platform for local public bodies in Kanagawa Prefecture in May 2022.

For corporate customers, too, decarbonizing their companies is now a common management issue. We provide solutions tailored to the phases of our customers’ initiatives. For example, we have heard that some of our clients in the manufacturing industry listed on the TSE prime market are required to disclose climate change risks based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and are struggling to calculate emissions in accordance with Scopes 1, 2, and 3. One of our solutions is to collaborate with outside organizations to assist with these calculations. In addition, we actively provide financial assistance such as Sustainability Linked Loans and Positive Impact Financing. For customers working to understand their priorities for decarbonization, we offer solutions such as CO₂ emissions visualization and SDGs feasibility assessments.

Decarbonization is forcing a shift in business models, with the automotive industry as a typical example. We believe that opportunities to provide sophisticated solutions for M&A and capital investment financing needs will continue to increase.

Continuing to Take on Challenges with a Sense of Speed and Creating New Value

Digital transformation (DX) is not an end in itself, but is primarily focused on effective use as a means to an end. Through financial and non-financial services that leverage digital technology, we can deliver new experiences and value to local customers and support business growth by providing advanced digital solutions. Another advantage of using digital technology is that it not only enhances customer convenience, but also improves the efficiency of internal operations. We would like to incorporate these into each strategy and launch them as truly meaningful services.

Customers already use many digital tools in their daily lives. For example, for individual customers, the plan is to provide a user experience for the next smartphone app that makes banking services a natural part of their lives. We have approximately 5 million individual clients, mainly asset-builders. We would like to serve as a lifelong partner to our customers by providing solutions for life events such as home purchase, education, and retirement, for different stages of life, with customers choosing the most appropriate face-to-face and non-face-to-face channels.

In times of rapid change, it is important to be flexible in business. What failed before might succeed now. We believe that exceeding our customers' expectations and resolving issues one by one by continuing to take on challenges with a sense of speed will be the driving force behind the creation of new value. I believe that the accumulation of empathy and excitement from our customers is important, and that we can also achieve sustainable growth by contributing to the development of local communities through the creation of new value.

As a representative of the executive side responsible for enhancing corporate value, I will engage in dialogue with shareholders and other stakeholders through various opportunities and communicate with them more closely than ever before.

We look forward to your continued support for the future of the Concordia Financial Group.



Outside Directors Roundtable Discussion



Concordia Financial Group
Mitsuru Akiyoshi **Outside Director**

Concordia Financial Group
Mami Yoda **Outside Director**

Concordia Financial Group
Yoshinobu Yamada **Outside Director**

Through communication-oriented organizational management under the new management system, we will support the implementation of the new medium-term management plan as a unified organization, and beyond that, the enhancement of corporate value over the medium to long term.

Lively Discussions with Candidates for Various Posts, Including Top Management

- Please tell us about the process leading up to the transition to the new management structure and the discussions that took place.

Akiyoshi To ensure fairness and transparency in its management structure, the Group has established a Compensation and Human Resources Committee. We believe that the process of appointing top management and other executives, with decisions made by the Board of Directors after deliberation by us three outside directors on that committee is fully functioning in terms of governance.

The succession plan, specifically overseeing operations in accordance with the successor plan, is one of the key duties. Candidates are interviewed by the outside directors on an ongoing basis each year. We have interviewed nearly 20 candidates in the past two years. I had the strong impression that what they all had in common was being extremely dynamic and holding firm opinions. We are confident in our selection of the new president as the person best suited to take charge of our group.

Yamada There was no set scenario for the interviews. Each interview lasted about an hour, covering a variety of questions such as thoughts about our group and issues. By taking this much time, I believe we were able to bring out their personalities and true feelings. We had particularly meaningful discussions focused on the leadership required at the top.

Yoda The core activity of the Compensation and Human Resource Committee is interviewing potential successors. While listening intently, we try to create a frank atmosphere, and we are open to hearing their thoughts about their work and their awareness of the issues they face. We also have opportunities to exchange views with candidates through board meetings and preparations for such meetings. The Compensation and Human Resource Committee also studies candidate development policies. We sometimes ask candidates to participate in training sessions, but we also believe it is important to deepen our understanding of each individual on a daily basis, including through feedback from the training.

- What are your expectations for the new management structure?

Akiyoshi In addition to his natural cheerfulness, President Kataoka is extremely sincere in his approach to his work. I believe that employees sense this attitude on a regular basis and trust him as a leader they can work with. Although the company has become younger, we believe that it has built an effective management structure by maintaining an overall balance and valuing continuity by placing veterans on the board of directors.

Yamada President Kataoka has a long history in the planning department. He was stationed in London, was instrumental in the revitalization of Higashi-Nippon Bank, has experience in IR, and



is able to listen openly to diverse voices, including those of the stock market. We are very much looking forward to a broad-based management structure that supports such top management.

Yoda I too am looking forward to the "power of dialogue". In addition, I feel that he has the ability to look at our Group from a comprehensive viewpoint based on his experience working overseas and at Higashi-Nippon Bank. We expect that President Kataoka's perspective will be a major force in realizing the future vision of our Group as a "solutions company."

Recommendations for Developing a Long-Term Vision with Employees

- Tell us about the formulation of the new mid-term management plan. What processes have you used to deepen the discussions?

Akiyoshi Discussions began at the June 2021 Board Meeting and we have since deepened them through regular and special board meetings.

Initially, what we, the outside directors, requested from the executive side was a review of the long-term vision. A medium-term management plan can, for example, set top-down numerical targets for the next three years, but this tends to result in a stance of just achieving the numbers. Of course, numbers are important, but first it is important to share how the three years will be positioned from a long-term perspective.

Yoda In addition, it was my opinion that employee engagement is very important, so I proposed having all employees participate in formulating the medium-term management plan.

As a result, the executive team worked to gain a firm grasp of the opinions of frontline employees by interviewing executives and having all employees complete a questionnaire regarding their vision for the Company. Regarding the employee survey, I was positively surprised by the high response rate but even more so by the noticeable desire to grow by contributing to the community. The most important point was that during the process of setting the specifics of the medium-term management plan, these opinions were reflected in Board of Directors' discussions. Going forward, it is important to build a partnership, which will include providing feedback to employees, to make the plan a reality.



Yamada In the discussions regarding the new medium-term management plan, we focused on whether it would be regarded well by interested parties, who are called stakeholders. We felt that it was critical that the content was such that four groups of people with different perspectives—that is, customers, communities, employees, and shareholders—would have high expectations for the Company. During that process, we deepened discussions by referring to the efforts of other companies, including some overseas.

One of the unique aspects is the positioning of regional communities. Support for customers is accompanied by consideration of ESG (Environmental, Social, and Governance) and SDGs (Sustainable Development Goals), and the provision of services itself is increasingly colored by contributing to regional communities. We learned through the survey responses that the employees implementing solutions also want to diversify them.

Another is dialogue with shareholders, including the stock market. Investors are placing more emphasis on non-financial aspects in their evaluation of corporate value. It was also suggested that, given the current rapidly changing economic events, it is important to anticipate the possibility of modifications to the medium-term management plan in advance. We should enhance investor confidence by responding promptly as well as by enhancing opportunities for dialogue.

- Did you gain a sense of the Group's strengths and awareness of issues through discussions on the development of a new mid-term business plan?

Yamada The nature of banking is changing from a world of lending and deposits to a world of solutions. For corporate clients, our consulting areas such as DX (Digital Transformation) and promotion of SDGs are expanding. The way the organization is organized and the development of personnel able to move quickly to provide these services are also important for the sustainability of the Group.

Fortunately, the Group has a favorable market and excellent personnel, as well as a century-long history of building deep relationships with its customers and business partners. We anticipate expanding the range of solution options we offer through a series of proposals more meaningful than ever before.

Akiyoshi There is no doubt that the Concordia Financial Group's presence in the Tokyo area, and its overwhelming presence in Kanagawa Prefecture, is a major strength. Furthermore, from an outsider's point of view, the employees of the Group are extremely talented, and this is something that I can really feel in my everyday conversations. We believe that as long as we can firmly establish a sense of management direction, we can expect excellent future development and growth. However, in a period of major change, personnel development and investment remain unresolved issues. We should promote continuous development of personnel as our greatest asset.

Yoda Yes, I agree with the two of you about our strengths. The market, history, customer relationships cultivated, and extremely talented employees. I cannot stress enough the importance of personnel development for implementing the goals set forth in the new medium-term management plan. In addition, even more than before, we will emphasize as much communication as possible that can share our long-term goals.

Yamada Up-skilling for taking on the challenge of new duties is very important. We also need to hire specialized personnel. We are already making progress in the IT and solutions departments, but I believe that the atmosphere of the bank as a whole will change if we promote hiring from the outside, including from the market sector, and these personnel lead up-skilling.

A Solutions Company that Takes the Initiative in Presenting a Vision for the Future

- Please provide recommendations for the expansion of human capital, including the direction in which it should be directed.

Akiyoshi With the global social and economic environment and the financial market environment undergoing major changes, competition is intensifying not only among banks but also with entrants from other sectors, and many employees are firmly aware that the traditional banking business will not allow them to develop in the future. We believe that the key is how management can realize employees' desire to learn more and more not only about finance but also about how the bank can respond to the attainment of a sustainable society, and to transform themselves and grow, and what specific opportunities we can provide for this purpose.

Yoda It is also quite important to 'buy time' to keep up with changes through new learning. A company-wide effort to eliminate time wastage by thoroughly improving the efficiency of existing operations, particularly administrative tasks, is essential.

In addition, it is important that managers, as superiors, communicate well with employees about their daily efforts. We have conducted 1-on-1 individual meetings since FY2021, and I believe that by having each manager work on improving his or her own skills while developing the ability to nurture subordinates, we can raise the level of personnel development in the entire organization.

Yamada What is generally the “Personnel Department” in ordinary companies, is the Human Resources Department within the Group. I think that is an excellent term. We believe there are two ways to increase the value of these personnel.

One is to align the thoughts of management and employees with each other. To this end, the management travels around the branch offices in we call a caravan, carefully discussing what the new medium-term management plan intends to achieve and deepening mutual understanding with employees. The more dialogue we have, the more issues will arise, but I believe that new solutions will also emerge quickly. The other is strengthening of the recruiting system. Expanding the posts that we recruit for should allow individuals to channel their awareness of the issues while enhancing their abilities.

- What are your hopes and aspirations for the Concordia Financial Group in the future?

Akiyoshi With the situation in Ukraine and global inflation as major triggers, Japanese society is finally motivated to make significant changes. This is true for the financial industry as a whole, including the banking industry, but it is important to take risks and nurture new seeds for such changes. The Board of Directors will deepen the discussion of how to pursue growth while taking healthy risks, while enhancing the pride and status of the Group as a regional player.

Yamada Deposits overwhelmingly exceed loans in Japanese banks. New services should be provided to resolve this imbalance. For example, for individual customers, DX should be strengthened to include proposals for asset building that encourage the flow from savings to investment. For corporate clients, in addition to conventional loans, we should also provide the necessary support for new business models that bring together buyers and sellers, such as business succession and mergers and acquisitions. Through such advanced solutions, the Group should be able to become a leading regional bank.

Communication with investors is also important, and my own past experience has helped me to strengthen that communication.

Yoda The Group's strength is its the strength of its integration. For example, proposals should be able to draw out the potential of the regions based on various surveys conducted through the Group's think tank. By offering a variety of proposals based on our abundant resources, the Group can also serve as a platform for the regions to move forward powerfully and with hope. We expect that by creating a new flow of money, we may become a solutions company that can take the initiative in presenting a vision for the future of regions. On the other hand, because we are in an era of rapid change, it is possible that we will be forced into short-term responses. As an outside director, I would like to help the company keep moving forward in the long-term direction in which it should be heading.



A Message from the Director of Finance



Solution sales efforts bear fruit and related net fees and commissions make a positive contribution.

We will contribute to the enhancement of corporate value by striking a balance between three elements: using funds toward sustainable growth, securing the sufficient capital level, and strengthening shareholder returns.

Concordia Financial Group
Director

Nobuo Onodera

I want to contribute my experience and knowledge in the Planning Department.

If you break down the Concordia Financial Group entity by business, you will see that it has a variety of functions as a regional financial institution. It is a general trading company that matches the needs of local companies for products and services, a consulting firm that develops business strategies and supports decarbonization through business feasibility assessments, and an investment bank that proposes M&A and capital policies to increase corporate value. It is a collection of popular and promising businesses, so to speak.

We are that rare entity that possesses all of these functions in a comprehensive manner and yet actively uses our own balance sheet. We please our customers as their quick-witted and nimble supporter. The breadth of our business domain appeals to our employees too because it allows them to turn new ideas into business. If we analyze these strengths carefully, we believe that we can still improve our corporate value.

Since I joined the Bank of Yokohama in 1995, I have worked in corporate sales at the branch level, and have been involved in formulating sales policies and medium-term management plans, in achieving integration synergies with Higashi-Nippon Bank, and in executing strategic investments. In April 2022, I was appointed Director and Executive Officer of the Bank of Yokohama, and in June of the same year was appointed a director of the Concordia Financial Group, where I am responsible for finance. Under President Kataoka's leadership, I will strive to create an open organization and take the initiative in initiating dialogue both inside and outside the company. I would like to contribute to sustainable growth through fair and efficient execution, utilizing my experience and knowledge from my career, especially in the Planning Department.



Achieving a Core Net Business Profit of ¥81.3 billion, Higher than in FY2018

FY2021 was the final year of the previous medium-term management plan. Amid the protracted impact of the new coronavirus infection, with the domestic economic only partly recovered, Russia's invasion of Ukraine was another hard blow. We were forced into difficult business operations in a turbulent environment of high domestic prices due to soaring global resource prices.

However, the structural reforms we have been working on are finally starting to show up in the numbers, with gross operating income (two banks combined) increasing for the first time in four fiscal years and recovering to the pre-Corona FY2018 level. There are three key points I would like to convey about our FY2021 results.

The first is 'recovery of core business profitability'. In addition to the upward trend in interest income on loans and bills discounted, solution sales efforts bore fruit, leading to an increase in fees and commissions from transactions with corporate clients such as structured finance. Cost reductions through branch consolidation and review of business processes also made a significant contribution. Core net business profit in real terms (two banks combined), which indicates the strength of our main businesses, was ¥81.3 billion, a level higher than in FY2018, a point that was evaluated positively by external parties.

On the other hand, one of the key points for the next medium-term management plan is to "reducing downside risk." In order to cut losses, we proceeded to restructure our portfolio by selling off a portion of our foreign bond holdings for which there were valuation losses due to rising interest rates in the U.S. We also made precautionary provisions for the restaurant and lodging industries, which have been severely affected by business stagnation caused by the COVID-19 pandemic.

Another key point is to "Higashi-Nippon Bank makes profit." In addition to cutting costs through streamlining, including consolidating branches, efforts to strengthen the solution business, as at the Bank of Yokohama, had an impact, and net fees and commissions dramatically increased. As a result, we recorded positive net income for the first time in three fiscal years.

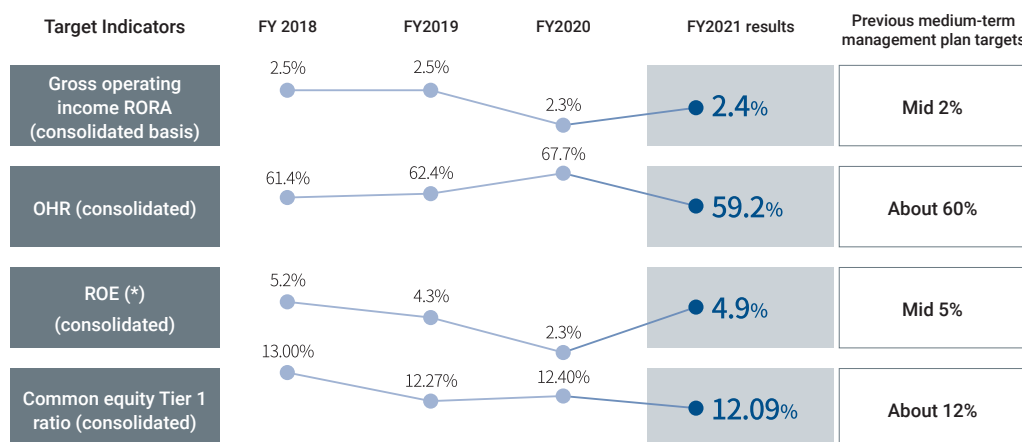
Although ROE was 4.9%, less than our target of the mid-5% level, we were able to achieve our gross operating income RORA, OHR, and common equity Tier 1 ratio targets.

Meeting the expectations of long-term shareholders and increasing dividends to match income growth

I will tell you our thoughts about the basic financial strategy and capital strategy for the group. As a listed company, we recognize that return on equity (ROE) is the most important indicator for measuring improvements in corporate value. Taking into consideration the expectations of investors, I believe that we must be able to maintain an ROE of about 7% in the long term. The new medium-term management plan for FY2022–FY2024 sets a target of 6% as a milestone along the way. This figure is not an overreach. It is a level that is well within our ability to achieve given the efforts we have made so far to strengthen our management base.

For our efforts to improve corporate value, there are three axes that we look at. The first is "capital utilization". Meeting the financial needs of customers is the greatest priority. We would like to make effective use of capital by continuing to focus on providing not only traditional senior loans but also high value-added financing similar to investments and loans, and thus build up risk assets.

Achieved RORA, OHR, and common equity Tier 1 ratio targets, but not ROE



(*) Shareholders' equity basis

A Message from the Director of Finance

The second axis that we look at is “soundness.” As part of the banking industry, it is important that we ensure that our level of capital is sufficient to properly meet customers’ funding needs even in the event of a tail-risk event, such as a major financial crisis, and to determine and manage that level at all times.

The third axis is “strengthening shareholder return.” While keeping in mind the idea of firmly meeting the expectations of investors who hold their shares for the long term, we aim to increase dividends in line with growth in income based on a progressive dividend policy. Together with this, we intend to return income accumulated in each year to our shareholders, also for the sake of capital efficiency. While the dividend payout ratio was previously set at 35% or more, we raised it this time to around 40%. We plan to pay a dividend of ¥19 per share for FY2022, which will result in a payout ratio of 41%. Furthermore, we are conscious of our total payout ratio, and our policy is to flexibly and quickly conduct purchases of treasury shares after assessing market trends and the earnings outlook.

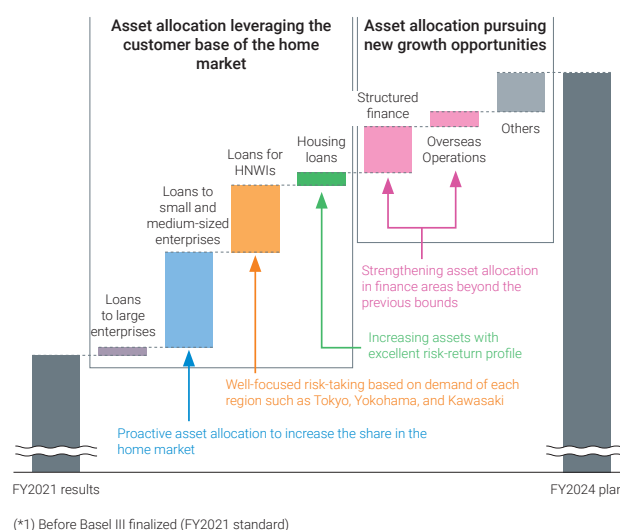
Desire to further expand the high-value-added finance field

In the new medium-term management plan, we have set the following numerical targets for FY2024: ROE improved to around 6%, OHR in the lower-50% range, and common equity Tier 1 ratio in the mid-11% range.

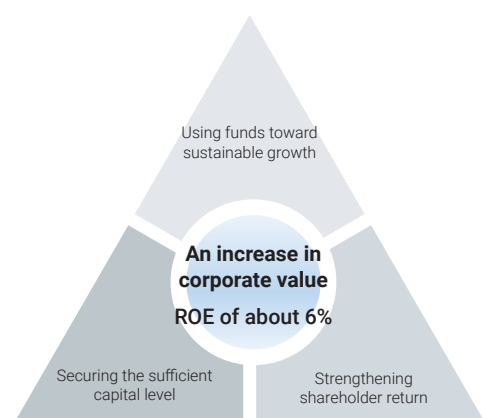
In order to achieve our goals, I believe it is vital to generate returns in excess of the cost of capital. For that purpose too, I would like to further expand our field of high-value-added finance, both domestically and internationally, and use capital to build up our risk assets.

Many of our corporate clients are medium-sized companies, even the listed companies, and there are probably still cases where it is necessary to propose a capital policy. Finance in fields that extend to equity requires skills that differ from those possessed by traditional bankers, so I would like to focus on developing human resources who can switch their thinking. As we will be taking on new risk in areas where we lack extensive experience, it is important to create a system that also functions as risk controls, including credit management.

Envisioned change in risk assets (total for two banks)^(*)



Balanced capital management to enhance corporate value



(*)1 Basel III finalized and fully implemented basis (excluding unrealized gains on marketable securities)
 (*)2 Regulation level before Basel III finalized (excluding unrealized gains on marketable securities)
 (*)3 Basel III finalized and fully implemented basis (excluding unrealized gains on marketable securities)

Using capital to generate sustainable growth

- Increase risk-weighted assets mainly in the growth area of the solution business
- Make use of strategic investment to support the growth strategies

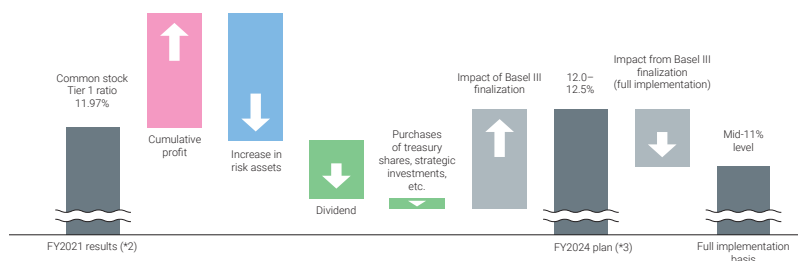
Ensuring an adequate level of capital

- Secure the common equity Tier 1 ratio of mid 11%
- Procure subordinated bonds, etc. flexibly in accordance with risk-taking

Strengthening shareholder return

- Raise the targeted payout ratio to about 40%, with the basic principle of progressive dividends
- Conduct purchases of treasury shares flexibly and expeditiously

Capital allocation (image)



Regarding strengthening functions that are extensions of existing business lines, there are many aspects where this can contribute to local customers, and we will implement various measures, including collaborating with partners and strengthening group functions, to continue to expand business in fields where organic growth can be achieved.

In inorganic fields, deregulation is increasing the possibilities for new business. In addition, I want to continue to examine strengthening ties with other financial institutions, both domestic and international. We will examine strategic investments that are consistent with our sales strategy etc., that offer returns that exceed the cost of capital, and that allow us to manage risk. In working on major investments, it is also important that all members of the Board of Directors are aligned, which we accomplish through day-to-day discussions at board meetings.

Increasing the Quality and Quantity of Dialogue with Stakeholders

Having previously set a goal of reducing policy shareholdings, we are continuing to work toward that goal. Policy shareholdings as a percentage of common equity Tier 1 have already dropped to 8.1%, the lowest level among regional banks. It is important that we firmly recognize that our current share holdings are not only economically rational but offer the value of stability in that they revitalize local economies and strengthen business relationships. We work to engage with companies with whom our relationships feel tense.

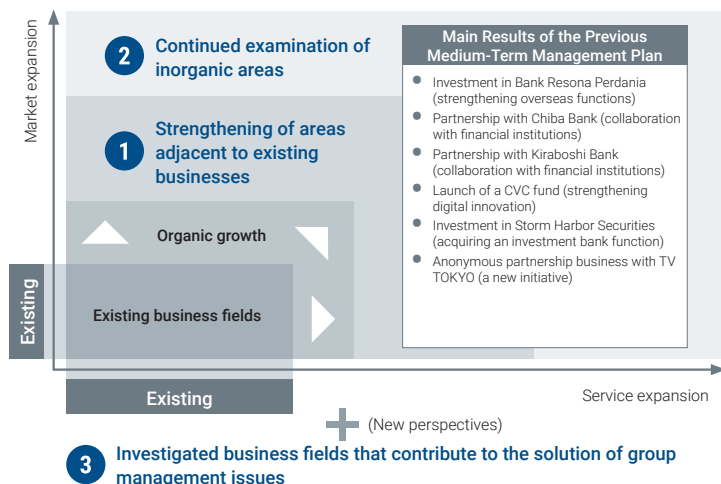
I would like to further enhance our dialogue with shareholders and other stakeholders in terms of both quality and quantity. In FY2021, we continued to have large meetings with domestic and foreign institutional investors and individual meetings with analysts, and we worked to provide individual investors with an understanding of our business and performance through online briefings, partly because of the COVID-19 pandemic. When future conditions permit, I would like to increase opportunities for face-to-face meetings.

In April, we established the Corporate Communication Office within the Corporate Planning Department to strengthen disclosure of non-financial information and strategic investor relations (IR) activities. We are also examining creating opportunities for dialogue focused on topics of interest to investors, such as human capital utilization and sustainability. Opinions and insights gained through dialogue will quickly be shared among the management team.

By managing capital in a well-balanced manner while being sure to show investors our efforts to achieve our long-term goal of becoming a solution company rooted in communities and selected as a partner to walk together we will contribute to the further enhancement of corporate value

Achieving sustainable growth by strengthening and expanding business fields through strategic investments and alliances

Strengthening and expanding business fields



Orientation of Specific Efforts

1 Strengthening of areas adjacent to existing businesses

- Cooperation with partner companies
- Further strengthening of Group functions
- Launch of new businesses

Create new businesses in adjacent areas with high synergy effects

2 Continued examination of inorganic areas

- Strengthening collaboration with financial institutions in Japan and overseas
- Challenges in deregulated areas
- Further response in digital areas

Diversify revenue sources by putting deregulation and growth markets on the radar

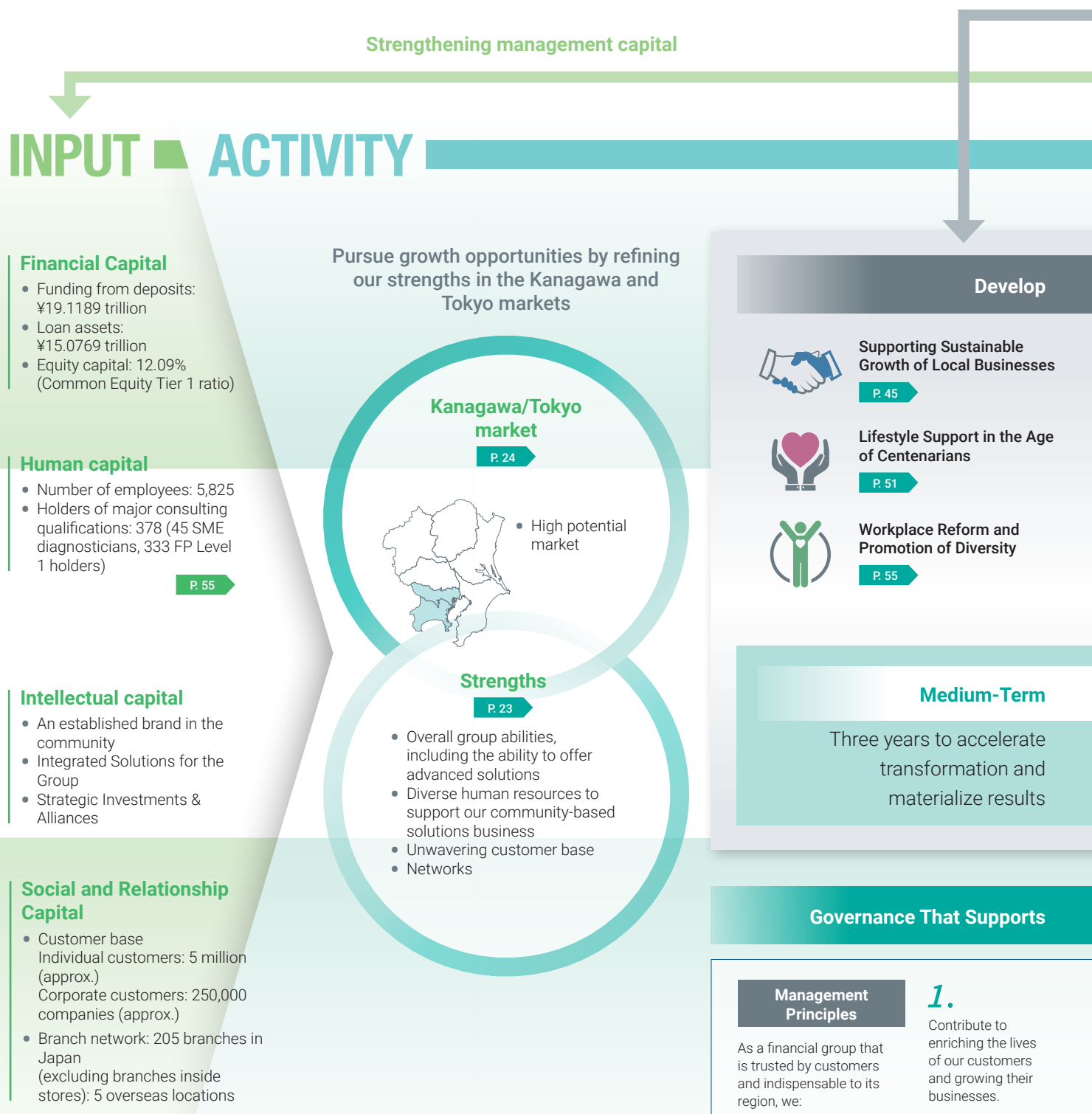
3 Solving management issues of the Group

- New businesses drawing on diverse internal resources
- New attempts linked with materiality

Focus on issues arisen in association with environmental changes as new business opportunities

Value Creation Process

While making integrated use of the financial capital we have accumulated over our nearly 100-year history and non-financial capital such as human resources, the Group will undertake materiality-based business in line with our management philosophy of "being indispensable to its region," and through value creation with our stakeholders, we will enhance corporate value and develop sustainable local communities to become a "solution company rooted in communities and selected as a partner to walk together".



Recognition of External Environment

- Normalization of low growth and low interest rates in domestic economy
- Progress of digitization
- Financial deregulation
- Entry into different industries
- Increased awareness of social and environmental issues
- Population decrease and aging of society

Contribute to solving social issues

OUTCOME

materiality-based business



Promotion of Financial Digitalization (DX)

P. 61



Measures against Global Warming and Climate Change

P. 67



Revitalizing Local Economies

P. 75

P. 33

Management Plan (FY2022–FY2024)

Basic Theme:

Growth

Change

Sustainability

Value Creation

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.

Co-create value with stakeholders

Social value

Development of sustainable regional community

Long-term sustainability KPIs

- Become carbon neutral by FY2030
- Cumulative amount through FY2030
 - Sustainable finance of ¥2 trillion
 - of which, ¥1 trillion for green finance
- 100,000 financial education course participants by FY2030

Become a “solution company rooted in communities and selected as a partner to walk together”

Economic value

Enhance corporate value

Long-term target level

- ROE: about 7%
- OHR: about 50%
- Common Equity Tier 1 ratio: Mid 11%

History of the Concordia Financial Group

100 years together with the community

In order to remain "a financial group that is indispensable to its region", we aim to be a solutions company providing solutions to the issues faced by our customers and the community.



1924

HIGASHI-NIPPON BANK 

- 'Tokiwa Mujin' was established in Mito City, Ibaraki Prefecture in response to financial crisis triggered by Great Kanto Earthquake.

1920

 Bank of Yokohama

- In response to the financial crisis at 74 Bank, the largest ordinary commercial bank in Yokohama, the Yokohama business community took the lead in establishing the Yokohama Industrial Bank Ltd.



1951

- Name changed to 'Joban Mutual Bank' with the implementation of the Mutual Bank Act.

1973

- Moved to First Section of the Tokyo Stock Exchange and changed name to The Tokiwa Mutual Bank Ltd.

1975

- Relocated headquarters to current site in Nihonbashi, Chuo-ku, Tokyo

1989

- Name changed to Higashi-Nippon Bank with the change from a mutual bank to an ordinary bank.

1969

- Became the top regional bank with approximately ¥700 billion in deposits.

1957

- Name changed to 'Bank of Yokohama' for a new era of development in Yokohama and Kanagawa Prefecture.

1945

- Home office relocated from a temporary post-earthquake location to 4-chome, Sumiyoshi-cho, Naka-ku, Yokohama City.

2014

- Established Sky Ocean Asset Management

2008

- The first regional bank to surpass a deposit balance of ¥10 trillion
- Established Hamagin TT Securities Co.

2009

- Only regional bank to open a Shanghai branch

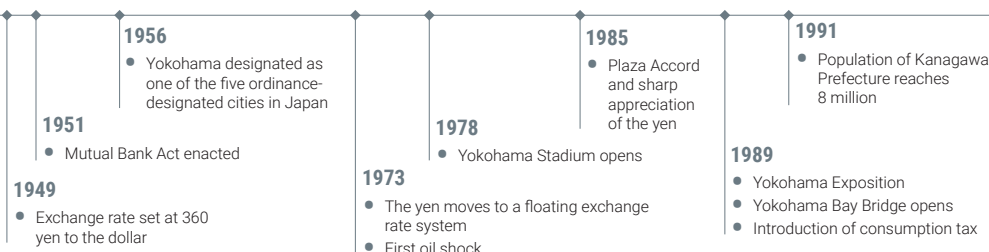
1993

- The head office was relocated to the current Minato Mirai 21 area as part of the 70th anniversary commemorative project

1994

- Yokohama Ekimae Housing Loan Center opened
- Began establishing housing loan centers

Social Events



2016

CONCORDIA

Financial Group

- Birth of the Concordia Financial Group.
- Declaration of Fiduciary Duty adopted.
- Collaboration with Sky Ocean Asset Management started.
- Started collaboration with Hamagin TT Securities

2017

- Basic Corporate Governance Policy adopted
- Started handling the HamaPay smartphone payment service.

2018

- Basic agreement on acquisition of shares of P.T. Bank Resona Perdania and mutual collaboration in international business with Resona Bank
- Agreement with Kanagawa Prefecture on SDGs Promotion

2019

- Acquisition of shares in Storm Harbor Securities
- Endorsement of TCFD recommendations
- Launched "Hamagin Business Challenged" as an initiative to employ people with disabilities
- Signed the Chiba Yokohama Partnership with Chiba Bank.
- Began using system shared with the Bank of Yokohama
- Formulated the "Higashi-Nippon Bank Sunrise Plan"

2020

- Sector Policy adopted.
- Sustainability long-term KPIs adopted
- Opened Singapore Branch
- Centenary of Founding of Bank of Yokohama
- Formulated the "Higashi-Nippon Bank Sunrise Plan - Next 100 -"

2021

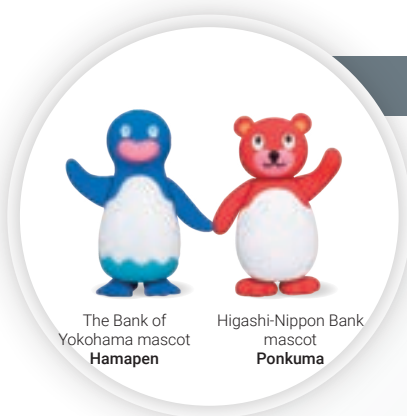
- Signed "Tokyo Kanagawa Solution Connect" with Kiraboshi Bank.

2022

- The new medium-term management plan was formulated, accelerating the transformation and starting a three-year period of attaining results.

2024

- Higashi-Nippon Bank celebrates its 100th anniversary



Our Vision

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

1996

- Japan's version of the financial Big Bang: A series of mergers of financial institutions etc.

2005

- Complete lifting of the freeze on the payoff system

2008

- Lehman Shock

2009

- 150th Anniversary of the opening of Yokohama Port

2011

- The Great East Japan Earthquake

2013

- Bank of Japan introduces quantitative and qualitative monetary easing

2018

- Kanagawa Prefecture selected as SDGs Future City

2019

- Final of the Rugby World Cup in Japan held in Yokohama
- Consumption tax raised to 10%

2020

- Spread of COVID-19

2021

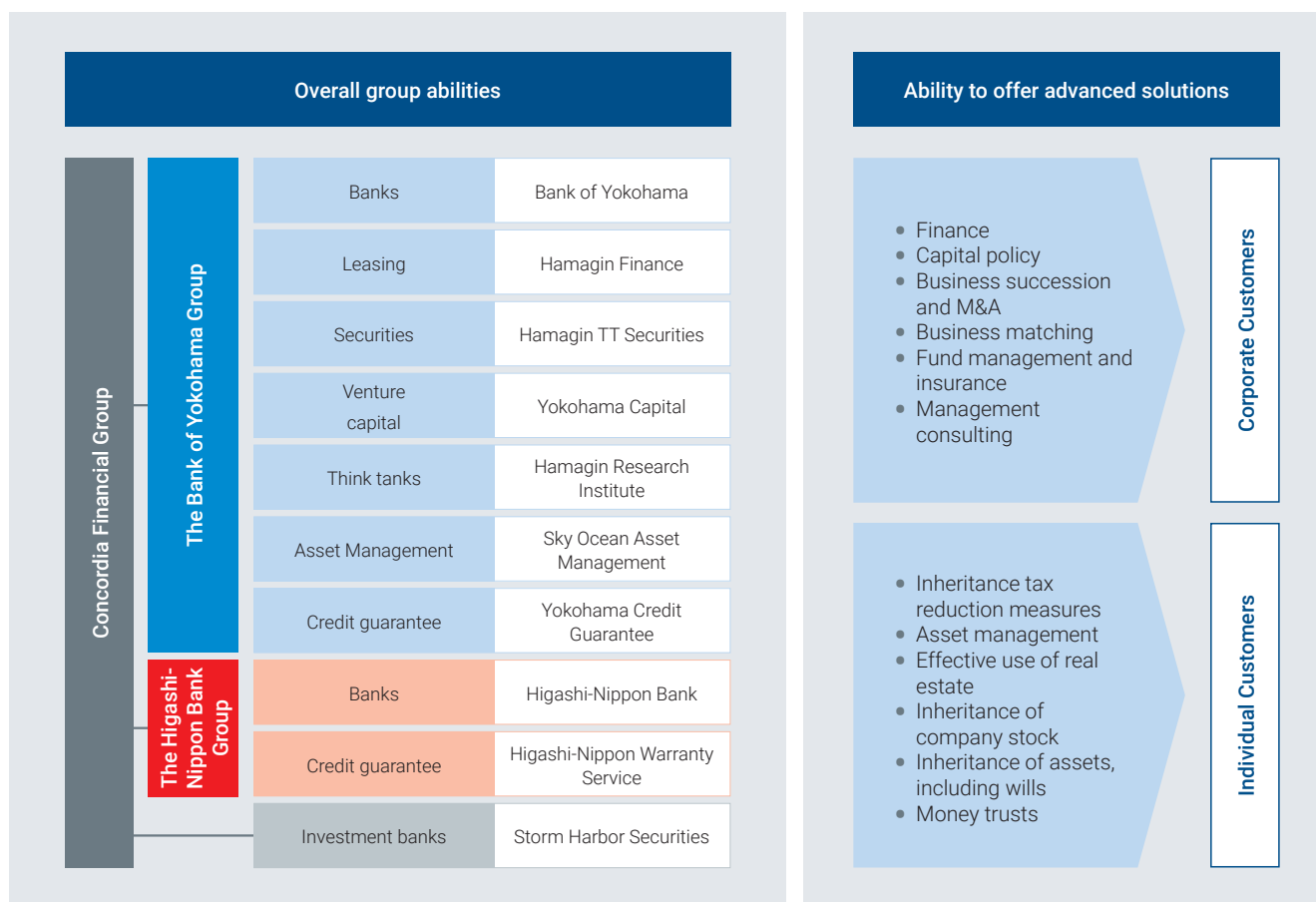
- Tokyo Olympic and Paralympic Games

Sources of Competitive Advantage

Strength 1

Integrated group strength and advanced solution capabilities

The Group consists of 25 companies serving customers in banking and various other fields and businesses including securities, leasing, and think tanks. Leveraging the Group's integrated strengths, we provide not only traditional lending operations, but also highly specialized solutions such as capital policy, business succession/M&A, and inheritance measures.



Strength 2

Diverse personnel to support our community-based solutions business

The Bank of Yokohama and Higashi-Nippon Bank, which are both regional financial institutions, in principle assign full-time employees to sales branches first, and support the root and branch of the solutions business with personnel who have accumulated experience in dealing with the community and with customers and who strive to provide solutions to solve customer issues.

Headquarters is staffed by people with a high level of expertise and skills, including mid-career hires from outside the company, to meet increasingly diverse and sophisticated customer needs, mainly in the investment banking and digital/ICT departments.

Persons with major consulting qualifications ^(*)	IT and digital professional personnel	Percentage of mid-career hires ^(*)	Percentage of women in management positions	Percentage of mid-career hires in management positions
378	64	Solution Sales Department 27% Digital Strategy Department 29% IT Management Department 42%	15.3%	12.6%

(*)1 Number of Registered Smaller Enterprise Consultants and FP1 qualification holders

(*)2 Bank of Yokohama non-consolidated

Strength 3

Strong customer base

Corporate customers:

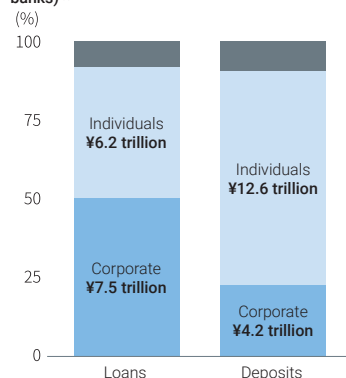
About 250,000 companies

Individual customers:

About 5 million

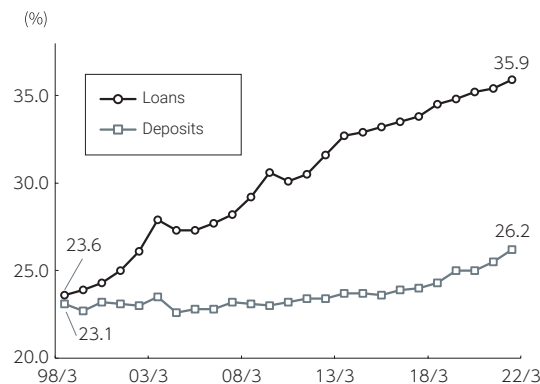
In one of the largest markets in Japan, we are supported by a solid customer base built up over nearly 100 years of history, and both our deposits and loans are among the highest of any regional bank. In addition, our market share in Kanagawa Prefecture, our main market, is expanding year by year.

Breakdown of loans and deposits (total of both banks) ^(*)



(*) Domestic branches excluding Special International Financial Transaction Accounts

Share of deposits and loans in Kanagawa Prefecture (Bank of Yokohama)



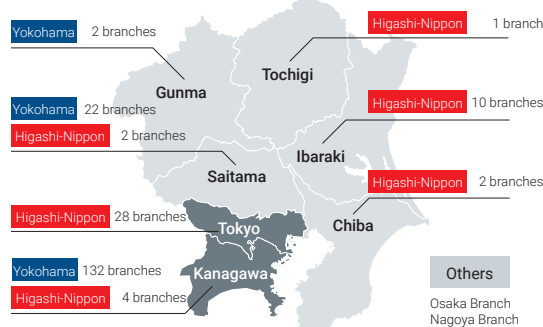
Source: Government-affiliated financial institutions, credit unions, labor banks, agricultural cooperatives, and Japan Post Bank excluded Based on the Monthly Financial Journal.

Strength 4

Networks

In Japan, we work to solve local issues through a dense network of branches centered in Kanagawa and Tokyo, while overseas, we support our customers' overseas expansion through our network of offices mainly in Asia.

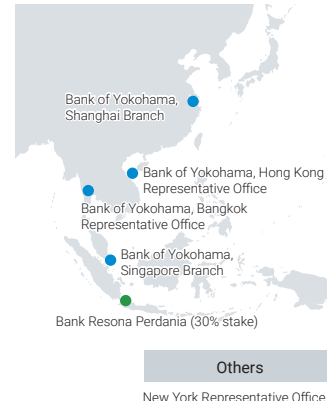
Domestic branches (excluding branches in stores) ^(*)



(*) Number of branches as of March 31, 2022.

Private banking offices and sub-branches of the Bank of Yokohama and corporate sales offices and sub-branches of Higashi-Nippon Japan are not included in the number of branches.

Overseas locations

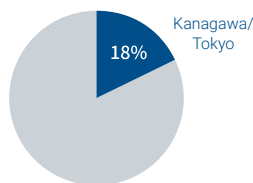


Market potential

Kanagawa and Tokyo boast the largest concentration of companies and population in Japan, making them relatively advantageous markets.

18% of the country's total population is concentrated here.

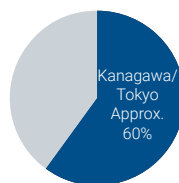
Tokyo (14.04 million)
Kanagawa (9.23 million) ^(*)



(*) 2020 Census

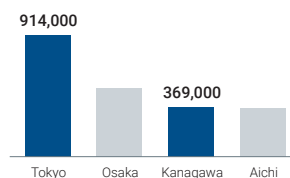
Many listed companies

Approximately 60% of listed companies are concentrated here.



Concentration of private companies ^(*)

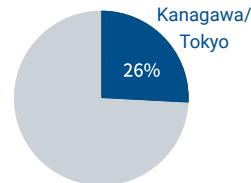
Ranked 1st and 3rd in the nation for the number of privately-owned businesses



(*) Ministry of Internal Affairs and Communications (Economic Census Basic Survey, June 1, 2019)

A high concentration of wealthy individuals

26% of persons subject to inheritance tax on estates are concentrated here.



Human Resources to Achieve a “Solutions Company”

We support our company's growth by maximizing the abilities of each of our diverse human resources.

interview
1

Toshitaka Tsubota

Bank of Yokohama
Solution Sales Department
Group Leader



Relationships Are What Makes Solutions Possible

After working as a corporate liaison at a sales branch and in charge of loan project screening in the Loan Department, I am currently in charge of solution sales support for sales branch staff and investment banking services for listed companies, including capital policy proposals, in the Solution Sales Department. In a rapidly-changing environment, the challenges faced by our customers are diverse, and the solutions to these challenges are also becoming more diverse and sophisticated, regardless of whether they are finance or consulting services. In order to meet the diverse needs

of these local customers, the Bank of Yokohama has established contacts with a variety of external organizations and experts, and focuses on daily information gathering and collaboration and cooperation with external organizations. In addition, the Solution Sales Department hires highly specialized solution experts from outside the company and absorbs their know-how by working with them to solve customers' problems. Furthermore, from this fiscal year, we are working to improve our Bank's overall solution proposal capabilities by extending the Solution Sales Department's know-how to sales branch employees.

On the other hand, the advanced solution know-how is not enough to solve customers' problems. In order to resolve issues, it is essential to understand the customer well, including issues that the customer is unaware of. I believe that one of the Bank's greatest strengths is its ability to quickly identify issues and quickly propose solutions based on the relationships with local customers that successive generations of staff have cultivated over the years. When we provided the first subordinated loan (commonly known as a hybrid loan) through a stand-alone arrangement about three years ago, the key to our success was our relationships and speedy solution proposals. The Bank was able to elicit the needs of customers seeking to improve their corporate value over the medium to long term while maintaining capital efficiency through detailed dialogue and, through a process of trial and error, was able to resolve issues through collaboration with external institutions. This initiative has now made hybrid loans one of the leading solution propositions at the Bank.

Based on the principle that “relationships are what makes solutions possible”, we will continue to value our relationships with our customers and aim to deepen and expand our solutions sales in order to realize the Group's vision of becoming “a solution company rooted in communities and selected as a partner to walk together”.

interview
2

Ayako Watanabe

Bank of Yokohama
Marketing Strategy Office, Digital Strategy Department
Assistant Business Leader

Creating New Services that Are “Uniquely Bank of Yokohama” Leveraging Our Expertise and Uniqueness

I had been working in digital-related fields at IT companies and megabanks. I joined the Bank of Yokohama four years ago because I wanted to work on community-based and unique measures. At my previous job, I was involved in web advertisement placement and website renewal, and I utilized the “eye for production” that I acquired there to promote the “Hamagin App” and “Account Opening App” to increase awareness and develop design concepts. From May 2022, I am also responsible for planning and managing the newly launched Digital Support Staff System (*).



Although I had no experience in bank sales branches before, and most of the work I had experienced was completed digitally, my role in planning and managing the digital support staff system allowed me to get a first-hand look at the operations, challenges, and strengths of the Bank's sales branches. In training digital support staff, I also studied human resource development theory in order to formulate a training plan based on theory. I believe that by utilizing these experiences in addition to my knowledge of the digital side of the business, which was originally my strength, I will be able to enhance the use of Online Merges with Offline (OMO).

Within the banking industry, our Bank was comparatively early in employing specialist human resources. The Digital Strategy Department, of which I am a member, is made up of 30% mid-career hires, but there are no barriers between us and employees hired as new graduates. We work on an equal footing, so that no one can see that we are mid-career hires. On the other hand, in a good sense, we are conscious not to be completely dyed with the Bank's colors. My experience working at other companies is one of my assets, so my goal is to create many "uniquely Yokohama Bank" services by utilizing my unique mid-career perspective.

*System to assign dedicated support staff to branch lobbies to guide customers who visit the counter through the Bank of Yokohama's digital services

interview
3

Airi Takano

Bank of Yokohama
Hiratsuka Branch, Hiratsuka Mortgage Loan Center

Taking Up the Challenge of New Possibilities through Reskilling

I joined the Bank of Yokohama as a customer service representative (clerical position) and was responsible for clerical and counter work. Although I found it challenging and rewarding to provide accurate and courteous administrative services to customers who trust our bank, my interest in other areas of the bank's business grew as I worked, and I was considering switching to a career track position that would allow me to be involved in a wider range of banking activities. Under such circumstances, the reskilling system^(*) was introduced, and with encouragement from the then branch manager, I decided to take on the challenge of mortgage center operations.

At the Mortgage Loan Center, I am in charge of everything from receiving loan applications from customers, screening, responding, signing contracts, and executing them. I had no experience in loan administration and had to start by learning all the terms one by one, so I felt uneasy at first. However, under the reskilling system, the first six months after transfer are positioned as a training period, so I was able to work while learning from the basics. With intensive classroom training, on-the-job training from loan center supervisors, senior staff, and colleagues, as well as regular follow-up from headquarters, I was able to perform a full range of tasks on my own within about six months of the training period.



Although there are difficulties that I did not have when I did clerical work, I feel a sense of accomplishment when I successfully provide a loan to a customer, and I am glad that I took on the challenge of changing careers because I can now clearly feel what I have done. In the future, I would like to acquire knowledge as a real estate transaction specialist and financial planner and apply it to my work, take on the role of teaching and mentoring junior staff, and become an officer of the Mortgage Loan Center. I would also like to leverage my current work experience and take on further challenges in other areas of our business.

* Support system for acquiring skills necessary for career change

Sustainability Management Structure

Group Sustainability Policy

Based on our management philosophy, we at the Concordia Financial Group will achieve sustainable improvement in corporate value and solve social issues through our core business and will contribute to the sustainable development of society by engaging in activities that contribute to the community as a member of the community.

Under this policy, the Group will confer with stakeholders on its initiatives and actively disclose information.

Long-Term Sustainability KPIs

As an action plan based on the Group Sustainability Policy, we have established "Sustainability Long-term KPIs" through FY2030.

Cumulative loan execution amount (FY2030)

Sustainable finance:

2 trillion yen⁽¹⁾

Green finance: 1 trillion yen



Achieve

carbon neutrality

by FY2030



100,000

financial education course participants by FY2030



- 1) Cumulative amount of the Group's investments and loans executed from FY2019 to FY2030 used to finance environmental and social issues and that support or promote initiatives for the SDGs (Green finance is investments and loans that are used to finance environmental areas.)
- 2) The overall total number of participants in financial education from FY2019 to FY2030 who will have attended various financial seminars, work experience, on-site classes, and other financial education programs conducted by the Group

Sustainability Promotion Structure

The Group Sustainability Committee, chaired by the President, deliberates on policies and action plans for sustainability initiatives, including global warming and climate change, and reports on the progress of these initiatives.

The deliberations of the Group Sustainability Committee are reported and discussed at the Board of Directors meeting approximately once every three months, and the Board of Directors oversees efforts related to climate change. Climate change-related risks and opportunities, etc., based on the results of reporting and deliberations are reflected in business strategies.

Matters reported and deliberated on at the Board of Directors meetings (FY2021)

1. Carbon neutrality for the Company

Acceleration of the achievement date from FY2050 to FY2030, and switching of Yokohama Bank's own electricity (for manned branches) to renewable energy in real terms

2. Status of Sustainability Initiatives

Review of TCFD disclosures, status of carbon-related assets, and scenario analysis

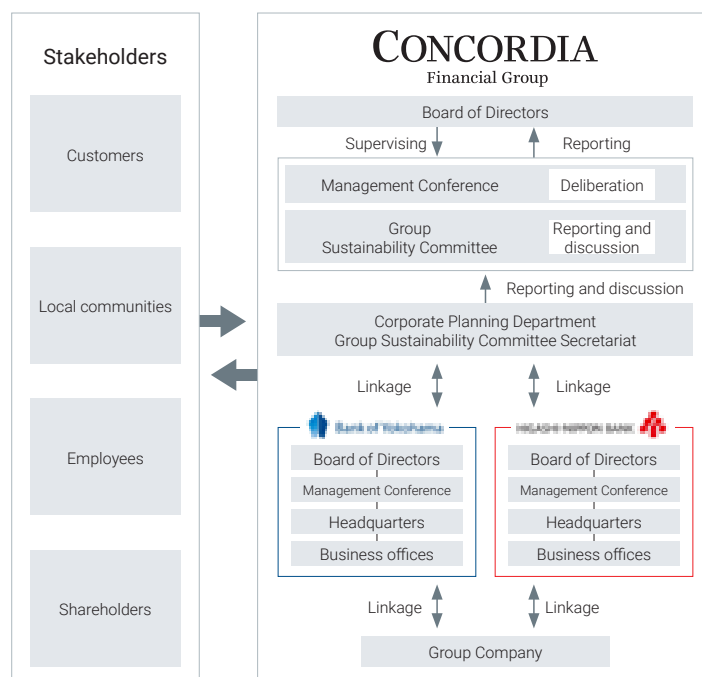
3. Sustainability Strategy

Strengthening of policies and organizational structure by materiality

4. Risks related to climate change

Selection of "occurrence of major natural disasters" and "transition to a decarbonized society" as top risks

In addition, from April 2022, we have established specialized departments, mainly in the planning and sales divisions, to strengthen our company-wide sustainability efforts.



Invitation of Outside Experts

From FY2022, external experts in the field of sustainability have been invited to serve as external members of the Group Sustainability Committee. Through regular exchanges of opinions at the Group Sustainability Committee, we utilize outside expertise in our sustainability efforts.

Kotaro Fukai, External Expert

Nomura Research Institute, Ltd.
Sustainability Business Consulting
Department
Chief Consultant

Materialities

STEP

1

Identifying issues

We have identified our management philosophy and the issues that need to be resolved to realize it, as well as analyzed the changes in the external environment and the expectations for our group.

STEP

2

Discussion of issues

Based on this identification of issues, the Board of Directors and other members discussed what issues to tackle and what value to create from the Group's advantages and resources.

STEP

3

Prioritization of issues

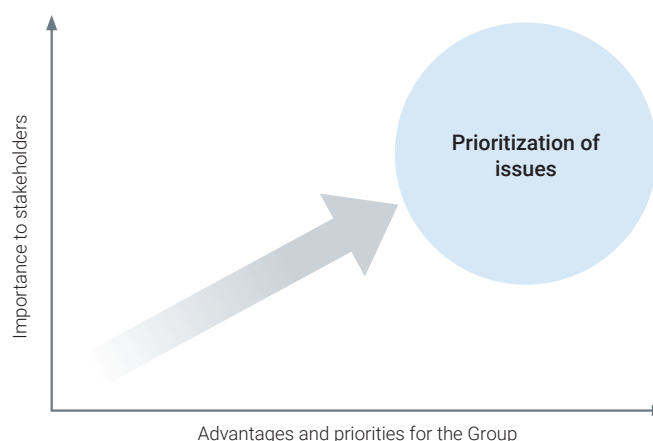
Furthermore, in order to evaluate the priority of the issues, we comprehensively identified social issues based on various ESG issues and issues of importance to society and stakeholders, and analyzed them based on the two axes of advantage/priority for our Group (*1) and importance for our stakeholders (*2)

(*1) Advantages and priorities for our group
(evaluated from the following perspectives)

1. Contribution to problem solving of regional companies and regional development
2. Degree of relevance to the Group's strengths and advantages in the external environment
3. Contribution to the enhancement of the Group's corporate value

(*2) Importance to stakeholders (evaluated from the following perspectives)

1. Medium- to long-term impact on stakeholders (social and economic value)
2. Contribution to stakeholders' contribution



STEP

4

Materiality Identification

Priority issues were organized and integrated from the perspective of the Group's management strategy and SDGs goals, and discussed by the Group Sustainability Committee. Finally, after discussion at the Board of Directors, six important issues for management were identified as materialities.

*Governance-related items are not included in the materiality, since they are items that companies will naturally fulfill.

STEP















5

PDCA Practice

The identified materialities are incorporated into the mid-term management plan, and KPIs are set for each materiality. We will manage the progress of these activities, identify issues, and take corrective measures by implementing the PDCA cycle toward the realization of sustainability management.

Six Materialities Identified

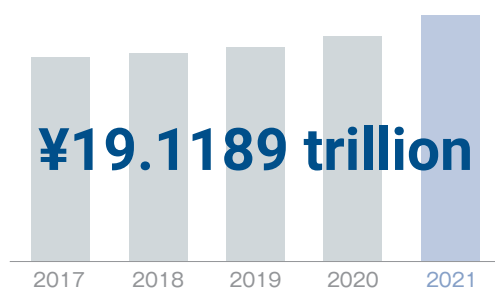
Materialities	Opportunities and Risks	
Supporting Sustainable Growth of Local Businesses P. 45	Opportunities	Increase and expansion of strategic solution needs due to increasing diversity and sophistication of corporate management issues
	Risk	Decline in competitiveness due to delay in moving away from traditional lending-based business model Deterioration in corporate performance due to lack of response to changes in social structure
Lifestyle Support in the Age of Centenarians P. 51	Opportunities	Increase and expansion of needs for asset formation and asset management, and increase in financial literacy in preparation for the Age of Centenarians
	Risk	Decline in competitiveness due to inadequate response to the increasing diversity and sophistication of customer needs resulting from changes in social structure, such as the declining birthrate and aging population
Workplace Reform and Promotion of Diversity Special Feature P. 55 P. 55	Opportunities	Securing human resources, reforming organizational culture, and creating new value by promoting the active participation of diverse human resources
	Risk	Decrease in employee motivation and outflow of human resources due to lack of provision of workplace environment that responds to diversification of values and changes in social structure
Promotion of Financial Digitalization (DX) P. 61	Opportunities	Increase and expansion of non-face-to-face/non-contact needs and needs for providing advanced digital solutions due to the progress of digitalization
	Risk	Decline in competitiveness due to delayed response to rapid digitization and entry into other industries, etc.
Measures against Global Warming and Climate Change Special Feature P. 41 P. 67	Opportunities	Increase and expansion of new financing and solution needs in the transition to a decarbonized society
	Risk	Deterioration of corporate performance due natural disasters, tighter regulations on climate change, etc. Erosion of stakeholder confidence due to lack of response to climate change
Revitalizing Local Economies P. 75	Opportunities	Revitalization and sustainable growth of the local economy through industry-academia-government-finance cooperation
	Risk	Sluggish local economy due to population decline, industrial decline, etc.

Major Initiatives	Major KPIs	Related Goals
Growth Sustainability <ul style="list-style-type: none"> Provide financial and capital strategy solutions, including MBO loans and hybrid loans Provide rehabilitation and succession strategy solutions, including business succession consulting Provide solutions utilizing overseas offices, such as overseas loans and overseas expansion support 	Approximately 2,200 corporate partners (FY2024) Cumulative loan execution amount (FY2030) Sustainable finance: 2 trillion yen Green finance: 1 trillion yen	
Growth Sustainability <ul style="list-style-type: none"> Provide products and services that contribute to asset building (fund wraps, trusts, insurance, etc.) Provide custom-made, one-stop solutions (Loans for HNWIs, Financial Instruments, and Consulting) 	1.4 trillion yen of assets in the Group's custody (FY2024) 100,000 financial education course participants by FY2030	  
Change <ul style="list-style-type: none"> Promotion of Women's Activity Promotion Project Mid-career recruitment for highly specialized human resources Promotion of work style reforms - Hamagin Style, Higashi-Nippon NewStyle Return-to-work support for employees on maternity leave 	Percentage of women in management positions: 22% or more (FY2024)* Percentage of mid-career hires in management positions: 14% or more (FY2024)*	 
Growth Change <ul style="list-style-type: none"> Expanding non-face-to-face transactions through next-generation smartphone apps Supporting customers' digitalization through digital consulting practices Initiatives to promote cashless payment 	Approximately 1.35 million users of next-generation smartphone apps (FY2024) 2.2 times the number of customers given DX support (FY2024)*	 
Sustainability <ul style="list-style-type: none"> Climate change response using the framework of TCFD recommendations Support for customers' transition to a decarbonized society (sustainable finance, support for CO2 emissions calculation, etc.) Initiatives toward our decarbonization (e.g., switching to substantially renewable energy sources for the company's contracted electricity) 	80% reduction in our CO ₂ emissions compared to FY2013 (FY2024) Achieve carbon neutrality (FY2030)	  
Sustainability <ul style="list-style-type: none"> Sustainable "city-building initiatives" (e.g., local decarbonization efforts) Initiatives to "create a flow of people" in the region (tourism promotion, etc.) Initiatives to "create jobs" in the community (business start-up support, collaboration with universities, etc.) 	Initiatives toward resolving 15 regional issues per year*	  

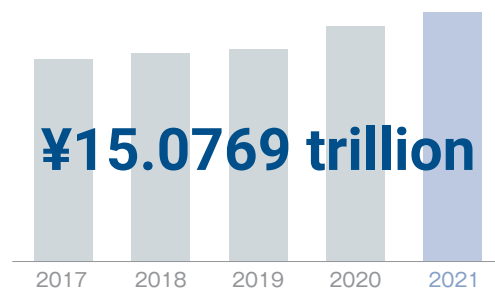
(*) KPIs of the Bank of Yokohama

Financial and Non-Financial Highlights

Deposit balance (end balance, two banks combined)



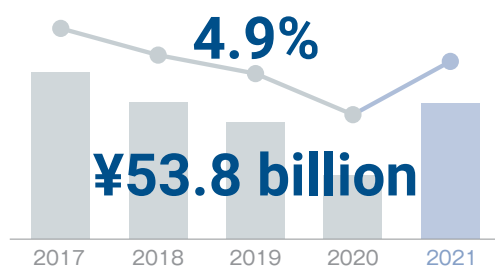
Loan balance (end balance, two banks combined)



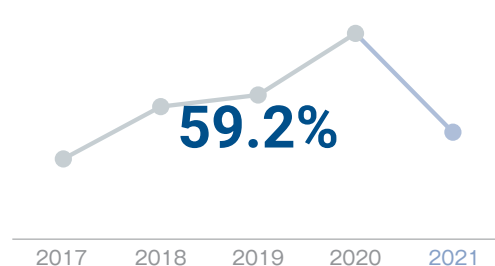
Backed by a strong customer base in Kanagawa and Tokyo, the Bank boasts one of the largest deposit balances of any regional bank, more than ¥19 trillion.

Loans and bills discounted exceeded ¥15 trillion at the end of FY2021 thanks to aggressive efforts in high-value-added finance areas for corporate customers and strong growth in Loans to HNWI and housing loans for asset owners through sales activities that match market characteristics.

Consolidated net income and ROE (based on shareholders' equity)



OHR (consolidated)



In addition to increasing the top line by upgrading solution sales, which was addressed in the previous medium-term management plan (FY2019-FY2021), expenses were steadily reduced by the effects of structural reforms such as store consolidation and closure, resulting in a recovery in consolidated net income to ¥53.8 billion and significant improvements in OHR to 59.2% and ROE to 4.9%.

Common equity Tier 1 ratio (consolidated)



Dividend per share



We maintain a sufficient level of capital to maintain financial soundness and to provide balanced shareholder returns, taking into consideration capital conditions and growth opportunities. We have been steadily increasing dividends per share, and in FY2021 we paid a dividend of ¥18 per share, an increase of ¥2 from our initial plan.

Total value of sustainable finance transactions (cumulative)



¥1.5901 trillion

(FY2019 to FY2021)

Reduction in CO2 emissions



38.3%

(FY2013 to FY2021)

Number of financial education course participants



35,023 persons

(FY2019 to FY2021)

Assets in the Group's custody (*)



¥1.1084 trillion

(*) Total of asset balance for mutual funds, fund wraps, and Hamagin TT securities

Percentage of women in management positions



15.3%

(April 1, 2022)

Percentage of independent outside directors

Four people from within the company



3 people from outside the company



42.8%

(end of June 2022)

Rating Information

(as of June 30, 2022)

	Moody's	R&I	JCR
Concordia Financial Group	A3	A+	AA
Bank of Yokohama	A2	AA-	AA
Higashi-Nippon Bank	-	-	AA

External evaluation



Included in the "White 500" of companies practicing health management



Obtained the highest "Eruboshi" rank for companies superior at empowering women in the workplace



Obtained "Platinum Kurumin" certification as a company that provides a high level of support for employee child rearing

Bank of Yokohama



Bank of Yokohama and Hamagin TT Securities obtain external evaluation of their investment trust sales system

Hamagin TT Securities



Obtained certification as a "DX Certified Business Operator" from the Ministry of Economy, Trade and Industry with completion of preparation for promoting DX.

Medium-Term Management Plan

- Recap -

Since its establishment in April 2016, the Concordia Financial Group has enacted three-year medium-term management plans and has worked towards implementing various strategies based on its basic policies.

April 1, 2016

FY2016 - FY2018

**Concordia Financial Group
established**

CONCORDIA
Financial Group



Positioning

A 3-year phase in which the group enhances and deepens relationships with customers by adapting promptly to changing financial environment and putting efforts in efficiency improvement as well as proactive investments in growth area to realize synergies from the business integration as early as possible

Basic policies

1. Enhance customer interactions and widen services scope
2. Realize group synergies to accelerate growth
3. Nurture human resources with broad expertise and promote diversity
4. Proactively get involved in regional issues, including regional revitalization

Results

- Provide optimal products and services to customers by leveraging the strengths and functions of both banks
- Reinforce loans to HNWIs in Tokyo
- Reduce costs through things like the introduction of management efficiencies at Higashi-Nippon Bank and joint administration

Issue

- Improving ability to provide corporate solutions
 - Fundamental overhaul of branch and office operations through the use of digital technology
 - Deepening existing areas of business and expansion of new areas of business
-
- Response to Higashi-Nippon Bank's Business Improvement Order

External environment

- Bank of Japan introduces negative interest rate policy (2016)
- U.S.-China trade friction (2018)

	FY 2016	FY 2017	FY18
Core net business profits (sum for both banks)	¥94.3bn	¥95.6bn	¥77.0bn
Consolidated current net income	¥126.6bn	¥66.4bn	¥54.2bn
ROE (consolidated, shareholder-equity base)	13.0%	6.5%	5.2%
OHR (consolidated)	58.3%	56.9%	61.4%
Common Equity Tier 1 capital ratio (consolidated)	11.14%	12.47%	13.00%
Gross operating income RORA (consolidated)	2.5%	2.7%	2.5%

Core net business profits, which represents our core business, had been declining since FY2017 amid an ongoing harsh external environment that included negative interest rates and the spread of Covid-19, but they recovered to ¥81.3 billion in FY2021, a level higher than FY2018, the final year of the previous medium-term management plan.

FY2019 - FY2021

Three-year “transformation” to change into
a new financial company

1. Deepening core businesses
2. Improving productivity through structural reform
3. Strengthening the management base

- Higashi-Nippon Bank Sunrise Plan – Next 100 –

- Transformation from a traditional lending business to a solutions business
- Reduction of work volume, branch network restructuring plan implemented ahead of schedule
- Strategic investments and partnerships with other banks with the aim of expanding business fields
- Making Higashi-Nippon Bank profitable

- Expand the base and strengthen the foundation of the solutions business in the home market
- Transformation of cost structure through realization of structural reform effects
- Develop and deploy human resources to realize management strategies
- Establish sustainability promotion structure

- Consumption tax rate hike (2019)
- Spread of COVID-19 (2020)

	FY2019	FY2020	FY2021
	¥74.9bn	¥56.4bn	¥81.3bn
	¥46.5bn	¥25.3bn	¥53.8bn
	4.3%	2.3%	4.9%
	62.4%	67.7%	59.2%
	12.27%	12.40%	12.09%
	2.5%	2.3%	2.4%

Medium-Term Management Plan

– New Medium-Term Management Plan –

Under the previous medium-term management plan, progress was made in “transformations” that included shifting from a traditional lending-oriented business to a solutions business, reducing work volumes, and restructuring our branch network.

The new medium-term management plan positions us for a three-year period during which we will accelerate the transformation we have been pursuing and realize the results of our efforts to transform ourselves into a “Solutions Company”.



Under the three basic themes of “Growth”, “Change” and “Sustainability,” we will synergistically promote the implementation of growth strategies, the acceleration of transformation, and the realization of results, aiming for steady profit growth, while also planning expansion of the operating base by doing such things as establishing sustainability operations aimed at solving problems in local communities and measures to sophisticate governance.

2024

...and to
realize results

and Key Strategies

Change

3 Talent portfolio reforms and an increase in engagement

4 Digital Transformation (DX)

6 Sophistication of governance

A Solution Company Rooted in Communities and Selected as a Partner to Walk Together

Target Indicators	FY2024 Target	Long-term goal level
ROE (consolidated) (*1)	About 6.0%	About 7.0%
OHR (consolidated)	In the lower 50% range	About 50%
Common equity Tier 1 capital ratio (consolidated) (*2)	Mid 11%	Mid 11%

(*) Shareholders' equity basis

(*2) Basel III finalized and fully implemented basis (excluding unrealized gains on marketable securities)



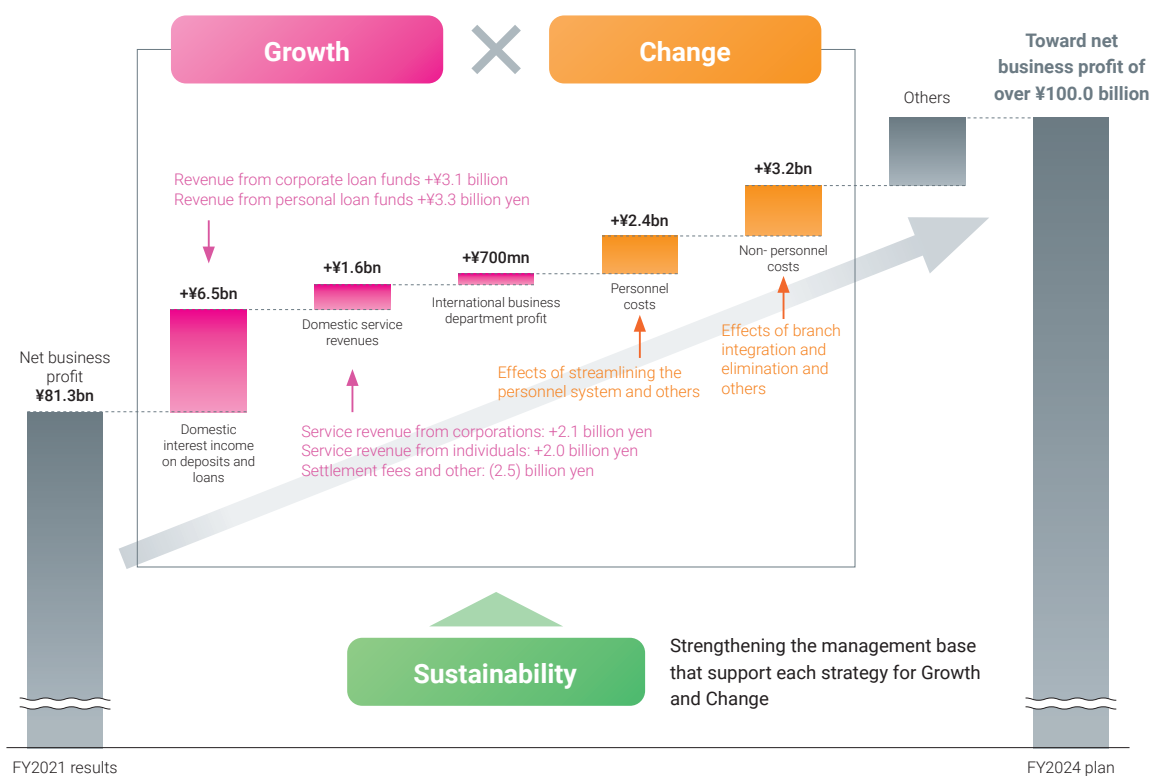
Medium-Term Management Plan

– Roadmaps –

Roadmap 1: Change in core net business profit, consolidated net income

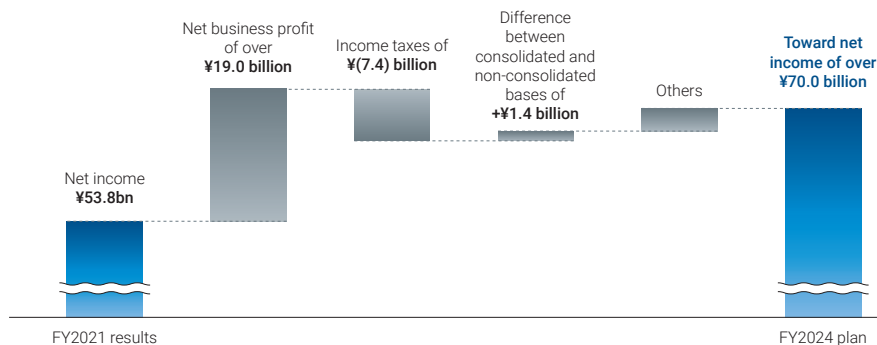
We plan to increase interest rates on deposits and loans in the home market and increase profits in domestic fees and commissions by deepening and upgrading our solutions business, as well as to increase profits in the international operations division by expanding borderless operations of our solutions business, which integrates domestic and overseas operations. Furthermore, by realizing the effects of structural reforms undertaken under the previous medium-term management plan, such as branch consolidation and streamlining of the workforce, we aim to achieve ¥100 billion in core net business profit and ¥70 billion in consolidated net income.

Core net business profits (Two Banks Combined)



(*) Internal control basis

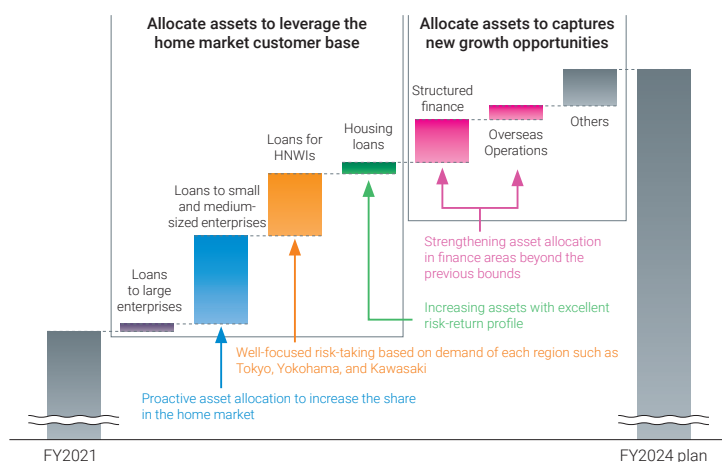
Consolidated current net income



Roadmap 2: Change in risk assets

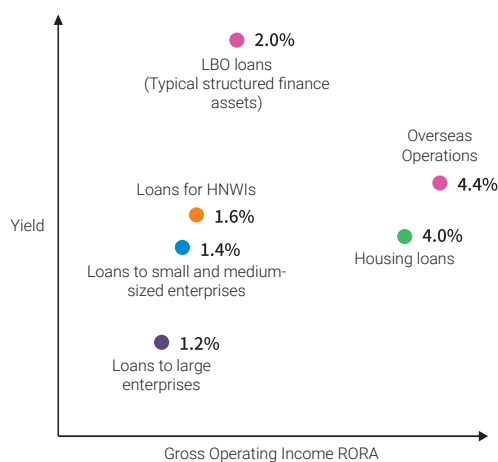
With the aim of strengthening our presence in the home market, we will proceed to aggressively allocate assets to loans for small and medium-sized enterprises (SMEs), and meaningfully strengthen risk-taking by making loans to asset-rich households, mainly in Tokyo and other areas. In addition, we will pursue growth opportunities by boosting the allocation of assets to high value-added finance areas beyond the conventional framework, such as structured finance, including LBO loans, and to overseas operation projects, including loans to non-Japanese corporations.

Image of change in risk assets (Two Banks Combined) ^(*)



(*) Before Basel III finalization (FY2021 basis)

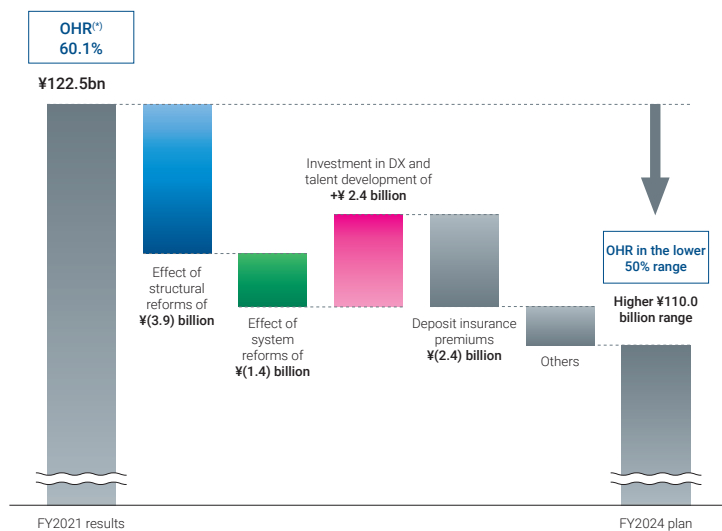
(Reference) Image of RORA by asset class ^(*)



(*) Figures in the graph are based on gross operating income RORA as of December 31, 2021.

Roadmap 3: Change in expenses

In addition to the effects of structural reforms implemented under the previous medium-term management plan, such as the consolidation and downsizing of 113 branches and reduction of work volumes through reforms in branch operations, we will also reduce costs through the effects of system reforms, including by switching the MEJAR core system to open architecture, secure funds for growth investments, and reduce the OHR to the low-50% range.



(*) Two banks combined

	Primary factors	Change
	Effect of branch integration and elimination and lightening	¥(1.2) billion
Effect of structural reforms	Effect of a work volume reduction through counter operation reforms, expansion of non-face-to-face transactions, etc.	¥(2.7) billion
	Primary factors	Change
	Effect of adoption of an open system by MEJAR	¥(0.6) billion
Effect of system reforms	Effect of promotion of the use of cloud systems	¥(0.2) billion
	Effect of absence of MEJAR transition costs	¥(0.6) billion
Investment in DX and talent development	Strengthening of investment in IT and digital technology (development of next-generation smartphone apps and renewal of new operational loans support system, etc.)	+¥1.8 billion
	Investment in talent development, etc. to strengthen human resource development	+¥0.6 billion

Business Strategy for Value Creation



- P. 41 Special Feature: Supporting Customer's Sustainability Initiatives
- Solutions Centered on Sustainable Finance -
- P. 43 Special Feature: Strengthening and Expanding Business Areas through Strategic Investments, Alliances, etc.
- P. 45 Supporting Sustainable Growth of Local Businesses
- P. 51 Lifestyle Support in the Age of Centenarians
- P. 55 Human Resource Strategy - Workplace Reform and Promotion of Diversity
- P. 61 Promotion of Financial Digitalization (DX)
- P. 67 Measures against Global Warming and Climate Change Initiatives for TCFD Recommendations
- P. 75 Revitalizing Local Economies



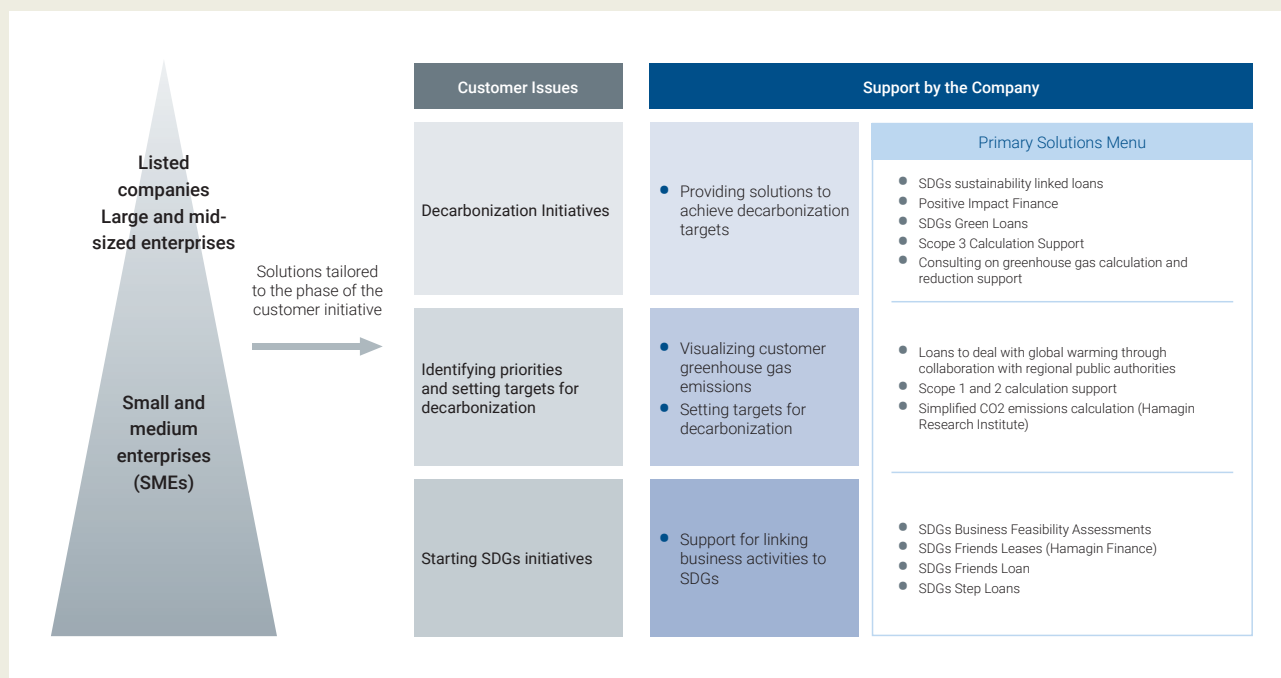
Supporting Customer's Sustainability Initiatives

- Solutions Centered on Sustainable Finance -

Provide optimal solutions according to the phase of the customer's initiative.

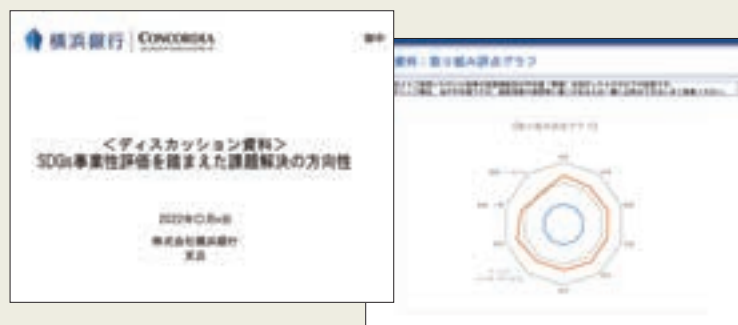
The Concordia Financial Group is working together with its customers to reduce climate change risks in order to achieve the long-term sustainability KPI 'Sustainable finance of ¥2 trillion by FY2030, including Green Finance of ¥1 trillion'.

To realize a decarbonized society, we not only finance projects contributing to climate change mitigation, such as renewable energy, but also provide solutions tailored to the phase of customer decarbonization efforts, and strive to solve customer issues in the field of sustainability.



SDGs Business Feasibility Assessments

In October 2021, the Bank of Yokohama became the first bank in Japan to launch an SDGs business assessment initiative as a means of engaging and promoting dialogue with customers. In SDGs business assessments, we grasp and analyze the status of the customer's SDGs initiatives through dialogue, and provide an assessment report on management issues. By March 2022, SDGs business feasibility assessments were conducted for approximately 150 companies.



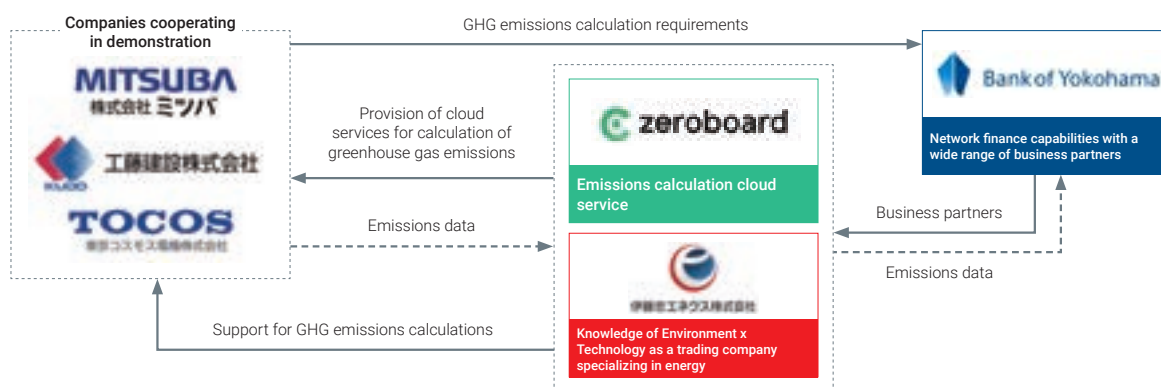
SDGs Step Loans

The Higashi-Nippon Bank began offering SDGs step loans in January 2022. SDGs Step Loans provide financial cooperation with customers focused on the following five criteria: 'human rights and job satisfaction in the workplace', 'consideration of the environment', 'compliance', 'company contributions to regional communities', and 'management and organizational structure'. Based on the results, we create a Simple Diagnostic Check Sheet for SDGs Compliance to help customers sort out issues for implementing sustainability management.

Greenhouse Gas (GHG) Emissions Calculation and Visualization Support

From January to March 2022, the Bank of Yokohama conducted a demonstration together with Itochu Enex Corporation and Zero Board Corporation on support for calculation and visualization of greenhouse gas emissions with business partners Mitsuba Corporation, Kudo Corporation, and Tokyo Cosmos Electric Co. We have worked to support the calculation of GHG emissions throughout the value chain (Scope 3), including direct GHG emissions by companies themselves (Scope 1), indirect GHG emissions from the use of electricity and other resources provided by other companies (Scope 2), and indirect emissions other than Scope 1 and Scope 2.

Image of Verification Experiment

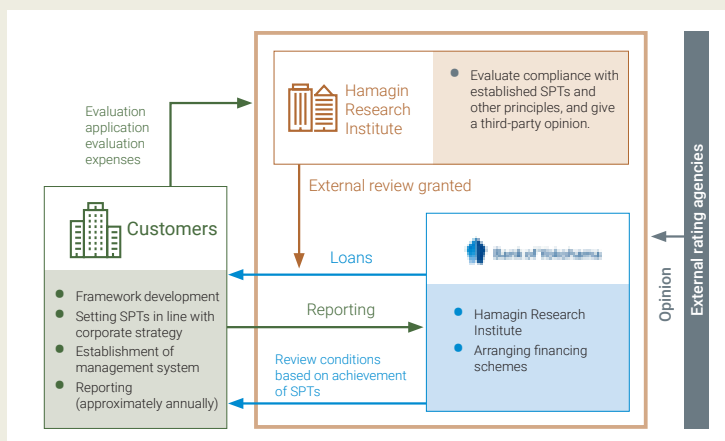


SDGs sustainability linked loans

The Bank of Yokohama provided financial support to Onuki Textile Co. Ltd. in May 2022 through an SDGs Sustainability Linked Loan, utilizing an evaluation by Hamagin Research Institute.

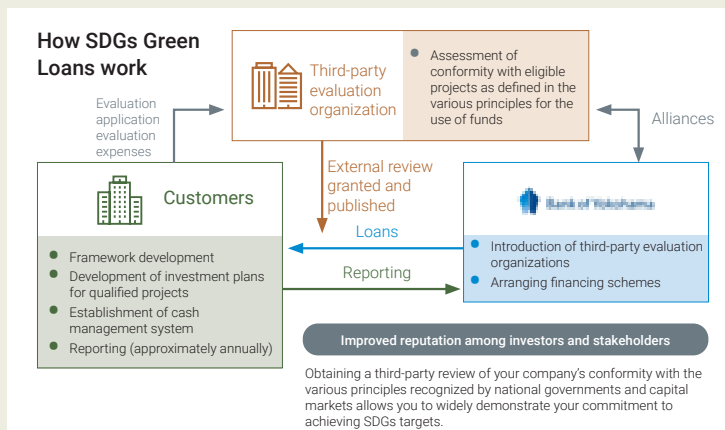
The SDGs Sustainability Linked Loan is a loan product in which customers set Sustainability Performance Targets (SPTs) as targets for sustainability activities aimed at solving environmental and social issues. Borrowing conditions vary depending on the degree of achievement of the targets.

The company intends to advance its commitment to environmental conservation through this loan financing.



SDGs Green Loans

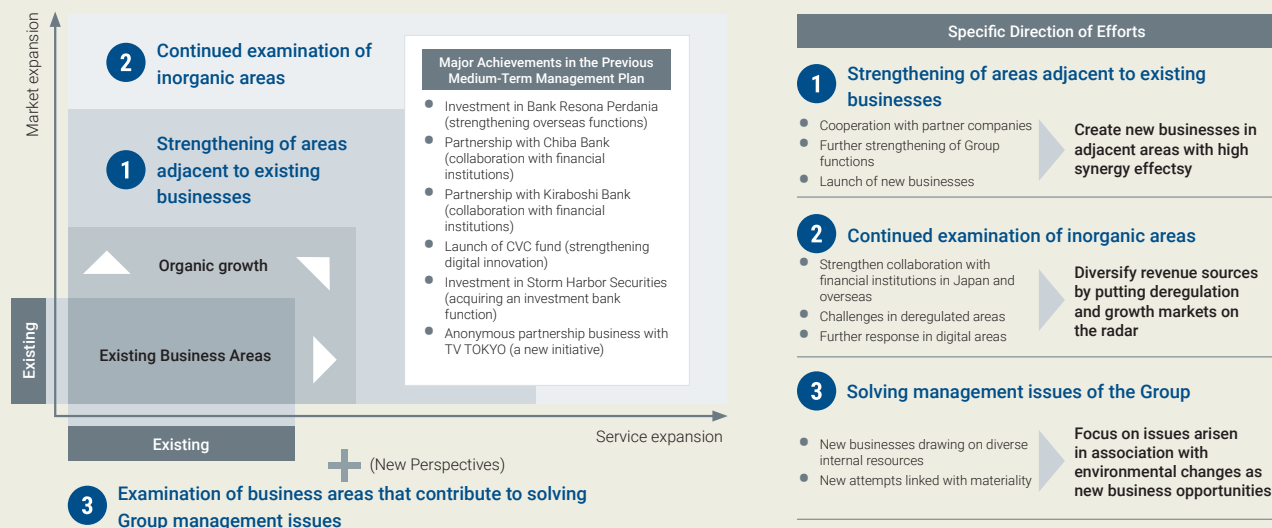
The Bank of Yokohama provided financial assistance through SDGs Green Loans to Misaki Megumi Suisan Co., Ltd., and Risol no Mori Co., Ltd., in February and March 2022, respectively. Misaki Megumi Suisan Co., Ltd., and Risol no Mori Co., Ltd., will utilize this loan financing to invest in equipment and systems to reduce CO₂ emissions. This loan product specifies the use of funds for projects eligible for environmental improvement under various international principles, and ensures transparency through management and reporting of procured funds even after financial assistance is provided.



Strengthening and Expanding Business Areas through Strategic Investments, Alliances, etc.

Utilization of strategic investments and alliances is a key strategy of the new medium-term management plan for strengthening and expanding business fields. As specific directions for our efforts, in addition to strengthening nearby areas that have high synergy with existing business and continuing to examine inorganic areas that focus on deregulation and growth markets, we will focus on issues arising from environmental changes as new business opportunities and examine business areas that contribute to solving the Group's management issues, thereby achieving sustainable growth.

Positioning in the New Medium-Term Management Plan



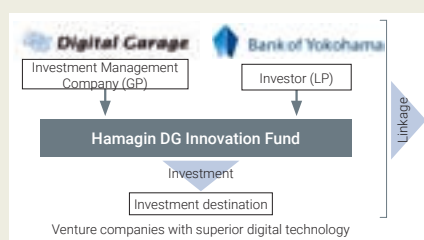
Major Achievements to Date



TOPIC

CVC Fund

We will enhance the Bank of Yokohama innovation function by investing in venture companies with services etc. that contribute to open innovation of financial institutions and revitalization of the local economy. (As of May 31, 2022, 8 investments totaling ¥1.3 billion)



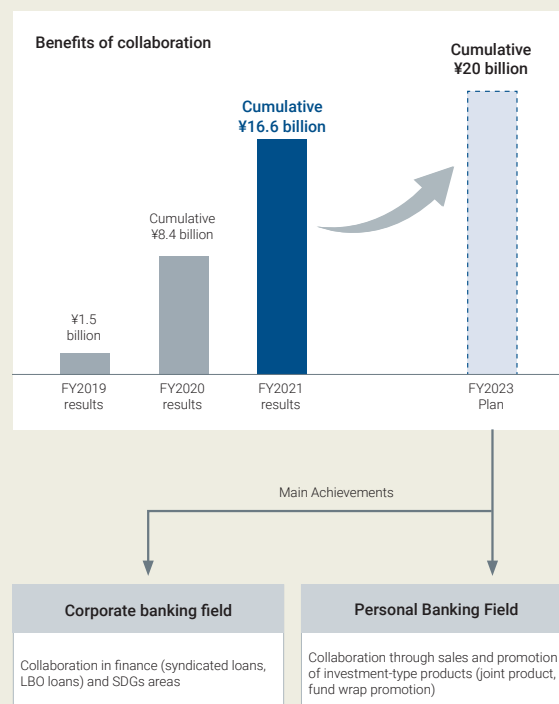
Kanacolle

We have invested in a silent partnership (operator: TV Tokyo Communications) that operates the e-commerce site "Kanacolle" to support product development and sales channel expansion for local companies. (See P. 78 for details.)



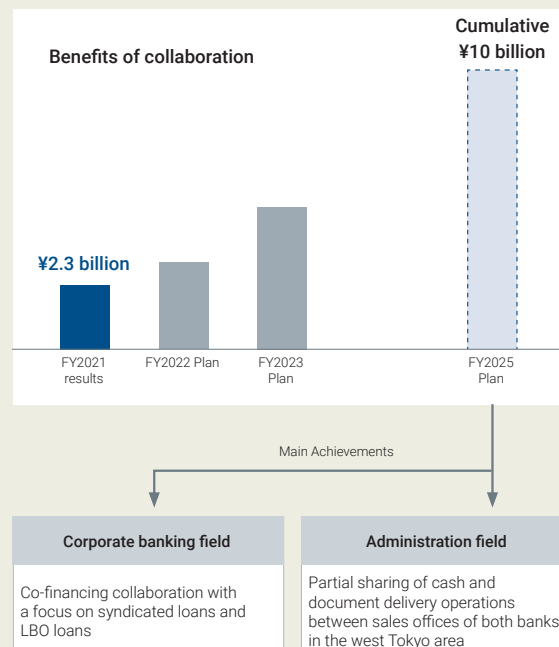
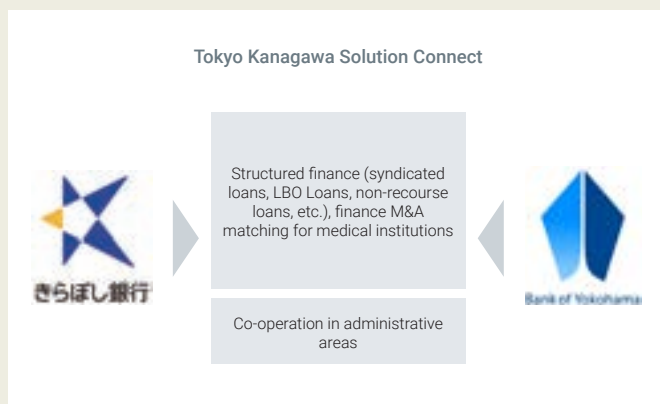
Chiba Yokohama Partnership

In the midst of major changes in the business environment, such as the declining birthrate, aging population, and prolonged negative interest rates, the Bank of Yokohama and Chiba Bank, both of which are based in the Tokyo metropolitan area, aim to realize sustainable growth for customers and both banks by providing high value-added services to customers through the “Chiba Yokohama Partnership”, a collaborative effort that brings together their respective expertise.



Tokyo Kanagawa Solution Connect NEW

In August 2021, the Bank of Yokohama and Kiraboshi Bank concluded a business alliance, “Tokyo Kanagawa Solution Connect”, in order to mutually utilize the know-how and strengths of both banks in advanced finance fields such as structured finance in order to meet the increasingly large and diverse financing needs of their customers, thereby helping them resolve issues and increase corporate value.



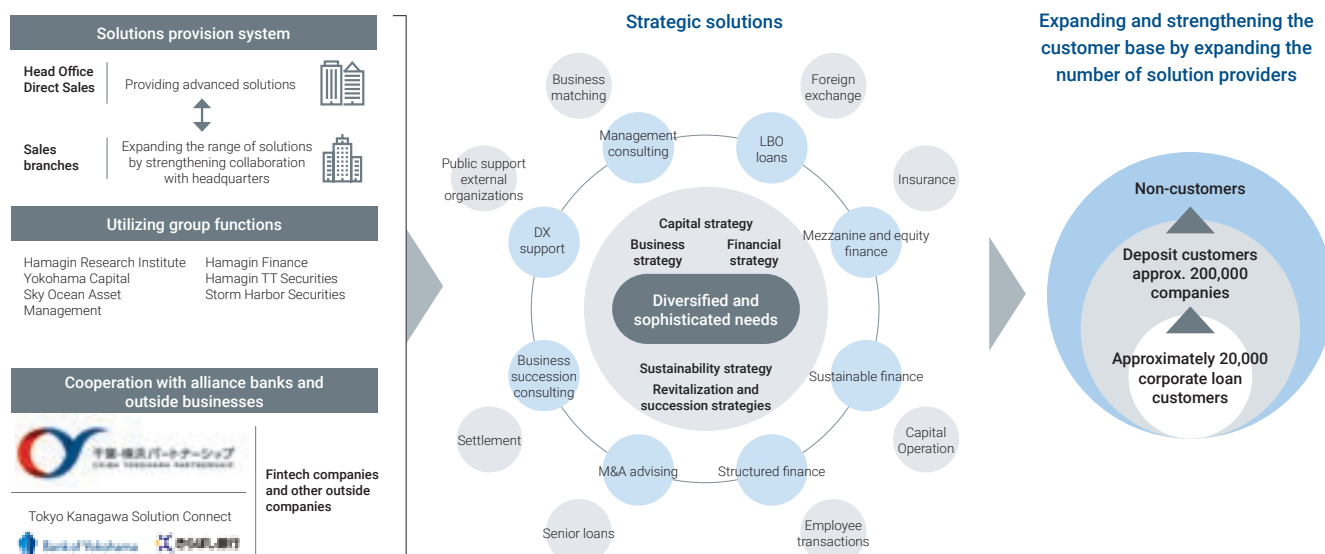
Supporting Sustainable Growth of Local Businesses

We will contribute to the sustainable growth of local companies by working together as a group to provide high value-added solutions that deeply engage the management strategies of our customers by sincerely addressing the issues they face.

New Medium-Term Management Plan Strategy

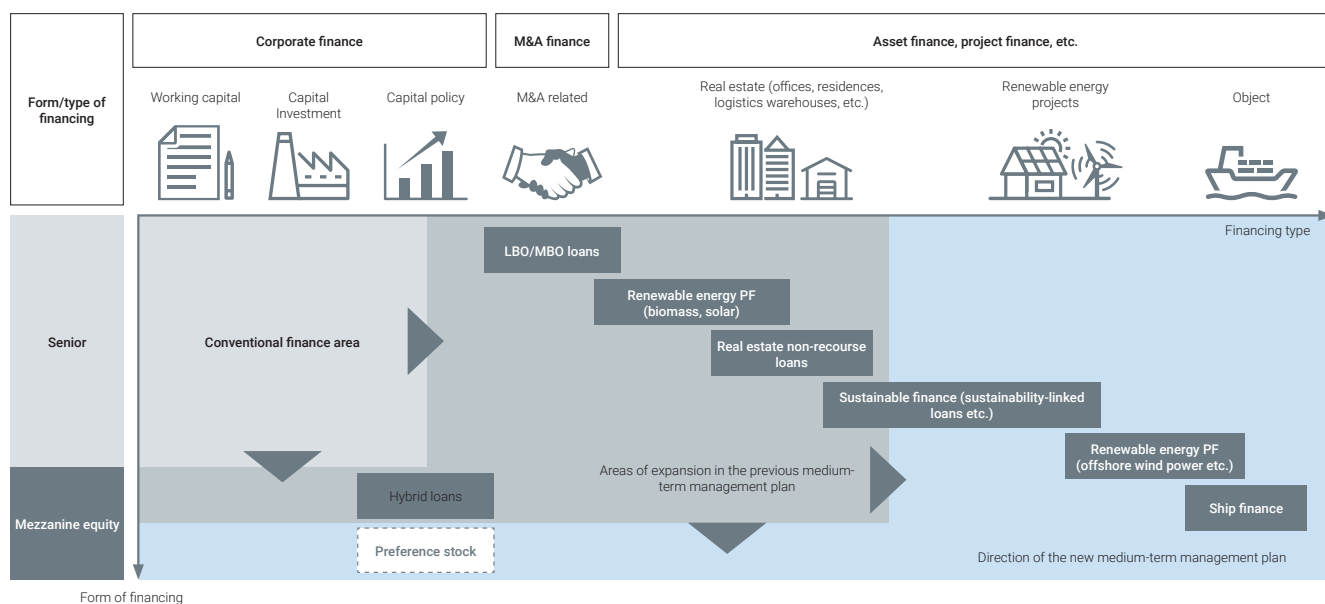
Provide solutions utilizing group and alliance functions etc.

We aim to be the first choice as a partner for our clients by utilizing group functions, deepening cooperation with outside businesses, by strengthening the provision of strategic solutions that deeply engage management strategies such as business, financial, and capital strategies, and by responding to increasingly diverse and sophisticated needs.



Deepening and expanding from traditional finance areas

We will improve profitability by strengthening asset allocation in financing areas that go beyond conventional frameworks, such as M&A financing, and by working to provide high value-added financing.



Strengthen provision of strategic solutions

In the new medium-term management plan, we have positioned solutions that deeply engage management strategies as “strategic solutions”, and have newly defined customers who select strategic solutions as “partners”.

We will expand and strengthen our customer base in the home market by offering solutions not only to loan customers, but also to local companies, including depositing and non-customer corporations.

In addition to senior loans, we will also seek to build up our loan assets by providing solutions through high value-added financial support.

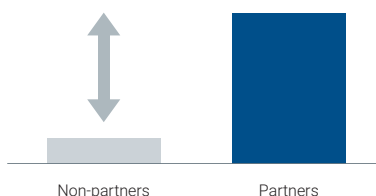
The profitability of each partner is high, and we aim to improve our profitability through initiatives that customers can choose.

Corporate Loan Revenues and Corporate Service Revenue Plan (two banks combined)

(Units: ¥100 million)

	FY2018 results	FY2021 results	FY2024 plan
Corporate loan revenue	528	546	577
Corporate service revenue	95	147	169

Revenue per company
Approx. 6 times



Strengthening efforts in areas of finance beyond conventional frameworks

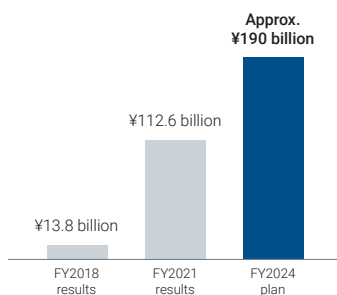
During the previous medium-term management plan, we expanded our efforts from traditional lending centered on senior loans to new areas of finance such as M&A finance.

Under the new medium-term management plan, we will further expand finance areas and strengthen our sourcing capabilities by returning and sharing the know-how accumulated at the head office in areas such as M&A finance and project finance to our sales branches, thereby increasing our structured finance balance.

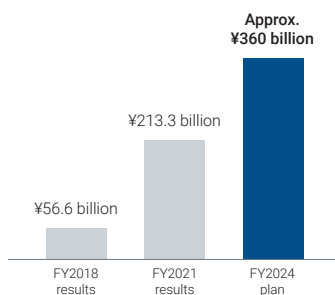
We will enhance our earning power by strengthening our allocation to highly profitable assets.

Balance of typical structured finance assets

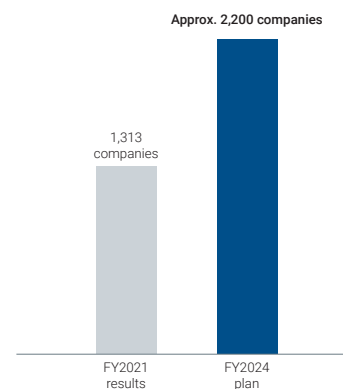
Balance of M&A finance



Asset finance, project finance balance

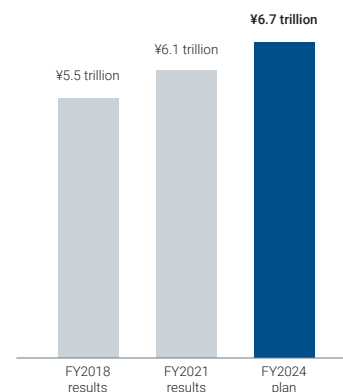


Number of partners (cumulative) ^(*)

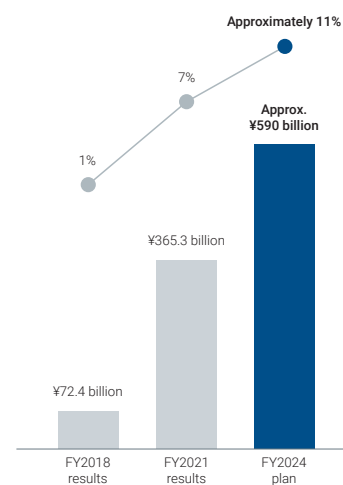


(*) Number for the Bank of Yokohama

Average loan balance to corporations (two banks combined, domestic yen loans)



Structured finance balance ^(*) Percentage of loans to corporations ^(*)



(*)1 Number for Bank of Yokohama

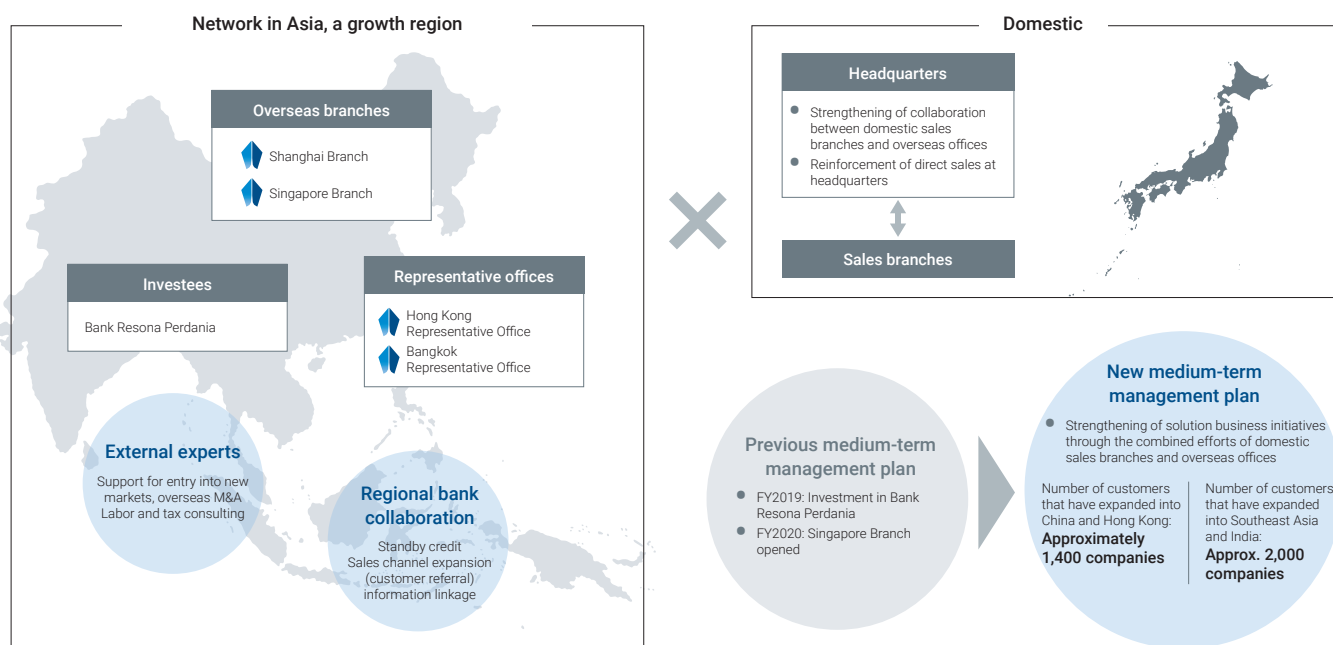
(*)2 Percentage of domestic yen loans to corporations (end balance) (excluding loans to asset management companies)

Supporting Sustainable Growth of Local Businesses

Strengthen solutions business by utilizing overseas bases

With a focus on Asia, which is a growth region, our domestic sales branches and overseas offices will work together to strengthen the provision of solutions to our customers.

Specifically, in addition to strengthening financial support such as loans to overseas subsidiaries of our customers, we will provide solutions such as overseas expansion support and M&A in cooperation with external experts and other regional banks. In addition, we will enhance profitability by strengthening our efforts in overseas operations, including loans to non-Japanese corporations.



International Business Profit Plan (Two banks combined) (Units: ¥100 million)

	FY2018 results	FY2021 results	FY2024 plan
Gross operating income from international operations	49	66	74
Of which, foreign currency loan revenues			
Foreign Currency Loan Revenues	13	25	32
Domestic locations	3	7	8
Overseas offices ^(*)	5	7	9
Overseas Operations Projects ^(*)	4	10	14

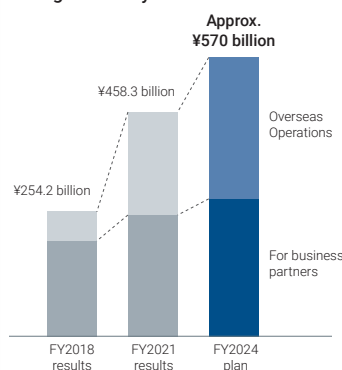
(*)1 Including foreign currency loan proceeds from overseas operation projects at overseas offices

(*)2 Foreign currency loan proceeds from overseas operation projects at domestic offices

Measures undertaken (See P. 50 for specific examples.)

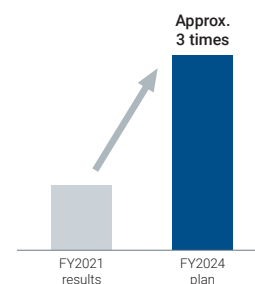
- Increase in lending to customers' overseas subsidiaries**
 - Overseas branch loans
 - Standby credit
 - Cross-border loans
- Borderless development of solution business**
 - Advancement support
 - Mergers and acquisitions
 - Sales channel expansion etc.
- Strengthen initiatives for overseas operations**
 - Portfolio diversification (countries/industries)
 - Strengthen sourcing capabilities (utilization of overseas offices)
 - Expansion of target areas (non-Japanese high-credit areas)

Foreign currency loan balance



Number of proposals for overseas solutions ^(*)

(*) Number of single-fiscal-year proposals for M&A, business matching, consulting, leasing, etc., in overseas business



Higashi-Nippon Bank's Initiatives (Strategy to Be a Total Partner of Small and Medium Enterprises)

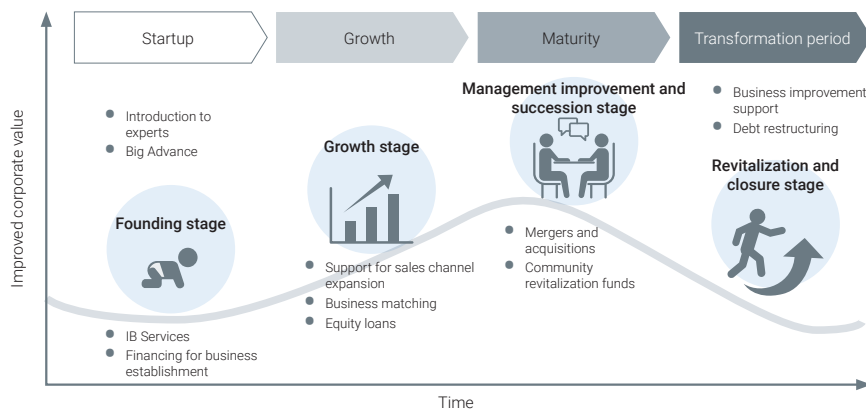
Aiming to be a "total partner for small and medium-sized enterprises," we will provide optimal solutions for each customer's lifecycle by providing sympathetic "face to face" service.

In addition, by increasing branch efficiency, consolidating operations at the head office, and concentrating management resources in the 23 wards of Tokyo, we will achieve an operating structure that achieves overwhelming efficiency as a regional bank in the 23 wards of Tokyo.

Strengthening support for each company's lifecycle phase

Through business feasibility assessments, we will better understand the needs and challenges of our customers and enhance our solution menu for all lifecycle issues, thereby contributing to the sustainable enhancement of their corporate value.

Providing solutions to issues according to customers' life stages



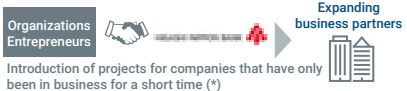
Deepening solutions sales through business feasibility assessments



Continuously provide specific solutions for sales channel expansion, business succession, M&A, etc., based on a good understanding of the customer's industry, actual conditions, needs, and issues.

Attaining the status of main bank with the reputation of "the most dependable bank"

Strengthening business with companies that have been in business for a short time

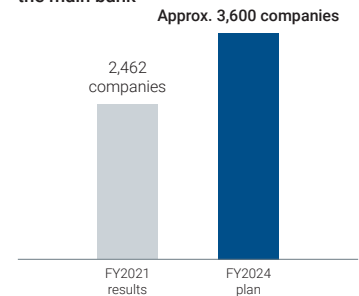


(*) About 5 years since establishment

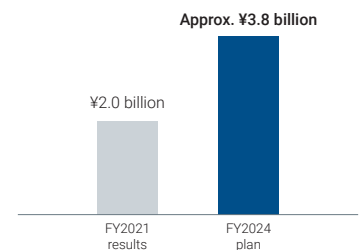
Strengthening real estate initiatives



Number of companies for whom we are the main bank



Corporate service revenue (*)



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

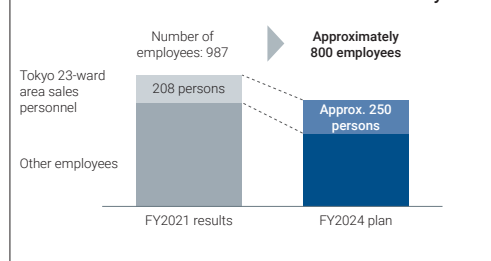
Establishment of an efficient sales structure

We will establish an efficient sales structure in the 23 wards of Tokyo by increasing the number of sales personnel in this area and centralizing the administrative work of sales branches to the head office.

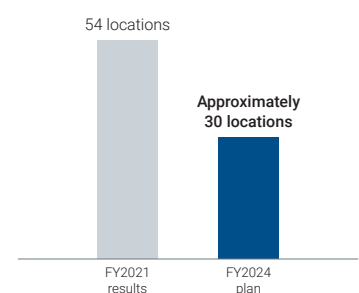
Improving branch efficiency, concentrating operations at headquarters, and concentrating management resources in 23 wards of Tokyo



Consolidation of sales in the 23 wards of Tokyo



Number of locations



Supporting Sustainable Growth of Local Businesses

Specific examples of strategic solutions provided by the Bank of Yokohama

Capital strategy solutions for listed companies

We are promoting increased sophistication of our solutions business and strengthening our ability to provide solutions for our customers' capital strategies, centered on professional human resources belonging to the direct sales division of headquarters. Against the backdrop of the reorganization of the Tokyo Stock Exchange, we are increasingly taking on capital strategy advisory assignments for our approximately 1,000 listed corporate clients.

For example, in FY2021, as a result of the Bank of Yokohama providing capital strategy consulting services to a listed company facing management issues such as business model reforms and inheritance measures for shares held by the founder, we chose to go private through an MBO (*1), leading to the execution of an MBO loan solely by the Bank of Yokohama. As a result of these efforts, the balance of M&A financing (*2) increased by approximately ¥100 billion during the previous medium-term management plan period, bringing the balance to approximately ¥110 billion.

We also provide financial and capital strategy solutions through hybrid loans (*3) to listed companies that face the dual challenges of raising funds to implement growth strategies and improving their financial soundness through capital reinforcement. Our flexible solutions have been well received, and Bank of Yokohama's efforts in independently underwritten deals have progressed, with the hybrid loan balance increasing by more than ¥80 billion during the previous medium-term management plan period to a balance of more than ¥100 billion.



Turnaround and succession strategy solutions for SMEs

Against the backdrop of the aging of business owners and the absence of successors, which is the case for more than 60% of all business owners (*4), we are actively engaged in supporting business succession in order to support the sustainable growth of local companies. We not only have loan clients, but also a wide range of deposit-only clients, including debt-free companies.

For example, in FY2021, for a deposit-only client who was concerned about the succession of shares from the founder to his daughter due to a rise in his company's stock price and the absence of a business successor, we established a stock succession scheme by establishing a holding company and provided support for the succession of assets to relatives. In collaboration with our partner tax accountancy company, we propose succession schemes, leading to business succession consulting contracts and the provision of solutions such as senior loans and business matching.

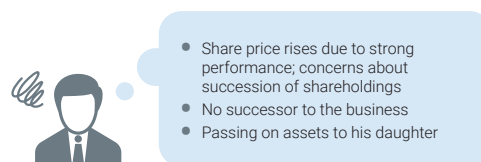
(*1) MBO: Acquisition of a company's shares etc. by our management

(*2) Total MBO loans and LBO loans outstanding

(*3) A loan that is closer to equity than a regular senior loan and has a stronger equity nature. A certain percentage is recognized as equity, depending on the rating agency's assessment.

(*4) From Small and Medium Enterprise Agency Business Succession Guidelines (March 2022)

Challenges faced by customers (founding presidents)



Providing solutions such as business succession consulting contracts, senior loans, business matching, etc.



Specific examples of the Bank of Yokohama's efforts to strengthen its overseas solutions business

Expansion of support system in Asia

In addition to the Bank of Yokohama's overseas offices, we are expanding our system to support our customers' overseas business through collaboration with other organizations and financial institutions.

In November 2021, we signed a business alliance agreement with Kyoto Bank regarding international operations. Since 2015, the two companies have been collaborating at the Bank of Yokohama's Shanghai branch. This business alliance agreement expands the scope of collaboration from China to ASEAN. By sharing and utilizing the networks and know-how of both banks and providing higher quality consulting services, we will strengthen our support for our clients' overseas business. In December 2021, we also concluded a "Memorandum of Understanding for Business Collaboration and Cooperation" with JICA Yokohama.



Increase in lending to overseas subsidiaries of our customers

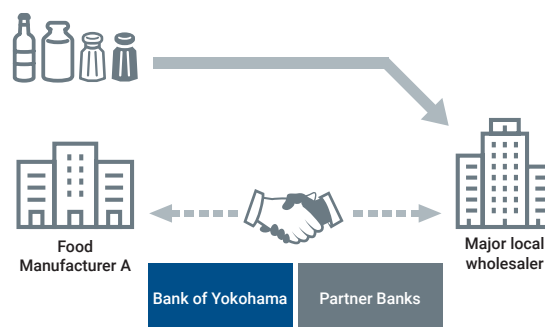
We are enhancing lending to our customers' overseas subsidiaries through overseas branch loans, cross-border loans, and stand-by credit. Through efforts such as strengthening cooperation between the head office, domestic sales branches, and overseas offices, and expanding the overseas network, the balance of foreign currency loans increased by more than ¥200 billion to over ¥450 billion during the previous medium-term management plan period.

In addition, the Singapore Branch is promoting ship finance for Japanese subsidiaries in Singapore, taking advantage of the characteristics of the market, which has a high concentration of shipping companies and strong demand for funds.

Borderless development of solution business

With more than 3,000 business partners expanding into the growing region of Asia, the need for overseas business solutions, such as M&A, new business entry, and local business expansion, is increasing. The Bank of Yokohama is strengthening the borderless development of its solutions business by integrating its domestic sales branches and overseas offices.

For example, in FY2021, for a food manufacturer with overseas business expansion needs, Company A, our staff dispatched to our partner bank, the Vietnam Investment and Development Bank, and our head office worked together to match business with a major local wholesale company, resulting in the decision to export samples of the customer's products throughout Vietnam.



Specific examples of strategic solutions provided by Higashi-Nippon Bank

Support for start-up and growth companies

For companies that have been relatively recently established, such as those in the start-up or growth stage, we work to provide business matching support with experts and outside businesses in order to support the continued growth of their businesses.

For example, in FY2021, we introduced not only a real estate broker but also a remodeling company to a customer who wanted to purchase a company building, leading to the construction of an office with a café for the purpose of enhancing employee benefits.

Through a wide range of introductions tailored to customer needs, the number of business matching contracts concluded in FY2021 totaled 1,620.

Support for mature companies

We are promoting initiatives to support business succession for companies in their mature stage.

For example, in FY2021, in the case of a client in the custom-built furniture manufacturing industry, which had difficulty continuing operations due to the sudden ill-health of its representative, we promptly introduced them to a design company specializing in custom-built housing that was considering expanding its business domain, resulting in an M&A deal and contributing to smooth business succession for a local company.

As a result of these efforts, nine M&A transactions triggered by business succession needs were concluded in FY2021.

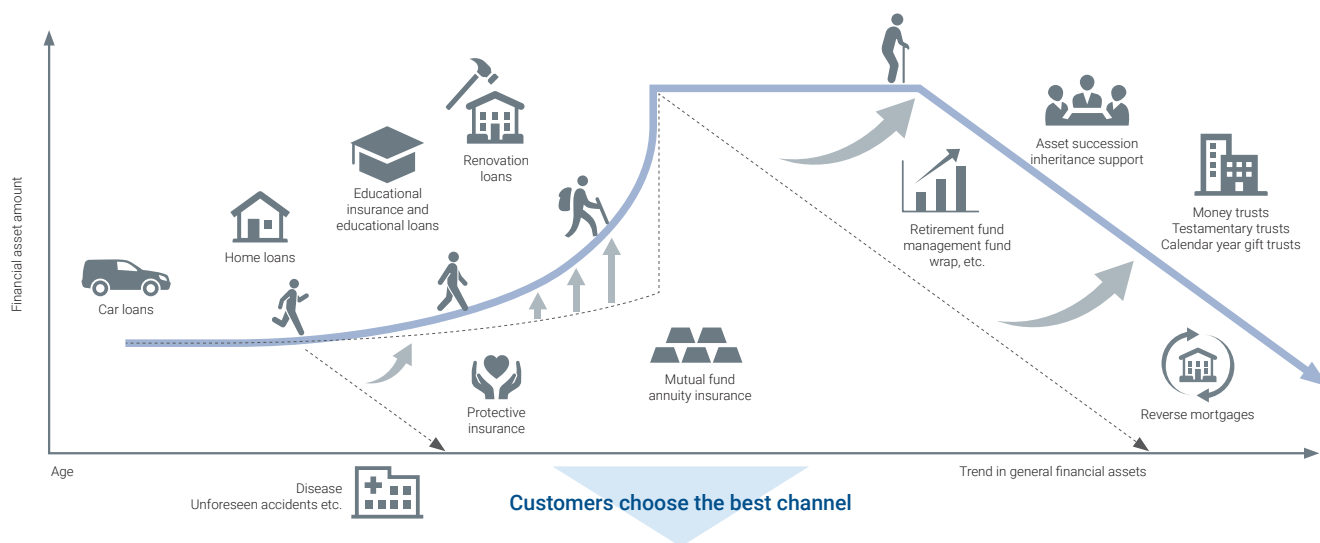
Lifestyle Support in the Age of Centenarians

As a lifelong partner, we support our customers' affluent lifestyles in the age of centenarians by providing optimal solutions for each stage of their lives.

New Medium-Term Management Plan Strategy

Providing solutions to match the life stage

With a broad menu of financial products such as banking, securities, insurance, and trusts, we provide optimal solutions for each customer's life stage. We also work to expand face-to-face and non-face-to-face channels, including expanding insurance parlors and development of the next smartphone app.



Face-to-face channels		
Branches	Mortgage Loan Center	Insurance parlor

Non-face-to-face channels		
Internet banking	Mobile apps	Communication Center (*)

Related pages

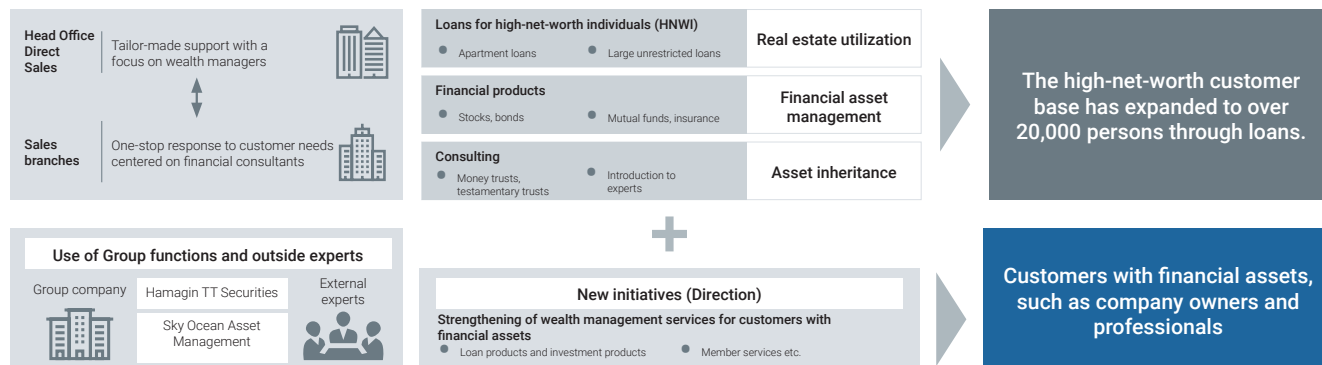
P. 53 (Expansion of insurance parlors), P. 63 (Introduction of next smartphone app)

(*) To be established during the new medium-term management plan period

Providing tailor-made, one-stop solutions

We provide tailor-made, one-stop solutions to affluent customers. These have expanded through loan transactions, by utilizing direct sales at headquarters, group functions, and outside experts.

We also work to provide comprehensive solutions to customers with financial assets by strengthening our wealth management services.



Provide solutions for high-net-worth customers

Under the previous medium-term management plan, we worked to strengthen our ability to provide solutions to meet the needs of “real estate utilization,” “financial asset management,” and “asset succession,” thereby expanding our high-net-worth customer base.

Under the new medium-term management plan, we will improve profitability by strengthening our ability to provide tailor-made, one-stop solutions to this customer base.

Capability to provide solutions strengthened during the previous mid-term management plan period

Loans for asset owners (real estate utilization)

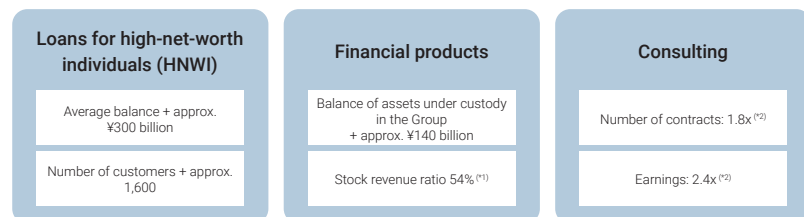
Through sales activities that reflect market characteristics, personnel allocation, and human resources training, the average balance of loans to high-net-worth customers, mainly those who own real estate, increased by approximately ¥300 billion during the previous medium-term management plan period, expanding our wealthy customer base to over 20,000.

Financial Products (Financial Asset Management)

The Group’s assets under custody increased by approximately ¥140 billion during the period of the previous medium-term management plan as a result of product expansion and the Group’s concerted efforts to propose portfolios in accordance with a goal-based approach. With an earnings structure that does not rely on sales commissions, we are transforming ourselves into a stable stock business.

Consulting (asset succession)

We provide optimal solutions to our customers through group functions and the use of outside experts. The number of consulting contracts approximately doubled during the previous medium-term management plan period.



^{(*)1} Trust fees as a percentage of total amount of mutual fund sales commissions and trust fees

^{(*)2} Total consulting case referral and expert referral services

Initiatives in the New Medium-Term Management Plan

In the new medium-term management plan, we have newly defined those customers who select multiple solutions such as asset-based loans, financial products, and consulting as “partners”.

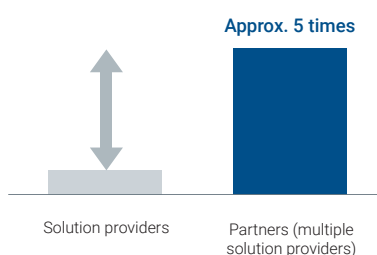
The profitability of each partner is high, and we aim to improve our profitability through initiatives that customers can choose.

Individual loan revenues and individual service revenues plan (total for two banks)

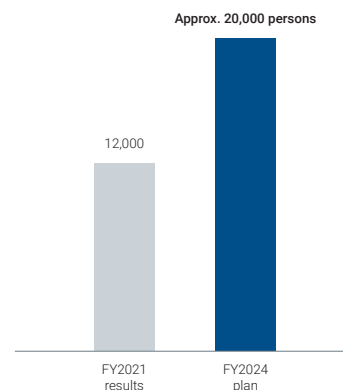
(Units: ¥100 million)

	FY2018 results	FY2021 results	FY2024 plan
Individual loan revenue	814	805	838
Individual service revenue	124	151	171

Revenue per person

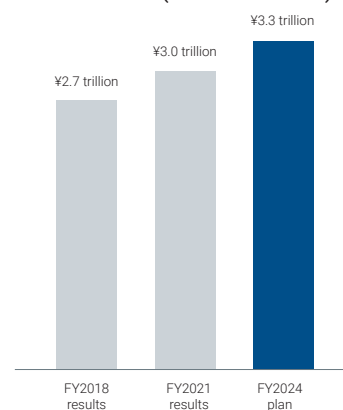


Number of partners^(*)

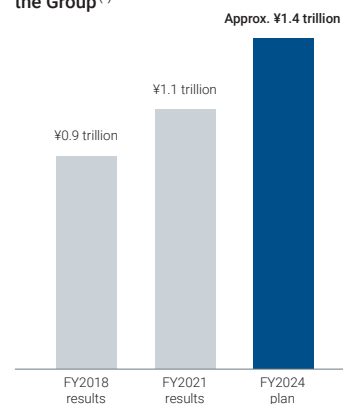


^(*) Number of customers who selected multiple solution transactions (counted by the Bank of Yokohama)

Average balance of loans to high-net-worth individuals (total for two banks)



Balance of assets under custody of the Group^(*)



^(*) Total asset balance of mutual funds, fund wraps, and Hamagin TT securities

Lifestyle Support in the Age of Centenarians

Providing Solutions for Asset-Building Customers

We are working to enhance support for living in the age of centenarians, including support for asset building in accordance with life plans and assistance in managing financial assets in retirement.

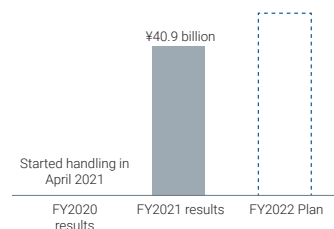
As a lifelong partner, we will stay close to our customers and help them live prosperously by providing them with financial products and services that best suit their life stages.

Enhancement of Bank of Yokohama Fund Wrap Function

In April 2021, Bank of Yokohama began offering the "Bank of Yokohama Fund Wrap" as a product that can provide gradual asset growth in line with economic growth and preparation for future life events in the age of centenarians. By regularly confirming our clients' intentions and reflecting them in our investment proposals, we are able to manage assets in accordance with each client's needs through the fund wrap.

In addition, as a function to deal with the risk of interruption of policy asset management by elderly customers etc., we began offering a special agreement for representatives in April 2022, which enables continuous asset management by family members.

Fund wrap balance

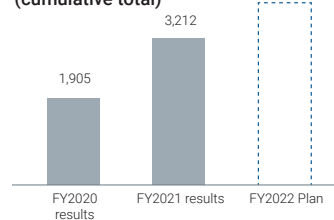


Expansion of Trust Functions

In October 2019, the Bank of Yokohama began handling the "Hamagin Okane Trust", a money trust based on a testamentary substitute function to meet the needs of customers for the management and succession of their financial assets. The cumulative number of such contracts signed now exceeds 3,000.

In addition, in order to meet the needs for asset succession measures during one's lifetime, "Hamagin Donation Trust," which supports gifts during one's lifetime, is available from October 2021.

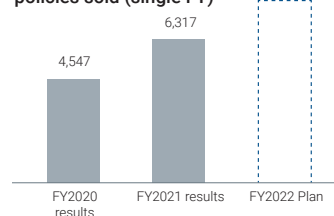
Number of money trust contracts (cumulative total)



Expansion of Hamagin Insurance Parlor

The Bank of Yokohama has established the "Hamagin Insurance Parlor", a dedicated insurance consultation service to meet the insurance needs of each stage of life. Our professional staff, who are "insurance professionals" with a thorough knowledge of the characteristics of insurance products, will propose the best insurance plan for you, carefully checking your life plan, your needs, the contents of your existing insurance coverage, and whether or not you need to review it. In order to meet growing insurance needs, we will open new branches in Atsugi and Kamiooka in 2022, for a total of four branches in Kanagawa Prefecture.

Number of constant-premium policies sold (single FY)



TOPIC

Start of Hamagin Smart Charge Service

The Bank of Yokohama has begun handling "Hamagin Smart Charges" using the "Hamagin App" smartphone application from June 2021. This loan product uses big data such as transaction details to pre-screen eligible customers and provides information on the amount that can be borrowed and interest rate levels through the Hamagin App and other means. From application to formal screening, contract, borrowing, and repayment, all can be completed within the app. The Bank of Yokohama Group's Hamagin Research Institute has developed a proprietary model for selecting target customers.



Initiatives for Financial Education

The Bank of Yokohama is engaged in a unique financial and economic education program called "Hamagin Okane no Kyoshitsu" (Hamagin's Money Classroom), which aims to spread and improve financial literacy for the fostering of children, the future leaders of the region, and for the further growth of the region. We have set goals in four major areas, including "lifestyle planning and household budget management" and "financial and economic systems," and are committed to long-term financial education not only for children, but also for adults, the elderly, and all people living in the community.



Initiatives through tie-ups with other companies

Holding "Hamagin Money Class - Keikyu Kids Challenge ver." with the Keikyu Group

We collaborated with the "Keikyu Kids Challenge!" summer series, sponsored by the Keikyu Group, to offer an online program to help people learn about the use and importance of money.

Program Contents

- Let's keep an allowance book!
- Spend your money fantastically!

What would you spend your money on if you were going out?

Let's think about that while we're keeping our allowance sheets!

Work experience website "Bank of Yokohama x EduTown Ashitane 'What is a job at a bank?' Online Work Experience"

A special website has been launched in "EduTown Ashitane", which is operated by Tokyo Shoseki Co., Ltd., with videos to learn about jobs at banks, branches, people working there, and money. In addition to worksheets corresponding to the videos, the site also includes teaching materials for teachers, such as a teaching plan describing how to proceed with the work experience class, so that students can not only watch the videos at home, but also use them in their classes at school.



TOPIC

Received the "Consumer Education Material and Resource Award 2022 Excellence Award" from the National Institute on Consumer Education

In June 2022, the "Hamagin Okane no Kyoshitsu" (Bank of Yokohama Money Classroom) website, which is part of our financial education efforts, received the "Consumer Education Material Award 2022 Excellence Award" sponsored by the National Institute on Consumer Education (*).

This award system recognizes educational materials created by governments, business and industry associations, consumer groups, and NPOs across Japan by March 2022 that can be used effectively in schools.

Given the social climate of the coronavirus pandemic, we launched this website in December 2020 to provide online financial education opportunities. This site offers videos on basic money education, easily downloadable teaching materials, quizzes, etc., and is used by many people at educational sites and at home.

(*) The National Institute on Consumer Education was established to contribute to the enhancement and development of consumer education in schools, and is a specialized organization that conducts survey research and prepares teaching materials on consumer education for young people.

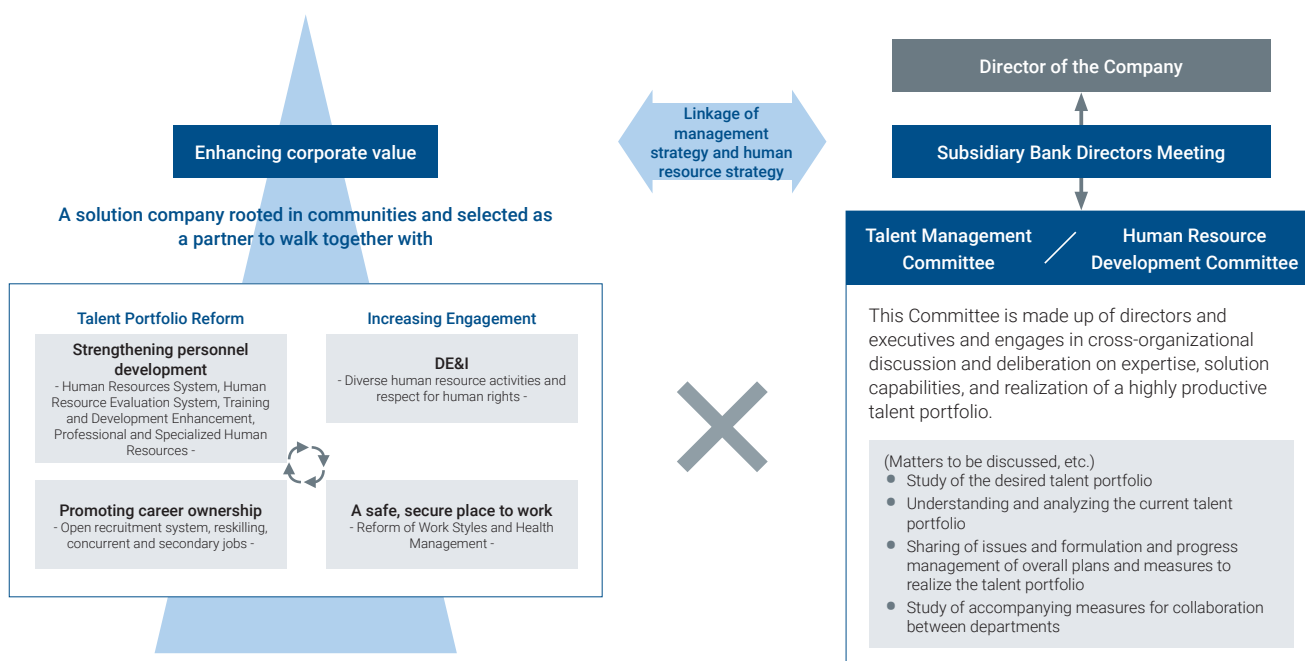


Human Resource Strategy - Workplace Reform and Promotion of Diversity

We regard our employees as human capital that is the source of value creation. We aim to create economic and social value by refining our strength of having diverse human resources that support our community-based solutions business. In addition, employees are important “stakeholders,” and our management philosophy states that we will “continue to be an attractive company that employees are proud to work for”.

Based on this belief, as the needs of our customers and local communities become more diverse and sophisticated, and as the work ethic and lifestyles of our employees change at an accelerating pace, we are working to enhance the capabilities of each and every employee and to build a highly productive organization that allows our diverse human resources to maximize their potential.

In the new medium-term management plan, in working towards the long-term goal of being “a solution company rooted in communities and selected as a partner to walk together with”, we will promote talent portfolio reform by strengthening human resource development and promoting career ownership, as well as will “improve engagement” by promoting diversity, equity, and inclusion and creating a safe, secure workplace. In steadily promoting these initiatives, it is important for the management team, including the subsidiary banks, to be actively involved. By implementing a human resources strategy that is linked to our management strategy, we will achieve sustainable improvement in corporate value.



Main indicators of initiatives in FY2021 (the Bank of Yokohama and Higashi-Nippon Bank combined)

Strengthening personnel development	Promoting career ownership	Diversity, Equity, & Inclusion	A safe, secure place to work
Number of employees holding major consulting qualifications (Small and Medium Enterprise Management Consultant, FP Level 1): 378 Certified human resource professionals: 10 persons in total Training hours per person: 9.6 hours Investment in human resource development: ¥200 million Mid-career hires of specialist human resources: 16	Reskilling results: 129 applicants for open positions within the bank, 68 appointed Young employees seconded externally: 40 Number of applicants and appointees by internal recruitment except for reskilling: 162 applicants and 36 appointees through internal recruitment	Percentage of women in administrative positions: 15.3% Percentage of women in management positions: 34.2% Percentage of mid-career hires in administrative positions: 12.6% Number of foreign nationals in administrative positions: 9 (*as of April 1, 2022)	Employee Attitude Survey (index of overall attractiveness of a company): 3.29 points *5-point scale evaluation (5 being the highest), weighted average of both banks Years of service: Male 17.9 years Female 14.4 years Rate of taking childcare leave: (%) Male 71.7% Female 95.5% Number of employees using shortened-working-hour system: 348 Average number of days off taken with pay: 15.6 days

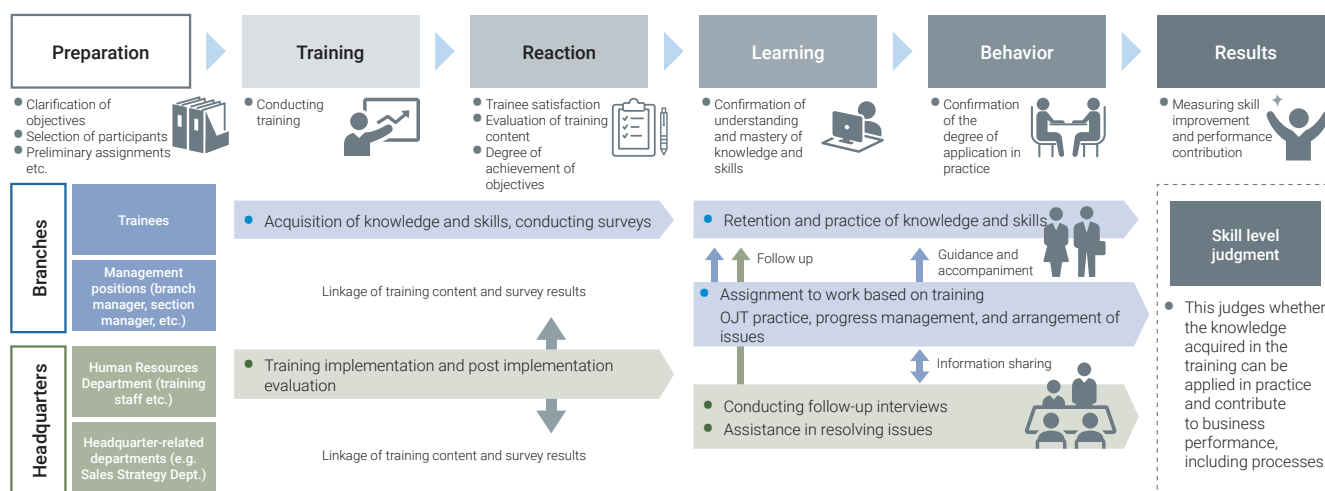
Strengthening of Human Resource Development

We will implement effective human resource development based on on-the-job training, combined with trainings off the job, support for self-development, and human resource allocation that maximizes the potential of each individual. In addition, we will enhance investment in human resource development in order to realize the required talent portfolio by developing human resources with strong solutions capabilities and specialist skills. In addition, we have established a fair and equitable evaluation and compensation system to motivate each employee and encourage diverse human resources to play an active role in the Company.

Strengthening of human resource development

Strategic human resource assignment and human resource development

We strategically rotate and transfer employees based on information regarding their skills, knowledge, aptitude, and career design, which leads to effective on-the-job training and human resource development in conjunction with trainings etc. off the job. The Bank of Yokohama has introduced a talent management system as a tool to centrally manage this information.



Training implementation and follow-up system

A diverse training menu has been prepared, including position-specific training at each skill level. The training program is designed to raise skill levels in six months in principle, with follow-up after each training session.

Since it is important to link this with on-the-job training and assignments at each division, during the follow-up period, relevant divisions and the Human Resources Department collaborate and the head office and branch offices work together as one team on followup in order to steadily raise skill levels.

Development of human resources with strong solution capabilities

To transform ourselves into a "solutions company," we are strengthening our investment in human resource development through training and self-development, including the establishment of an effective training system, training expenses, and support funds to encourage the acquisition of qualifications.

In our training system, the higher-level training incorporates practical proposal exercises with outside instructors to strengthen proposal capabilities, while the basic-level training aims for a level where trainees can handle actual projects on their own, and includes practical content that allows trainees to comprehensively learn everything from needs identification to the internal approval process and contract procedures.

In the area of self-development, in order to support the acquisition of advanced public qualifications, we have expanded the existing support funds for the acquisition of qualifications, and have also introduced a new system of career development support funds (to partially cover the cost of attending schools in order to acquire credentials that they offer) and fixed-amount support funds for qualification acquisition (to continue providing a fixed amount after qualification acquisition) in order to support each employee's self-motivated taking on of challenges and growth.

Development of management-level and next-generation leaders

We provide various types of training related to career design and management, matched to the years of experience and level of employees, with the aim of encouraging employees to think independently about their future career development. The Bank of Yokohama is implementing its "Next Generation Management Leader Development Program" as a succession plan for future top management and future executive candidates. We have subjects assessed by external training organizations and give them tough assignments based on themes such as "management skills", "strategic understanding", and "ability to involve others" in order to expand the candidate pool and manage appointments. In addition, Higashi-Nippon Bank implements a succession plan to develop next-generation management leaders at each level of the organization.

Status of Investment in Human Resource Development in FY2021

	Bank of Yokohama	Higashi-Nippon Bank
Investment in human resource development	¥160 million	¥40 million
Total training hours per year	36,828 hours	7,249 hours
Training hours per person	10.0 hours	7.8 hours

Number of employees holding major consulting qualifications (Small and Medium Enterprise Management Consultant, FP Level 1) in FY2021: 378 (total for the Bank of Yokohama and Higashi-Nippon Bank)

Human Resource Strategy - Workplace Reform and Promotion of Diversity

Opportunities in specialized areas

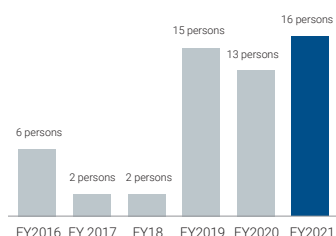
Recruitment of specialist human resources

The Bank of Yokohama established a new specialized course for new graduates in FY2021 (starting in FY2022), which enables them to start their careers in the Digital Strategy Department or IT Management Department at the head office, instead of being assigned to sales branches, so that they can put their expertise in digital and IT technologies to use. In addition, we are actively hiring mid-career personnel with high levels of expertise. In FY2021, we hired 16 people in the digital/ICT and other fields.

Professional human resources system

Since FY2019, the Bank of Yokohama has operated a "professional human resource system" for highly specialized personnel. In the midst of an increasing number of human resources with diverse values and career perspectives, the bank has established the foundation for strengthening and developing professional human resources by providing a career path and compensation system that enables them to utilize their strengths and work as "professional human resources" in their field of expertise. Also, the compensation system will provide more incentive to contribute to our results than a normal compensation system. The level of compensation will be determined individually based on factors such as the level of expertise and performance, which may result in compensation at the executive or general manager level. The total number of certified professional human resource personnel is now 10.

Mid-career specialist staff recruiting results



Main areas of recruitment of specialist human resources

	FY2019	FY2020	FY2021
Digitalization	1 person	4 persons	4 persons
ICT	2 persons	3 persons	4 persons
International & markets	4 persons	—	1 person
Investment banking	3 persons	—	1 person
Corporate and M&A	—	2 persons	2 persons
Audit and risk management	2 persons	1 person	1 person

Professional Personnel Certification Requirements

1. Advanced specialized expertise	Persons with expertise and skills in the business areas designated by the bank and the ability to perform their duties (and demonstrate results)
2. Mindset	Persons with expertise and skills in the business areas designated by the bank and the ability to perform their duties (and demonstrate results)
3. Self-management, human resource (successor) development	Persons who strive to improve their skills and expertise on their own initiative and through continuous self-improvement, who serve as a role model for employees, and who work to guide and train their successors

Evaluation and compensation system

Evaluation system

We have introduced a human resources evaluation system as a mechanism to motivate each employee and to revitalize the organization, as well as to back up the realization of each employee's career vision and to promote human resources development and skills development. The human resources evaluation system is a series of flows based on annual "Management By Objective (MBO)" for each year, which consists of goal setting, performance evaluation, and feedback through personal interviews. This evaluation system is implemented and operated for the development of individual abilities, from short-term evaluations such as performance and bonus evaluations to mid- and long-term evaluations such as transfers, promotions, and advancement.

Compensation system

We treat our employees fairly and equitably, without regard to seniority or personal factors. We raise each individual's motivation to take on challenges and grow and encourage the activities of diverse human resources by varying how we treat them to a greater extent than before in accordance with the weight of work responsibilities, such as the difficulty and scope of responsibilities and roles, and the contribution to business results, thoroughly applying the principle of capability rather than seniority. We offer the same benefit programs and growth opportunities to all employees, including part-timers, and we comply with the minimum wage and equal pay laws and regulations in each country.

Instilling Career Ownership

We are promoting "instilling career ownership" in order to foster a culture in which each employee thinks independently about their own career, draws career designs autonomously, and acts on them. Based on regular interviews through 1-on-1 meetings between superiors and subordinates, we support career development toward the person you want to be by combining on-the-job training, trainings, an open recruitment system, and self-development.

Career development

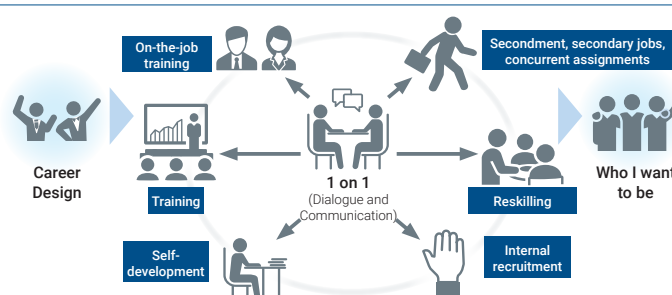
Open recruitment system (dispatch to domestic and foreign companies, overseas MBA acquisition)

In order to motivate employees to develop themselves and provide them with opportunities for proactive career development, we have established an open recruitment system that allows applications from employees of all career stages, from young employees to managers. There are two types of open recruitment: Head Office Trainee and External Dispatch. Head Office Trainee is mainly for departments such as the Market Sales Department, Loan Department, Digital Strategy Department, and Sales Strategy Department "External dispatch" destinations include Group companies, financial institutions, government organizations, central government organizations, etc. We also provide support for staff to study abroad to obtain an MBA.

Reskilling (capacity building and education)

Based on the concept of career ownership, we actively support the self-motivated challenge to become the "person you want to be" and promote "reskilling" to adapt to the gap between your current skills and the skills required. Applications are invited from candidates for reskilling and various types of training are implemented, and new posts are developed based on reform of store operations. In FY2021, we received 129 applicants, mostly in administrative departments, 68 of whom are taking on the challenge of new roles in the Sales Department and Headquarters.

- Number of employees seconded outside the Company (as of April 1, 2022): 40
- Reskilling results (FY2021): 129 applicants and 68 appointees in the bank's open recruitment process





Career innovation support system (concurrent/secondary employment)

In October 2021, the Bank of Yokohama introduced the "Career Innovation Support System" in light of changes in the external environment and employees' changing work attitudes. The system supports employees' independent career development by expanding opportunities for them to develop diverse careers outside the company that they cannot experience in their current jobs. The implementation of dual/secondary employment is subject to certain risk management requirements, such as contributing to personal growth and contributing to the core business or the community, and not interfering with the provision of labor in the core business.

Career Consultation Desk

We have established a Career Consultation Desk to promote and support the autonomous career development of our employees. We provide consultation on career development and career paths for employees.

Diversity, Equity, and Inclusion

With the involvement of management, we have established "reform of work styles and promotion of diversity" as one of its materialities, and conduct training for all employees to promote understanding of the promotion of diversity and training on unconscious bias in order to create a workplace environment in which diverse employees can play an active role.

Diversity, Equity, & Inclusion Policy

Through the promotion of diversity, equity, and inclusion, the Concordia Financial Group achieves sustainable growth in corporate value by having all employees, who possess diverse ideas and values, make the most of their abilities and create new value.

1. Acceptance and Respect for Diversity
We recognize diversity in race, ethnicity, religion, nationality, background, social status, creed, age, disability, physical characteristic, gender, sexual orientation and gender identity, career, work style, etc., and promote mutual respect.

2. Maintenance of Work Environment
We maintain a system to support taking on new challenges and the desire for growth and have established a healthy work environment in which all can demonstrate their abilities and play an active role through flexible and diverse work styles.

3. Ensuring Fairness
We value the growth of both the company and our employees, provide fair opportunities for each and every employee to play an active role, and give fair evaluations.

Supporting Diverse Human Resources in Their Work

Promoting active participation of women

We regard the promotion of active participation of women as an important management strategy and actively hold discussions on the promotion of active participation of women at management meetings. Based on our action plan, we have launched a project for the promotion of active participation of women with the aim of fostering top management and managerial personnel, and are implementing positive actions to improve women's careers, such as identifying management candidates at an early stage, conducting position-based training to support career development with a view to promotion, and holding round-table discussions with outside directors. Employees who are temporarily restricted in their duties due to life events or other reasons are promoted fairly according to their abilities.

Targets for the Bank of Yokohama and Higashi-Nippon Bank combined (as of the end of FY2022)

Percentage of female in management positions: 18% or more (15.3% as of April 1, 2022)
Percentage of female executives: 33% or more (34.2% as of April 1, 2022)

Hiring locally and appointing foreign nationals to management positions at overseas offices

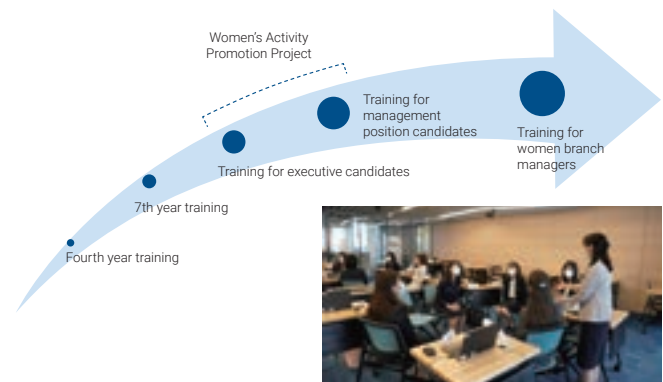
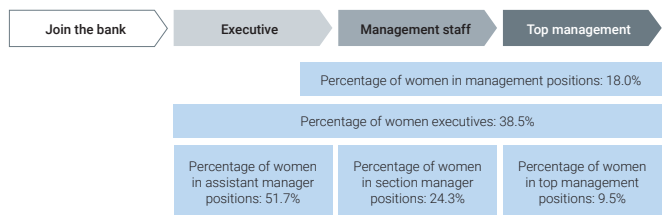
At our overseas locations, we actively promote the local hiring of human resources who are familiar with local customs and needs. In addition, work standards related to working hours, wages, etc., are translated into the languages used at overseas sites, such as English and Mandarin, and communicated to all employees.

Foreign nationals are actively promoted in accordance with the Group's overseas strategy. The number of foreign nationals in management positions as of April 1, 2022 was 9.

Employment of employees with disabilities

In April 2019, we launched "Hamagin Business Challenged, Inc." to support the independence of persons with disabilities and to realize an inclusive society. In April 2020, certification as a special subsidiary, and in May 2021, certification as an affiliated company of a special subsidiary were obtained. (Hamagin Research Institute, Inc., Hamagin Finance, Inc., and Hamagin TT Securities, Inc. were added to the scope of special subsidiaries.) The Bank of Yokohama's rate of employing persons with disabilities in FY2021 was 2.3%.

Roadmap related to promotion of women's activities (Bank of Yokohama)



Human Resource Strategy - Workplace Reform and Promotion of Diversity

Respect for human rights

Group Human Rights Policy

The Concordia Financial Group has established the Group Human Rights Policy and is promoting initiatives to respect the fundamental human rights of customers, employees, and all other stakeholders. In addition to conducting human rights awareness training to deepen proper knowledge and understanding of human rights, we are working to raise employee awareness of human rights by soliciting slogans related to human rights awareness and presenting awards for outstanding work.

LGBTQ

To promote understanding of sexual minorities (LGBTQ), we conduct e-learning training, study sessions for headquarters executives, and holiday seminars. As part of awareness-raising activities to increase the number of allies, we have established a community on the in-house SNS etc. and distribute ALLY stickers to employees who wish them.

In addition, we are accelerating our efforts to respect the diverse family life styles of our employees, for example, by installing coed restrooms in the Bank of Yokohama head office building, and including de facto and same-sex marriage partners in the scope of employees' "spouse" with regard to benefit programs such as leave and payments.



Hamapen & Ponkuma ALLY Seal
(Prepared by Hamagin Business Challenged)

Harassment Consultation Desk and Internal Reporting System (Hotline)

Our work rules clearly prohibit all kinds of harassment, training is provided for all employees regarding prevention of harassment, and training is provided for managers on the actions to be taken when there is a report of harassment. We have established an internal and external "Harassment Consultation Desk" and an internal reporting system (hotline) as a consultation service for sexual harassment, bullying, harassment related to pregnancy, childbirth, childcare leave, nursing care leave, etc., and sexual orientation and gender identity (SOGI) harassment. In addition, a separate contact point has been established for employees to consult on general matters that contribute to the promotion of diversity and inclusion, such as balancing work with childcare and nursing care, and matters related to sexual orientation and gender identity for themselves and those around them, in order to improve the workplace environment. The contents of consultations are kept confidential, and a system is in place to protect the privacy of the consultants and other parties involved.

Based on the Group Human Rights Policy and Diversity, Equity & Inclusion Policy, we will strive for mutual understanding and respect regardless of race, gender, religion, sexual orientation or gender identity, or disability, and create a healthy and rewarding work environment.

A safe, secure place to work

Based on our management philosophy "We will continue to be an attractive company where employees can work with pride", we are promoting flexible and efficient work styles and health initiatives in accordance with employees' lifestyles and life stages as part of our sustainability strategy, positioning them as part of our management strategy.

Efficient Work Styles

Promotion of work style reforms - Hamagin Style, Higashi-Nippon NewStyle -

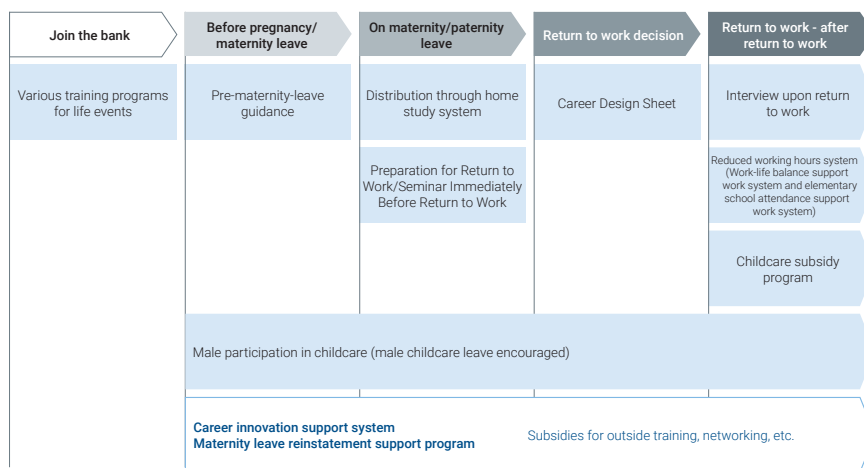
In addition to introducing flextime systems, annual leave by the hour, telework work systems, satellite offices, etc., we are strengthening our digitalization efforts and promoting diverse and efficient work styles that are not limited by time or location. Along with the promotion of flexible work styles, we are stepping up efforts to raise awareness by visualizing total working hours, introducing an interwork interval system, reducing working hours by improving work efficiency, and implementing refreshment months to encourage employees to take paid leave, including institutional leave.

A safe, secure place to work

Education system for employees on maternity leave

We are increasing opportunities for participation of employees with limited working hours due to life events such as childcare, and enhancing flexible work systems such as shortened working hours and staggered working hours, as well as providing full-time support (e.g., subsidies for childcare expenses at Bank of Yokohama). In FY2022, in addition to the standard support system, we introduced the "Maternity Leave Return to Work Support Program" to support self-learning during leave.

The Bank of Yokohama - Main maternity leave reinstatement support system





Support for balancing family and work (including male childcare leave)

We also encourage male employees to take childcare leave, special leave when a spouse is giving birth, work-life balance support leave that can be taken for children's school events, etc. in order to encourage participation in childcare regardless of gender. We are also actively engaged in educational activities, such as training and holiday seminars for all employees on male participation in childcare and measures to prevent employees from leaving work for caregiving, as well as the formulation of a guidebook on nursing care and the introduction of video content. The Bank of Yokohama also has a job return program to rehire employees who have left the company for reasons such as childcare or nursing care if certain requirements are met.

Interviews with male employees who took childcare leave

Higashi-Nippon Bank IT
Management Department
Chief
Ryosuke Itakura

When my wife was in the stable period of her pregnancy and I discussed with my boss that I wanted to take childcare leave, he readily agreed, saying, "Of course you can", which I remember was very reassuring. Before and after the childcare leave, I had some difficulties in managing the progress of work and having work transferred from others, but it was a good experience for me to share work and gain new insights on how to improve efficiency, which led to skill improvement. Having taken childcare leave, I have learned about joys and difficulties I have never experienced before, and have accumulated experience in caring for a child together as a couple. We continue to support each other after the childcare leave. We hope that more men will take childcare leave in the future.



Health management

The Group has formulated the Bank of Yokohama Health Declaration and the Higashi-Nippon Bank Health Declaration, to ensure that all employees, including part-timers, can fully exercise their abilities through health management initiatives. The Bank has established a "Health Management Promotion Liaison Committee" across all departments to practice health management, and is making various efforts to maintain and promote employee health, including establishing a health management center in the head office, individual interviews with industrial physicians for employees who work long hours, a complete smoking ban in the business premises, and walking events. The Bank of Yokohama has been awarded "Excellent Health Management Company 2022 - White 500 -", and Higashi-Nippon Bank has been awarded "Superior Health Management Company 2022" in the large-scale company category of the "Good Health Management Company Recognition Program established by the Ministry of Economy, Trade and Industry and the Japan Health Conference (Nippon Kenko Kaigi).



Employee Attitude Survey

We conduct an annual employee attitude survey to accurately determine the attitude of each employee, to clearly understand and diagnose the current status, strengths, and challenges of the organization, and to utilize the results in future management measures, such as for improving the job satisfaction and engagement of each employee.

- Index of overall attractiveness of companies: 3.29 in FY2021. *5-point scale evaluation (5 being the highest), weighted average for the two banks

Asset formation support

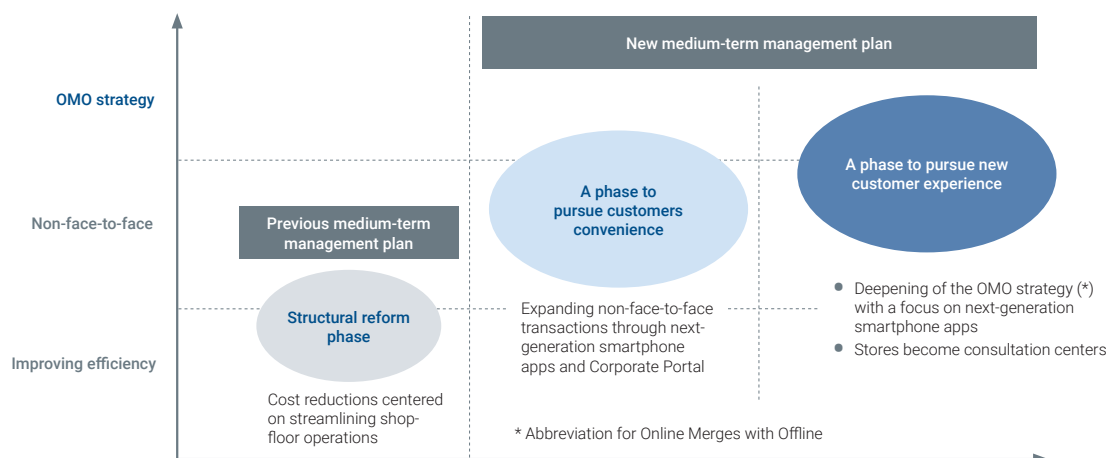
In order to support employees' planned asset building and foster a sense of participation in management, we have introduced an "Employee Stock Ownership Plan" for all employees of the Concordia Financial Group, the Bank of Yokohama, and Higashi-Nippon Bank, and provide incentive payments according to the amount accumulated.

Promotion of Financial Digitalization (DX)

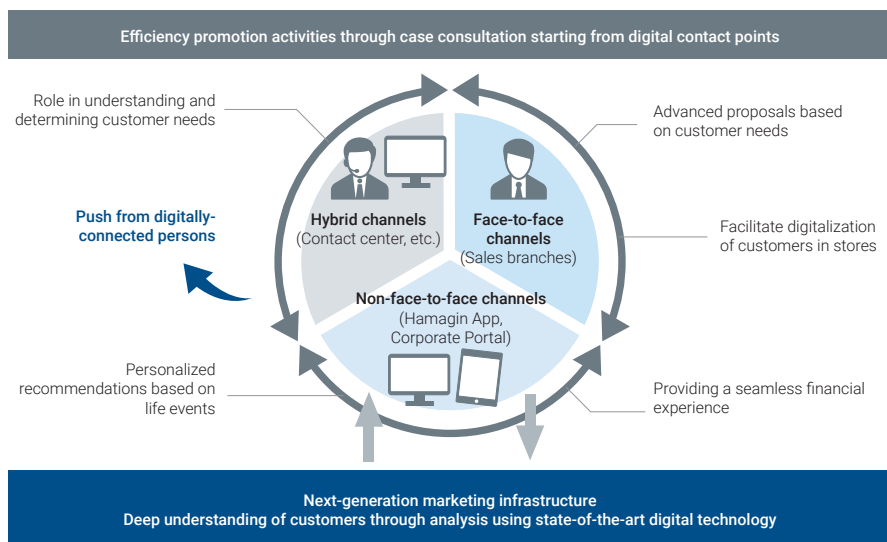
Through financial and non-financial services that leverage digital technology, we can deliver new experiences and value to local customers and support business growth by providing advanced digital solutions, which contributes to sustainable development of local communities.

Digital Strategy

In the previous medium-term management plan, we worked on cost reduction measures centered on streamlining over-the-counter (OTC) operations for the purpose of structural reform. In the new medium-term management plan, we will seek to improve customer convenience by expanding non-personal transactions through the next smartphone application and the Corporate Portal. In addition, the role of branches will be specialized in the consultation function, and both non-face-to-face and face-to-face channels will be utilized to create a new customer experience in which customers can consult anytime, anywhere.



The Bank of Yokohama is engaged in needs-driven sales promotion activities through the use of data. By expanding contact with customers through non-face-to-face channels, we will work to understand customer needs through recommendations based on life events etc. and provide more detailed product explanations and advanced consulting based on their intentions. In addition, contact centers and sales branches aim to become "consulting points where digital and people are integrated".



Establishing a System to Promote Digital Transformation

The Concordia Financial Group has established “contributing to the sustainable development of local communities by delivering new experiences and value to local customers through financial and non-financial services using digital technology and supporting business growth by providing advanced digital solutions” as the basic concept of its digital strategy in the new medium-term management plan. The Company will formulate a group-wide digital strategy, as well as monitor and control subsidiaries that implement various measures.

Our subsidiaries the Bank of Yokohama and Higashi-Nippon Bank will enhance convenience for customers and strengthen communication with customers by expanding non-face-to-face channels, and will strengthen support for digitalization by utilizing group and external functions and providing non-face-to-face functions, thereby contributing to sustainable development of local communities by delivering new experiences and values to customers through digital transformation.

The Concordia Financial Group and the Bank of Yokohama were certified as “DX Certified Business Operators” by the Ministry of Economy, Trade and Industry in July 2022 as businesses that are ready to promote digital transformation.



Digital Transformation of Branch Operations

Transition to next-generation branches

The Bank of Yokohama introduced “Semi-Self-Service Teller Machines” at 29 branches by FY2021, where customers can make deposits and withdrawals with their cash cards by themselves with the assistance of Bank of Yokohama staff using “Quick Counter ATMs”. In order to further improve the efficiency of over-the-counter operations and increase customer convenience, we will continue to move forward with the introduction of this teller window, as well as the transition to next-generation branches, including the establishment of TV teller windows and the upgrading of the “AGENT” next-generation sales branch tablet terminal.

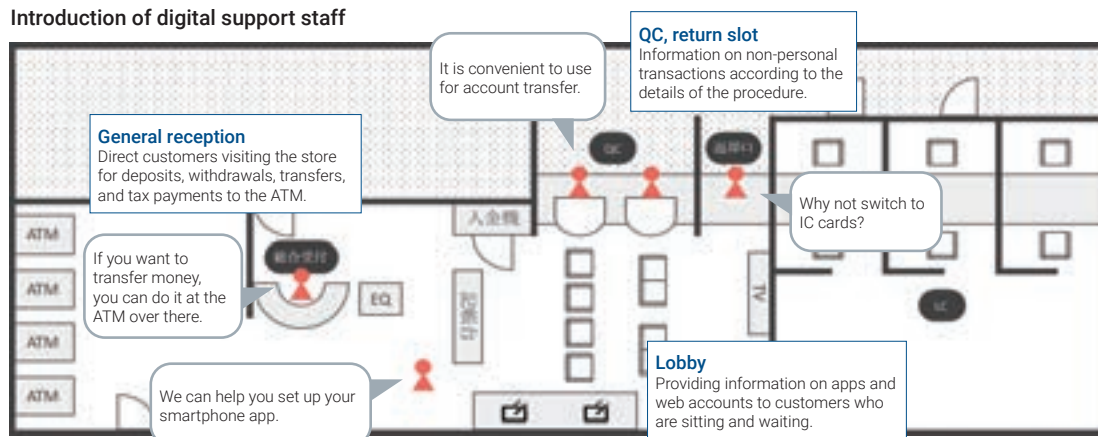


In addition, Higashi-Nippon Bank is introducing tablet terminals at its sales branches to eliminate the use of seals and enable paperless filing of various notifications, such as change of address.

Introduction of digital support staff

The Bank of Yokohama has assigned digital support staff to ATMs with Quick Counter ATMs to assist customers with the installation and initial setup of the “Hamagin App” and to guide customers who wish to make deposits, withdrawals, transfers, and tax payments to the ATMs, starting in May 2022. This is an initiative to provide customers with more convenient mechanisms and digital services, such as a way to complete procedures without coming to the store, and will be expanded to all stores in the future.

Introduction of digital support staff



Promotion of Financial Digitalization (DX)

Digital Transformation of Non-Face-to-Face Services

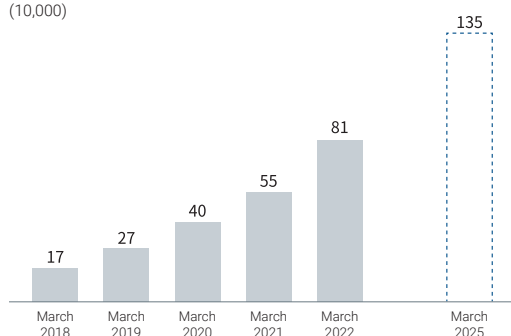
Introducing the next-generation smartphone apps

As contact with customers is shifting from face-to-face to non-face-to-face, smartphone applications are growing to become the most important channel, and as of March 31, 2022, 810,000 Bank of Yokohama customers were using these applications.

In the future, we will expand non-face-to-face transactions by making all functions into a single application, and pursue the provision of functions that are close to customers' lives, such as providing notifications to customers (scheduled for release in FY2022).

Number of users of Hamagin App

(10,000)

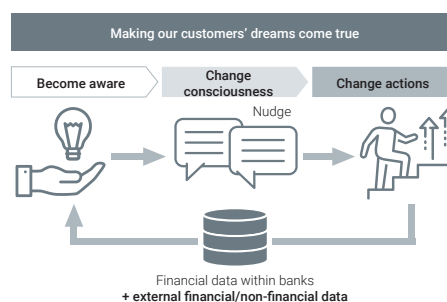


All functions in an integrated app

Create a customer experience where the bank is "in the palm of your hand"

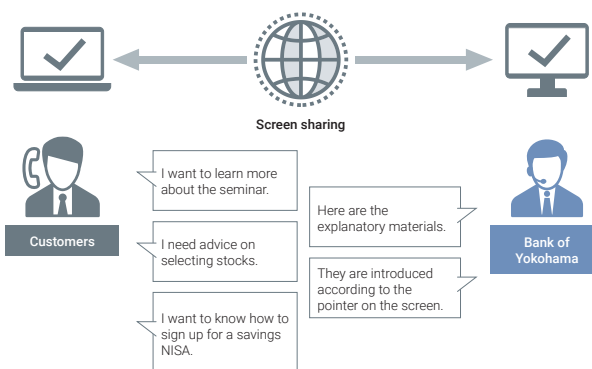


Continuous 1-to-1 communication based on big data



Fusion of digital and human

The contact center at the Bank of Yokohama headquarters provides customers who wish it a high level of non-face-to-face consulting and or consulting with a human touch. By sharing a computer screen with telephone explanations and projecting the same materials, we are able to provide a high level of customer service in an impersonal manner.



Providing non-face-to-face functions to corporate customers

Since January 2020, the Bank of Yokohama has been offering "Hamagin Business Connect," a membership portal site for corporations, as a non-face-to-face service aimed at improving customer convenience. Business Connect offers a variety of non-face-to-face features, such as the Web Overdraft Service, which allows customers to complete online applications for new and continued borrowing within the overdraft limit of their overdraft agreement.

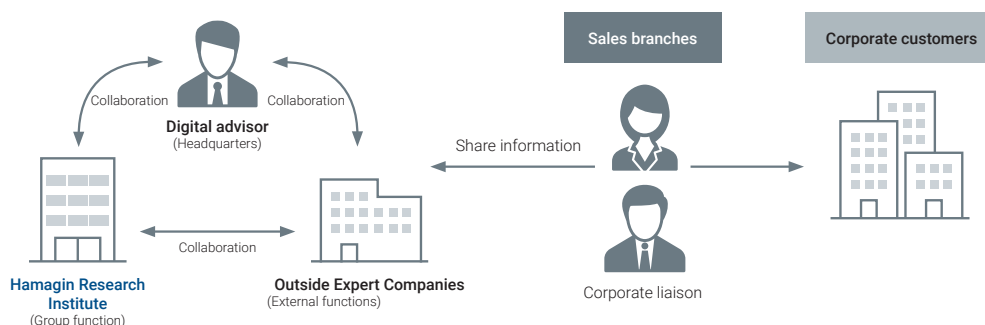
In addition, we are working with a fintech company's platform via an open API to centrally manage deposit account information from other banks and deposit account information from the Bank of Yokohama in order to enhance the sophistication and convenience of our customers' fund management.



Digital Transformation with Customers and Local Communities

Digitalization support

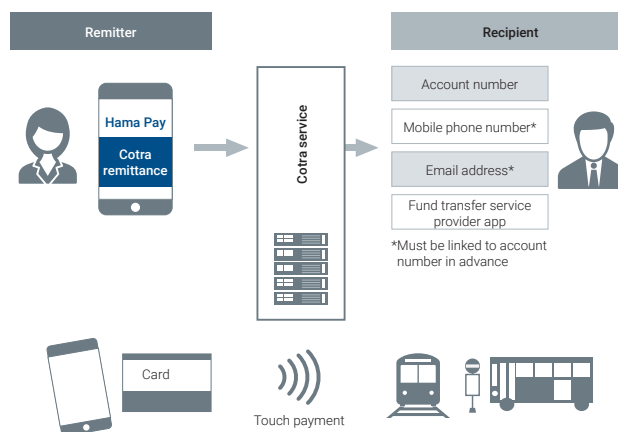
The Bank of Yokohama is working to understand the digitalization issues faced by its customers and to provide optimal solutions by sharing information with headquarters and utilizing group and external functions. In order to provide optimal solutions, we work with about 50 digital companies that provide information processing services and cloud-based labor and HR systems. In the future, we will gradually expand the number of companies with which we collaborate, including those capable of complying with the revised Electronic Bookkeeping Act and the invoicing system. For our customers, we focus not only on business matching, but also on providing digital consulting services to improve the efficiency of business processes and to help resolve management issues.



Initiatives to promote cashless payment

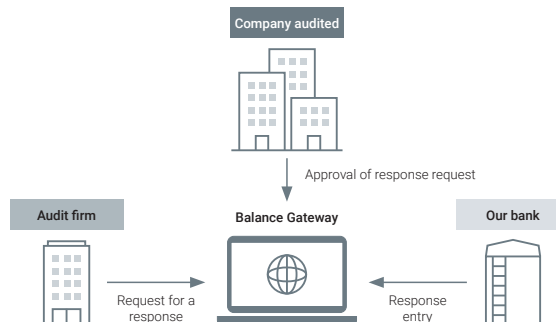
Participating in "Cotra", a new payment infrastructure for high frequency small payments, the Bank of Yokohama will provide remittance services through the "HamaPay" application (scheduled for sometime during 2022).

To promote cashless payment in the region, the Bank of Yokohama is also working with local governments and businesses on a demonstration experiment to realize a new payment method for using buses. In this demonstration experiment, customers are already using "HamaPay", a smartphone payment service equipped with Visa's touch payment function, and the "Yokohama Bank Card", both of which are provided by the Bank of Yokohama.



Web acceptance of account balance certificates for auditing companies

In May 2022, the Bank of Yokohama became the first regional bank to begin accepting and responding to balance certificates (confirmation of bank and other transaction balances) for audit corporations via the web through the "Bank Web Confirmation Function" of the "Balance Gateway" platform provided by the Audit Confirmation Center GK.



Promotion of Financial Digitalization (DX)

IT

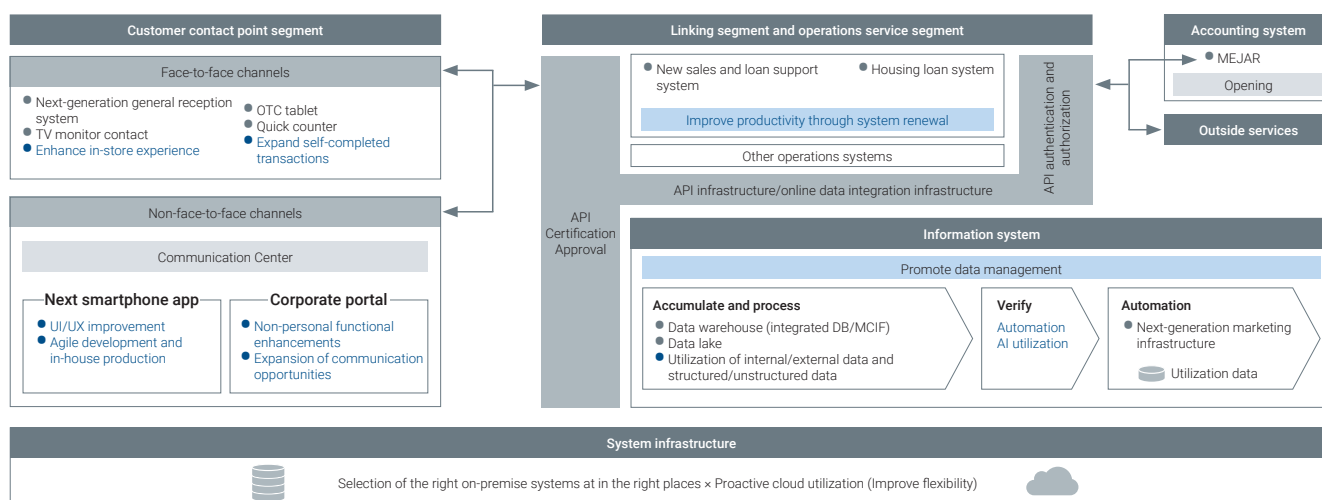
Infrastructure Development

In addition to strengthening the “customer contact layer” such as the next smartphone application, we are developing an “online data integration infrastructure” to quickly and cost-effectively connect to internal systems, external services, and account systems.

New data generated at the customer contact layer will be accumulated in the “information layer,” analyzed and verified by data science human resources and AI, and used for marketing and other purposes at an accelerated pace.

A new sales loan support system is scheduled to be introduced in 2024 in order to enhance the sophistication and efficiency of bank employees’ sales activities. In addition, the bank plans to adopt an open infrastructure for its banking system, making it the first in the banking industry to open its shared mission-critical system.

We will improve system flexibility by migrating more than 50% of the major systems to the public cloud as system infrastructure to support the entire system.

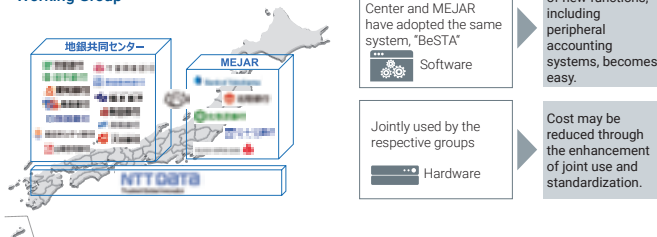


Strengthening regional bank cooperation

In November 2021, all the banks using the 13 NTT Data Regional Banks Joint Center and 5 MEJAR banks, which use the same BeSTA banking system package, established the Regional Bank Joint Center and MEJAR System Working Group (CMS-WG) to study the efficiency of system operation. The CMS-WG will examine ways to improve the efficiency of system operations, with a focus on the accounting system.

In addition, as the first phase of the CMS-WG's efforts, a mutual app distribution scheme utilizing the online data collaboration infrastructure will be launched in May 2022.

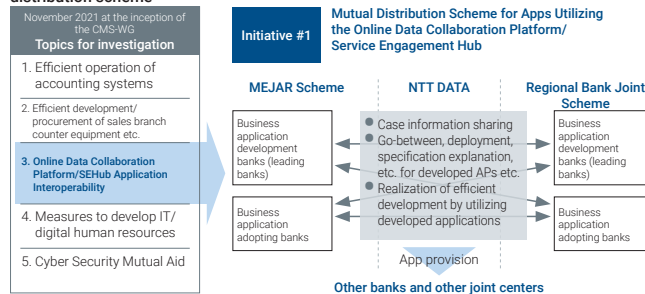
Regional Bank Joint Center, MEJAR System Working Group



[Outline of Mutual Distribution Scheme]

1. Business apps (approximately 20 operations) that have already been developed at leading banks of both centers can be adopted by banks that wish to use these business apps (adopting banks). The adopting banks can adopt the apps in a short period of time and at a low cost by following the work of the leading banks.
2. Conducting joint studies of new business apps at both centers
3. In addition to both centers, the apps are being provided to other banks and other joint centers (banks other than CMS-WG)

Image of data collaboration platform and SEHub's business application mutual distribution scheme



*Themes to be considered are added as needed.

Structure for Realization of Digital Strategy

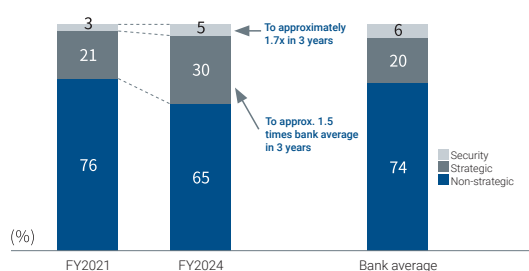
Strategic Investment Control

To realize our digital strategy and respond to increasingly sophisticated cyber security risks, we will allocate management resources to strategic investments (*1) and security investments (*2) in a focused manner.

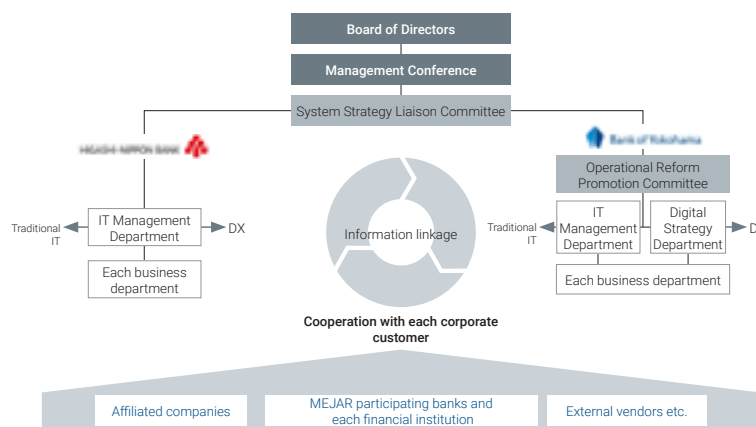
On the other hand, the cost of the existing system needs to be significantly reduced, and we will use the "System Strategy Liaison Meeting" that we host to control the investments of both banks. We will also actively promote cost sharing through alliance expansion.

(*1) Investments related to IT and digital are classified into three areas: transformation, growth, and operations, and those classified as transformation and growth are defined as strategic investments

(*2) Defined as cybersecurity-related investments

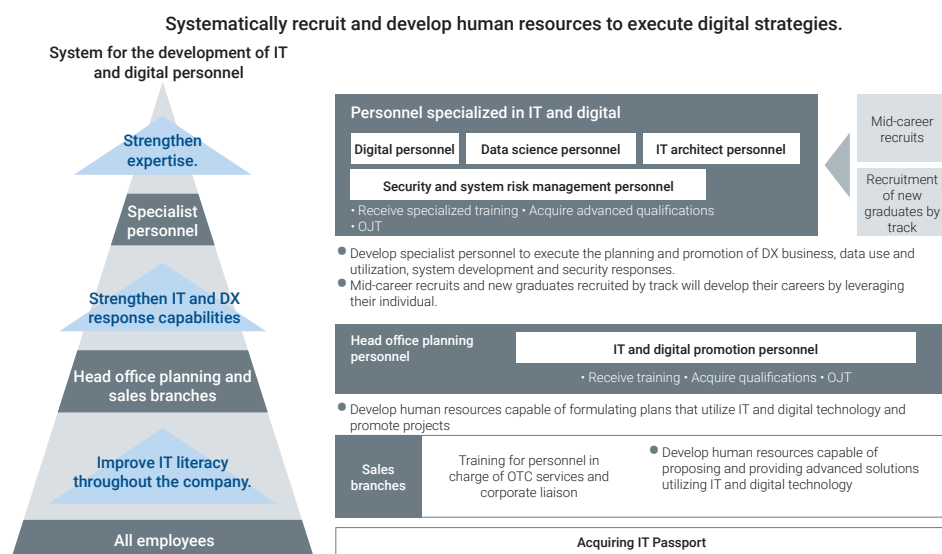


Source: From a survey by a foreign research firm



Organization and Human Resources

In order to improve the IT literacy of the entire organization and strengthen specialist human resources, we define human resource images and expected roles for each training system, and promote planned recruitment and training. In addition, we set targets for the number of persons to be trained in each training system. In addition to employees, IT literacy study sessions for our officers (including outside officers) and general managers and those of the two banks have been held regularly since FY2021.



		End FY2021	End FY2024
IT and digital personnel	IT and digital specialist personnel	64	130
	IT and digital promotion personnel	—	100
	Number of IT Passport holders	1,291	2,300

Measures against Global Warming and Climate Change Initiatives for TCFD Recommendations

The Concordia Financial Group believes that addressing global warming and climate change is an important priority and has endorsed the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)* in December 2019. The Group recognizes the importance of disclosing information on climate change and will enhance the disclosure of information on climate change based on the disclosure framework of the TCFD recommendations.

(*) Task Force on Climate-related Financial Disclosures (TCFD): A privately-led task force established by the Financial Stability Board (FSB) in December 2015 to encourage companies to disclose climate-related information

Governance

Sustainability promotion structure

The Group Sustainability Committee, chaired by the President, deliberates on policies and action plans for sustainability initiatives, including global warming and climate change, and reports on the progress of these initiatives.

The deliberations of the Group Sustainability Committee are reported to the Board of Directors meeting approximately once every three months for discussion and the Board of Directors oversees efforts related to climate change. Based on the results of reporting and deliberations, climate change-related risks and opportunities are reflected in business strategies.

Matters reported and deliberated on at the Board of Directors meetings (FY2021)

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. In-house carbon neutrality</p> <p>We are bringing forward from FY2050 to FY2030 the expected time frame for the Bank of Yokohama (manned branches) to achieve a switch to real renewable energy.</p> <p>2. Status of Sustainability Initiatives</p> <p>Review TCFD disclosures, status of carbon-related assets, and scenario analysis</p> | <p>3. Sustainability Strategy</p> <p>Policies on initiatives according to materiality, strengthening the organizational structure</p> <p>4. Risks related to climate change</p> <p>Selection of "occurrence of major natural disasters" and "transition to a decarbonized society" as the top risks</p> |
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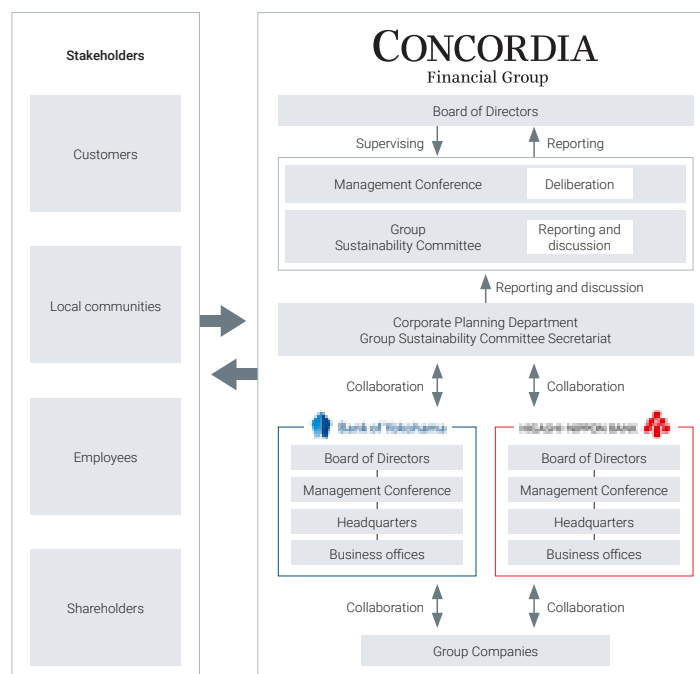
In addition, from April 2022, we have established specialized departments, mainly in the planning and sales divisions, to strengthen our company-wide sustainability efforts.

Invitation of outside experts

From FY2022, external experts in the field of sustainability have been invited to serve as outside members of the Group Sustainability Committee. Through regular exchanges of opinions at the Group Sustainability Committee, we utilize outside expertise in our sustainability efforts.

Kotaro Fukai, Outside Expert

Nomura Research Institute, Ltd.
Sustainability Business Consulting Department
Chief Consultant





Reflecting ESG Factors in Executive Remuneration

We will work to strengthen our management foundation by establishing sustainable management to solve community issues and by upgrading governance. To realize these initiatives, we have added ESG external evaluation indicators to the judgment targets for determining the performance-linked coefficients for stock-based remuneration (Trust II) in the medium-term management plan (FY2022-FY2024). The final performance-linked coefficients will be determined after deliberation by the Compensation and Nomination Committee from the performance-linked coefficients based on financial indicators for evaluating the degree of achievement of the performance targets of the medium-term management plan (target indicators), ESG external evaluation indicators, and non-financial items in the medium-term management plan such as the company's CO₂ emissions reduction rate, and qualitative items. The president, directors (excluding outside directors), and executive officers are eligible to receive executive remuneration that incorporates ESG external evaluation indicators etc.

Outline of Executive Remuneration System

Remuneration composition	Remuneration type	Payment criteria
66%	Basic salary	Payable according to the position
17%	Short-term performance-linked remuneration Linked remuneration	The amount paid is the standard amount for each position plus an amount that reflects company performance for the fiscal year and an evaluation based on the individual director's business performance
17%	Stock remuneration	Trust I: Paid according to the standard amount for each position. Trust II: The amount paid is the standard amount for each position plus an amount that reflects the performance-linked coefficient for the degree of attainment of the Medium-Term Management Plan performance targets.

Performance-linked coefficient for stock-based remuneration

Indicators to evaluate the degree of achievement of the performance targets of the medium-term management plan (target indicators)

- ROE (consolidated, shareholder-equity base)
- OHR (consolidated)
- Common Equity Tier 1 Ratio (consolidated, Basel III finalized, fully implemented basis (excluding unrealized gains on marketable securities))

ESG External Assessment Indicators

Initiatives in the non-financial items in the Medium-Term Management Plan, such as the company's CO₂ emission reduction rate, and qualitative items

Performance-Linked Coefficient

75% (lower limit) to **200%** (upper limit)

The final performance-linked coefficients are determined after deliberation by the Compensation and Nomination Committee

Strategic

1. Risk

Risks related to climate change

Our risks related to climate change are as follows.

	Main Risks	Effect	Time axis
Transition risks	<ul style="list-style-type: none"> • Risk of financial deterioration of customers due to stricter regulations on greenhouse gas (*) emissions or the introduction of a carbon tax • Risk of customers' businesses becoming stranded assets due to technological advances associated with the transition to a decarbonized society etc. 	<ul style="list-style-type: none"> • Risk of credit costs increasing due to deterioration in the financial condition of customers, changes in business models due to stranded assets, or damage to brand value, etc. 	Medium to long term
	<ul style="list-style-type: none"> • Risk of inadequate measures against global warming and risk of damage to brand value due to inability to respond to changes in consumer preferences 	<ul style="list-style-type: none"> • Risk of damage to our brand value due to rumors about our global warming countermeasures and investments in fossil fuel related industries 	Medium to long term
Physical risks	<ul style="list-style-type: none"> • Risks from acute natural disasters such as flooding that can be aggravated by extreme weather events, and changes in rainfall and weather patterns • Risk of building damage or business interruption due to chronic climate change 	<ul style="list-style-type: none"> • Risk of damage to our head office and branches by natural disasters, which may result in losses • Risk of flooding damaging customers' buildings and factories, resulting in damage to collateral properties and a decrease in sales, which may worsen financial conditions, leading to an increase in credit costs 	Short to long term

(*) Greenhouse gases (GHG): Major greenhouse gases include carbon dioxide (CO₂), methane (CH₄), dinitrogen monoxide (N₂O), and Freon gas. (From the Ministry of the Environment website)

Measures against Global Warming and Climate Change Initiatives for TCFD Recommendations

Implementation of Scenario Analysis

This financial year, a scenario analysis was conducted for transition and physical risks under certain scenarios based on TCFD recommendations.

Physical risk analysis included flood disasters, taking into account the impact of recent river flooding and other disasters in our operating areas. In the transition to a decarbonized society, we first screened the entire group for analysis, focusing on the electrical power and automotive sectors, which have the highest greenhouse gas emissions and are the most vulnerable to climate change impacts.

We will continue to review and refine our analysis methods.

	Transition risks	Physical risks
Risk event	<ul style="list-style-type: none"> Increased costs due to introduction of carbon tax Increase in capital expenditures and R&D expenses associated with the transition to a decarbonized society 	Flooding <ul style="list-style-type: none"> Financial deterioration due to business interruption or direct damage to business locations Damage to collateral
Scenarios	<ul style="list-style-type: none"> Among the NGFS (Network for Greening the Financial System) scenarios, Net Zero 2050 (1.5°C scenario), less than 2°C scenario 	<ul style="list-style-type: none"> RCP (Representative Concentration Pathway) scenarios by IPCC (Intergovernmental Panel on Climate Change) (RCP2.6: 2°C scenario, RCP8.5: 4°C scenario)
Analytical method	<ul style="list-style-type: none"> Based on the transition scenarios, the financial position of each individual company is estimated until 2050. Calculation of credit cost increase based on changes in debtor classification 	<ul style="list-style-type: none"> The financial impact of flooding on clients and their collateral is calculated based on hazard map data and the increase in credit costs is calculated considering the probability of flooding up to 2050, which is estimated based on the scenarios.
Target of analysis	Domestic general business corporations with loans (not including financial institutions)	
	Of which, <ul style="list-style-type: none"> Power Sector (companies that own power generation facilities for consumer use, excluding renewable energy) Automotive Sector (complete vehicle manufacturers and companies that primarily manufacture internal combustion engine components) 	
Analysis period	Until 2050	
Analysis Results	Credit cost: ¥9 billion to ¥17 billion cumulative	Credit cost: ¥3 billion to ¥7 billion

Scenario Analysis Results

Under the scenarios and assumptions analyzed and applied in this analysis, the results indicate that credit costs have a cumulative transition risk of ¥9 billion to ¥17 billion and a physical risk of ¥3 billion to ¥7 billion, both of which have a limited impact on our investment and loan portfolio.

We will continue to work on the expansion of target sectors and sophistication of scenario analysis.

Carbon-related assets

Of loans in FY2021, the credit balance of carbon-related industries (energy and utilities sector) disclosed in FY2020 ^{(*)1} remained limited at 0.6%.

Based on the TCFD revision in 2021, the share of new carbon-related assets ^{(*)2}, including real estate rental business, in the loan balance ^{(*)3} is 39.8%.

We conducted a multifaceted analysis using internal indicators (e.g., degree of impact on individual company finances) and external indicators based on transition risk, and the risk for each industry was graded. ^{(*)2}



As a result, in addition to the energy and utilities sectors, we have identified the “iron and steel”, “ceramic and earthenware”, “pulp and paper”, “textile”, and “nonferrous metals” industries as carbon-related sectors to be managed, recognizing that these industries have significant climate change risk impacts.

The sector’s share of outstanding credit as a percentage of loans in FY2021 is 2.5%.

We will continue to promote engagement with customers in this sector. In addition, we will continue to improve our analysis of the effects of climate change and manage risks.

(*1) The total credit balance includes loans, foreign exchange, acceptances and guarantees, and open lines of credit such as commitment lines.

(*2) Although the Global Industrial Classification Standard (GICS) industry classification is recommended for the industries covered in the TCFD recommendations, differences may occur because we compiled the data based on the Bank of Japan’s industry classification.

(*3) Loan balances include loans, acceptances, etc. and do not include open lines of credit such as commitment lines.

Bank of Japan Industry Classification	Climate Change Risk Rank ^(*)
Iron and steel	E
Ceramics and earthenware	E
Electricity, gas, heat supply, and water supply	E
Pulp & paper	E
Fiber	D
Mining, quarrying, gravel extraction	D
Petroleum & coal	D
Nonferrous metals	D

(*) Climate change risk ranks are from A to E.

2. Opportunities

The transition to a decarbonized society is increasing opportunities for financial institutions to provide finance and services, as demand for funds increases, business restructuring is expected, and new financial products and services are created.

The Concordia Financial Group is working together with its customers to reduce climate change risks in order to achieve the long-term sustainability KPI announced in 2020 of ‘Sustainable finance of ¥2 trillion by FY2030, including Green Finance of ¥1 trillion’.

To realize a decarbonized society, we not only finance projects contributing to climate change mitigation, such as renewable energy, but also provide solutions tailored to the phase of customer decarbonization efforts, and strive to solve customer issues in the area of sustainability.

- Providing Solutions Focused on Sustainable Finance



Measures against Global Warming and Climate Change Initiatives for TCFD Recommendations

Sustainable Finance Lineup

Category	Products	Customers' needs	Financial institutions
Sustainable finance	SDGs Friends Loan	Incorporate the SDGs into their business	Bank of Yokohama
	<Hamagin> Private placement of SDGs medical and welfare support bonds	We want to contribute to solving social issues through donations to SDGs-related organizations	Bank of Yokohama
	<Hamagin> SDGs animal welfare private placement bonds	We want to contribute to solving social issues through donations to SDGs-related organizations	Bank of Yokohama
	<Hamagin> Loan with a special clause for waiver of principal in case of earthquake	Strengthen BCP as a countermeasure against earthquakes	Bank of Yokohama
	SDGs Business Evaluation Loan Fund - Habataki	We want to utilize SDGs business feasibility assessment efforts in procurement of finance.	Bank of Yokohama
	Positive Impact Finance	We want to evaluate the impact of the business on the environment and society, and to communicate these efforts to the outside.	Bank of Yokohama
	SDGs sustainability linked loans	Promoting efforts to achieve the SDGs goals in a comprehensive manner to the outside world	Bank of Yokohama
	Donation-based SDGs promotion loans	Contributing to the achievement of the SDGs by making donations to local governments or other organizations that contribute to the promotion of the SDGs	Higashi-Nippon Bank
	Higashi-Nippon Bank Regional Enterprise Revitalization Fund	Working to revitalize the local economy	Higashi-Nippon Bank
	SDGs Step Loans	Incorporate the SDGs into their business	Higashi-Nippon Bank
Green finance	"Kagayaki" SDGs Growth Fund Loan -	We want to work on growth areas.	Bank of Yokohama
	Fund for solar power generation business and energy service company business	We want to work on solar power generation business and energy service company business.	Bank of Yokohama
	Local Government Collaboration - Business Activities Global Warming Countermeasures, Linked Loan	We want to utilize the global warming action plan submitted to local governments in Kanagawa Prefecture	Bank of Yokohama
	SDGs green loans/social loans	We want to limit the use of funds to environmental improvements only and to appeal to the outside.	Bank of Yokohama
	<Hamagin> ESG interest subsidy loan	Using the Ministry of the Environment interest subsidy for capital investment having CO ₂ reduction effect	Bank of Yokohama
	SDGs Eco-Loans (with interest subsidy)	Using the Ministry of the Environment interest subsidy for capital investment having CO ₂ reduction effect	Higashi-Nippon Bank

Engagement through "SDGs Business Feasibility Assessment"

To support our customers' sustainability management, we launched the "SDGs Business Potential Assessment" (*) in October 2021 to promote dialogue with our customers. This is the first such initiative in Japan and was implemented for approximately 150 companies by March 2022. Through the SDGs Business Potential Assessment, we are working to understand the status of our customers' initiatives and provide them with optimal solutions.

(*) This is an initiative to score customers by adding items related to the SDGs to the "business potential assessment," which evaluates a customer's business and growth potential without relying on financial data.

Results of the "SDGs Business Potential Assessment" (status of efforts for each item)

	Item	Already addressed or planned to be addressed
Environment (E)	Environmental considerations	73.4%
Society (S)	Contribution to the community	58.0%
	Human Rights and Job Satisfaction in the Workplace	82.9%
Governance (G)	Compliance	82.9%
	Management and Organizational Structure	71.4%



Engagement based on transition risk

Efforts to understand the impact of climate change through scenario analysis

Given that a significant portion of our investment and loan portfolio consists of investments in businesses related to automobile manufacturing, we conducted a scenario analysis to understand the impacts related to climate change, including transition risk. In analyzing the data, we are working to leverage knowledge from both inside and outside the Group.

Based on a certain severe scenario in which the shift to all electric vehicles will simultaneously cause a decline in sales due to a decrease in the number of parts and intensified price competition due to new entrants from other industries, etc., we analyzed the impact on our customers' sales and profit margins and found that many parts suppliers would be severely affected.

Engagement with automotive suppliers

Based on a scenario analysis, executives from the Bank of Yokohama's sales division interviewed the management of several primary subcontractors that manufacture internal combustion engines regarding matters such as their awareness of the shift to electric vehicles, issues they face, and the status of their responses. We then examined approaches to sharing awareness of issues relating to issues the automobile industry must respond to in the future.

The automotive suppliers we engaged with have a high level of awareness and a sense of urgency regarding the shift to electric vehicles, and while promoting internal measures, they are also looking to utilize their proprietary technologies to commercialize new businesses.

Due to the strong influence of finished car manufacturers and mega suppliers, the level of awareness of the trend to electric vehicles was reasonably high. However, the survey also revealed

an issue with the wide gap among the various OEMs in terms of such things as how they respond and the specifics of their electric vehicle strategies.

In addition, because it is expected that key players in CASE(*) (especially those involved in the trend to EVs) are not expected to be vertically structured around OEMs, but instead be focused around companies that are strong in future systems, there is a chance that suppliers may be required to have multifaceted points of contact, and that there will be more need for financial institutions to provide more information and solutions than ever before.

We will continue engaging in this way to help our customers reduce impacts related to climate change, such as transition risk.

*CASE: Technological innovation in new areas such as automotive IoT, automated driving, car sharing, and electric vehicles

In-house training etc.

We provide internal training for all employees on TCFD- and ESG-related sustainability initiatives etc. through e-learning and other means to deepen their understanding of these issues. In addition, we invite outside instructors to conduct study sessions for our officers, including our president, and distribute videos to all employees to improve the knowledge level of the entire organization.

Regional decarbonization platform

Together with local governments in Kanagawa Prefecture ("local governments"), we have established a "Regional Decarbonization Platform". The platform will support and promote decarbonization efforts throughout Kanagawa Prefecture by providing a forum for networking and information exchange among local governments in charge of decarbonization, and by introducing the latest technologies and case studies from inside and outside the prefecture, especially from regions with leading decarbonization efforts. (See P. 76 for details.)

Odawara City Impact Assessment

The Bank of Yokohama, Odawara City, Sumitomo Mitsui Trust Bank, and Hamagin Research Institute are collaborating to conduct an impact assessment (a method for measuring and analyzing the environmental, social, and economic impacts of a project) that targets local energy production for local consumption through the construction of a regional microgrid in Odawara City. This is the first time in Japan that a regional public body and a financial institution have entered into a partnership agreement to conduct a full-scale impact assessment. (See P. 76 for details.)

Risk Management

- Of risks related to climate change, next to physical risk (occurrence of large-scale natural disasters), transition risk (transition to a decarbonized society) is recognized as a top risk, taking into account its impact and probability. We will continue to work on building a system that can be managed within the framework of comprehensive risk management.
- We are working to construct a management system for credit risk, risk related to the Group's tangible fixed assets, operational risk, etc., based on the impact of climate change risks on the Group's loans.
- We have established a policy (sector policy) for investments and loans where the use of funds is likely to have a negative impact on the environment and society, and are working to reduce or avoid environmental and social impacts. Since FY2020 when the sector policy was established, we have not made any new investments or loans that fall under the sector policy.

Measures against Global Warming and Climate Change Initiatives for TCFD Recommendations

Established sector policy

Sector	Policy on Initiatives
1. Coal-fired power generation business	We will not, in principle, engage in new investments or loans for coal-fired power generation projects, which are likely to have a negative impact on the environment. However, when considering exceptional measures, we will reference international guidelines etc. and carefully consider each project's background and characteristics, such as power generation efficiency and performance, impact on the environment, and impact on local communities. * The balance of existing investments and loans is scheduled to be reduced to zero in FY2037.
2. Cluster bomb manufacture related business	New investments in and loans to companies that manufacture cluster munitions are prohibited, regardless of the use of the funds.
3. Palm oil plantation development business	From the perspectives of conservation of forest resources and biodiversity and protection of human rights, we prohibit new investments and loans for those developments of palm oil plantations that may involve illegal logging or human rights violations such as child labor. In addition, investments and loans for palm oil plantation development will be only made with careful attention to the status of certification by the RSPO ^(*) , the international certification for sustainable palm oil, as well as consideration for local communities and the environment.
4. Forest harvesting projects	We make new investments and loans for forest harvesting projects with great care, taking into account whether they have received international certifications (FSC ^(*) , PEFC ^(*) , etc.) and the consideration given to local communities and the environment.

(*) Roundtable on Sustainable Palm Oil (RSPO): An organization that develops globally trusted certification standards to promote sustainable palm oil production and use

(*) Forest Stewardship Council (FSC): A non-profit organization that operates an international forest certification system based on the principle of appropriate, socially beneficial, and economically sustainable forest management from the perspective of environmental protection

(*) Programme for the Endorsement of Forest Certification (PEFC): An international umbrella organization that examines forest certification systems that have been individually developed in each country based on the Intergovernmental Process for Sustainable Forest Management, which covers 85% of the world's forests, and that promotes mutual recognition of these systems

(Reference) The following are the main examples of climate change risk that we envisage. We will continue to review our analysis and evaluation of risk categories, risk events, and time frames.

Risk category	Transition risks	Physical risks
Credit risk	<ul style="list-style-type: none"> Risk of financial deterioration of customers due to stricter regulations on greenhouse gas emissions or the introduction of a carbon tax Risk of customers' businesses becoming stranded assets due to technological advances associated with the transition to a decarbonized society etc. 	<ul style="list-style-type: none"> Risks from acute natural disasters such as flooding that can be aggravated by extreme weather events, and changes in rainfall and weather patterns Risk of building damage or business interruption due to chronic climate change
Market risk	<ul style="list-style-type: none"> Risk that the value of related securities, financial derivatives, etc., may fluctuate due to a decrease in earnings or existing assets, etc. of customers affected by the transition to a decarbonized society 	<ul style="list-style-type: none"> Risk of price fluctuations of securities, financial derivatives, etc., due to market disruptions caused by abnormal weather conditions, etc.
Liquidity risk	<ul style="list-style-type: none"> Risk of inadequate response to climate change leading to reduction in our ability to raise funds due to deterioration in our creditworthiness and risk of cash flow deterioration due to outflow of deposits 	<ul style="list-style-type: none"> Risk of increased outflow of funds due to increased demand for funds from customers affected by natural disasters and their need for restoration, reconstruction, etc.
Operational risk	<ul style="list-style-type: none"> Risk of incurring damages due to the sale of inappropriate products and services, including those of our partners and contractors 	<ul style="list-style-type: none"> The risk that the Company's head office and branches may be damaged by natural disasters, resulting in losses
Reputational risk	Risk of deterioration of the Company's reputation due to inadequate response to climate change or due to our response being perceived as inappropriate or inadequate by stakeholders	

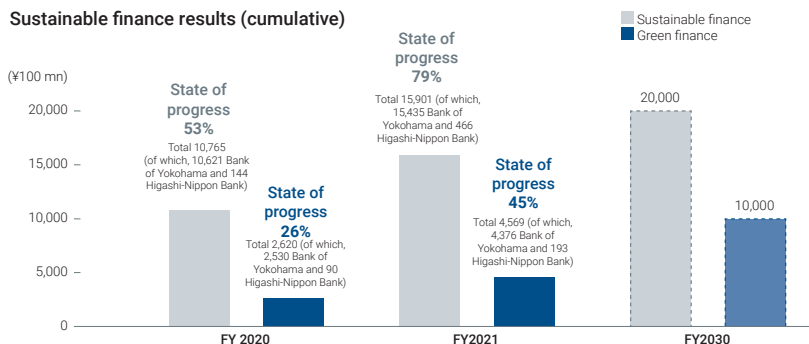
Indicators and Targets

We have set targets for sustainable finance, green finance and CO₂ emission reductions, which will act as long-term sustainability KPIs for global warming and measures to deal with climate change.

Sustainable Finance and Green Finance

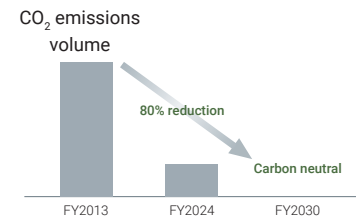
We have set a target of allocating ¥2 trillion in finance to sustainability purposes by FY2030, including ¥1 trillion in "green" finance. Results (cumulative) up to the end of FY2020 show ¥1.5 trillion is held in sustainable finance, of which ¥0.4 trillion is in green finance.

Sustainable finance results (cumulative)



Bringing Forward Carbon Neutrality Target

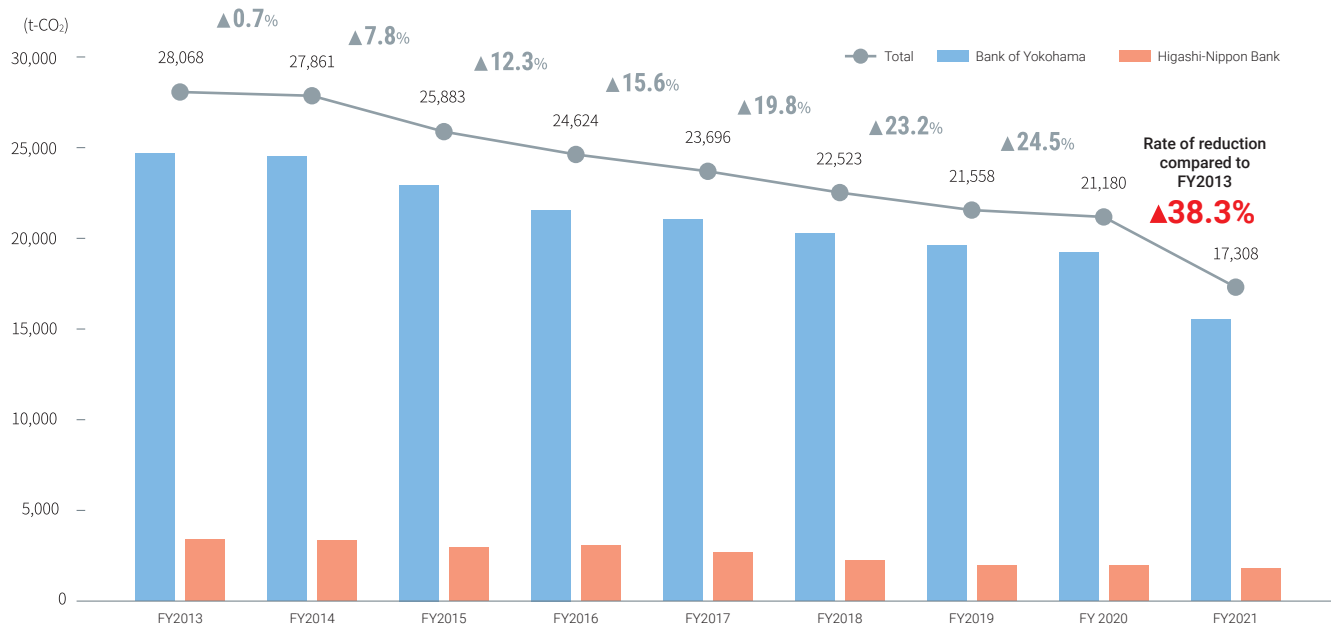
In January 2022, we moved up our own expected time frame for achieving carbon neutrality from FY2050 to FY2030 in order to further promote our efforts to reduce CO₂ emissions. We have also set a target of 80% reduction in CO₂ emissions from FY2013 levels by FY2024. (Applies to Scope 1 and 2) As a regional financial institution, our Group will continue to work together on initiatives that play a part in solutions to social and environmental problems and continue to contribute to the sustainable growth of regional communities.



Switching our power contracts to real renewable energy

In May 2022, we switched over all of the energy contracts for The Bank of Yokohama's branches and office centers (manned branches only) to renewable energy sources. In the future, Higashi-Nippon Bank will also change to real renewable energy, promoting the decarbonization efforts of the Group as a whole.

CO₂ emissions reduction results (Scope 1, 2)



Scope 3

Scope 3 Categories 1-14 were added to the scope of the calculations from FY2021. Scope 3 Category 15 (Investments and Loans) is being prepared for disclosure as we consider initiatives for priority sectors and greenhouse gas reductions to be addressed in the future.

Third-party verification

Third-party verification of Scope 1, 2 and 3 has been conducted by the Japan Quality Assurance Organization (JQA) since FY2021. We will continue our efforts to improve the reliability of our environmental data.

See P. 111 for major environment-related data.

Endorsement of national and international initiatives

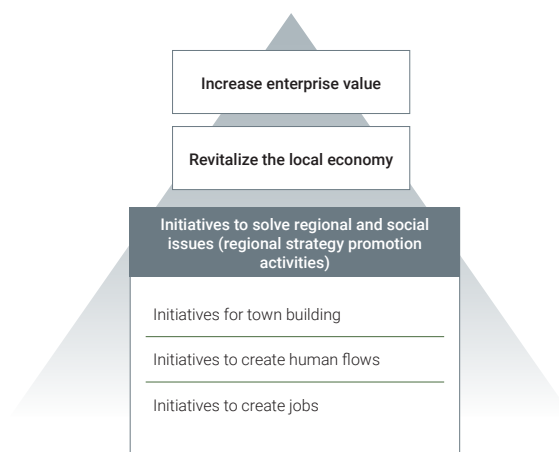


Revitalizing Local Economies

Initiative Policies

As a regional financial institution, the Group hopes to achieve a “sustainable virtuous circle” in which we also grow by proactively working to resolve regional and social issues and contributing to making the region attractive and the revitalization of local economies.

Based on these types of policies, in addition to supporting the implementation of measures to realize the government’s vision for the regions, the Bank of Yokohama is promoting initiatives (regional strategy promotion activities) to solve regional and social issues such as “town creation,” “people flow creation” and “job creation,” making use of a diverse network in industry-academia-government-financial institutions, based around “regional strategy promotion action plans” that are formulated taking into account the characteristics of the regions in which we operate.

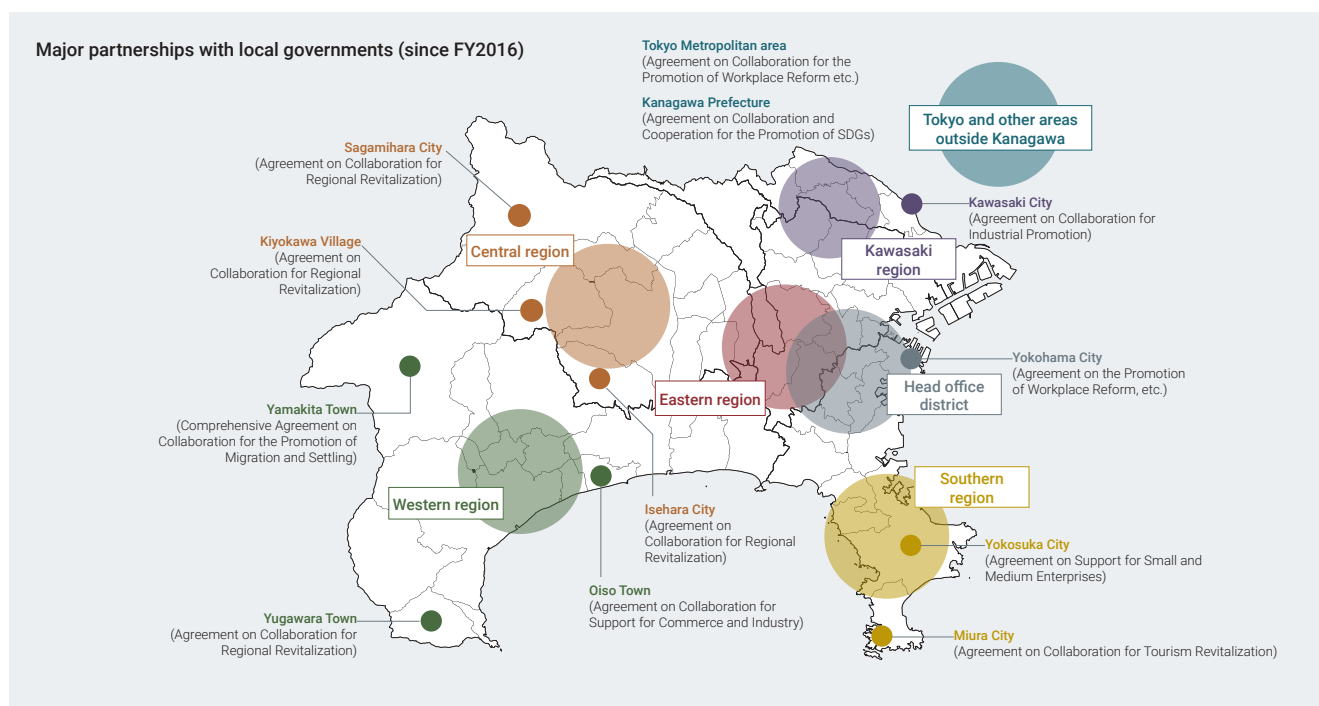


Our visualization study of the social effects expected to be brought about by regional strategy promotion activities continues.



Regional Strategy Promotion Systems

The Bank of Yokohama has at its head office a Regional Strategic Planning Department that is responsible for formulating visions for regions and plans to achieve them, and a regional headquarters structure that organizes our business area into two regions (head office, and Tokyo and outlying areas) and five regions (eastern, western, southern, Kawasaki, and central) to enhance the effectiveness of regional strategy promotion activities.



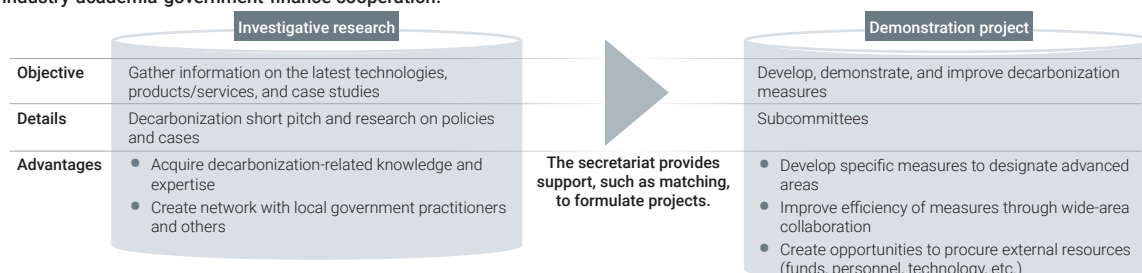
Sustainable Town-Building Initiatives

Establishment of a “Regional Decarbonization Platform” for local governments in Kanagawa Prefecture

The Bank of Yokohama established the Regional Decarbonization Platform for local governments in Kanagawa Prefecture in May 2022 in order to contribute to the promotion of regional decarbonization. The platform will be mainly used by local governments and will provide a forum for matters such as introducing examples of the latest initiatives or technologies related to decarbonization, for networking among decarbonization professionals in local governments, and for considering demonstration projects. Upon the platform's establishment, NTT Data Institute of Management Consulting, Inc., and Hamagin Research Institute Co., Ltd., also signed a collaboration agreement with it to support and promote regional decarbonization measures of local governments. Based on the collaboration agreement, the three companies will work together on the operation of the platform, as well as on policies, proposals for implementation, and support for decarbonization by local authorities.



Established “Regional Decarbonization Platform” to solve decarbonization issues faced by local governments in the prefecture through collaboration among industry-academia-government-finance cooperation.



Participation in the evaluation of the impact of Odawara City's initiatives to locally produce energy for local consumption

In November 2021, the Bank of Yokohama, together with Sumitomo Mitsui Trust Bank, Limited, and Hamagin Research Institute, concluded a collaboration agreement to conduct an assessment of the impact on the local economy, society and environment created by Odawara City's initiatives to produce local energy for local consumption. As it strives to achieve carbon neutrality, Odawara City is promoting projects such as the expansion of renewable energy installations, and the construction of a local microgrid that generates energy locally for local consumption. With Odawara City aiming to realize a local-energy-production-for-local-consumption model, it acts as a model case for providing support across our all our businesses, so we will be considering also expanding the impact evaluation measures to other regions in the future. A result of implementing these measures is that we, along with Sumitomo Mitsui Trust Holdings, Inc., received the “FY2021 Special Award, Selection Committee Chairman's Award (Regions Category)” under the “Principles for Financial Action for the 21st Century” supported by the Ministry of the Environment of Japan.



Participation in Yokohama City's “Social Impact Bond” model project

From September 2020, the Bank of Yokohama participated as a fund provider in the “Social Impact Bond” model project (SIB model project) of the City of Yokohama. After the effects of this project were verified and the project was found to have been effective, Yokohama City's Kohoku Ward launched the “Online Maternal and Child Health Consultation” service in May 2022. This service was the first service that Yokohama City has implemented as an initiative through the SIB model project.

Outline of SIB Model Projects for FY2020-2021

Verification of effectiveness: We tested whether the risk of postpartum depression could be reduced through “online health and medical consultations”.

Subjects: Volunteer expectant and new mothers, who are particularly prone to anxiety from when they become pregnant until four months after giving birth (about 730 participants)

Method: Participants in the model project were randomly assigned to Group A that had access to services (intervention group) and Group B that did not have access to services (control group), and the postpartum depression risk between the groups was compared.

Study structure: Service provider: Kids Public Inc.
Intermediate support organization: EY Ernst & Young ShinNihon LLC
Research Institution: National University Corporation University of Tokyo (Department of Health and Social Behavior, Graduate School of Medicine)
Third-party evaluation organization: Public Management and Social Strategy Institute Inc.
Funded by: The Bank of Yokohama, Ltd.

Final evaluation

The depression rate among participants at a high risk of depression three months after giving birth, the final outcome indicator, was 15.2% for Group A (intervention group) and 22.8% for Group B (control group), showing that the intervention group had a lower risk of postpartum depression.



産婦人科オンライン



小児科オンライン

Revitalizing Local Economies

Participation in 'Kanagawa Pay', Kanagawa Prefecture's cashless consumption stimulation project

In October 2021, the Bank of Yokohama launched the first phase of "Kanagawa Pay", a cashless consumption stimulation project that the Bank is undertaking together with Kanagawa Prefecture, with the second phase implemented from July 2022. In this project, consumers collect points that give them back the equivalent of up to 20% of purchase amounts when they use a QR code to pay through "Kanagawa Pay" at participating stores such as local retailers, service providers, and restaurants. The Bank of Yokohama, as the institution representative of the joint venture, was entrusted by Kanagawa Prefecture with the management of this project, to support businesses in the prefecture whose sales had declined due to the impact of the Covid-19 epidemic, and to promote cashless payments as the payment settlements provider offering the "HamaPay" smartphone payment service.



Initiatives to Create "A Flow materialities of People" to Regions

Area Management in Miura Peninsula

In March 2022, the Bank of Yokohama concluded a "Miura Peninsula Area Management Partnership" with Keikyu Corporation. By mutually leveraging assets such as in-house know-how and networks with companies, local governments, and universities, we are collaboratively promoting area management activities that create new business opportunities and are promoting efforts to revitalize the economy on the Miura Peninsula.

Collaboration between Keikyu and Cookpad to support expansion of the sales channels for local products from the Miura Peninsula

In April 2022, the Bank of Yokohama began supporting the expansion of sales channels for local products from the Miura Peninsula by installing "Mart Station," a fresh-food delivery box provided by the "Cookpad Mart" business operated by Cookpad, Inc. at the Bank's ATM corners. We are also working to revitalize the local community through "food" by introducing items such as recipes that use Miura vegetables (local products of the Miura Peninsula) and their producers on the Cookpad Mart application.



Efforts to revitalize tourism in Miura City by utilizing local resources

In April 2022, the Bank of Yokohama supported the opening of the "Misaki-Juku Edo no Kurayado" (Misaki Inn Edo Storehouse) via an investment in Miura Trust Co. by the Tourism Heritage Industrialization Investment Project Limited Liability Partnership (Tourism Heritage Industrialization Fund). The bank has concluded a "Collaboration Agreement on the Revitalization of Tourism in Miura City Utilizing Local Resources" with us, Miura City, the Regional Economic Revitalization Initiative Corporation (REVIC), and Keikyu Corporation. Based on this agreement, in addition to investing in the company, we are also working to revitalize tourism through advice on business operations, cooperation in funding renovations, etc.



Revitalizing Kiyokawa Village Tourism

The Bank of Yokohama signed an "Agreement on Collaboration for Regional Revitalization" with Kiyokawa Village in November 2019. In November 2021, we signed an "Agreement on Collaboration and Cooperation for Sustainable Regional Revitalization" with Cohen Corporation, which was designated as the manager of public facilities in the Miyagase area, to create tourism content and to utilize local products through various efforts, including developing not only a comprehensive outdoor business in the Miyagase area of Kiyokawa Village, but also new products using local goods.





Initiatives to Create Jobs in the Region

Support for commercialization through industry-academia collaboration

Industry-academia-government-financial cooperation coordinator appointment system

The Bank of Yokohama has been appointed by National University Corporation Yokohama National University, with which we have a comprehensive cooperation agreement, as the "Yokohama National University Industry-Academia-Government-Financial Cooperation Coordinator." This program serves as a bridge between customers with technical issues and universities that conduct research that contributes to solving those issues. The number of consultations has been increasing every year as many customers are considering changing the type of their business or entering new business fields as automobiles shift to electric vehicles

Desire to help our customers solve their problems

Bank of Yokohama Regional
Strategy Management Division
Business Leader
Takayuki Hitomi

As one part of solutions sales, I am now engaged in industry-academia collaboration work to introduce university researchers who can contribute to solutions to customers' problems.

Although the content of customer consultations varies widely, I have introduced a number of university researchers with potential solutions, and customers have expressed their gratitude with comments such as "this activity is very much appreciated by the company, and you should be sure to continue to do this work". We believe that by continuing to undertake such activities, we will strengthen the relationship between our customers and the Bank of Yokohama. At the same time, many of our younger employees have commented that through our industry-academia collaboration proposals, they have learned more about our customers by listening to engineers, which has helped them understand our customers' businesses and develop as human resources.

Through our industry-academia collaboration work, We would like to "help make people happy" even if only one person more.



Support for venture businesses through subsidy programs

The Bank of Yokohama promotes the commercialization of seeds possessed by researchers aiming to start their own businesses and recently-established start-up companies by contributing to the research and development grant program operated by the Hamagin Foundation for Industrial and Cultural Advancement. In FY2021, a total of ¥12 million in subsidies was provided to four companies. In addition, we provide accompanying support to grant recipients, and two of the four grant recipients in FY2020 were able to raise funds from venture capitalists (VCs).

Supporting student entrepreneurship

The Bank of Yokohama and Chiba Bank, with which we have a business alliance, jointly sponsor a business idea contest for students, the goal of which is to foster entrepreneurship among students, who will become future leaders of the local economy. Through the contest, a wide range of business ideas and plans are solicited from students living or studying in one of the two banks' business areas. In FY2021, 84 groups participated in the contest and 5 groups selected after making it through the qualifying round were awarded supplementary prizes totaling ¥700,000. We also provide support to award recipients by assisting them in starting their own businesses, introducing them to customers, and providing other accompanying support services.

Support for expansion of sales channels for local companies

Launch of e-commerce site "KanaColle" to support product development and sales channel expansion of local companies

The Bank of Yokohama launched KanaColle, a new e-commerce site that supports local companies' efforts to develop products and expand sales channels through the "New Product Development Support Project Anonymous Partnership," which both TV Tokyo Communications Corporation and Yokohama Shinko Co., Ltd., have invested in since October 2021. Based on the concept of "local & universal," KanaColle will promote quality products of Kanagawa Prefecture, which boasts various distinctive regions such as Yokohama, Kawasaki, Kamakura, Shonan, Odawara, Hakone, Miura Peninsula, and the northern and central regions, to the rest of Japan through unique projects that are collaborations with highly recognized characters and companies from different industries in the region. The Bank supports this initiative by introducing local companies. In March 2022, this initiative received an award from the Cabinet Office and Cabinet Secretariat as an example of "Distinctive Efforts by Financial Institutions Contributing to Regional Development".



Management Base That Supports Value Creation

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Corporate Governance

Basic Concepts

We have a Corporate Governance Basic Policy that establishes policies and frameworks for achieving effective corporate governance with the aim of promoting sustainable growth of the Group and improving corporate value over the medium to long term. We constantly review our philosophy of corporate governance and work to improve it.

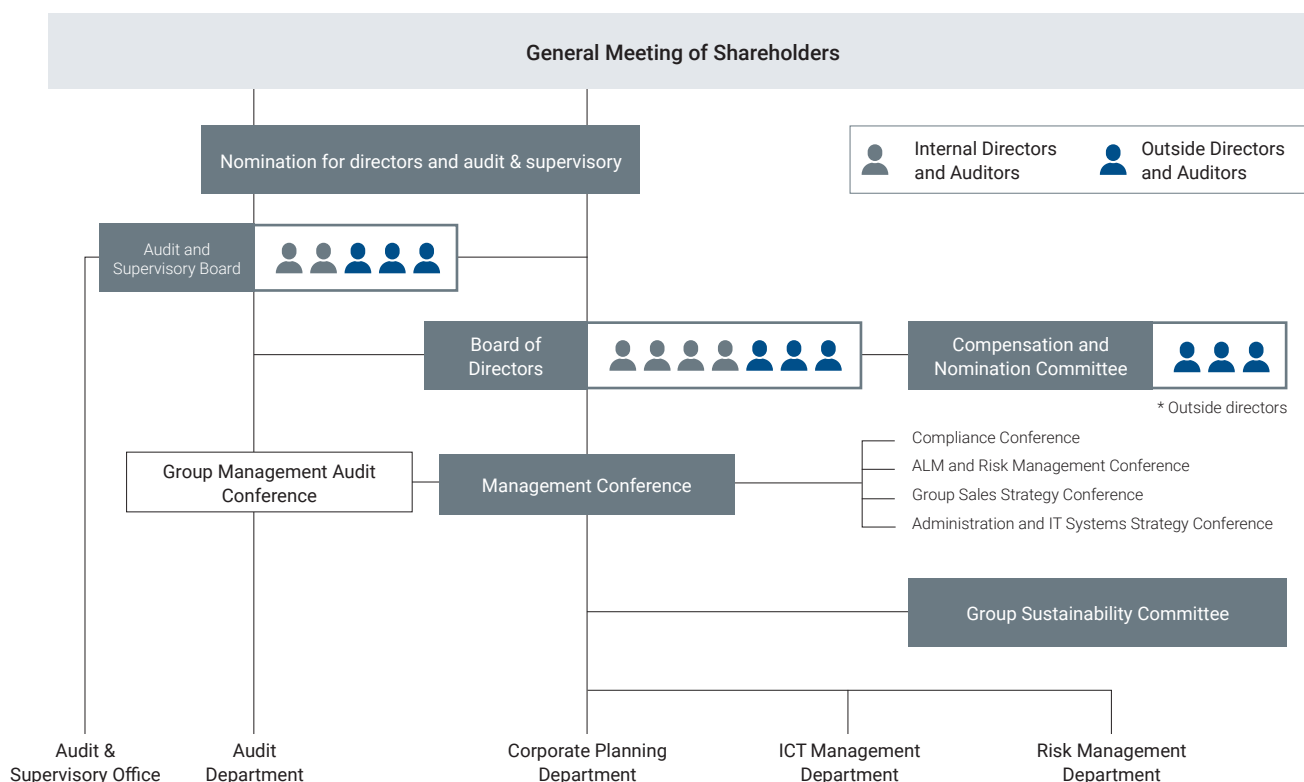
Furthermore, based on our Management Philosophy, we manage in a way that contributes to value creation for various stakeholders such as shareholders, customers, employees, and local communities, we are ensuring the fairness, transparency, and speed of decision-making, and we are building a corporate governance system appropriate for a regional financial group.

Basic Policy on Corporate Governance

Refer to our website. <https://www.concordia-fg.jp/shared/pdf/company/base/governance/pdf-kihon.pdf>

Corporate Governance System

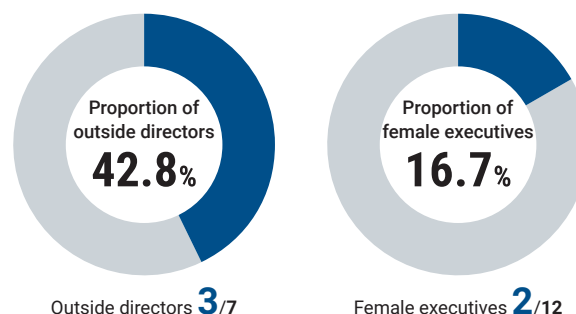
We have an Audit and Supervisory Board, and its Board of Directors, auditors, and Audit and Supervisory Board are responsible for supervising management. Auditors, including independent outside auditors, audit the legality and appropriateness of the directors' execution of their duties by attending meetings of the Board of Directors and reviewing important documents, thereby fulfilling their management auditing function. In addition, independent outside directors supervise management from an independent standpoint and provide opinions and proposals to ensure the appropriateness of decision-making. We have adopted the current corporate governance system because we think that this system adequately fulfills the auditing and supervisory functions.



Composition of the Board of Directors and the Audit and Supervisory Board

In order to ensure that the Board of Directors functions most effectively and efficiently, and from the perspective of revitalizing the Board of Directors, the Articles of Incorporation stipulate that the number of directors be limited to 10. The Board of Directors is composed of a diverse range of directors with different backgrounds in expertise, experience, etc. in order to ensure that the Board of Directors as a whole has a well-balanced mix of knowledge, experience, and ability, combining internal directors familiar with the Group's operations with multiple external directors having a wealth of experience and knowledge outside the Company. Of the seven directors (six men and one woman), three are independent outside directors (as of June 21, 2022). To ensure the effectiveness of audits, the Articles of Incorporation stipulate a maximum of five Audit and Supervisory Board members, with at least half that number being outside members. Of the five Audit and Supervisory Board members (four men and one woman), three are independent outside auditors (as of June 21, 2022).

Ensuring independence and diversity



Efforts to Improve Governance

Up to and including FY2020

- Compensation and Nomination Committee established as an internal committee of the Board of Directors.
- Basic Corporate Governance Policy established
- Began evaluation of the effectiveness of the Board of Directors using an external evaluation organization.

FY2021

- Meetings of our Board of Directors and the Bank of Yokohama began to be conducted in an integrated fashion.
- Directors and Audit and Supervisory Board members of the Company began to participate as observers in the Bank of Yokohama's Management Conference.

Board of Directors

The Board of Directors defines the scope of matters to be resolved by the Board of Directors in accordance with the rules of the Board of Directors, clarifies the scope of delegation to the Management Conference and management group, and makes important decisions on policy associated with risk compliance, as well as providing management oversight for more effective management. In addition, topics that focus on important management policies are selected as annual topics for discussion.

Points Discussed at the Board of Directors Meeting (FY2021)

(1) Management Plan

- 'Long-term goal' and 'Values and action guidelines to be shared by all executives and employees'
- New medium-term management plan (basic topics, key strategies, medium-term management plan measures and KPIs, numerical targets, capital plans, number of employees, and recruitment plans)
- New Group slogan

(2) Items related to sustainability

- Orientation of the sustainability strategy and the organizational structure to support it
- Switchover to actual renewable energy for own electricity consumption

(3) Items related to corporate governance

- Risk appetite statement
- Evaluation of effectiveness of Board of Directors meetings

(4) Items related to risk and compliance

- Internal audits and compliance programs
- Risk management policy
- Response to COVID-19

FY2021 Topics (results)

FY2021 May: Summary of Chiba Yokohama Partnership Activities in FY2020 and Activity Policies for FY2021

July: Directions for the next medium-term business plan

August: Orientation of measures for the Domestic Sales Division, International Sales Division, and Marketing Division

September: State of "Strategic Investment and Equity Participation" initiatives
Orientation of digital, personnel, and sustainability strategies

October: Follow-up on priority measures in the medium-term management plan

Orientation of medium- to long-term informatization strategy and strategic investment and equity participation

November: Essentials (draft) of the next medium-term management plan

December - Next Medium-Term Management Plan

March:

Corporate Governance

Evaluation of Board of Directors effectiveness

The Company evaluates the effectiveness of the overall Board of Directors annually and works to raise the effectiveness of the Board of Directors and improve its functioning by examining and implementing improvements to address identified issues.

Summary of the Results of the FY2021 Board of Directors Effectiveness Evaluation

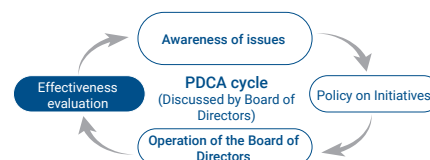
Based on the results of the FY2020 effectiveness evaluation, Board of Directors meetings were conducted based on an awareness of generating sustainable growth and increasing corporate value in response to changes in the environment, and the Board deliberated on medium- and long-term strategies, division-specific issues in business execution, and measures to resolve those problems. In order to strengthen cooperation within the Group, Board of Directors meetings of the Company and the Bank of Yokohama are conducted in an integrated fashion to narrow the information gap between the two companies, and deliberations at Board of Directors meetings have been energized by continuing to provide more extensive explanations of proposals and information to outside directors in advance of meetings.

The evaluation is that thanks to initiatives for making improvements on the issues found in FY2020, the effectiveness of Board of Directors meetings is rising steadily and has been ensured.

Evaluation method

For the FY2021 effectiveness evaluation, as described below, we used a questionnaire and interviews and held discussions on issues and future efforts to ensure the effectiveness of Board of Directors from a third-party perspective and also conducted self-evaluations.

1. We had all the directors and auditors, who make up the Board of Directors, complete a questionnaire, which was handled by a third party to ensure objectivity and anonymity.
2. We conducted individual interviews of directors and Audit & Supervisory Board members in order to obtain more detailed information.
3. Having compiled the results, at the regular Board of Directors meeting held in May 2022, we discussed the challenges and future initiatives for ensuring the effectiveness of Board of Directors meetings and completed a self-evaluation.



Ongoing themes for improving board effectiveness

1. Enhanced discussion of medium- to long-term strategies
2. Raising the level of Board of Directors operations
3. Improved monitoring functions

Main evaluation items

- Composition of Board of Directors
- Operation of the Board of Directors
- Discussions at board meetings
- Support system for directors and corporate auditors

Audit and Supervisory Board

Audit and Supervisory Board members audit the legality and appropriateness of Board of Directors' business execution by attending important meetings, such as Board of Directors meetings, examining the state of operations and assets, reviewing documents related to important decisions, communicating with internal audit departments and group companies, and exchanging information with financial auditors, and similar parties, as stipulated in the audit policy and audit plan set by the Audit and Supervisory Board.

Management Conference

The Management Conference, which consists of representative directors, directors, and others, was established under the Board of Directors.

Based on the basic policy and management plans decided by the Board of Directors, the Management Conference discusses and decides on important business execution matters and strategies for flexible business execution within the Group, and also holds preliminary discussions on resolutions of the Board of Directors as necessary.

In addition, for important matters related to the Group's business execution, the following meetings are positioned as part of the Management Conference, and they conduct intensive deliberation on items in their respective jurisdictions.

Compliance Conference	The Conference discusses and makes resolutions on basic policy etc. related to Group-wide compliance and management matters such as customer protection and monitors the status of subsidiary companies.
ALM and Risk Management Conference	The Conference discusses and makes resolutions on basic policy, planning, and key measures relating to the Group's ALM, integrated risk management, credit risk management, market risk management, liquidity risk management, operational risk management, and profit management, and monitors the status of subsidiary companies.
Group Sales Strategy Conference	The Conference discusses and makes resolutions on basic policy, planning, and key measures relating to the Group's sales and alliance strategies, and monitors the progress of the medium-term management plan.
Administration and IT Systems Strategy Conference	The Conference discusses and makes resolutions on basic policy, planning, and key measures on optimization of business operations and integration of systems and business processes across the Group, and monitors the progress of each measure at subsidiary companies.
Group Management Audit Conference	The Committee discusses, makes resolutions on, and reports on important matters related to internal audits, and reports on and discusses matters relating to the results of audits by Audit and Supervisory Board Members and internal audits of the Group as a whole.

Considerations for the Appointment of Directors and Auditors

Directors

Candidates for Director are appointed by the Board of Directors after deliberation by the discretionary Compensation and Personnel Committee, based on factors such as its views on the composition of the Board of Directors. Persons satisfying the following will be appointed from among candidates for external directors.







- A. Persons meeting Company criteria for independence of judgment and who are free of risk of a conflict of interest with general shareholders
- B. Persons with extensive experience and knowledge in the fields such as corporate management, fiscal matters, finance, economics, accounting, taxation, and legal affairs
- C. Persons who, based on their experience and expertise, can provide timely and appropriate opinions and proposals to Directors and the management team from the perspectives of promoting sustainable growth of the Group and of improving corporate value over the medium to long term.

Audit & Supervisory Board

After obtaining the consent of the Audit & Supervisory Board, candidates for Audit & Supervisory shall be appointed by the Board of Directors. Persons satisfying the following will be appointed from among candidates for external auditor.

- A. Persons meeting Company criteria for independence of judgment and who are free of risk of a conflict of interest with general shareholders
- B. Persons with extensive experience and knowledge in the fields such as corporate management, fiscal matters, finance, economics, accounting, taxation, and legal affairs
- C. Persons expected to contribute to ensuring the sound and sustainable growth of the Group, and to enhancing its corporate value over the medium to long term by forming and expressing audit opinions in a timely and appropriate manner based on their experience and expertise in light of the fact that the appointment of such persons is mandatory from the perspective of further enhancing the neutrality and independence of the audit system

Reasons for Appointment of Outside Officers

Name	Reason for appointment
 <p>Outside Director Mitsuru Akiyoshi</p>	He has a wealth of experience as a corporate manager, having served as a representative director and executive vice president of Marubeni Corporation, and president and representative director of Mizuho Marubeni Leasing Co., Ltd. He has a wide range of expertise thanks to having worked in finance, IT and legal departments at Marubeni Corporation. He has been appointed as an outside director with the expectation that he will continue to provide opinions and recommendations to directors and top management in a timely and appropriate manner from the perspectives of promoting sustainable growth of the Group and of improving corporate value over the medium to long term.
 <p>Outside Director Yoshinobu Yamada</p>	He has abundant experience as an analyst and a high level of expertise in analysis and DX in the financial sector. He has been appointed as an outside director in the expectation that he will provide timely and appropriate opinions and suggestions to the directors and management from the perspective of promoting the sustainable growth of the Group and enhancing its corporate value over the medium to long-term.
 <p>Outside Director Mami Yoda</p>	She engaged in work rating and researching companies at Standard & Poor's International LLC for many years, and currently teaches at Sagami Women's University and its graduate school as an expert in business administration. She has been appointed as an outside director in the expectation that she will provide timely and appropriate opinions and suggestions to the directors and management from the perspective of promoting the sustainable growth of the Group and enhancing its corporate value over the medium and long term.
 <p>Outside Audit & Supervisory Board Member Keiichiro Hashimoto</p>	He has served as General Manager of the International Business Division of the Bank of Tokyo-Mitsubishi, Ltd. He has also served as Representative Director, Executive Vice President, and Chief Financial Officer of Mitsubishi Motors Corporation and Representative Director, Chairman, and President of the Metropolitan Expressway Company, Ltd. Accordingly, he possesses substantial experience and broad insight as a bank and corporate executive. He is judged to be capable of forming and expressing audit opinions in a timely and appropriate manner from a neutral and independent position, and we have therefore appointed him as an Outside Auditor.
 <p>Outside Audit & Supervisory Board Member Seiichi Fusamura</p>	He has a wealth of experience and a wide range of knowledge as a legal expert, including holding senior positions in the legal profession. He is judged to be capable of forming and expressing audit opinions in a timely and appropriate manner from a neutral and independent position, and we have therefore appointed him as an Outside Auditor.
 <p>Outside Audit & Supervisory Board Member Mayumi Noguchi</p>	She has served as the head of a certified public accountant firm for many years and has experience in auditing at an auditing firm. She has a wealth of experience and a wide range of knowledge as a specialist in finance and accounting, and we have judged that she is capable of forming and expressing audit opinions in a timely and appropriate manner from a neutral and independent standpoint, and have therefore appointed her as an outside auditor.

*For details on reasons for the selection of the above personnel as directors and auditors, and an overview of the independence criteria, refer to Reference Materials for the General Meeting of Shareholders in the Notice of the 4th Annual General Meeting of Shareholders, Notice of the 5th Annual General Meeting of Shareholders and Notice of the 6th Annual General Meeting of Shareholders posted on the Company website.
(<https://www.concordia-fg.jp/shareholder/stock/meeting/index.html>)

Corporate Governance

Expertise and experience of director candidates, members of the Audit and Supervisory Board and executive officers (skills matrix)

In order to ensure the independence of the Board of Directors and the fair and transparent performance of its functions, the Company appoints outside directors independent of the Group for at least one-third of the total number of directors. The Company combines internal directors familiar with the Group's operations with outside directors with extensive experience and knowledge from outside the Company.

We believe that the expertise and experience essential to the company is in regional sales, which is indispensable in light of the business model of our subsidiary companies, which are regional financial institutions, corporate management and organizational management universally required for corporate management, legal affairs and risk management, finance and accounting, international and market operations, and ICT and digital (DX). The combination of skills of the Board of Directors as a whole, including the Audit and Supervisory Board members and executive officers who actually make up the Company's Board of Directors in addition to the directors, and the contents of each skill, are as follows.

Name	Position	Expertise & experience					
		Corporate management & organizational operation	Regional sales	Legal affairs & risk management	Finance & accounting	International & market operations	ICT & digital (DX)
Tatsuya Kataoka	President and Representative Director	●	●		●	●	
Yoshiyuki Oishi	Representative director	●	●	●	●		
Yoshiaki Suzuki	Director		●		●		●
Nobuo Onodera	Director		●		●		●
Mitsuru Akiyoshi	Director Outside	●		●	●	●	●
Yoshinobu Yamada	Director Outside			●	●	●	●
Mami Yoda	Director Outside	●		●	●	●	
Kazuhiro Maehara	Full-time Audit & Supervisory Board Member		●	●	●		
Mitsuhiro Hara	Audit & Supervisory Board Member		●	●			
Keiichiro Hashimoto	Audit & Supervisory Board Member Outside	●		●	●	●	●
Seiichi Fusamura	Audit & Supervisory Board Member Outside	●		●			
Mayumi Noguchi	Audit & Supervisory Board Member Outside			●	●		
Yutaro Koshiba	Executive Officer		●	●			
Keigo Makino	Executive Officer			●	●	●	
Tomoki Arai	Executive Officer		●		●	●	
Toshihiko Onuki	Executive Officer						●
Kazuhiro Sukegawa	Executive Officer		●				
Toshiya Kubota	Executive Officer		●				

Corporate management & organizational operation	Knowledge, experience, and abilities related to corporate and other management and organizational operation
Regional sales	Knowledge, experience, and abilities related to sales in providing funding and solutions in order to stimulate the regional economy.
Legal affairs & risk management	Knowledge, experience, and abilities in legal matters and compliance, risk management, loan reviews, and industry and corporation analysis.
Finance & accounting	Knowledge, experience and abilities in financial strategy, accounting, and taxation
International & market operations	Knowledge, experience, and abilities related to global perspectives, overseas business, and market operations.
ICT & digital (DX)	Knowledge, experience, and abilities in system planning, operation, and management, digital fields, etc.

Succession Plan

In order to promote sustainable growth and improve corporate value over the medium to long term, the Group has formulated a succession plan for top management of this company and its major subsidiaries, the Bank of Yokohama and Higashi-Nippon Bank. By implementing training programs according to the abilities, qualities, and experience of candidates, we systematically train personnel to lead future management.

The status of the formulation and operation of the plan is regularly reported to the Compensation and Personnel Committee, which is composed solely of outside directors. Outside directors not only receive reports, but also strive to improve the effectiveness of the Succession Plan by gaining a multifaceted understanding of the candidates through various meetings, interviews, and discussions, and by providing advice and recommendations to the candidates based on their extensive knowledge and experience.

Support for Outside Directors (Outside Members of Audit and Supervisory Board)

In order to enhance Board of Directors meetings, the Company provides outside directors and outside auditors with advance explanations of the agenda of the Board of Directors meetings, as well as opportunities for on-site visits to sales branches of the Group companies. In order to ensure that directors obtain information about the company in a timely and appropriate manner, a staff member is assigned to the Corporate Planning Department to assist directors in obtaining information. To ensure that audits are conducted effectively, we have a dedicated staff member in the Audit & Supervisory Office to support the audits of audit & supervisory. We also provide opportunities for directors to obtain knowledge and information, as well as advice from outside experts, so that they can fulfill their roles and responsibilities.

When outside directors and outside auditors are appointed, they are provided with the opportunity to acquire knowledge and information about the Group's management philosophy, management policies, business plans, and business structure. Furthermore, we ensure coordination between the outside directors and the Representative Director, the audit & supervisory, internal audit departments, and the financial auditors, as well as interaction between the outside directors and the directors of the Group companies.



Discussions between outside directors and investors/analysts

FY2021 Results	Contents
Advance briefings for Board of Directors' meetings	Advance briefings on the meeting agenda
Inspection of sales offices of Group companies	Visits to sales branches and meetings with branch managers of the Bank of Yokohama and Higashi-Nippon Bank
Exchange of opinions with audit companies	Exchange of opinions with accounting auditors
Exchange of opinions with the Audit Division	Briefings and reports from the Audit Department
Meetings for exchange of opinions with Audit and Supervisory Board members	Exchange of opinions with auditors
Exchange of opinions with internal directors	Exchange of opinions with internal directors
Study groups	Study sessions by external experts

Discussions between outside directors and investors/analysts

At the IR Day in December 2020, outside directors had an opportunity to meet with investors and analysts in order to have direct contact with the voice of the market and to understand it.

Study sessions by external experts

Study sessions were held by outside experts specializing in DX, sustainability, and institutional design in order to develop a medium-term management plan, and to improve governance. In addition, study sessions were held on overseas economic trends and the investment environment for the sake of expanding business areas utilizing strategic investments.

Visit to Bank of Yokohama and Higashi-Nippon Bank branches

In July and October 2021 and February 2022, we visited several branches of the Bank of Yokohama and Higashi-Nippon Bank in order to deepen our understanding of the operations and business sites of our subsidiary banks. At sales branches, we observed business operations and held interviews and discussions with regional head office and branch managers.

Corporate Governance

Remuneration and Personnel Committee

We have established a discretionary Compensation and Personnel Committee consisting entirely of outside directors in order to ensure objectivity and transparency in the compensation and appointments of directors and executive officers. This committee deliberates on compensation and personnel matters for directors and executive officers.

Major Deliberations for FY 2021

(Personnel Matters)

- Group executive personnel
- Succession plan

(Compensation matters)

- Verification of the Executive Compensation Table based on executive compensation data by an external research organization
- Group and subsidiary bank Executive Compensation Table
- Policy on and evaluation etc. of short-term performance-linked remuneration
- Valuation of Trust II in stock-based compensation

Members of Remuneration and Personnel Committee

Name	Job title	Number of meetings attended/held in FY2021 (excluding written discussions)
Chairman: Mitsuru Akiyoshi	Outside Director	13 meetings/13 meetings
Committee Member: Yoshinobu Yamada	Outside Director	13 meetings/13 meetings
Committee Member: Mami Yoda	Outside Director	13 meetings/13 meetings

Executive Compensation System

1. Directors

The Company has established a policy regarding determination of the details of compensation for individual directors by resolution of the Board of Directors (hereafter, the 'Policy'). A summary of the details is as follows. The decision on this policy was made after deliberation by the Remuneration and Personnel Committee, which is comprised solely of outside directors.

(1) Basic Policy

- The remuneration system for directors' functions as an appropriate incentive to promote the sustainable growth of the Group and increase its corporate value over the medium to long-term.
- The remuneration system should contribute 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.
- Remuneration composition, remuneration composition proportions, and remuneration levels are determined through periodic comparisons and verification based on data on executive remuneration from external research organizations and objective survey data, using as benchmarks a group of companies with similar performance and business conditions to those of the Company.

(2) Compensation Composition and Details

Directors (excluding outside directors)

A. Compensation composition

- The system consists of 'basic remuneration', 'short-term performance-linked remuneration' and 'stock-based remuneration'.
- The amount of basic compensation and the standard amounts of short-term performance-linked compensation and stock-based compensation are determined by position. The composition of compensation is 66% for basic compensation, 17% for short-term performance-linked compensation, and 17% for stock-based compensation (if short-term performance-linked compensation and stock-based compensation are paid in standard amounts).

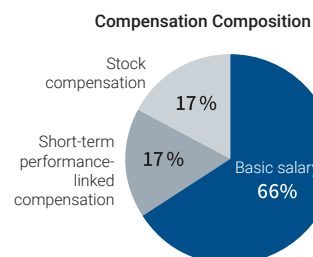
B. Details of each compensation element

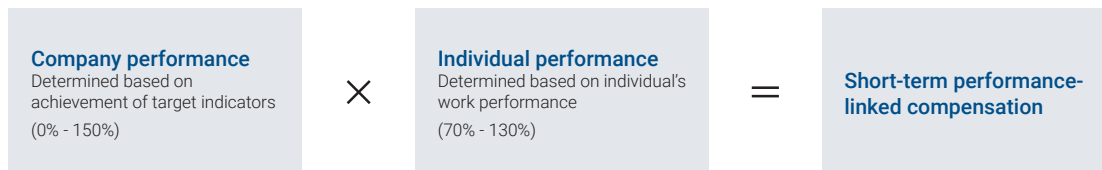
(a) Basic compensation

- Basic remuneration is paid monthly based on role and responsibilities.

(b) Short-term performance-linked compensation

- Short-term performance-linked compensation is an annual payment based on Company performance for the fiscal year and the individual's evaluation based on business results.
- The benchmarks for evaluating the Company's performance are the combined net business profit of the Bank of Yokohama, Ltd., and Higashi-Nippon Bank, Ltd., which indicates the profitability of the Company's core business, and net income attributable to shareholders of the parent company, which is the final management performance. The standard amount for each role varies between 0% and 150% where the standard amount for each role is 100.
- Individual operations results are evaluated looking at the degree of achievement of the goals set at the beginning of the term. (About five items are set for each individual based on the department in charge, for example, achievement of the budget and development status of each measure for the department one is in charge of, and establishment of a risk management system. With the standard amount for each position set to 100, the amount of the payment will fluctuate between 70% and 130%, depending on the result of the individual's evaluation. Note that the final evaluation of Company performance and the performance of officers based on their work performance is subject to deliberation by the Compensation and Personnel Committee.





(c) Stock compensation

- 'Stock compensation' employs a trust to issue and provide (hereinafter, 'issue') Company shares and cash equivalents (hereinafter, 'Company shares'). Two types of trusts (Trust I and Trust II) have been established as follows.

1) Trust I

- Company shares etc. equivalent to the standard amount for each position will be granted etc. to each director upon their resignation.

2) Trust II

- In addition to the standard amount for each position, Company shares equivalent to the amount reflecting the performance-linked coefficient will be issued at the end of the medium-term management plan.
- The performance-linked coefficient varies within a range of 75% to 200% depending on the degree of achievement of the performance targets of the medium-term management plan. In order to increase incentives for achieving plan targets, the indicators for evaluating the degree of achievement of the performance targets of the medium-term management plan are the following three items, which are the target indicators in the current medium-term management plan (FY2022 - 2024) The final performance-linked coefficient will be determined through deliberation by the Compensation and Personnel Committee, based on ESG external evaluation indicators and on non-financial items addressed in the medium-term management plan, as well as on qualitative items.

Target indicators

- OHR (consolidated)
- ROE (consolidated, based on shareholder equity)
- Common Equity Tier 1 Ratio (consolidated, Basel III finalized, fully implemented basis (excluding unrealized gains on marketable securities))

Compensation composition	Compensation type	Payment method		Payment criteria
66%	Basic salary	Paid monthly		Payable according to the position
17%	Short-term performance-linked compensation	Paid annually		The standard amount paid for each position is an amount that reflects company performance for the fiscal year and an evaluation based on the individual director's business performance.
17%	Stock compensation	Trust I	Issuance of Company shares upon retirement of company executives	Paid according to the standard amount for each position
		Trust II	Issuance of Company shares at the end of the medium-term management plan	Payable in an amount that reflects the performance-linked coefficient in accordance with the degree of attainment of the Medium-Term Management Plan performance targets in addition to the standard amount for each position.

Outside Directors

A. Compensation composition

- In view of the role in supervising the execution of business, compensation is not linked to performance, but is only the basic remuneration.

B. Compensation details

- Basic remuneration is paid monthly based on role and responsibilities.

2 Audit & Supervisory Board

The details of remuneration etc. for auditors are determined through discussions with the auditors.

A. Compensation composition

- For the sake of ensuring the neutrality and independence of auditing and supervision, remuneration is not linked to performance, but is only the basic remuneration.

B. Compensation details

- Basic remuneration is paid monthly based on role and responsibilities.

► (Reference section) P. 126 Disclosure of compensation

Board of Directors

Directors



Tatsuya Kataoka President and Representative Director
(concurrently President and Representative Director of the Bank of Yokohama)

Year appointed	Profile
1990	Joined the Bank of Yokohama, Ltd.
2018	Executive Officer and General Manager of the Corporate Planning Department of the Company
2019	Executive Officer and General Manager of the General Planning Department, the Bank of Yokohama, Ltd.
2022	Director, Higashi-Nippon Bank, Ltd. Representative Director and President, the Bank of Yokohama, Ltd. (to present) President and Representative Director of the Company (to present)



Yoshiyuki Oishi Representative Director
(concurrently President and Representative Director, Higashi-Nippon Bank, Ltd.)

Year appointed	Profile
1985	Joined the Bank of Yokohama, Ltd.
2013	Executive Officer and General Manager of Loans Department of the above
2014	Executive Officer and General Manager of Human Resources Department of the above
2016	Director and Executive Officer of the above
2017	Director and Managing Executive Officer of the above
2018	Representative Director and Managing Executive Officer of the above
2019	Managing Executive Officer of the Company
2020	President and Representative Director, Higashi-Nippon Bank, Ltd. (to present) Director of the company



Yoshiaki Suzuki Director
(concurrently Director and Managing Executive Officer, the Bank of Yokohama, Ltd.)

Year appointed	Profile
1988	Joined the Bank of Yokohama, Ltd.
2016	Executive Officer, General Manager of Yokosuka Branch and General Manager of Yokosuka Block Sales Head Office of the above
2018	Executive Officer and Deputy General Manager, Sales Division, the Bank of Yokohama, Ltd.
2019	Director, Executive Officer and General Manager of Sales Division of the above
2020	Director of the Company (to present)
2021	Director and Managing Executive Officer, the Bank of Yokohama, Ltd. (to present)



Nobuo Onodera Director
(concurrently Director and Executive Officer, the Bank of Yokohama, Ltd.)

Year appointed	Profile
1995	Joined the Bank of Yokohama, Ltd.
2021	Executive Officer and General Manager of Sales Strategy Department for same
2022	Executive Officer of the Company Director and Executive Officer, the Bank of Yokohama, Ltd. (to present) Director of the Company (to present) President and Representative Director of the Company (to present)



Mitsuru Akiyoshi Director (Outside)

Year appointed	Profile
2015	Executive Vice President and Representative Director, Marubeni Corporation CEO, Food & Consumer Products Group
2019	President and Representative Director, MG Leasing Corporation (now Mizuho Marubeni Leasing Corporation) Director of the Company (to present) Auditor, International Petroleum Exploration Corporation (now INPEX Corporation) (to present)
2022	Consultant to Mizuho Marubeni Leasing Corporation (to present)



Yoshinobu Yamada Director (Outside)

Year appointed	Profile
1995	Managing Director, Merrill Lynch Japan Securities Co.
2008	Representative Partner, Olivant Advisors
2009	Managing Director, Deutsche Securities Inc.
2019	Senior Advisor, PwC Advisory LLC
2020	Director of the Company (to present) President and Representative Director of the Company (to present)

Executive Officers

Yutaro Koshiba (concurrently Director and Managing Executive Officer, the Bank of Yokohama, Ltd.)

Keigo Makino (concurrently Director and Executive Officer, the Bank of Yokohama, Ltd.)

Tomoki Arai (concurrently Managing Executive Officer, the Bank of Yokohama, Ltd., and Executive Officer, Higashi-Nippon Bank, Ltd.)

Toshihiko Onuki (concurrently Executive Officer, the Bank of Yokohama, and Executive Officer, Higashi-Nippon Bank, Ltd.)

Kazuhiro Sukegawa (concurrently Director and Executive Officer, Higashi-Nippon Bank, Ltd.)

Toshiya Kubota (concurrently Director and Executive Officer, Higashi-Nippon Bank, Ltd.)

Audit & Supervisory Board



Mami Yoda Director (Outside)
(concurrently Director, the Bank of Yokohama, Ltd.
(non-executive))

Year appointed	Profile
2005	Managing Director, Standard & Poor's International, LLC
2017	Associate Professor, Department of English Language and Culture Communication, Faculty of Arts and Sciences, Sagami Women's University
2020	Associate Professor, Graduate School of Social Entrepreneurship, Sagami Women's University
2022	Director of the Company (to present) Professor, Department of English Language, Culture, and Communication, Faculty of Arts and Sciences, Sagami Women's University (to present) Professor, Graduate School of Social Entrepreneurship, Sagami Women's University (to present) Director, the Bank of Yokohama, Ltd. (to present)



Kazuhiro Maehara Full-time Audit & Supervisory Board Member

Year appointed	Profile
1988	Joined the Bank of Yokohama, Ltd.
2016	Executive Officer and General Manager of Risk Management Department of the above
2017	Executive Officer and Deputy General Manager of Sales Head Office of the above
2018	Executive Officer and General Manager of Risk Management Department of the Company
2019	Full-time member of Audit and Supervisory Board for same President and Representative Director of the Company (to present)



Mitsuhiro Hara Audit & Supervisory Board Member
(concurrently Audit & Supervisory Board Member, the Bank of Yokohama)

Year appointed	Profile
1985	Joined the Bank of Yokohama, Ltd.
2013	Executive Officer and General Manager of Corporate Planning Department of the above
2015	Executive Officer, General Manager of Sagami-hara Ekimae Branch and General Manager of Block Sales Head Office for same
2017	Executive Officer and General Manager of Loans Department of the above
2018	Full-time member of Audit and Supervisory Board for same Auditor, Saikaya Co.
2021	Member of Audit and Supervisory Board of the Company (to present)



Keiichi Hashimoto Audit & Supervisory Board Member (Outside)

Year appointed	Profile
2001	General Manager, International Business Department, the Bank of Tokyo-Mitsubishi, Ltd.
2003	Representative Director, Executive Vice President and Chief Financial Officer, Mitsubishi Motors Corporation
2010	Representative Director, Chairman and President, Metropolitan Expressway Company, Limited
2015	Auditor, Higashi-Nippon Bank, Ltd.
2016	Member of Audit and Supervisory Board of the Company (to present)
2020	Director, Fancl Corporation (to present)
2021	Representative Director, T Art Life Village (a general incorporated association) (to present) Director, Maeda Road Construction Co., Ltd. (to present) Director, Infreer Holdings Inc. (to present)



Seiichi Fusamura Audit & Supervisory Board Member (Outside)

Year appointed	Profile
2009	Sendai High Court Chief Justice
2011	Nagoya High Court Chief Justice
2012	Registered lawyer Auditor, Nippon Paper Industries Co., Ltd.
2013	Chairman of Public Safety Examination Committee
2016	Auditor, the Bank of Yokohama, Ltd.
2020	Member of Audit and Supervisory Board of the Company (to present) Director, Nippon Kayaku Co., Ltd. (to present)



Mayumi Noguchi Audit & Supervisory Board Member (Outside)

Year appointed	Profile
1998	Joined Asahi Audit Corporation (now KPMG AZSA LLC)
2008	Office Manager, Noguchi Accounting Office (to present)
2015	Auditor, National Archives of Japan (to present)
2018	Director, Fenwal Controls of Japan, Ltd. (to present)
2021	Member of Audit and Supervisory Board of the Company (to present) President and Representative Director of the Company (to present)

Risk Management Initiatives

Basic Concepts

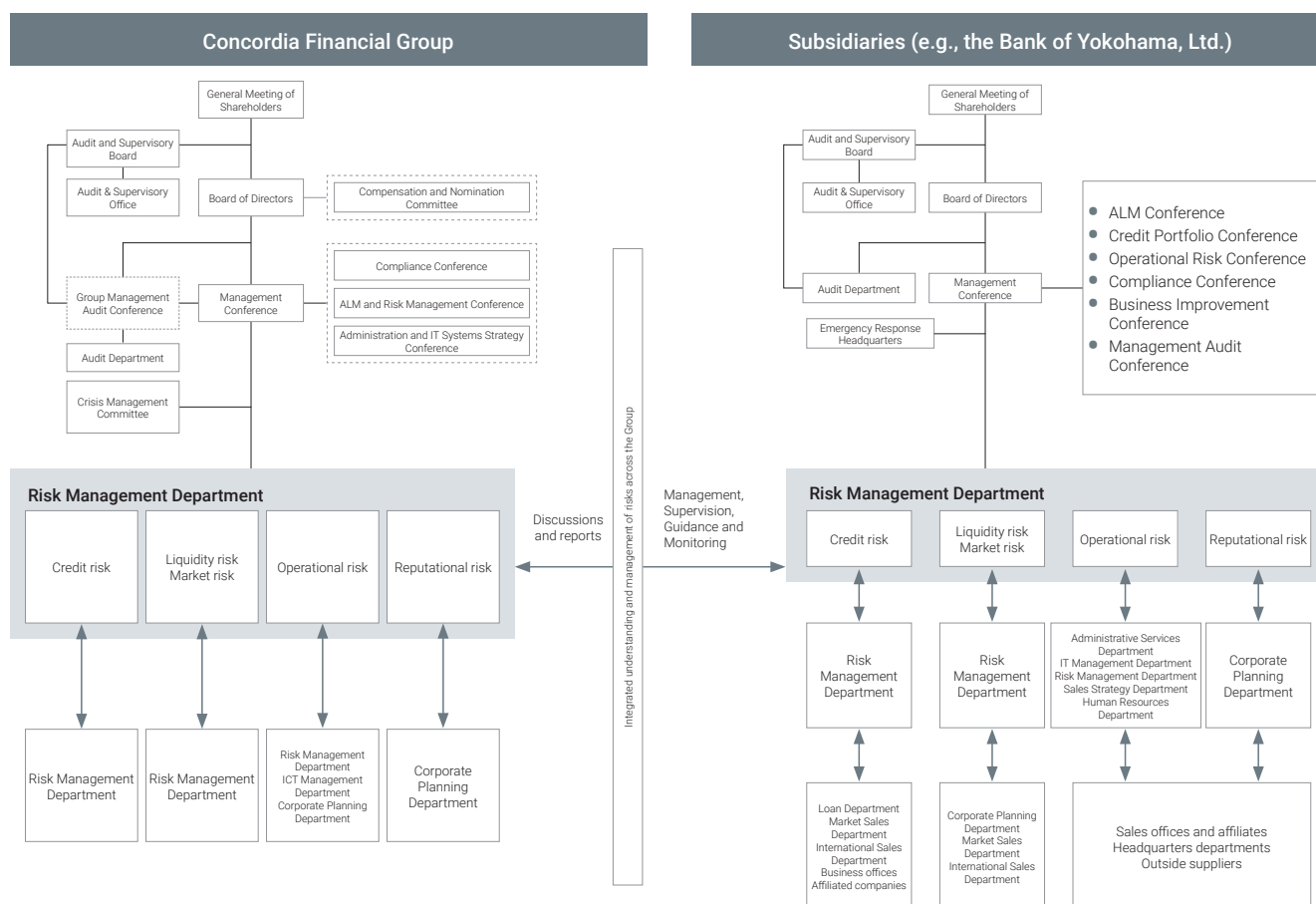
In order to foster and spread a risk culture, the Group manages risk based on the following basic policies.

- To minimize the negative impact of economic fluctuations, and to provide stable and continuous financial services as a financial group trusted by the community, the Group will conduct appropriate risk management.
- The Company ensures sound management by identifying, assessing, monitoring, and controlling the risks for the entire Group as comprehensively as possible, and strives to secure stable earnings commensurate with the risks through the appropriate allocation of management resources.
- In order to ensure objectivity and account for the interaction between risks, we strive to quantify and manage various risks in an integrated manner.

Risk Management System

At the Concordia Financial Group, subsidiaries (the Bank of Yokohama and Higashi-Nippon Bank) manage risk by setting up risk control and management departments for each risk type, while the holding company manages risk for the entire group in an integrated manner, and a risk officer independent of the Audit Department reports regularly to the Board of Directors on the status of risk.

Specifically, subsidiaries apply appropriate risk management that accords with their risk profiles and report to the holding company on the status of risks. The holding company provides subsidiaries with necessary guidance, while entities such as the Board of Directors and the ALM and Risk Management Council (Top Management Council) provide supervision by monitoring, discussing, and making decisions related to the various types of risks and the risk for the Group as a whole.

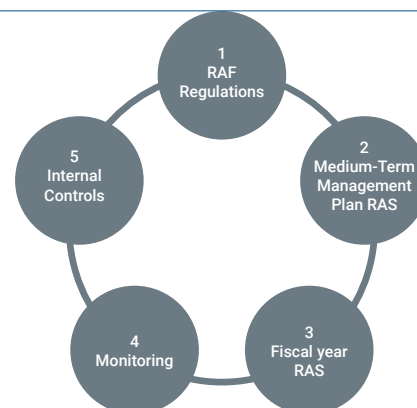


Risk Appetite Framework

Introduction of the Risk Appetite Framework (RAF)

As a risk governance framework, the Concordia Financial Group has introduced a Risk Appetite Framework (RAF) to monitor and clarify the types and amounts of risk taken on during operations, taking into consideration a balance between earnings, risk, and capital. When formulating the medium-term management plan and budget for each financial year, a risk appetite statement (RAS), which defines the types and amounts of risks that management should willingly accept or should avoid, is adopted at a Board of Directors' meeting. We plan to optimize risk-return, using the RAF to constantly monitor risk assets and their relationship to return, which are incorporated in the budget.

In addition, to foster and instill the risk culture embodied in the RAF, risk management workshops are held as needed for officers, including directors. (In FY2021, such a workshop was held in November).



Overview of Risk Appetite Framework (RAF) Management System

A Capital allocation and risk capacity based capping

The potential maximum loss (risk amount) for each risk is measured using value-at-risk (VaR) and other measures, and capital is allocated to each risk type in order to limit the amount of risk to the amount of equity capital available for risk-taking. For risk assets, the risk appetite is set so as not to exceed measured risk capacity.

B Stress testing

The Company verifies the appropriateness of risk-taking by estimating losses for each type of risk and measuring the impact on capital, earnings, risk-weighted assets, and risk volume using group-wide stress scenarios to confirm the adequacy of capital in budgetary plans and to ensure that the profit level is acceptable to management in times of stress.

C Top Risk Management

In order to manage top risks, we set key risk indicators (KRI) as warning indicators to detect, as far as possible, what risks might materialize in future. We continuously monitor these KRIs to detect early indications of problems and prepare to respond flexibly in the event that risks do materialize.

The items listed above are monitored, discussed, decided upon, and supervised by the Board of Directors.

Top Management Risks

Concordia Financial Group defines the risk events that are important to management and that it should manage as "top management risks". We continuously monitor our top management risks and strive to perceive the signs and are prepared to respond flexibly in the event that a risk manifests.

Main Top Risks

- Economic downturn due to spread of COVID-19
- Due to soaring energy and raw material prices, etc.
- Deterioration in business conditions for companies
- Changes in monetary policy
- Stalling of China's domestic policies
- Major damage due to system problems
- Major natural disasters
- Transition to a decarbonized society etc.

* These are some of the risks that the Company has recognized, but risks other than those mentioned above may have a particularly significant adverse effect on our business.

Crisis Management

The Group has a crisis management system in place to ensure the safety of its customers and employees, the smooth execution of financial operations, and the protection of customers' assets even in the event of an earthquake or other large-scale disaster, system problems, pandemic, etc. In the event of a crisis, the Crisis Management Committee, which is chaired by the president and representative director, instructs companies within the Group to set up an emergency headquarters to centrally manage the response to the situation.

In response to COVID-19, we are working to thoroughly prevent infections by offering alcohol disinfectants, installing acrylic panels and other preventive equipment in offices, and asking customers to maintain social distance. For our employees, in addition to implementing basic infection prevention measures, we strive to avoid crowded workplaces through telework and staggered work hours, and in the event of an outbreak, we introduce split operations mainly for important operations at headquarters to ensure that personnel are available to continue operations.

Furthermore, we prevent system problems that could have a serious impact on customers and have put in place a problem response system.

Placing the highest priority on the health and safety of its customers and related parties, the Group works to prevent the spread of COVID-19 and strives to continue to fulfill its financial functions as part of the financial infrastructure essential to maintaining social functions.

Risk Management Initiatives

Integrated Risk Management

Basic Concepts

The Group classifies and manages Group risks in the following categories: credit risk, market risk, liquidity risk, operational risk, and reputational risk. In addition, we ensure the soundness of management by identifying, evaluating, monitoring, and controlling risks in an integrated manner to the greatest extent possible, including risks related to the development, provision and revision of products and services, as well as risks related to outsourcing of operations. We are also prepared to secure stable earnings through the appropriate allocation of management resources, commensurate with the risks involved.

Credit risk

Risk of losses due to a decline in or loss of the value of assets due to deterioration of the financial condition of the borrower

Market risk

Risk of loss due to fluctuations in the value of assets and liabilities held resulting from changes in various market risk factors, such as those for interest rates and securities

Liquidity risk

Risk of losses due to such things as unexpected outflows of funds (cash flow risk, market liquidity risk)

Operational risk

Risk of losses due to inadequate administration, inadequate systems, violations of laws or regulations, natural disasters, and health hazards for executives and employees

Reputational risk

Risk of incurring losses due to negative external publicity as a result of the words, actions and behavior of the Group, its officers, employees, etc.

Integrated Risk Management Framework

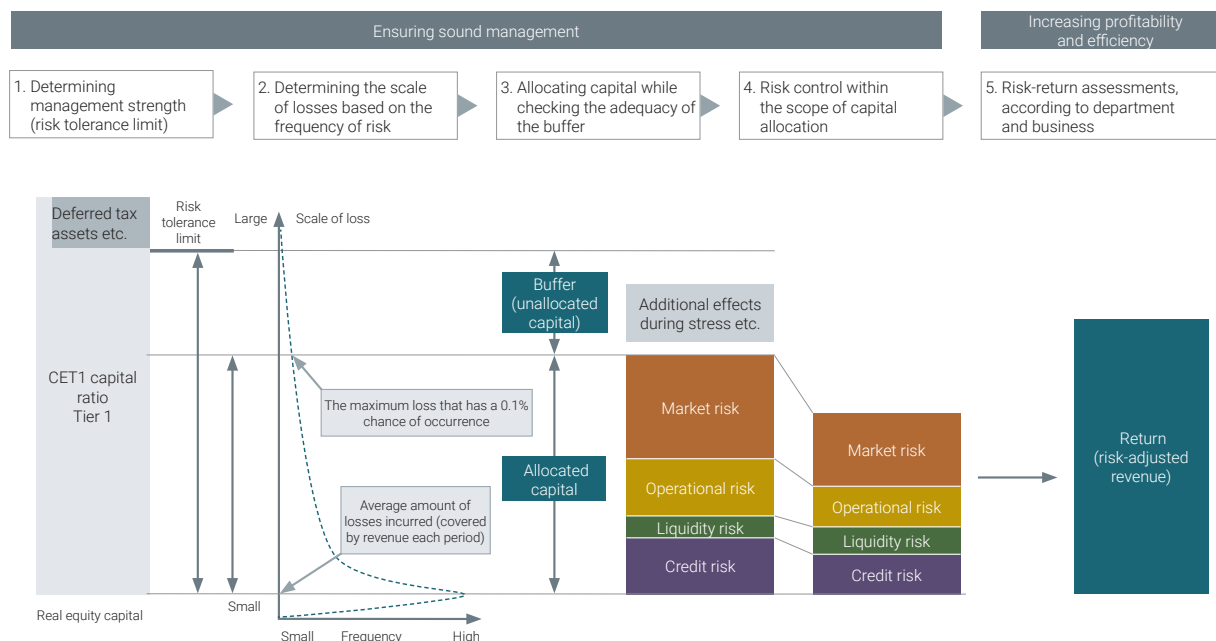
Ensuring soundness through capital allocation

The Group measures the potential maximum loss (risk amount) for each risk using value-at-risk (VaR) and other measures, and allocates capital by risk type in order to keep the amount of risk within the range of real equity capital (the risk tolerance limit, which is defined as Tier 1 equity such as common stock less such things as deferred tax asset equivalents). When allocating capital, we check the sufficiency of the buffer (unallocated capital) to ensure that our real equity capital is not exceeded in times of stress.

Ensuring soundness through stress testing

In order to assess the adequacy of the buffer (unallocated capital) and to confirm the appropriateness of risk-taking, the Group conducts stress tests in which stress scenarios are established and the amount of loss and risk in the event of such a stress event is estimated across the risk categories.

Stress scenarios have been established for the Group taking into consideration past sharp economic downturns and future environmental changes.



Cybersecurity

Cybersecurity Governance

External audit system

The Concordia Financial Group has been strengthening its cybersecurity measures not only through external audits based on the Cybersecurity Framework international standard guidelines developed by the National Institute of Standards and Technology (NIST), but also through threat-led penetration tests (TLPT), in which ethical hackers from a specialized security firm actually penetrate internal systems to assess vulnerabilities and identify issues. From FY2021, in addition to conducting the annual TLPT, we also began conducting external audits using the FFIEC (Federal Financial Institutions Examination Council) "Cybersecurity Assessment Tool", which is widely used by financial institutions in the U.S., with the aim of achieving the security standards of global financial institutions, and we will continue to strengthen our efforts to address the issues identified.

Involvement of Top Management

To clarify that we implement management-driven cybersecurity measures, we formulated the "Cybersecurity Management Declaration" in April 2022. In terms of the system, our security policy stipulates that the director in charge of the ICT Management Department is the security officer in charge of security for the entire Group. In addition, at regular ALM and Risk Management Meetings and President Reporting and CSIRT Meetings, which are composed mainly of directors, threats and regulatory trends, security measures based on these trends, and the current status are reported on as agenda items, and management provides appropriate guidance for and checks on the contents of the reports.

Management of contractors etc.

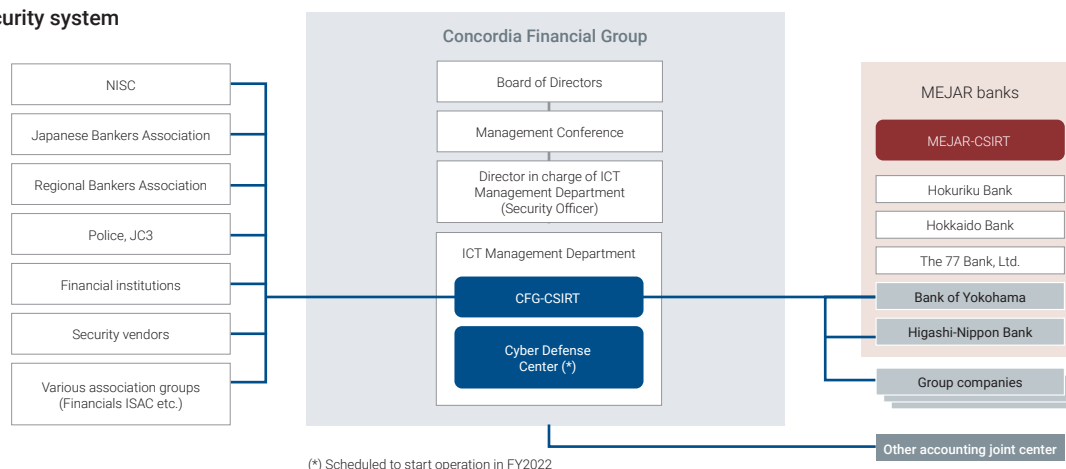
When using cloud services or entrusting the Group's information to contractors, we assess the compliance of the contractor (contract counterparty) with the Group's security standards not only when the contract is entered into but also periodically afterward. Specifically, we evaluate the security of the systems of contractors and subcontractors and such things as the state of their training of employees (including those of their contractors and subcontractors) about information management systems. When standards are not met, we request improvements or change the subcontractor.

Incident Response Posture

In order to respond to the evolving threat of cyberattacks, we have formed the Concordia Financial Group-CSIRT, which consists of CSIRT members from each Group company. In addition to collecting and disseminating routine threat information and investigating and responding to attacks when they are detected, we prepare for emergencies by regularly participating in training organized by the National center of Incident readiness and Strategy for Cybersecurity (NISC), the Financial Services Agency (FSA), and Financials ISAC Japan in order to verify cooperation with government agencies, industry organizations, and Group companies. We have also formed the MEJAR-CSIRT with regional financial institutions and NTT DATA, which operates the MEJAR core system, in order to regularly exchange information, confirm systems, and conduct joint training.

In addition to establishing an organizational structure, we have formulated response plans for different types of incidents, such as ransomware infection, DDoS attacks, information leaks, etc., in case a security incident should occur. This response plan is continuously improved based on the results of the various drills mentioned above. Starting in FY2022, we will establish an in-house "Cyber Defense Center," which will utilize the latest integrated log monitoring and automation tools to quickly detect and respond to security incidents.

Cybersecurity system



Risk Management Initiatives

Education and training

Education and training exercises for Group executives and staff

It is our opinion that education and training for group executives and employees is essential in order to improve the cybersecurity literacy of all executives and employees. To ensure that we can respond quickly and smoothly in the event of an incident, we conduct suspicious e-mail drills and other drills multiple times a year for executives and employees, including temporary and contract employees, and we run e-learning training sessions at least twice a year using subject matter optimized for us by a specialized vendor. By continuously conducting suspicious e-mail drills, we have been able to maintain a low click rate for URLs in the bodies of e-mail. We also provide level-specific training for new employees, newly appointed and existing managers, and supervisors and hold seminars for management-level employees that are taught by outside experts. Through these efforts, we maintain our cybersecurity skills and further improve our response procedures for each particular type of incident (ransomware infection, DDoS attack, information leak, etc.)

List of Trainings Participated in and Run

Cyber security exercises across the financial industry (Delta Wall)

Training for Top Management

NISC Cross-Disciplinary Exercises

MEJAR-CSIRT Exercises

Financials ISAC Joint Training

Financials ISAC Cyber Quest

Suspicious e-mail drills

More than half of the CSIRT's full-time employees hold the Certified Information Systems Security Professional (CISSP) advanced cybersecurity certification and have the Registered Information Security Specialist qualification (including those who have passed the certification exam). From FY2022, we will endeavor to further increase the knowledge and skills of those employees by having them gain more specialized international qualifications, undertake training, and participate in security governance. In addition to this, we continue to recruit and train highly specialized human resources, which includes not only setting but also meeting targets for hiring mid-career specialists.

Customer education

In response to the high frequency of fraudulent remittances caused by phishing and other scams, we have joined the Japan Cyber Crime Center (JC3) and are working to collect information on Internet-based financial crimes. When we obtain information during these activities about things such as fraudulent remittance methods, cases of suspicious e-mails or SMS (text) messages that fraudulently use our name, or the launch of phishing sites, we post such information on our website to alert our customers.

In addition, the Bank of Yokohama has been working to improve and promote cybersecurity measures among enterprises in the prefecture. These efforts have included holding the Kanagawa Cybersecurity Forum, a cybersecurity educational event for enterprises in Kanagawa Prefecture in March 2022. In June 2022, the bank joined the Kanagawa Prefecture Enterprise Cybersecurity Public-Private Joint Project, which aims to raise cybersecurity levels among companies in the prefecture. By joining this project, the bank is working to improve its own technology through information sharing with companies that have cutting-edge technology and expertise and is supporting efforts to improve the level of cybersecurity at companies in the prefecture.



Compliance Initiatives

Basic Concepts

The Concordia Financial Group recognizes compliance as one of the most important issues for management, with executives and employees working together to enhance the compliance system based on our Basic Compliance Policy (*).

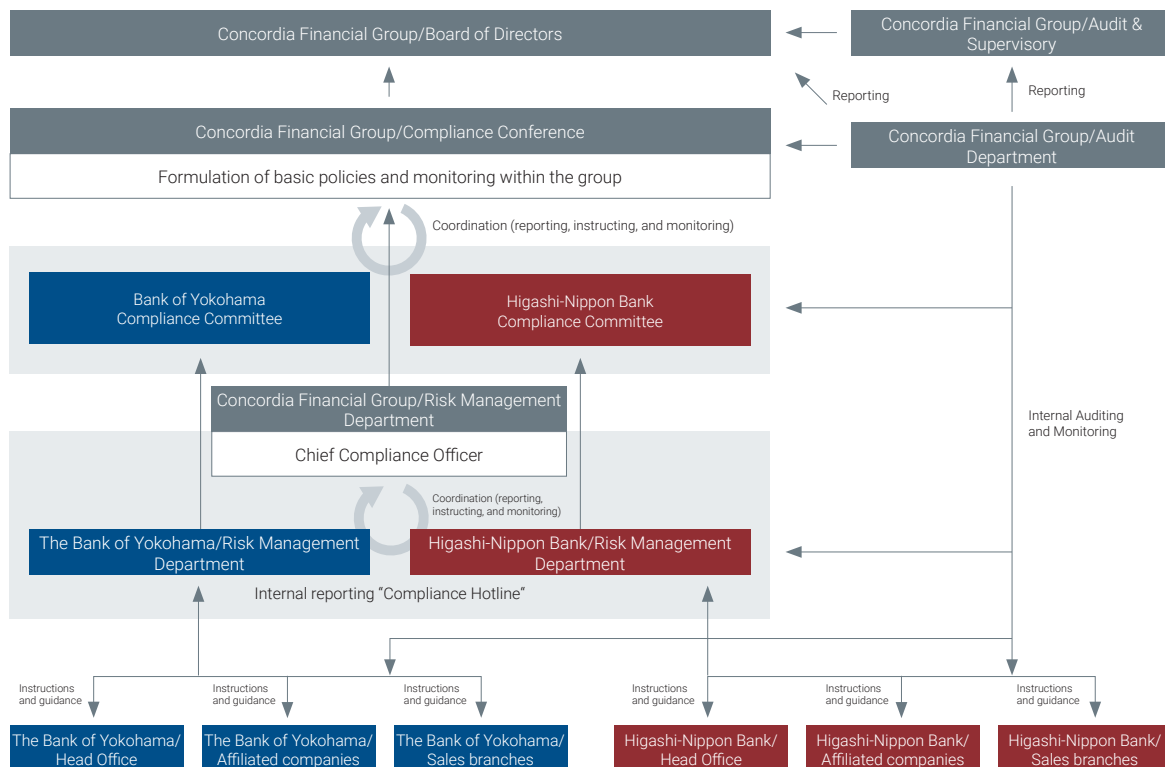
(*) Basic Compliance Policy: <https://www.concordia-fg.jp/compliance/index.html>

Compliance System

At the Concordia Financial Group, the Chief Compliance Officer is in charge of the Risk Management Department and is responsible for overall group compliance, while the Risk Management Department, as the department responsible for compliance, centrally manages and guides compliance-related operations for the entire group and reports any serious matters to the Board of Directors.

The Group continuously conducts training for all officers and employees (including part-time and temporary employees) to ensure compliance throughout the Group. In addition, as a specific plan of practice to achieve compliance, we establish a Compliance Program for each financial year in accordance with the Basic Compliance Policy, and establish action principles for the realization of this program. In our FY2022 compliance program, we are focusing on initiatives such as maintaining a thorough awareness of compliance and a common-sense sales attitude, conducting customer-oriented services, managing information rigorously, combating money laundering and the financing of terrorism, and taking appropriate action against antisocial elements and financial crime.

In addition, in order to raise the effectiveness of the compliance program, a “Compliance Meeting” attended by directors, executive officers, and general managers is held regularly to monitor the progress of the program and the status of compliance, including the handling of whistleblowing and corrupt practices, and to report to the Board of Directors. The Board of Directors also receives the above reports and supervises the group companies.



Compliance Initiatives

Whistleblower System

In order to facilitate early detection and correction of compliance-related problems, such as violations of laws and regulations, fraud, corruption, violation of internal rules, and harassment, the Concordia Financial Group has established a Compliance Hotline, an internal reporting desk, at the Company, at the Bank of Yokohama, and at Higashi-Nippon Bank.

The whistleblower contact point is operated in accordance with the spirit and intent of the revised Whistleblower Protection Act and its guidelines, which went into effect in June 2022. For the protection of whistleblowers, information is accepted from both anonymous and confidential whistleblowers. A limited number of whistleblower response personnel handle the information and do so under strict information management. Investigations are carried out so as not to identify the whistleblower, and the whistleblower is not investigated or subject to unfair personnel or other treatment because of their whistleblowing activity.

When a whistleblowing report is received, an investigation is carried out to determine the facts of the case in accordance with the information received. If a violation of compliance is confirmed, corrective measures are taken and recurrence prevention measures are formulated, personnel measures such as disciplinary action against the subject of the whistleblowing are considered and implemented, and feedback is provided to the whistleblower to the extent necessary. Reports are also received at an external contact point set up at a lawyer's office and forwarded to the risk management personnel of each Group company via the Company's Risk Management Department. Each company takes action to resolve the problem after consulting with its lawyer.

The Group is making efforts to disseminate knowledge of the whistle-blowing system, including the protection of whistleblowers, by displaying posters, establishing a user's manual, and holding study sessions for all officers and employees. The Company was registered with the "Whistleblowing System Certification (Self-Compliant Declaration Registration System)" under the jurisdiction of the Consumer Affairs Agency in FY2020 and this registration was renewed in FY2021.



(*) For the number of hotline calls received, refer to Page 113 "Group Non-Financial Data".

Whistleblowing Reception Desk

Concordia Financial Group	Internal contact (Risk Management Department)
	External contact (lawyer's office)
	Auditor Reporting Desk* (Auditors Office)
Bank of Yokohama	Internal contact (Risk Management Department)
	Auditor Reporting Desk* (Auditors Office)
Higashi-Nippon Bank	Internal contact (Risk Management Department)
	Auditor Reporting Desk* (Auditors Office)

* The Auditor Reporting Desk is a reporting desk that allows internal and external parties to directly report to members of the Audit and Supervisory Board any legal violations or inappropriate accounting matters involving directors and executive officers.

Initiatives to Prevent Money Laundering

With the increasingly widespread transfer of funds by criminal groups, terrorists, and other such groups, with international terrorist organizations showing more activity, and with the trend to the global proliferation of weapons of mass destruction, there is an increasing risk that financial institutions will become enmeshed in money laundering, terrorist financing, and proliferation financing.

In order to be ready for such risks, the Concordia Financial Group not only complies with basic items such as confirmation at the time of transaction as stipulated in the Act on Prevention of Transfer of Criminal Proceeds, the Foreign Exchange and Foreign Trade Act, and other relevant laws and regulations, but also plays its role as a participant in maintaining the soundness of the financial system by taking effective measures against money laundering and terrorist financing in accordance with the "Guidelines Concerning Measures against Money Laundering and Terrorist Financing" published by the Financial Services Agency.

Specifically, each company within the Group prepares its own specific risk assessment document based on the Act on Prevention of Transfer of Criminal Proceeds, comprehensively and specifically identifies and evaluates risk, and takes risk mitigation measures, such as proper notification of suspicious transactions. In addition, we continue our efforts to enhance our risk mitigation measures through the "Anti-Money-Laundering Program," which is established annually to verify the effectiveness of our risk mitigation measures.

Elimination of Anti-Social Elements

Concordia Financial Group is deeply aware of the importance that banks must place on their public mission and social responsibilities. The Group absolutely refuses financing for antisocial elements that pose a threat to the order and safety of civil society. Our organization as a whole works towards the elimination of all relationships, including transactions, with antisocial elements, and takes a firm stance against unjustified demands and intervention by such elements.

Specifically, the Concordia Financial Group has used this basic principle to formulate a Basic Policy on Anti-Social Forces (*) from the perspective of preventing harm caused by antisocial forces. Executives and employees are provided with training and guidance, and the department responsible for action in each Group company works with lawyers and public administration agencies such as law enforcement to prevent transactions and interactions with anti-social elements.

Initiatives to Strengthen Customer Protection and Customer Information Management Systems

The Concordia Financial Group considers the management of customer protection to be one of the most crucial areas of corporate management. We stand in the customer's perspective, strictly follow all laws and regulations, and conduct our corporate activities fairly and in good faith.

The Group is working to ensure customer protection and compliance by providing continuous e-learning and group training to all officers and employees, according to their duties and positions, on topics such as fiduciary duty, management of customer information, abuse of dominant bargaining position, conflict of interest management, etc. We also conduct information security training for all employees based on the basic policies set out in the Security Policy in order to ensure the safety of our information assets.

The Bank of Yokohama and Higashi-Nippon Bank have designated their respective Customer Relations Offices as departments to centrally manage complaints in accordance with their respective regulations, and accept consultations and complaints from customers. Complaints at sales branches etc. are reported to the Customer Relations Office, which provides instructions and guidance for resolution. The content of complaints, analysis of their causes, and the status of actions such as improvement measures are regularly reported to the Management Committee and the Board of Directors, and improvement activities are constantly undertaken based on instructions and guidance from the Board of Directors etc. In addition, we have entered into a basic agreement with the Japanese Bankers Association, which is a "designated dispute resolution organization" under the Banking Law, to conduct the Financial ADR System, a procedure for resolving disputes with customers through the involvement of a third party.

As initiatives to protect personal information, we publish the purpose of use of personal information on our homepage and elsewhere in accordance with the relevant laws and regulations, manage this information appropriately, and in order to prevent information from being leaked outside the company or viewed by persons whose work does not require it, we control access physically and systematically. We have also developed various rules and regulations to strictly classify and define information and ensure that all executives and employees are fully aware of them. During planning and development stages, system specifications are reviewed for security by personnel specializing in security and system risk, and in order to enhance safety, we have an external security vendor carry out periodic vulnerability assessments before and after a new system is released to the public. When personal information such as customer information is stored in the system, it is encrypted using a dedicated tool, and when customers connect to the official website or internet banking from their terminals, this communication is also encrypted. The head of each department is responsible for these systems, for their security, and for managing them. The Audit Department conducts objective checks to ensure the appropriate and safe handling of customers' personal information. In addition, we run our credit card issuance operations in compliance with PCIDSS, the international security standard for the credit card industry.

Anti-Corruption Initiatives

The Concordia Financial Group prohibits bribery of public officials and others, whether domestic or foreign, directly or indirectly; ensures fair and sound relationships with all stakeholders, including customers, shareholders, outsourcing partners, and business partners; and prohibits all forms of corrupt behavior, including embezzlement, malfeasance, and offering or receiving entertainment or gifts that exceed socially accepted standards.

The Group has established internal regulations and posted them on the company intranet and ensures that all officers and employees comply with them. In addition, in order to prevent corrupt practices, the Company prepares accounting records for all transactions, expenditures, and disposition of assets in a timely and accurate manner in accordance with various laws, accounting regulations, and company rules, and properly maintains relevant documents. In addition, we conduct appropriate due diligence when selecting and renewing outsourcing and business partnerships.

Thanks to these efforts, there were zero disciplinary actions or dismissals for corruption in FY2021 and no fines or settlement expenses were incurred. We also comply with laws and regulations regarding donations for political activities. We did not make any donations for political activities in FY2021.

The Audit Department conducts internal audits of all departments at least once every three years, independently of the executive departments, and makes recommendations for correction and improvement of problem areas including from the perspective of executive departments anti-corruption and compliance.

Internal Audit System

Role of Internal Auditing

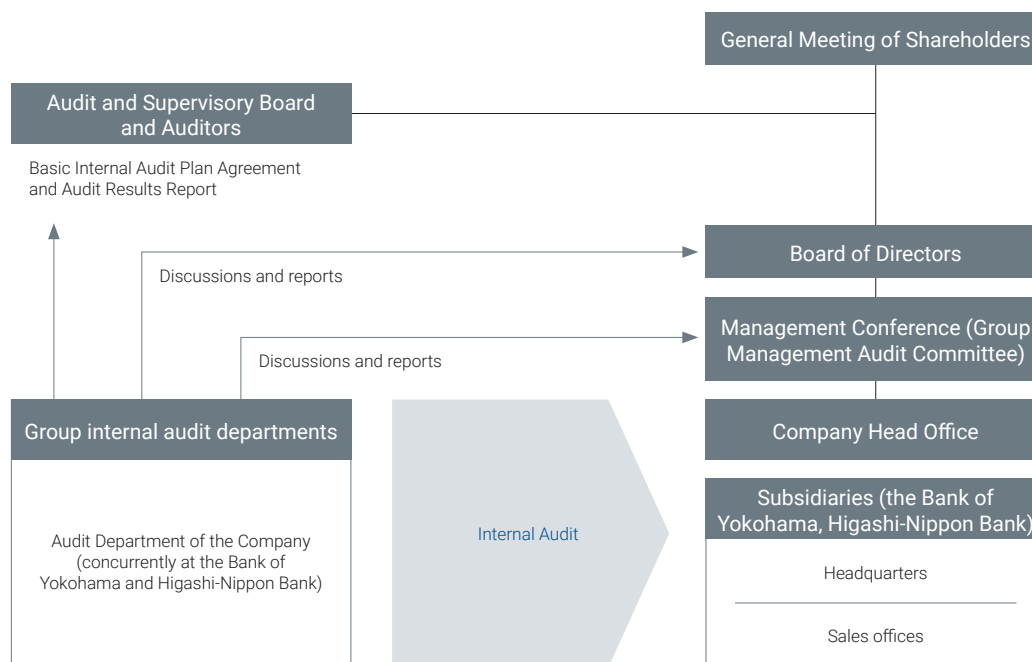
The Audit Department (the Group's internal audit department), verifies and evaluates the effectiveness and appropriateness of internal management systems and internal controls, including compliance and risk management, from a standpoint independent of the executive divisions, with the aim of ensuring the sound and appropriate operation of business and contributing to the achievement of management goals, and makes recommendations for correcting and improving issue points.

Group Internal Audit System

In order to ensure that internal audits can be conducted using uniform methods and standards within the Company, the Company and its subsidiaries have established the "Basic Rules for Internal Audits" to be followed when establishing policies and rules.

The members of the Audit Department of the Company are generally assigned concurrently to the Audit Departments of the Bank of Yokohama and Higashi-Nippon Bank. This establishes a system for efficient and effective internal audits on a group-wide basis and conducts consistent internal audits, thus strengthening the internal audit function. The Company's Audit Department conducts internal audits of each department and consolidated subsidiary based on the basic internal audit plan formulated each fiscal year, and reports the results and the status of the executive departments' responses to issues to the Group Management Audit Committee, the Board of Directors, and the Audit and Supervisory Board.

In order to conduct more effective internal audits, we collaborate with auditors, accounting auditors, and departments in charge of internal control functions by periodically exchanging information.



Efforts to Improve Internal Auditing Performance and Efficiency

In order to be forward looking in preventing the materialization of risks, which fluctuate due to changes in the internal and external environment, and in order to effectively and efficiently allocate limited audit resources to audit targets, our Audit Department conducts risk-based audits by assessing risks inherent in departments and operations subject to internal audits (risk assessment) and by determining audit targets, frequency, and depth according to the results. In addition, for audit areas that require advanced expertise, such as cybersecurity, we are working to enhance the sophistication of internal audits by conducting joint audits with external organizations as necessary.

Furthermore, in order to maintain and improve audit quality, in addition to securing diverse specialized personnel, we work to enhance internal audit resources for the entire group, such as by formulating a training plan for auditing staff and by systematically working on personnel development.

Customer-Focused Business Operations

Policy on Initiatives

As an initiative for customer-oriented business operations, the Concordia Financial Group has formulated and published its Fiduciary Duty Declaration with the approval of the Board of Directors. The Bank of Yokohama and Higashi-Nippon Bank have adopted a policy based on this Declaration and are working on proposals for customer-oriented asset management. Refer to our website for the Fiduciary Duty Declaration.

<https://www.concordia-fg.jp/company/base/fd/index.html>

Each group company has established a department to supervise customer-oriented business operations and a risk management department. The supervising departments oversee overall customer-oriented business operations by formulating annual plans based on the Declaration and report regularly to the Management Committee etc., developing internal systems, reviewing and monitoring products and services, enhancing training, and conducting customer surveys. The risk management departments monitor customer-oriented business operations from the perspective of customer protection, ensuring the suitability of product proposals and the provision of information, ensure the suitability and sufficiency of each function through periodic reports to the Board of Directors, and provide guidance for relevant departments. In addition, the Board of Directors of the Group supervises the efforts of each Group company.

In addition to complying with all applicable laws, regulations, and rules in the sale of financial products, we will solicit business appropriately in accordance with the solicitation policies set forth by each company and comply with relevant laws, ordinances, etc. concerning the protection of customers' personal information and work in accordance with the policies set by the company.

Customer-Focused Support for Asset Formation and Management

The Bank of Yokohama has adopted a policy based on this Declaration, and is working on proposals for customer-oriented asset management. We disclose indicators related to the results of our customer-oriented asset management proposals.

Furthermore, we have prepared an informative document entitled "Four Promises and Two Ideas" summarizing our approach to asset management based on the Declaration in an easy-to-understand manner and using it in asset management proposals and during follow-up.

Four Promises

For customers considering investment trusts

Promise 1: We will propose asset development and management appropriate to the customer.

- We listen carefully to the customer's ideas and propose a plan that contributes to medium- to long-term asset development based on the customer's investment experience and knowledge, income, asset situation, investment objectives, etc.

Promise 2: We will provide the optimum investment products.

- We offer a wide variety of products to meet customer investment objectives and risk appetite.
- We propose portfolios that provide stable asset management over the medium to long term.

Promise 3: We will provide customers with superior information and highly satisfactory service.

- We stay close to our customers after purchase, and provide timely and appropriate information as needed.
- We are committed to creating an environment in which customers can consult with us with confidence.

Promise 4: We will work as finance professionals.

- We develop human resources with a strong sense of responsibility to meet the trust of our customers and provide optimal financial services.

Two Ideas

For customers with investment trusts

Idea 1: Invest slowly and carefully from a long-term perspective rather than attempting to guess the market.

- We convey the importance of holding long-term.

Idea 2: When in doubt, return to the two 'starting points'.

- If a customer becomes confused by market price fluctuation, we recommend that they return to the two starting points, namely the 'purpose' of their investment and the 'term' of the investment they were thinking about at the time of purchase.
- Bank of Yokohama representatives are there for customers when the market is unstable and to help in returning to the starting points of the investment.



Customer-Focused Business Operations

The Bank of Yokohama uses its Asset Management Customer Card and Consultation Sheet for each transaction to carefully listen to the customer's ideas. By adopting a goal-based approach, we share investment objectives with our customers and provide support for asset development and management in line with customer needs.

In addition, we use the Wealth Advisors portfolio analysis tool and the Money Plan Guidebook information tool to support asset development and asset management toward each goal through repeated dialogue with our customers.

What is a Goal-based Approach?

- This is a method of considering asset formation in accordance with the future goals of each individual customer, and is based on the concept of setting an ultimate goal and working backwards from there to determine investment policy.
- Based on leisure costs and other entertainment expenses, marriage funds, education funds, housing funds, and retirement funds, and other life events, we calculate how much money will be needed in how many years and decide how to approach the goal.
- There is no one-size-fits-all approach to goals. We listen carefully to our customers, make the most appropriate proposals, and work with them to realize goals.

Developing a Product Lineup in Line with Customer Needs

In selecting products, we take into account the economic environment and market trends. We offer a lineup of products to meet the needs of our customers, from among not only those handled by our group companies, but also from among those handled by a wide range of money-management firms and insurance companies. In addition, we monitor and check the quality of the products even after their introduction. Twice a year, we have a third-party evaluation organization* analyze their performance. If the results are not satisfactory, we consider halting sale of the product.

(*) FY2021 results are from the Mitsubishi Asset Brains Company, Limited, and Nomura Fiduciary Research & Consulting Co., Ltd.

Provision of Information to Customers (Introduction of Important Information Sheets)

The Bank of Yokohama has introduced Important Information Sheets for both financial service providers and for individual products in order to provide customers with easy-to-understand important information on medium- to long-term asset development and asset management and in order to enable easy comparison of the following items. By using these Important Information Sheets, we strive to provide easy-to-understand explanations of our investment products across the board.

- Basic profits (returns), losses and other risks, and transaction conditions, for financial products and services that we sell and recommend to customers
- Attributes of potential customers of financial service providers involved in the development of financial products that we sell and recommend to customers
- Reasons for selection of financial products and services that we sell and recommend to customers (including reasons for judging that they are based on customer needs and intentions)
- If there is a potential conflict of interest with respect to financial products or services that we sell and recommend to customers, specific details of such conflict (including commissions received from third parties) and the impact of such conflict of interest on transactions or operations



Important Information Sheet (for Financial Service Providers)

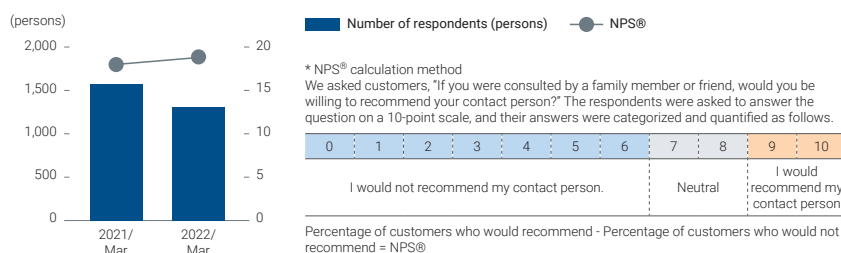
Develop a Posture Prioritizing Customer Satisfaction, and Develop and Secure Human Resources

The Bank of Yokohama conducts an annual customer satisfaction survey to gauge customer satisfaction in order to seek the candid opinions of our customers. The survey is conducted using the Net Promoter Score (NPS) to directly ask customers to evaluate our efforts. The results are used to improve our products and services. We continue to improve our efforts to become the bank and staff of choice by offering proposals that contribute to long-term asset development and asset management, and by providing regular follow-up services to reassure customers after purchase (after signing of contracts).

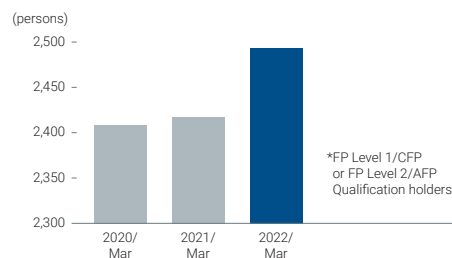
We have held training and study sessions related to customer protection and compliance twice a year for all employees in charge of individual customers in order to raise awareness. After attending the training sessions, we check the level of understanding through e-learning etc. to ensure that the knowledge is retained. In addition, we are working to develop human resources with advanced expertise by encouraging staff to acquire qualifications related to customer protection, etc. In particular, we are actively working to develop human resources with expertise and skills appropriate for financial professionals by encouraging them to acquire financial planner (FP) qualifications.

The status of our efforts for customer-oriented business operations is reflected in the personnel evaluations of both management and staff members. We are working to raise awareness of customer-oriented business operations from the standpoint of personnel evaluations of both management and staff members.

Number of respondents to customer survey (for customers who purchased investment-type products)



Number of FP Level 1 and 2 Qualification Holders



External Evaluation of Customer-Oriented Initiatives

The Bank of Yokohama and Hamagin TT Securities, a Bank of Yokohama Group company, received S+ and S ratings respectively in June 2022 in the R&I Customer-Focused Investment Trust Distributor Evaluation published by Rating and Investment Information, Inc. (R&I).

<https://www.boy.co.jp/boy/fd/index.html>



Key points of R&I's evaluation of the Bank of Yokohama (excerpts from the evaluation report)

1. Formulation and publication of policies etc. related to customer-oriented business operations

Fiduciary duty (FD) is positioned as a key issue for customer-oriented business operations. We take a flexible approach to solving issues at sales sites particularly through departments dedicated to promoting the penetration and establishment of fiduciary duty practices and fiduciary duty promotion team meetings. We also focus on revising the fiduciary duty declaration and other documents, and disseminating these principles throughout the company.

2. Pursuit of customers' best interests

The Group has a systematic educational program and focuses on supporting acquisition of qualifications. The Bank is promoting the penetration of fiduciary duty practices in many ways, including active dissemination of information by management, e-learning, various training programs, and the use of leaflets explaining the bank's fiduciary initiatives to customers, as well as confirming retention through fiduciary duty related indicators, such as customer profit and loss and surveys of customers and employees.

3. Investment trust sales policy development and sales and review

In addition to promoting goal-based approaches, core-and-satellite strategies and accumulation, all of which are showing positive results, we are focused on strengthening our ability to make proposals as a group. We strive to provide easy-to-understand information and have an excellent customer follow-up system. We are also actively working to enhance our non-face-to-face customer service.

4. Selection and monitoring of investment trusts

In addition to appropriately selecting, monitoring, and suspending sales of investment trusts based on clear processes and rules, we also use information from outside evaluation organizations to improve our product lineup through reviews of fund selections.

5. Appropriate motivational framework for employees

From the perspective of providing solutions, one of the priority strategies of the medium-term management plan, the awards system for regions and districts, is structured away from profits, and incorporates fiduciary duty items. We are also taking fiduciary duty into consideration by such steps as eliminating profit and loss items from individual performance evaluations and incorporating the status of fiduciary duty efforts into evaluations.

Communication with Stakeholders

The Concordia Financial Group communicates appropriately with all stakeholders, including customers, shareholders, local communities, and employees in order to strengthen information disclosure. We also listen sincerely to the opinions and requests we receive and use them to improve our management.

The Group strives to robustly disclose management information on its operations so that customers, shareholders, local communities and other stakeholders are able to make appropriate decisions when choosing to engage in transactions with the Group and to invest in its shares. We plan to further enhance the transparency of our operations as a financial group conducting business in a manner inspiring trust from our stakeholders. We disclose information in accordance with the appropriate procedures outlined in our disclosure policy. For more information, please visit our website.

<https://www.concordia-fg.jp/shareholder/disc/index.html>



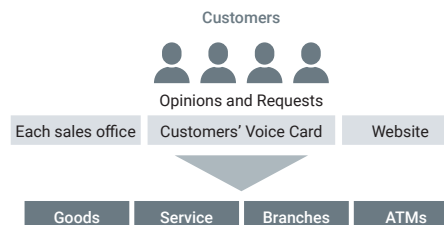
Customers	Customer Opinion Surveys
Local communities	Support for various initiatives Participation in community activities
Employees	Exchange of opinions with management Employee engagement survey
Shareholders and investors	General meeting of shareholders and investor briefings

Communication with Customers

The Bank of Yokohama actively seeks to improve business operations by collecting and analyzing customer feedback through branch teller windows, call centers, our website, and customer feedback cards.

We Have Put Customer Feedback into Action

- Enhancement of smartphone app services
- ATM-based cash card magnetic defect repair service
- Zero fees



Communication with Local Communities

Cooperation with Volunteer Efforts

Our employees value their ties to the community and actively participate in local volunteer activities etc.

The Group has also established a work-life balance support leave system to support employees' voluntary community activities.

The Bank of Yokohama is cooperating with Food Bank Kanagawa's "Food Drive". This initiative delivers items such as vacuum-packed food donated by households to families and facilities in need. In addition to encouraging customers to participate in our activities at our stores, food items are also donated by employee volunteers. From July 2021 to March 2022, we handled the "Hamagin Food Bank Kanagawa Support Private Placement Bonds", which donated an amount equivalent to 0.1% of customers' bonds to Food Bank Kanagawa, a total of ¥4.41 million.

Higashi-Nippon Bank formed the "Volunteer Caravan" in 1999, and over the years has deepened exchange with the community by playing musical instruments, singing, and dancing at social welfare facilities and other places.



Support for "Child Poverty Issues"

The Bank of Yokohama is implementing the "Hamagin Building the Future Action Program," an initiative to provide activity incentive funds to NPOs in Kanagawa Prefecture that are working to solve the problem of child poverty. Through this program, we will contribute to solving social issues in the community by supporting single-parent families and young caregivers for education and for stabilizing their lives.



Communication with Employees

The company is undertaking various initiatives to share the vision of our management and employees. In formulating the medium-term management plan, the Bank of Yokohama and Higashi-Nippon Bank conducted an all-employee survey and held meetings for executives and section managers to exchange opinions at different levels in order to discuss the long-term goal of the plan in an "employee-participatory" manner. Also, in April 2022 top management including the President visited branches and provided many opportunities for dialog with employees, with the aim of familiarizing the employees with the medium-term management plan.

In addition, in FY2021, the Bank of Yokohama and Higashi-Nippon Bank held President's Roundtable Meetings for young employees and others. During the roundtable discussions, there was a lively exchange of ideas on topics such as change and work motivation.

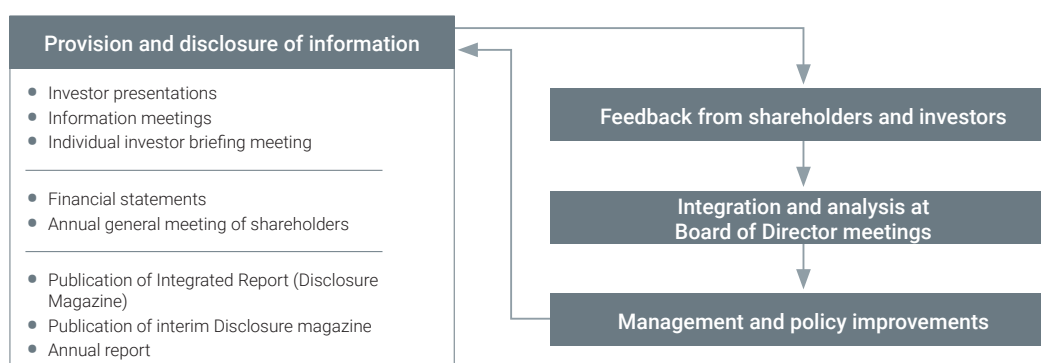
Also, the Bank of Yokohama introduced an internal social networking site in October 2021 for the purpose of sharing information useful for business operations and revitalizing communication within the bank across the boundaries of workplaces and positions. Utilizing internal social networking sites will help create momentum to freely communicate ideas through non-business communication, and will also create opportunities for communication within the bank, including with management.



Communication with Shareholders and Investors

We strive to disclose information in a manner that is easy to understand so that shareholders and investors can understand the Group's operations and financial conditions and make appropriate judgments about the soundness of its management. In addition, the Company places importance on opportunities for dialog with shareholders and institutional investors. We have established a policy for initiatives to promote constructive dialog and strive for proactive communication. In April 2022, we established a Corporate Communication Promotion Office in the Corporate Planning Department to strengthen disclosure of information, including non-financial information, and dialog with shareholders and investors.

In FY2021, we held briefing meetings for institutional investors after announcing financial results (full-year and interim results). Videos of the briefing meetings are available on our website. In order to prevent the spread of COVID-19, we will further improve the provision of information while utilizing online and telephone conferences. We also report and share the opinions of shareholders and investors that we obtain through these dialogs with the Board of Directors and management in a timely manner.



IR Activities (FY2021 actual)

General Meeting of Shareholders	Briefing meetings for analysts and institutional investors	Number of companies in separate meetings for analysts and institutional investors	Individual investor briefing meeting
Approximately 140 participants*	Held twice	Total 121 companies (including 25 foreign investors)	Held once (online)

(*) Includes some online viewers

Group Non-Financial Data

Environment

Environmental Impact Data

Item	Units	FY2019			FY2020			FY2021		
		Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total
Total energy consumption crude oil equivalent	KL	10,928	1,336	12,264	10,735	1,300	12,035	10,264	1,190	11,454
Total amount of energy used	GJ	423,557	51,775	475,332	416,072	50,358	466,430	397,846	46,112	443,958
Electricity consumption	1000KWh	37,494	5,157	42,651	36,721	5,051	41,772	34,875	4,598	39,473
Gasoline consumption	KL	311.1	67.8	378.9	244.1	57.9	302.0	229.2	47.6	276.8
Total water consumption ^(*)	m ³	68,609	4,650	73,259	68,805	3,972	72,777	66,171	2,980	69,151
Cooling water inflow ^(*)	m ³	16,170	0	16,170	15,344	0	15,344	14,380	0	14,380

(*) The Bank of Yokohama Group tabulates the figures for headquarters and business centers. Figures for Higashi-Nippon Bank are for the head office.

(*) The Bank of Yokohama Group tabulates the figures for business centers.

Resources & Waste

Item	Units	FY2019			FY2020			FY2021		
		Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total
Paper purchases ^(*)	t	123.8	62.4	186.2	217.8	23.8	241.6	192.4	15.6	208.0
Of which, eco-friendly paper ^(*)	t	77.8	3.9	81.7	52.5	2.9	55.4	10.3	2.8	13.1
Waste generated ^(*)	t	293.8	186.6	480.4	313.7	162.6	476.3	459.3	124.4	583.7
Of which, finally disposed of ^(*)	t	36.9	14.7	51.6	35.9	37.2	73.1	41.5	27.6	69.1
Of which, recycled ^(*)	t	256.9	121.9	378.8	277.8	125.4	403.2	417.8	96.8	514.6

(*) The Bank of Yokohama Group tabulates the figures for headquarters, Tokyo, and business centers. Higashi-Nippon Bank tabulates the figures for headquarters and business centers.

(*) The Bank of Yokohama Group tabulates the figures for headquarters and business centers. Higashi-Nippon Bank tabulates the figures for headquarters and business centers.

Greenhouse Gas (GHG) Emissions

Item	Units	FY2019			FY2020			FY2021		
		Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total
Greenhouse gas emissions - Scope 1 (Direct emissions)	t-CO ₂	818	157	975	789	123	912	736	112	848
Greenhouse gas emissions - Scope 2 (Indirect emissions)	t-CO ₂	18,794	1,787	20,581	18,443	1,825	20,268	14,781	1,678	16,459
Greenhouse gas emissions - Scope 3 (Categories 1~14)	t-CO ₂ eq	70,811	17,866	88,677	80,369	15,253	95,622	77,949	17,911	95,860
Of which, Category 1 (Purchased goods and services)	t-CO ₂ eq	37,241	13,586	50,827	40,951	11,547	52,498	38,296	11,361	49,657
Of which, Category 2 (Capital goods)	t-CO ₂ eq	20,555	2,798	23,353	26,473	2,357	28,830	27,062	5,329	32,391
Of which, Category 3 (Fuel and energy-related activities not included in scope 1 or scope 2)	t-CO ₂ eq	4,371	355	4,726	4,395	347	4,742	4,238	316	4,554
Of which, Category 4 (Upstream transportation and distribution)	t-CO ₂ eq	5,012	213	5,225	4,893	142	5,035	4,812	125	4,937
Of which, Category 5 (Waste generated in operations)	t-CO ₂ eq	587	208	795	822	193	1,015	743	163	906
Of which, Category 6 (Business travel)	t-CO ₂	602	181	783	649	172	821	652	169	821
Of which, Category 7 (Employee commuting)	t-CO ₂	1,720	501	2,221	1,617	468	2,085	1,610	433	2,043
Of which, Category 8 (Upstream leased assets)	t-CO ₂	722	20	742	566	23	589	532	10	542
Of which, Category 9 (Downstream transportation and distribution)	N/A	-	-	-	-	-	-	-	-	-
Of which, Category 10 (Processing of sold products)	N/A	-	-	-	-	-	-	-	-	-
Of which, Category 11 (Use of sold products)	N/A	-	-	-	-	-	-	-	-	-
Of which, Category 12 (End-of-life treatment of sold products)	N/A	-	-	-	-	-	-	-	-	-
Of which, Category 13 (Downstream leased assets)	None	0	0	0	0	0	0	0	0	0
Of which, Category 14 (Franchises)	None	0	0	0	0	0	0	0	0	0
Total greenhouse gas emissions (Scopes 1 and 2)	t-CO ₂	19,613	1,945	21,558	19,232	1,948	21,180	15,518	1,790	17,308
Total greenhouse gas emissions (Scopes 1, 2, and 3)	t-CO ₂ eq	90,424	19,812	110,236	99,602	17,202	116,804	93,467	19,702	113,169

* Calculations are for the Bank of Yokohama and Higashi-Nippon Bank. (Both include domestic manned branches, unmanned sub-branches, and ATMs.)

* For the purpose of calculation, if Group companies are tenants in the offices of the Bank of Yokohama or Higashi-Nippon Bank, and the energy consumption of such tenants cannot be separated, they are included in the calculation.

* In Scope 2 calculations, CO₂ emissions are calculated as 0 for the portion of real renewable electricity use.

* Scope of third-party verification: Scope 1 and 2 energy-related CO₂ emissions and Scope 3 greenhouse gas emissions (Categories 1-14) of the Concordia Financial Group, the Bank of Yokohama, and Higashi-Nippon Bank in FY2021.

* There may be cases where the breakdowns do not add up to the total emissions due to the handling of fractions.

* Data for FY2019 and FY2020 have been re-examined and partially revised.

Society

Diversity

Item	Units	FY2019			FY2020			FY2021		
		Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total
Number of employees	Persons	4,559	1,238	5,797	4,511	1,197	5,708	4,455	1,138	5,593
Of which, number of female employees	Persons	2,197	376	2,573	2,178	370	2,548	2,157	369	2,526
Proportion of female employees	%	48.2	30.4	44.4	48.3	30.9	44.6	48.4	32.4	45.2
Number of temporary and interim employees, and number of overseas local personnel hired	Persons	3,356	555	3,911	3,370	527	3,897	3,153	462	3,615
Average age	Years old	39.7	39.9	39.7	40.0	40.1	40.0	40.2	40.1	40.2
Average years of continuous service	Years	16.0	17.0	16.2	16.1	17.1	16.3	16.2	17.1	16.4
Of which, average years of employment (male)	Years	17.6	19.2	17.9	17.5	19.4	17.9	17.5	19.4	17.9
Of which, average years of employment (female)	Years	14.2	11.7	13.7	14.7	12	14.1	14.9	12.5	14.4
Average annual salary	¥1,000	7,372	6,445	7,174	7,457	6,494	7,255	7,524	6,679	7,352
Average monthly salary	¥1,000	456	448	454	461	456	460	460	455	459
Proportion of union members within workplace	%	82.4	87.0	83.4	84.8	80.2	83.8	83.7	78.7	82.7
Personnel hired	Persons	189	36	225	185	53	238	179	58	237
Of which, number of females hired	Persons	83	21	104	80	24	104	86	31	117
Total number of new graduates hired	Persons	133	34	167	143	48	191	149	55	204
Of which, number of females hired	Persons	53	19	72	61	23	84	73	30	103
Total mid-career hires	Persons	56	2	58	42	5	47	30	3	33
Of which, number of females hired	Persons	30	2	32	19	1	20	13	1	14
Number of persons using the reemployment system	Persons	599	71	670	714	74	788	758	82	840
Proportion of employees with disabilities	%	2.09	1.67	2.0	2.26	1.64	2.1	2.39	2.01	2.3
Number of employees who resigned	Persons	138	98	236	131	70	201	138	75	213
Voluntary employee turnover rate	%	2.9	7.2	3.8	2.8	5.4	3.3	3.0	6.0	3.6
Number of administrative staff	Persons	1,153	435	1,588	1,230	437	1,667	1,242	420	1,662
Of which, number of female administrative staff	Persons	156	24	180	183	27	210	214	29	243
Proportion of female administrative staff	%	13.5	5.5	11.3	14.9	6.2	12.6	17.2	6.9	14.6
Total number of management staff	Persons	2,105	812	2,917	2,344	860	3,204	2,331	812	3,143
Of which, number of female management staff	Persons	744	171	915	861	182	1,043	890	178	1,068
Proportion of female management staff	%	35.3	21.1	31.4	36.7	21.2	32.6	38.2	21.9	34.0
Average number of days of paid leave taken	Days	12.5	12.5	12.5	13.5	13.1	13.4	16.2	13.2	15.6
Average rate of utilization of paid leave	%	65.3	64.9	65.2	69.1	67.8	68.8	83.3	68.2	80.0
Percentage of employees taking childcare leave (male) ^{(*)5}	%	90.3	2.2	63.5	84.8	31.0	72.7	81.4	44.4	71.7
Average number of days of childcare leave taken (male)	Days	4.6	2.0	4.6	4.1	5.6	4.3	5.6	4.0	5.3
Percentage of employees taking childcare leave (female) ^{(*)6}	%	101.4	87.5	99.4	98.5	112.5	100.6	94.7	100.0	95.5
Percentage of employees taking childcare leave (male & female)	%	96.7	31.9	82.5	92.7	67.9	88.1	88.9	65.5	88.1
Percentage of employees using the shortened working hours system (employees using the system at the end of the fiscal year/male & female with pre-school children), excluding those on leave or on secondment.	%	30.2	18.8	27.9	32.9	21.8	30.8	31.2	24.2	29.9
Average working hours above statutory working hours	Hours/month	9 hours 24 minutes	–	–	12 hours 1 minute	–	–	10 hours 24 minutes	10 hours 54 minutes	10 hours 30 minutes
Number of work accidents	Cases	53	0	53	58	1	59	57	3	60

(*)5) Percentage of male employees taking childcare leave (%) = Number of male employees who took (started) childcare leave (in the relevant fiscal year)/Number of male employees with spouse giving birth (in the relevant fiscal year) x100

(*)6) Percentage of female employees taking childcare leave (%) = Number of female employees who took (started) childcare leave (in the relevant fiscal year)/Number of female employees giving birth (in the relevant fiscal year) x100

Personnel Development (Human Capital)

Item	Units	FY2019			FY2020			FY2021		
		Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total
Number of people using the bank's internal recruitment system	Persons	151	4	155	141	8	149	274	6	280
Number of job titles or employment types changed (Bank employee change)	Persons	13	2	15	6	0	6	3	0	3
Number of job titles or employment types changed (Course change)	Persons	3	8	11	3	4	7	18	10	28

Social Contribution Activity Expenses

Item	Units	FY2019			FY2020			FY2021		
		Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total
Expenditures for social contribution activities ^{(*)7}	¥1,000	110,212	2,175	112,387	135,847	673	136,520	123,993	870	124,863
Of which, donations to not-for-profit organisations	¥1,000	39,841	58	39,899	60,478	42	60,520	47,355	24	47,379
Number of financial education participants ^{(*)8}	Persons	2,712	17	2,729	7,666	125	7,791	24,338	165	24,503

(*)7) Data for FY2019 and FY2020 have been revised due to refinement of the aggregation method.

(*)8) Includes the number of participants in various financial seminars, workplace experiences, school visits and other classes, and the number of visitors (unique users) to the Hamagin Money Classroom website.

Group Non-Financial Data

Governance

Corporate Governance

Concordia Financial Group

Item	Units	FY2019	FY2020	FY2021
Number of directors	Persons	6	7	7
Of which, number of outside/independent directors	Persons	3	3	3
Number of members of Audit & Supervisory Board	Persons	5	5	5
Of which, number of outside members of Audit and Supervisory Board	Persons	3	3	3
Number of female directors ^(*)	Persons	1	1	1
Proportion of female directors	%	18.2	16.7	16.7
Average attendance rate for Board of Directors meetings	%	100.0	100.0	99.4

<Bank of Yokohama, Higashi-Nippon Bank>

Item	Units	FY2019			FY2020			FY2021		
		Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total
Number of directors	Persons	8	8	16	7	6	13	6	6	12
Of which, number of outside/independent directors	Persons	2	2	4	2	1	3	2	1	3
Number of female directors ^(*)	Persons	1	–	1	1	–	1	1	–	1
Average attendance rate for Board of Directors meetings	%	99.2	100.0	–	100.0	100.0	–	99.0	97.6	–

(*) Including outside directors.

Compliance

Item	Units	FY2019			FY2020			FY2021		
		Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total	Bank of Yokohama	Higashi-Nippon Bank	Total
Number of customer consultations	Cases	3,874	303	4,177	5,375	259	5,634	5,878	154	6,032
Of which, telephone consultations	Cases	3,060	245	3,305	4,132	189	4,321	4,780	88	4,868
Complaints	Cases	1,004	216	1,220	1,175	172	1,347	1,625	88	1,713
Inquiries	Cases	2,056	29	2,085	2,957	17	2,974	3,155	0	3,155
Of which, number of Customer Voice cards received	Cases	108	20	128	24	20	44	26	16	42
Of which, number of Customer Voices received on website	Cases	706	38	744	1,219	50	1,269	1,072	50	1,122
Complaints	Cases	423	15	438	723	28	751	622	17	639
Requests	Cases	240	6	246	451	17	468	385	31	416
Compliments	Cases	43	2	45	45	5	50	65	2	67
Other	Cases	0	15	15	0	0	0	0	0	0
Number of internal and external reports received (Hotline)	Cases	22	22	44	29	7	36	27	10	37

Consolidated Financial Statements

Concordia Financial Group

••• Consolidated Balance Sheet

Concordia Financial Group, Ltd. and Consolidated Subsidiaries
March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
ASSETS:			
Cash and due from banks (Notes 3, 12, and 27)	¥ 5,637,213	¥ 4,173,809	\$ 46,048,142
Call loans and bills bought (Note 27)	119,366	60,777	975,054
Monetary claims bought (Note 5)	26,930	29,888	219,983
Trading assets (Note 4)	4,908	4,198	40,096
Securities (Notes 5, 12, and 27)	2,718,311	2,998,468	22,204,803
Loans and bills discounted (Notes 6, 12, and 27)	14,997,171	13,719,737	122,505,891
Foreign exchanges (Notes 6 and 7)	27,200	28,723	222,190
Lease receivables and investment assets (Note 26)	71,841	71,768	586,844
Other assets (Notes 8 and 12)	232,855	281,409	1,902,107
Property, plant and equipment (Note 9)	167,834	166,802	1,370,970
Intangible assets (Note 10)	16,649	17,703	136,008
Net defined benefit asset (Note 17)	54,213	45,736	442,849
Deferred tax assets (Note 25)	20,387	11,629	166,539
Customers' liabilities for acceptances and guarantees (Note 11)	40,762	42,878	332,973
Allowance for loan losses	(74,855)	(76,134)	(611,461)
TOTAL	¥24,060,792	¥21,577,398	\$196,542,988
LIABILITIES:			
Deposits (Notes 12, 13, and 27)	¥19,045,992	¥18,015,297	\$155,579,095
Negotiable certificates of deposit (Note 27)	309,470	182,720	2,527,937
Call money and bills sold (Note 27)	856,869	174,786	6,999,424
Payables under repurchase agreements (Note 12)	10,915	2,441	89,165
Payables under securities lending transactions (Notes 12 and 27)	64,530	155,394	527,122
Trading liabilities (Note 4)	33	57	271
Borrowed money (Notes 12, 14, and 27)	2,217,421	1,430,757	18,113,227
Foreign exchanges (Note 7)	462	197	3,778
Bonds payable (Note 15)	80,000	100,000	653,488
Due to trust account	26,152	15,931	213,629
Other liabilities (Note 16)	217,576	271,876	1,777,298
Provision for bonuses	4,818	4,808	39,361
Provision for directors' bonuses	40	29	330
Provision for share-based compensation	430	323	3,517
Net defined benefit liability (Note 17)	602	536	4,924
Provision for reimbursement of deposits	1,593	1,390	13,014
Provision for contingent losses	2,109	2,185	17,229
Reserves under special laws	25	25	207
Deferred tax liabilities (Note 25)	33	256	274
Deferred tax liabilities for land revaluation	16,325	16,402	133,360
Acceptances and guarantees (Note 11)	40,762	42,878	332,973
Total liabilities	22,896,166	20,418,298	187,029,623
EQUITY (Notes 18 and 19):			
Capital stock – common stock – authorized, 3,000,000 thousand shares in 2022 and 2021; issued, 1,209,616 thousand shares in 2022 and 2021	150,078	150,078	1,225,932
Capital surplus	247,365	247,363	2,020,632
Subscription rights to shares	30	51	246
Retained earnings	708,456	675,707	5,787,096
Treasury shares – common stock – at cost, 9,594 thousand shares in 2022 and 3,148 thousand shares in 2021	(4,292)	(1,342)	(35,060)
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	11,355	44,661	92,757
Deferred gains or losses on hedges	3,020	(1,319)	24,674
Revaluation reserve for land	36,487	36,661	298,050
Foreign currency translation adjustment	421	(416)	3,440
Remeasurements of defined benefit plans	5,703	1,760	46,586
Total	1,158,626	1,153,205	9,464,353
Noncontrolling interests	6,000	5,894	49,012
Total equity	1,164,626	1,159,099	9,513,365
TOTAL	¥24,060,792	¥21,577,398	\$196,542,988

See notes to consolidated financial statements.

••• Consolidated Statement of Income

Concordia Financial Group, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
INCOME:			
Interest income:			
Interest on loans and bills discounted	¥141,246	¥139,171	\$ 1,153,787
Interest and dividends on securities	22,915	20,945	187,186
Interest on call loans and bills bought	257	564	2,101
Interest on due from banks	5,595	2,543	45,707
Other interest income	2,109	1,486	17,230
Trust fees	252	245	2,064
Fees and commissions	68,671	66,706	560,951
Trading income	3,218	2,782	26,291
Other operating income (Note 21)	34,611	44,723	282,730
Other income (Note 22)	8,647	12,664	70,640
Total income	287,526	291,834	2,348,687
EXPENSES:			
Interest expenses:			
Interest on deposits	2,139	2,466	17,476
Interest on negotiable certificates of deposit	19	26	158
Interest on call money and bills sold	480	503	3,928
Interest on payables under repurchase agreements	16	53	137
Interest on payables under securities lending transactions	243	193	1,990
Interest on borrowed money	403	964	3,297
Interest on bonds payable	477	428	3,899
Other interest expenses	1,629	1,518	13,309
Fees and commissions	14,998	14,942	122,518
Trading expenses	4		40
Other operating expenses (Note 23)	37,136	56,139	303,350
General and administrative expenses	131,131	136,888	1,071,162
Provision of allowance for loan losses	5,142	26,003	42,004
Other expenses (Note 24)	15,118	15,389	123,492
Total expenses	208,941	255,518	1,706,760
INCOME BEFORE INCOME TAXES	78,584	36,315	641,927
INCOME TAXES (Note 25):			
Current	21,954	14,034	179,340
Deferred	2,284	(3,730)	18,658
Total income taxes	24,238	10,303	197,998
NET INCOME	54,345	26,011	443,929
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(464)	(685)	(3,796)
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 53,881	¥ 25,326	\$ 440,133
PER SHARE INFORMATION (Notes 2.x and 20):	Yen		U.S. Dollars
Basic net income per share	¥44.67	¥20.99	\$0.36
Diluted net income per share	44.67	20.99	0.36
Dividend on common stock	18.00	17.00	0.15

See notes to consolidated financial statements.

••• Consolidated Statement of Comprehensive Income

Concordia Financial Group, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
NET INCOME	¥ 54,345	¥26,011	\$ 443,929
OTHER COMPREHENSIVE INCOME (Note 29):			
Valuation difference on available-for-sale securities	(33,305)	39,532	(272,063)
Deferred gains or losses on hedges	4,340	1,317	35,456
Remeasurements of defined benefit plans	3,909	8,537	31,933
Share of other comprehensive income of entities accounted for using equity method	870	(645)	7,111
Total other comprehensive (loss) income	(24,185)	48,742	(197,563)
COMPREHENSIVE INCOME	¥ 30,160	¥74,754	\$ 246,366
Comprehensive income attributable to owners of the parent	¥ 29,695	¥74,069	\$ 242,570
Comprehensive income attributable to noncontrolling interests	464	685	3,796

See notes to consolidated financial statements.

••• Consolidated Statement of Changes in Equity

Concordia Financial Group, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2022

	Thousands	Millions of Yen											
		Accumulated Other Comprehensive Income											Total
		Number of Shares of Common Stock Outstanding	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Shares	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	
BALANCE, APRIL 1, 2020		1,206,290	¥150,078	¥247,362	¥62	¥669,897	¥(1,416)	¥ 5,128	¥(2,637)	¥36,686	¥ 225	¥(6,773)	¥1,098,612
Cumulative effects due to revision of accounting standards for foreign affiliates						(197)							(197)
Restated BALANCE, APRIL 1, 2020		1,206,290	¥150,078	¥247,362	¥62	¥669,699	¥(1,416)	¥ 5,128	¥(2,637)	¥36,686	¥ 225	¥(6,773)	¥1,098,415
Net income attributable to owners of the parent						25,326							25,326
Cash dividends, ¥16.0 per share for common stock						(19,342)							(19,342)
Purchases of treasury shares	(3)						(1)						(1)
Disposals of treasury shares	179						75						76
Retirements of treasury shares													
Change in shareholders' interest of parent due to transactions with non-controlling interests													
Reversal of revaluation reserve for land						24							24
Net change in the year					(10)			39,532	1,317	(24)	(642)	8,534	48,707
BALANCE, MARCH 31, 2021		1,206,467	¥150,078	¥247,363	¥ 51	¥675,707	¥(1,342)	¥ 44,661	¥(1,319)	¥36,661	¥(416)	¥ 1,760	¥1,153,205
Cumulative effects due to revision of accounting standards for foreign affiliates						(754)							(754)
Restated BALANCE, APRIL 1, 2021		1,206,467	¥150,078	¥247,363	¥ 51	¥674,953	¥(1,342)	¥ 44,661	¥(1,319)	¥36,661	¥(416)	¥ 1,760	¥1,152,450
Net income attributable to owners of the parent						53,881							53,881
Cash dividends, ¥17.0 per share for common stock						(20,552)							(20,552)
Purchases of treasury shares	(6,569)						(3,001)						(3,001)
Disposals of treasury shares	123			2			52						54
Retirements of treasury shares													
Change in shareholders' interest of parent due to transactions with non-controlling interests													
Reversal of revaluation reserve for land						174							174
Net change in the year					(21)			(33,305)	4,340	(174)	837	3,942	(24,381)
BALANCE, MARCH 31, 2022		1,200,021	¥150,078	¥247,365	¥ 30	¥708,456	¥(4,292)	¥ 11,355	¥ 3,020	¥36,487	¥ 421	¥ 5,703	¥1,158,626

	Thousands of U.S. Dollars (Note 1)											
	Accumulated Other Comprehensive Income											Total
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Shares	Valuation Difference on Available-for-Sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans		
BALANCE, MARCH 31, 2021	\$1,225,932	\$2,020,611	\$ 419	\$5,519,587	\$(10,968)	\$ 364,820	\$(10,782)	\$299,474	\$(3,402)	\$14,383	\$9,420,074	\$48,149
Cumulative effects due to revision of accounting standards for foreign affiliates				(6,165)							(6,165)	(6,165)
Restated BALANCE, APRIL 1, 2021	\$1,225,932	\$2,020,611	\$ 419	\$5,513,422	\$(10,968)	\$ 364,820	\$(10,782)	\$299,474	\$(3,402)	\$14,383	\$9,413,909	\$48,149
Net income attributable to owners of the parent				440,133							440,133	440,133
Cash dividends, \$0.13 per share for common stock				(167,883)							(167,883)	(167,883)
Purchases of treasury shares					(24,519)						(24,519)	(24,519)
Disposals of treasury shares			21		427						448	448
Retirements of treasury shares												
Change in shareholders' interest of parent due to transactions with non-controlling interests												
Reversal of revaluation reserve for land				1,424							1,424	1,424
Net change in the year			(173)			(272,063)	35,456	(1,424)	6,842	32,203	(199,159)	863
BALANCE, MARCH 31, 2022	\$1,225,932	\$2,020,632	\$ 246	\$5,787,096	\$(35,960)	\$ 92,757	\$ 24,674	\$298,050	\$ 3,440	\$46,586	\$9,464,353	\$49,012

See notes to consolidated financial statements.

••• Consolidated Statement of Cash Flows

Concordia Financial Group, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2022

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
OPERATING ACTIVITIES:			
Income before income taxes	¥ 78,584	¥ 36,315	\$ 641,927
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:			
Depreciation	13,724	13,513	112,113
Impairment loss	255	1,872	2,091
Amortization of goodwill			
Share of (profit) loss of entities accounted for using equity method	1,246	112	10,186
Increase (decrease) in allowance for loan losses	(1,279)	13,961	(10,448)
Increase (decrease) in provision for bonuses	10	676	82
Increase (decrease) in provision for directors' bonuses	11	(22)	92
Increase (decrease) in provision for share-based compensation	107	84	875
Decrease (increase) in net defined benefit asset	(2,666)	(3,443)	(21,780)
Increase (decrease) in net defined benefit liability	65	1,448	538
Increase (decrease) in provision for reimbursement of deposits	202	(465)	1,652
Increase (decrease) in provision for contingent losses	(76)	388	(622)
Interest income	(172,123)	(164,711)	(1,406,011)
Interest expenses	5,409	6,154	44,194
Loss (gain) related to securities	5,418	10,266	44,262
Foreign exchange losses (gains)	(39,784)	(6,235)	(324,985)
Loss (gain) on disposals of non-current assets	3,416	3,210	27,906
Net decrease (increase) in trading assets	(710)	295	(5,803)
Net increase (decrease) in trading liabilities	(24)	(29)	(202)
Net decrease (increase) in loans and bills discounted	(1,277,303)	(651,428)	(10,433,782)
Net increase (decrease) in deposits	1,030,695	1,781,625	8,419,339
Net increase (decrease) in negotiable certificates of deposit	126,750	(89,400)	1,035,370
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	786,663	1,014,036	6,425,938
Net decrease (increase) in due from banks (excluding due from the Bank of Japan)	(41,267)	20,751	(337,096)
Net decrease (increase) in call loans and others	(55,738)	132,899	(455,308)
Net increase (decrease) in call money and others	690,556	(162,282)	5,640,884
Net increase (decrease) in payables under securities lending transactions	(90,864)	(48,623)	(742,237)
Net decrease (increase) in foreign exchanges – assets	1,523	(11,261)	12,444
Net increase (decrease) in foreign exchanges – liabilities	265	(52)	2,167
Net decrease (increase) in lease receivables and investment assets	(518)	(3,239)	(4,235)
Net decrease (increase) in due to trust account	10,220	11,106	83,487
Interest and dividends received	172,723	167,355	1,410,910
Interest paid	(5,473)	(7,578)	(44,710)
Other, net	18,997	(5,134)	155,185
Subtotal	1,259,019	2,062,167	10,284,423
Income tax paid	(11,729)	(23,058)	(95,811)
Net cash provided by (used in) operating activities	¥ 1,247,289	¥ 2,039,109	\$ 10,188,612
INVESTING ACTIVITIES:			
Purchases of securities	(1,496,789)	(2,520,421)	(12,226,674)
Proceeds from sales of securities	1,258,515	1,413,238	10,280,309
Proceeds from redemption of securities	474,349	643,654	3,874,774
Purchases of property, plant and equipment	(12,321)	(10,096)	(100,647)
Proceeds from sales of property, plant and equipment	1,319	183	10,775
Purchases of intangible assets	(4,942)	(5,405)	(40,373)
Proceeds from sales of intangible assets		112	
Other, net	(1,380)	(1,852)	(11,280)
Net cash provided by (used in) investing activities	218,750	(480,586)	1,786,884
FINANCING ACTIVITIES:			
Proceeds from issuance of subordinated bonds and bonds with subscription rights to shares	(20,000)	20,000	(163,372)
Purchases of treasury shares	(3,001)	(1)	(24,519)
Proceeds from sales of treasury shares			1
Cash dividends paid	(20,552)	(19,342)	(167,883)
Cash dividends paid to non-controlling interests	(338)	(134)	(2,768)
Purchase of common shares from non-controlling interests	(20)	(16)	(165)
Net cash provided by (used in) financing activities	(43,912)	505	(358,706)
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	9	9	75
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,422,136	1,559,036	11,616,865
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,074,238	2,515,201	33,280,823
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	¥ 5,496,374	¥ 4,074,238	\$ 44,897,688

See notes to consolidated financial statements.

••• Notes to Consolidated Financial Statements

Concordia Financial Group, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2022

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Concordia Financial Group, Ltd. (the “Company”) and its consolidated subsidiaries (the “Group”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, in accordance with the Enforcement Regulation for the Banking Act, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. As permitted by the Japanese Financial Instruments and Exchange Act, amounts less than one million yen have been omitted. As a result, the totals do not necessarily agree with the sum of the individual amounts. Yen amounts, other than per share amounts, have been rounded down to millions of yen. Yen per share amounts have been rounded down to two decimal places.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥122.42 to U.S. \$1, the rate of exchange at March 31, 2022. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation — The consolidated financial statements include the accounts of the Company, its consolidated subsidiaries and its associates accounted for by the equity method.

The number of consolidated subsidiaries as of March 31, 2022 and 2021 was 12.

The number of associates accounted for by the equity method as of March 31, 2022 and 2021 was four.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

The balance sheet dates of the consolidated subsidiaries are the same as the balance sheet date of the Company.

The consolidated financial statements do not include the accounts of five subsidiaries in 2022, and 2021, because the total assets, total income, net income, retained earnings, and accumulated other comprehensive income of these entities would not have had a material effect on the consolidated financial statements.

Investments in the unconsolidated subsidiaries and associates to which the equity method accounting is not applied are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances, transactions, and unrealized profits included in assets have been eliminated in consolidation.

The excess of the cost of acquisition over the fair value of the net assets of an acquired subsidiary at the date of acquisition is amortized over a period of 5 to 10 years.

b. Trading-Purpose Transactions — “Transactions for trading purposes” (for the purpose of capturing gains arising from short-term changes in interest rates, currency exchange rates, or market prices of securities and other market-related indices or from arbitrage opportunities) are included in “Trading assets” and “Trading liabilities” on a trade-date basis. Trading securities and monetary claims bought for trading purposes recorded in these accounts are stated at fair value and trading-related financial derivatives are stated at the amounts that would be settled if they were terminated at the end of the fiscal year.

Profits and losses on transactions for trading purposes are shown as “Trading income” or “Trading expenses” on a trade-date basis.

c. Securities — Securities are classified and accounted for, depending on management’s intent, as follows:

(1) Held-to-maturity debt securities, which are expected to be held to maturity with a positive intent and ability to hold to maturity, are reported at amortized cost computed using the straight-line method.

(2) Available-for-sale securities are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Securities for which there is no market value are recorded at cost determined by the moving-average method.

For other-than-temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

d. Property, Plant and Equipment — Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation of property, plant and equipment owned by the Company and its consolidated subsidiaries is computed mainly using the straight-line method.

The range of useful lives is from 2 to 60 years for buildings and from 2 to 20 years for equipment.

Depreciation of leased property and equipment owned by consolidated subsidiaries is calculated by the straight-line method over the lease periods.

e. Software — Cost of computer software obtained for internal use is amortized principally using the straight-line method over the estimated useful lives of 5 to 7 years.

f. Long-Lived Assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Revaluation Reserve for Land — Under the “Law of Land Revaluation,” The Bank of Yokohama, Ltd. (“BOY”) elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 1998.

The resulting revaluation reserve for land represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted, unless the land value subsequently declines significantly, such that the amount of the decline in value should be removed from the revaluation reserve for land account and related deferred tax liabilities.

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥34,416 million (\$ 281,132 thousand) and ¥34,883 million as of March 31, 2022 and 2021, respectively.

h. Deferred Charges — Bond issue expenses are recognized as expense when incurred.

i. Allowance for Loan Losses — Allowance for loan losses of major consolidated subsidiaries is provided based on the following categories of borrowers in accordance with the policy and guidelines for write-offs and provisions.

Legal bankruptcy: borrowers that have entered into bankruptcy, special liquidation proceedings or similar legal proceedings

Virtual bankruptcy: borrowers that are not legally or formally insolvent but are regarded as substantially in the same situation

Possible bankruptcy: borrowers that are not currently bankrupt but are perceived to have a high risk of falling into bankrupt in the future

In need of special caution: borrowers in need of caution whose debts consist, in whole or in part, of substandard loans (accruing loans contractually past due for three months or more and restructured loans)

In need of caution: borrowers requiring careful management in the future, e.g., those with problematic loan terms and repayment conditions or those with weak or unstable business conditions

Normal: borrowers with good business conditions and no particular financial issues identified

(1) For claims to borrowers who are in the “Legal bankruptcy” and “Virtual bankruptcy” category, the allowance for loan losses is provided based on the amounts of claims, after the write-off described below, net of the expected amounts of recoveries from collateral and guarantees.

(2) For claims to borrowers whose loans are classified as “Possible bankruptcy” or “In need of special caution” over a certain amount, for which future cash flows from the principals and interests could be reasonably estimated, the allowance for loan losses is provided for the difference between the present value of expected future cash flows discounted at the initial contractual interest rate and the carrying value of the claims (the “DCF method”). In addition, for claims for which the allowance for loan losses has been provided based on the DCF method in previous period and for which certain requirements are met during the period of the business improvement plans, the allowance for loan losses is provided using the DCF method continuously.

(3) For claims to borrowers that are in the "Possible bankruptcy" other than (2), the allowance for loan losses is provided based on the expected credit losses over the next three years. The expected credit losses are calculated based on the carrying amount of the loans less the estimated recoverable amounts of collaterals and guarantees, multiplied by the loss ratio based on the average of the actual historical loan loss ratio over a certain period in the past with necessary adjustments such as future prospects.

(4) For claims other than the above, the allowance for loan losses is provided based on the expected credit losses over the next three years for borrowers in the "In need of special caution" and over the next one year for borrowers in the "In need of caution" and "Normal." The expected credit losses are calculated based on the carrying amount of the loans less the estimated recoverable amounts of collaterals and guarantees for borrowers in the "In need of special caution" (for borrowers in the "In need of caution" and "Normal," based on the carrying amount of the loans), multiplied by the loss ratio based on the average of the actual historical loan loss ratio over a certain period in the past with necessary adjustments such as future prospects.

j. Provision for Bonuses — Provision for bonuses is provided in the amount of the estimated bonuses that are attributable to each fiscal year.

k. Provision for Directors' Bonuses — Provision for directors' bonuses is provided in the amount of the estimated bonuses that are attributable to each fiscal year.

l. Provision for Share-Based Compensation — Provision for share-based compensation is provided in the amount of the estimated payment based on the stock compensation system for directors, etc. of the Company and major consolidated subsidiaries that are attributable to each fiscal year.

m. Provision for Reimbursement of Deposits — Provision for reimbursement of deposits that were derecognized as liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

n. Provision for Contingent Losses — Provision for contingent losses is provided for contingent losses not covered by other provisions in an amount deemed necessary based on estimated losses in the future.

o. Reserve under Special Laws — Reserve under special laws is provided for contingent liabilities from brokering of security transactions in accordance with Section 1 of Article 46-5 of the Japanese Financial Instruments and Exchange Act.

p. Retirement and Pension Plans — Major consolidated subsidiaries have contributory funded defined benefit pension plans, lump-sum payment plans, and defined contribution pension plans for employees. Other consolidated subsidiaries have lump-sum payment plans, and some of these subsidiaries have defined contribution pension plans.

Past service costs: Past service costs are amortized using the straight-line method over a certain number of year (10 years) within the average remaining service period of employees when the costs are incurred.

Major consolidated subsidiaries accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses are amortized on a straight-line basis over 10 to 15 years within the average remaining service period. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

(Additional information)

In July 2021, The Higashi-Nippon Bank, Limited., a consolidated subsidiary of the Company, revised its retirement benefit and pension plan effective October 1, 2021, resulting in the decrease in retirement benefit obligations and the accrual of ¥3,042 million in past service costs.

q. Stock Options — Compensation expenses for employee stock options are recognized based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services in accordance with Accounting Standards Board of Japan ("ASBJ") Statement No. 8, "Accounting Standard for Stock Options". Stock options granted to nonemployees are accounted for based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as subscription rights to shares as a separate component of equity until exercised.

r. Leases — Finance leases that are deemed to transfer ownership of the leased property to the lessee are recognized as lease receivables, and finance leases that are not deemed to transfer ownership of the leased property to the lessee are recognized as investments in lease.

Lease revenue and lease costs are recognized over the lease period.

s. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

t. Translation of Foreign Currencies — Assets and liabilities denominated in foreign currencies and accounts of overseas branches held by the Group are translated at exchange rates prevailing as of the balance sheet date.

u. Derivatives and Hedging Activities — Derivative financial instruments are classified and accounted for as follows: (a) all derivatives, except those entered into for hedging purposes, are recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the statement of income or (b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of a high correlation and effectiveness between the hedging instruments and the hedged items, the gains or losses on the derivatives are deferred until maturity of the hedged transactions (deferral hedge accounting).

Consolidated banking subsidiaries apply deferral hedge accounting based on the rules of the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24 for interest rate derivatives to manage interest rate risk from various financial assets and liabilities as a whole. Under these rules, the effectiveness of a fair value hedge is assessed by an identified group of hedge deposits, loans, and similar instruments and by a corresponding group of hedging instruments, such as interest rate swaps in the same maturity category. Also, under these rules, the effectiveness of cash flow hedges is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

Consolidated banking subsidiaries apply deferral hedge accounting based on the rules of the JICPA Industry Audit Committee Report No. 25 for currency swaps and funding swaps used for the purpose of currency exchange.

v. Cash and Cash Equivalents — For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash and due from the Bank of Japan.

w. Cash Dividends — Cash dividends charged to retained earnings are dividends paid during the year and represent year-end dividends for the preceding year and interim dividends for the current fiscal year.

x. Per Share Information — Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

y. Adoption of consolidated tax payment system — The Company and certain of its consolidated subsidiaries have adopted the consolidated tax payment system from the current fiscal year, with the Company as the consolidated parent company.

z. Significant Accounting Estimates — Items for which amounts are recorded in the consolidated financial statements for the current fiscal year based on accounting estimates that may have a significant effect on the consolidated financial statements for the next fiscal year are as follows:

Allowance for loan losses: ¥74,855 million (\$611,461 thousand).

The Group calculates the amount of allowance for loan losses as described in Note 2, "Summary of Significant Accounting Policies, i. Allowance for Loan Losses." and uses the following key assumptions in recognizing the amount.

- Future prospects of borrowers in determining the borrower classification based on their status and business improvement plans,
- Estimation of disposable amounts of real estate collaterals in the future based on the past results,

- Prospects for the collection of principal and interest of receivables based on the current performance under the cash flow estimation method, and
- Future prospects based on long-term historical results and trends to be taken into account in making necessary adjustments to the loss rate based on the historical average in calculating the expected credit losses.

These assumptions may be affected by changes in uncertain economic conditions in the future. If there is a material difference between the assumptions and the actual results, the balance of allowance for loan losses and the amount of provision for loan losses for the next fiscal year may be significantly affected.

The Group assumes that the infection of Novel Coronavirus Infectious Disease would gradually ease toward the end of the next fiscal year. Although the Group expects credit losses from some debtors due to deterioration of business performance and cash flows resulting from the continuing impact of stagnation of economic activities, the Group collects the latest detailed information as much as possible and determines the debtor classification based on the future prospects to calculate the allowance for loan losses. In addition, for some debtors whose business activities have been significantly affected by Novel Coronavirus Infectious Disease, the Group has calculated the amount of expected credit losses with additional necessary adjustments considering the uncertainty of future prospects and credit risk. The assumption the impact of Novel Coronavirus Infectious Disease is uncertain, and actual credit losses may exceed the expected credit losses if the deterioration of debtors' business performance exceeds the assumption based on the latest available information due to sluggish consumer spending and stagnation of production activities.

aa. Changes in Accounting Policies

(Accounting Standard for Fair Value Measurement)

The Group has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30) from the beginning of the current fiscal year and revised the fair value adjustment method for determining fair value of derivative instruments to the method that maximizes the use of observable inputs estimated from derivatives traded in the market in accordance with Paragraph 8 of the Accounting Standard for Fair Value Measurement. This revision was made in line with the application of the Accounting Standard for Fair Value Measurement. The Group reflected the cumulative effect of retrospective application of the new accounting policies prior to the beginning of the current fiscal year in retained earnings as of the beginning of the current fiscal year in accordance with the transitional measures stipulated in Paragraph 20 of the Accounting Standard for Fair Value Measurement.

As a result, the beginning balance of retained earnings decreased by ¥754 million, other assets decreased by ¥1,114 million, other liabilities decreased by ¥27 million, deferred tax assets increased by ¥332 million and net assets per share decreased by ¥0.62.

ab. Additional Information

(Stock compensation system that utilizes trusts)

(1) Outline of Transactions

The Company introduced a stock compensation system that utilizes trusts (the "System") for the purpose of sharing interests with its shareholders, and boosting the motivation to promote the sustainable growth of the Company group as a whole and to enhance corporate value over the medium to long term.

The System applies to the directors (excluding outside directors and non-executive directors) and the executive officers of the Company and major consolidated subsidiaries. In the System, the Company entrusts the trust bank with cash to the extent approved by resolution at the general meeting of shareholders of the Company, combined with the cash contributed by the subsidiaries to the extent approved by resolution at the general meeting of shareholders of the subsidiaries, and creates the trust in which the beneficiaries are directors, etc. who satisfy the beneficiary requirements. The trust acquires shares of the Company from the stock market by using the cash entrusted as the source of financing.

During the trust period, beneficiaries receive: a certain number of points that are awarded in accordance with the respective stock-granting rules of each company; shares of the Company that are granted in the number accounting for a certain ratio of the number of such points; and cash in the amount equivalent to the conversion value of shares of the Company corresponding to the number of remaining points after the conversion of the shares in accordance with the provisions of the trust agreement.

Under the System, two types of trusts are created. One type is the trust which executes the granting or payment (the "Granting, etc.") of shares of the Company and cash in the amount equivalent to the conversion value of the Company shares (the "Shares of the Company, etc.") after the retirement of directors, etc. according to their respective job positions, and the other type is the trust which executes the Granting, etc. of the Shares of the Company, etc. after the end of the medium-term management plan period according to the extent to which performance targets of the medium-term management plan have been fulfilled.

(2) Shares of the Company Residing in the Trust

Shares of the Company residing in the trust are recognized as treasury shares in equity at the carrying amounts in the trust. The carrying amounts of such treasury shares as of March 31, 2022 and 2021, were ¥1,008 million (\$8,240 thousand) for 2,388 thousand shares and ¥1,042 million for 2,469 thousand shares, respectively.

(Adoption of the Tax Effect Accounting in Transition from the Consolidated Tax Payment System to the Group Tax Sharing System)

With respect to items in transition to the group tax sharing system established in the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020) and those for which the non-consolidated tax payment system has been reviewed in line with the transition to the group tax sharing system, The Company and some consolidated subsidiaries have not applied Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28) in accordance with Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Sharing System” (ASBJ Practical Issues Task Force No. 39) and recorded the amount of deferred tax assets and liabilities based on the provisions of the tax laws prior to the revision.

3. CASH AND CASH EQUIVALENTS

The reconciliation of “Cash and cash equivalents” in the consolidated statement of cash flows and “Cash and due from banks” in the consolidated balance sheet as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Cash and due from banks	¥5,637,213	¥4,173,809	\$46,048,142
Interest-bearing deposits included in due from banks (other than due from the Bank of Japan)	(140,838)	(99,571)	(1,150,454)
Cash and cash equivalents	¥5,496,374	¥4,074,238	\$44,897,688

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Trading assets:			
Trading securities	¥4,730	¥3,967	\$38,640
Trading-related financial derivatives	178	230	1,456
Total	¥4,908	¥4,198	\$40,096
Trading liabilities — trading-related financial derivatives	¥ 33	¥ 57	\$ 271

5. SECURITIES

Securities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Japanese national government bonds	¥ 442,500	¥ 565,078	\$ 3,614,612
Japanese local government bonds	637,420	500,836	5,206,836
Japanese corporate bonds	534,570	630,639	4,366,692
Japanese corporate stocks	150,217	175,653	1,227,065
Other securities	953,602	1,126,259	7,789,598
Total	¥2,718,311	¥2,998,468	\$22,204,803

The carrying amounts and aggregate fair value of securities and monetary claims bought as of March 31, 2022 and 2021, were as follows:

March 31, 2022	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 84,523	¥59,042	¥ 3,107	¥ 140,458
Debt securities	1,232,157	2,109	10,451	1,223,815
Other securities	953,985	13,441	47,479	919,947
Held-to-maturity	390,676	641	4,384	386,933

March 31, 2021	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 89,283	¥77,956	¥ 1,575	¥ 165,664
Debt securities	1,354,436	3,505	6,992	1,350,949
Other securities	1,115,235	18,652	29,430	1,104,458
Held-to-maturity	345,605	1,437	647	346,395

March 31, 2022	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	\$ 690,442	\$482,296	\$ 25,386	\$1,147,352
Debt securities	10,064,999	17,234	85,371	9,996,862
Other securities	7,792,722	109,798	387,837	7,514,683
Held-to-maturity	3,191,278	5,237	35,812	3,160,703

The above balances do not include non-listed shares and equity investments in non-consolidated subsidiaries and associates, accounted for by the equity method or the cost method, of ¥47,703 million (\$389,672 thousand) and ¥39,381 million as of March 31, 2022 and 2021, respectively. "Other securities" includes monetary claims bought whose fair value can be reliably determined, of ¥4,290 million (\$35,045 thousand) and ¥7,591 million as of March 31, 2022 and 2021, respectively.

Information on available-for-sale securities and held-to-maturity securities which were sold during the years ended March 31, 2022 and 2021, was as follows:

March 31, 2022	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 8,124	¥3,849	¥ 530
Debt securities	805,737	792	1,796
Other securities	378,560	3,815	9,522
Total	¥1,192,421	¥8,457	¥11,848

March 31, 2021	Millions of Yen		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 10,596	¥ 6,799	
Debt securities	1,159,163	1,642	¥ 709
Other securities	268,788	4,982	5,059
Total	¥1,438,548	¥13,424	¥5,768

March 31, 2022	Thousands of U.S. Dollars		
	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	\$ 66,362	\$31,444	\$ 4,334
Debt securities	6,581,744	6,471	14,671
Other securities	3,092,310	31,170	77,781
Total	\$9,740,416	\$69,085	\$96,786

Impairment losses on securities whose fair value can be reliably determined, other than trading securities, for the year ended March 31, 2022, was ¥323 million (\$2,640 thousand), which consisted of ¥178 million (\$1,454 thousand) for equity securities and ¥145 million (\$1,186 thousand) for debt securities.

Impairment losses on securities whose fair value can be reliably determined, other than trading securities, for the year ended March 31, 2021, was ¥206 million, which consisted of ¥2 million for equity securities, ¥203 million for debt securities.

Securities also include corporate stocks and investments in unconsolidated subsidiaries and affiliates, which totaled ¥12,019 million (\$98,185 thousand) and ¥10,816 million as of March 31, 2022 and 2021, respectively.

Japanese national government bonds as of March 31, 2022 and 2021, included bonds of ¥84,714 million (\$691,999 thousand) and ¥55,991 million, respectively, which were being rented to third parties without collateral under lending contracts.

The amount of guarantee obligations for privately-placed bonds (Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act) included in securities as of March 31, 2022 and 2021, was ¥74,967 million (\$612,376 thousand) and ¥76,849 million, respectively.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Bills discounted	¥ 26,341	¥ 27,258	\$ 215,174
Loans on bills	214,360	213,923	1,751,022
Loans on deeds	13,599,043	12,418,752	111,085,142
Overdrafts	1,157,426	1,059,803	9,454,553
Total	¥14,997,171	¥13,719,737	\$122,505,891

Claims in accordance with the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. The claims are included in corporate bonds in "Securities" (limited to those issued in private placement of securities prescribed in Section 3 of Paragraph 2 in the Financial Instruments and Exchange Act, and those with wholly or partially guaranteed redemption of the principal and payment of the interest), loans and bills discounted, foreign exchanges, accrued interest and advances in "Other assets" and customers' liabilities for acceptances and guarantees in the consolidated balance sheet, and securities loaned (limited to those under a loan for use or lease contract) provided in the notes.

Bankrupt or De facto bankrupt are those claims that have fallen into bankruptcy due to certain reasons, including initiation of bankruptcy proceedings, start of reorganization proceedings or submission of an application to start rehabilitation proceedings and quasi-loans. The loans and bills discounted include "Bankrupt or De facto bankrupt" totaling ¥54,373 million (\$444,156 thousand) and ¥59,679 million as of March 31, 2022 and 2021, respectively.

Doubtful claims are those claims with a strong likelihood that claim principals cannot be recovered and interest cannot be received according to the contract because of difficulties in the financial conditions and business performance of debtors who are not yet legally bankrupt, excluding those claims classified as Bankrupt or De facto bankrupt. Doubtful claims were ¥160,685 million (\$1,312,578 thousand) and ¥145,924 million as of March 31, 2022 and 2021, respectively.

Loans past due over three months are those loans for which principal or interest payments are more than three months past due (calculated from the day following the contractual payment date), excluding loans classified as Bankrupt or De facto bankrupt and Doubtful claims. Loans past due over three months were ¥2,808 million (\$22,939 thousand) and ¥4,036 million as of March 31, 2022 and 2021, respectively.

Restructured loans are those loans whose terms have been modified by reducing or waiving interest, granting interest payment extensions, granting principal repayment extensions, forgiving debt, or otherwise providing some arrangements favorable to the borrower in connection with the borrower's business restructuring or to otherwise provide support, excluding those loans classified as Bankrupt or De facto bankrupt, Doubtful claims or Loans past due three months or more. The above loans are presented at the amounts prior to deduction of allowances for loan losses.

Restructured loans were ¥22,051 million (\$180,133 thousand) and ¥21,818 million as of March 31, 2022 and 2021, respectively.

The above loans are presented at the amounts prior to deduction of allowances for loan losses.

(Changes in presentation)

The classification of risk management loans and others based on the Banking Act are aligned with the classification of claims subject to disclosure in accordance with the Act on Emergency Measures for Revitalization of Financial Functions due to enforcement of the "Cabinet Office Ordinance of the Act of Partial Revision made in Ordinance for Enforcement of the Banking Act (Cabinet Office Ordinance No.3, January 24, 2020)," effective from March 31, 2022.

Contracts of overdraft facilities and loan commitment limits are contracts under which the Group lends to customers up to the prescribed limits in response to customer applications for loans as long as there is no violation of any condition in the contracts. As of March 31, 2022 and 2021, the amounts of unused commitments were ¥2,689,931 million (\$21,972,975 thousand) and ¥2,589,410 million, respectively. As of March 31, 2022 and 2021, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,584,404 million (\$12,942,367 thousand) and ¥1,395,214 million, respectively.

As many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby the Group can refuse customer applications for loans or decrease the contract limits for certain reasons (e.g., changes in financial situation and deterioration in customers' creditworthiness). At the inception of the contracts, the Group obtains real estate, securities, or other assets as collateral if considered to be necessary. Subsequently, the Group performs periodic reviews of the customers' business results based on internal rules and takes necessary measures to reconsider conditions in the contracts and/or require additional collateral and guarantees.

Discounting bills are treated as secured lending transactions. As of March 31, 2022 and 2021, the Group has the right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought, and their total face value was ¥26,627 million (\$217,513 thousand) and ¥27,538 million, respectively.

7. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Assets			
Foreign exchange bills bought	¥ 286	¥ 279	\$ 2,339
Foreign exchange bills receivable	1,621	1,489	13,242
Due from foreign correspondent accounts	25,293	26,954	206,609
Total	¥27,200	¥28,723	\$222,190
Liabilities			
Foreign exchange bills sold		¥ 1	
Foreign exchange bills payable	¥ 462	195	\$ 3,778
Total	¥ 462	¥ 197	\$ 3,778

8. OTHER ASSETS

Other assets as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Accrued income	¥ 15,890	¥ 14,364	\$ 129,802
Derivatives other than for trading – assets	30,622	32,454	250,147
Cash collateral paid for financial instruments	34,564	38,476	282,345
Temporary advance	71,565	71,181	584,590
Installments receivable	24,705	22,396	201,812
Other	55,506	102,535	453,411
Total	¥232,855	¥281,409	\$1,902,107

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Buildings, net	¥ 61,443	¥ 56,311	\$ 501,907
Land	94,658	93,138	773,224
Lease assets, net		7	
Construction in progress	327	3,170	2,679
Other	11,404	14,173	93,160
Total	¥167,834	¥166,802	\$1,370,970

The accumulated depreciation of property, plant and equipment as of March 31, 2022 and 2021, amounted to ¥180,283 million (\$1,472,660 thousand) and ¥180,550 million, respectively.

10. INTANGIBLE ASSETS

Intangible assets as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Software	¥16,258	¥17,225	\$132,808
Other	391	478	3,200
Total	¥16,649	¥17,703	\$136,008

11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are presented as assets, representing the Group's rights of indemnity from the applicants.

12. ASSETS PLEDGED

Assets pledged as collateral and the related liabilities as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Assets pledged as collateral:			
Cash and due from banks	¥ 19,787	¥ 12,593	\$ 161,633
Securities	1,341,286	1,230,420	10,956,429
Loans and bills discounted	1,949,735	1,306,943	15,926,606
Other	938	863	7,662
Relevant liabilities to above assets:			
Deposits	¥ 67,223	¥ 57,037	\$ 549,124
Payables under repurchase agreements	10,915	2,441	89,165
Payables under securities lending transactions	64,530	155,394	527,122
Borrowed money	2,181,259	1,390,360	17,817,833

In addition to the above, assets pledged as collateral for transactions, such as exchange settlement transactions, or as substitute securities for initial margin on futures transactions and others were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Securities	¥34,560	¥40,364	\$282,314
Other assets amounting	71,036	71,036	580,269

Additionally, initial margins of futures markets, cash collateral received for financial instruments liabilities, and guarantee deposits on office space included in other assets were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Initial margins of futures markets	¥ 1,653	¥ 1,653	\$ 13,503
Cash collateral paid for financial instruments	34,564	38,476	282,345
Guarantee deposits on office space	7,211	8,323	58,905

13. DEPOSITS

Deposits as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Current deposits	¥ 737,494	¥ 735,200	\$ 6,024,298
Ordinary deposits	13,945,788	12,725,509	113,917,569
Savings deposits	227,392	225,818	1,857,475
Deposits at notice	86,674	99,162	708,009
Time deposits	3,600,049	3,718,092	29,407,367
Other deposits	448,593	511,513	3,664,377
Total	¥19,045,992	¥18,015,297	\$155,579,095

14. BORROWED MONEY

As of March 31, 2022 and 2021, the weighted-average annual interest rate applicable to borrowed money was 0.03% and 0.02%, respectively.

Annual maturities of borrowed money as of March 31, 2022, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	¥1,488,417	\$12,158,286
2024	5,191	42,406
2025	3,487	28,488
2026	687,538	5,616,230
2027	27,039	220,879
2028 and thereafter	5,746	46,938
Total	¥2,217,421	\$18,113,227

15. BONDS PAYABLE

Bonds payable as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unsecured fixed (0.50% interest until March 2022) and floating (Libor linked interest after March 2022) subordinated bonds, payable in Japanese yen, due March 2027		¥ 20,000	
Unsecured fixed (0.40% interest until February 2023) and floating (Libor linked interest after February 2023) subordinated bonds, payable in Japanese yen, due February 2028	¥20,000	20,000	\$163,372
Unsecured fixed (0.49% interest until March 2024) and floating (Libor linked interest after March 2024) subordinated bonds, payable in Japanese yen, due March 2029	10,000	10,000	81,686
Unsecured fixed (0.49% interest until March 2024) and floating (Swaps mid rate linked interest after March 2024) subordinated bonds, payable in Japanese yen, due March 2029	10,000	10,000	81,686
Unsecured fixed (0.37% interest until September 2024) and floating (Libor linked interest after March 2024) subordinated bonds, payable in Japanese yen, due September 2029	10,000	10,000	81,686
Unsecured fixed (0.45% interest until March 2025) and floating (Swaps mid rate linked interest after March 2025) subordinated bonds, payable in Japanese yen, due March 2030	10,000	10,000	81,686
Unsecured fixed (0.60% interest until September 2025) and floating (Swaps mid rate linked interest after September 2025) subordinated bonds, payable in Japanese yen, due September 2030	20,000	20,000	163,372
Total	¥80,000	¥100,000	\$653,488

Annual maturities of bonds payable as of March 31, 2022, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2028 and thereafter	¥80,000	\$653,488

16. OTHER LIABILITIES

Other liabilities as of March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Income taxes payable	¥ 10,899	¥ 3,650	\$ 89,037
Accrued expenses	7,542	9,026	61,615
Unearned revenue	41,973	40,306	342,866
Derivatives other than for trading – liabilities	37,204	30,864	303,905
Suspense receipts	78,066	62,094	637,698
Other	41,889	125,932	342,177
Total	¥217,576	¥271,876	\$1,777,298

17. RETIREMENT AND PENSION PLANS

Major consolidated subsidiaries have defined benefit corporate pension plans, lump-sum payment plans, and defined contribution pension plans for their employees. In addition, it is possible for major consolidated subsidiaries to pay additional retirement benefits.

Major consolidated subsidiaries contribute to a retirement benefit trust to fund defined benefit corporate pension plans and lump-sum payment plans.

Other consolidated subsidiaries have lump-sum payment plans, and some of these subsidiaries have defined contribution pension plans. These subsidiaries recorded their net defined benefit liability at the amount that would be required if employees retired at each balance sheet date (the “simplified method”).

(1) Defined benefit plans

(a) The changes in defined benefit obligation for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥99,132	¥99,314	\$809,776
Current service cost	2,245	2,426	18,346
Interest cost	556	573	4,546
Actuarial losses	(793)	2,061	(6,481)
Benefits paid	(5,298)	(5,330)	(43,280)
Past service costs	(3,042)		(24,853)
Other	92	86	753
Balance at end of year	¥92,893	¥99,132	\$758,807

In the above schedule, the amount of retirement benefit plans is calculated by applying the simplified method for other consolidated subsidiaries.

(b) The changes in plan assets for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Balance at beginning of year	¥144,331	¥130,016	\$1,178,990
Expected return on plan assets	2,856	2,741	23,333
Actuarial losses	928	13,250	7,584
Contributions from the employer	2,198	2,215	17,960
Benefits paid	(3,903)	(3,984)	(31,889)
Other	92	92	754
Balance at end of year	¥146,503	¥144,331	\$1,196,732

(c) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Funded defined benefit obligation	¥ 92,290	¥ 98,595	\$ 753,883
Plan assets	(146,503)	(144,331)	(1,196,732)
	(54,213)	(45,736)	(442,849)
Unfunded defined benefit obligation	602	536	4,924
Net liability (asset) arising from defined benefit obligation	¥ (53,610)	¥ (45,199)	\$ (437,925)

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Net defined benefit liability	¥ 602	¥ 536	\$ 4,924
Net defined benefit asset	(54,213)	(45,736)	(442,849)
Net liability (asset) arising from defined benefit obligation	¥(53,610)	¥(45,199)	\$(437,925)

In the above schedule, the amount of retirement benefit plans is calculated by applying the simplified method for other consolidated subsidiaries.

(d) The components of net periodic benefit costs for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Current service cost	¥ 2,245	¥ 2,426	\$ 18,346
Interest cost	556	573	4,546
Expected return on plan assets	(2,856)	(2,741)	(23,333)
Recognized actuarial losses	1,071	1,113	8,752
Past service costs	(202)		(1,657)
Other	186	146	1,519
Net periodic benefit costs	¥ 1,000	¥ 1,519	\$ 8,173

(e) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Past service costs	¥2,839		\$23,196
Actuarial losses	2,793	¥12,302	22,817
Total	¥5,633	¥12,302	\$46,013

(f) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Unrecognized past service costs	¥(2,839)		\$(23,196)
Unrecognized actuarial losses	(5,348)	¥(2,555)	(43,692)
Total	¥(8,188)	¥(2,555)	\$(66,888)

(g) Plan assets

(i) Components of plan assets

Plan assets as of March 31, 2022 and 2021, consisted of the following:

	2022	2021
Domestic equity investments	31%	31%
[Of which, domestic equity investment contributed to retirement benefit trusts]	[18]	[17]
Overseas equity investments	12	11
Domestic debt investments	18	18
Overseas debt investments	29	30
Other	10	10
Total*	100%	100%

* In "Total", retirement benefit trusts for lump-sum payment plans and defined benefit corporate pension plans for the years ended March 31, 2022 and 2021, were included as 23% and 23%, respectively.

(ii) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined by considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(h) Assumptions used for the years ended March 31, 2022 and 2021, are set forth as follows:

	2022	2021
Discount rate	0.6-0.8%	0.5-0.7%
Expected rate of return on plan assets	2.0-2.5	2.0-2.5
Future salary growth	5.9-9.0	3.4-5.5

(2) Defined contribution plans

The required amount contributed to defined contribution plans by the Company and its consolidated subsidiaries for the years ended March 31, 2022 and 2021, was ¥427 million (\$3,493 thousand) and ¥423 million, respectively.

18. EQUITY

Japanese banks are subject to the Companies Act of Japan (the “Companies Act”) and the Banking Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the stockholders meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to stockholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act and the Banking Act provide certain limitations on the amounts available for dividends or the purchase of treasury shares.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Banking Act requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of the legal reserve and additional paid-in capital equals 100% of capital stock. Under the Companies Act, the total amount of additional paid-in capital and legal retained earnings may be reversed without limitation. The Companies Act also provides that capital stock, legal retained earnings, additional paid-in capital, other capital surplus, and other retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the stockholders.

c. Treasury Shares and Treasury Subscription Rights to Shares

The Companies Act also provides for companies to purchase treasury shares and dispose of such treasury shares by resolution of the Board of Directors. The amount of treasury shares purchased cannot exceed the amount available for distribution to the stockholders which is determined by a specific formula. Under the Companies Act, subscription rights to shares are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury subscription rights to shares and treasury shares. Such treasury subscription rights to shares are presented as a separate component of equity or deducted directly from subscription rights to shares.

19. STOCK OPTIONS

The Company's stock option plans grant options to directors and others to purchase certain shares of the Company's common stock in the respective exercise periods. The exercise prices are subject to adjustments for stock issuances below fair value and stock splits.

The amount of stock options expensed was nil for the fiscal years ended March 31, 2022 and 2021.

The stock options outstanding as of March 31, 2022, are as follows:

Stock Options	Persons Granted	Number of Options Granted (Shares)	Date of Grant	Exercise Price	Exercise Period
4th Stock Option	6 directors of BOY and an executive officer of BOY	70,800	April 1, 2016	¥1	From April 1, 2016 to July 6, 2041
5th Stock Option	7 directors of BOY and 3 executive officers of BOY	109,500	April 1, 2016	1	From April 1, 2016 to July 5, 2042
6th Stock Option	7 directors of BOY and 7 executive officers of BOY	102,700	April 1, 2016	1	From April 1, 2016 to July 4, 2043
7th Stock Option	7 directors of BOY and 12 executive officers of BOY	118,500	April 1, 2016	1	From April 1, 2016 to July 4, 2044
8th Stock Option	7 directors of BOY and 14 executive officers of BOY	96,800	April 1, 2016	1	From April 1, 2016 to July 6, 2045
13th Stock Option	7 directors and executive officers of the Company, 19 directors and executive officers of BOY, and 6 directors of HNB	281,200	July 15, 2016	1	From July 16, 2016 to July 15, 2046

The stock option activity is as follows:

Year Ended March 31, 2021	4th Stock Option	5th Stock Option	6th Stock Option	7th Stock Option	8th Stock Option	13th Stock Option
Non-vested (shares):						
April 1, 2020 — outstanding						
Granted						
Canceled						
Vested						
March 31, 2021 — outstanding						
Vested (shares):						
April 1, 2020 — outstanding	8,800	9,800	13,700	24,400	22,800	53,300
Vested						
Exercised				(6,300)	(3,900)	(12,700)
Canceled						
March 31, 2021 — outstanding	8,800	9,800	13,700	18,100	18,900	40,600

Year Ended March 31, 2022	4th Stock Option	5th Stock Option	6th Stock Option	7th Stock Option	8th Stock Option	13th Stock Option
Non-vested (shares):						
April 1, 2021 — outstanding						
Granted						
Canceled						
Vested						
March 31, 2022 — outstanding						
Vested (shares):						
April 1, 2021 — outstanding	8,800	9,800	13,700	18,100	18,900	40,600
Vested						
Exercised			(7,200)	(11,400)	(8,100)	(15,400)
Canceled						
March 31, 2022 — outstanding	8,800	9,800	6,500	6,700	10,800	25,200
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Average stock price at exercise			¥ 424	¥ 441	¥ 438	¥ 438
			\$3.46	\$3.60	\$3.58	\$3.58
Fair value price at grant date	¥ 367	¥ 326	¥ 486	¥ 548	¥ 691	¥ 375
	\$3.00	\$2.66	\$3.97	\$4.48	\$5.64	\$3.06

20. PER SHARE INFORMATION

Reconciliation of the differences between basic and diluted net income per share (“EPS”) for the years ended March 31, 2022 and 2021, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2022	Net Income	Weighted-Average Shares	EPS	
Basic EPS — Net income available to common stockholders	¥53,881	1,206,016	¥44.67	\$0.36
Effect of dilutive warrants		73		
Diluted EPS — Net income for computation	¥53,881	1,206,089	¥44.67	\$0.36

Year Ended March 31, 2021

Basic EPS — Net income available to common stockholders	¥25,326	1,206,409	¥20.99
Effect of dilutive warrants		112	
Diluted EPS — Net income for computation	¥25,326	1,206,521	¥20.99

* In the calculation of basic EPS and diluted EPS, shares of the Company residing in the trust related to stock compensation system which are recognized as treasury shares in equity are included in treasury shares deducted in the calculation of weighted-average shares during the period. The average number of such treasury shares deducted is 2,402 thousand and 2,526 thousand, for the years ended March 31, 2022 and 2021, respectively.

21. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gain on foreign exchange transactions – net	¥ 1,482	¥ 1,594	\$ 12,107
Gain on sales and redemption of bonds and other securities	3,458	4,634	28,250
Gain on derivatives	1,581	2,242	12,915
Lease receipts	26,622	25,701	217,471
Other	1,467	10,551	11,987
Total	¥34,611	¥44,723	\$282,730

22. OTHER INCOME

Other income for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gain on sales of stock and other securities	¥5,022	¥ 8,824	\$41,027
Recovery of claims previously charged-off	1,677	1,743	13,701
Gain on disposals of non-current assets	546	104	4,468
Other	1,401	1,991	11,444
Total	¥8,647	¥12,664	\$70,640

23. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Losses on sales and redemption of bonds and other securities	¥12,332	¥23,064	\$100,738
Losses on write-downs of bonds and other securities	349	594	2,855
Lease costs	24,400	23,481	199,319
Other	53	8,998	438
Total	¥37,136	¥56,139	\$303,350

24. OTHER EXPENSES

Other expenses for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Losses on sales of stocks and other securities	¥ 798		\$ 6,522
Losses on write-downs of stocks and other securities	419	¥ 66	3,423
Loss on disposals of non-current assets	3,963	3,315	32,373
Impairment loss*	255	1,872	2,090
Direct charge-off of loans	4,637	5,596	37,881
Other	5,043	4,538	41,203
Total	¥15,118	¥15,389	\$123,492

* March 31, 2021

HNB a consolidated subsidiary of the Company had decided to integrate, close and relocate its branches, and investment amounts for certain branches (land and buildings, etc.) are no longer expected to be recovered. As a result, impairment losses of ¥1,608 million were recognized for the previous fiscal year due to the reduction of the carrying amount of the branches to their recoverable amount. The recoverable amount was measured based on the net realizable value and was calculated by deducting estimated disposal costs from the appraised value based on the criteria for appraisal of real estates. The Higashi-Nippon Bank, Limited mainly groups its assets by branch, which is the smallest unit for management accounting.

* March 31, 2022

There are no items to report.

25. INCOME TAXES

The Group is subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rate of approximately 30.6% for the years ended March 31, 2022 and 2021.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Deferred tax assets:			
Allowance for loan losses	¥29,642	¥31,201	\$242,139
Net defined benefit liability	3,330	5,322	27,203
Write-downs of securities	2,610	2,455	21,327
Other	11,579	12,844	94,589
Less valuation allowance	(4,924)	(5,384)	(40,230)
Total deferred tax assets	42,238	46,439	345,028
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	4,097	18,975	33,469
Gain on contribution of the employees' retirement benefit trust	6,243	6,243	50,999
Other	11,543	9,847	94,295
Total deferred tax liabilities	21,884	35,066	178,763
Net deferred tax assets	¥20,354	¥11,372	\$166,265

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2021 was as follows:

	2022	2021
Normal effective statutory tax rate		30.6%
Permanently tax-exempt income, such as dividend income		(0.7)
Local minimum taxes – per capita basis		0.5
Charges in valuation allowance		(2.4)
Other-net		0.4
Actual effective tax rate		28.4%

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2022 and the actual effective tax rate reflected in the accompanying consolidated statement of income was not required under Japanese accounting standards due to immaterial differences.

26. LEASES

Lessor

A consolidated subsidiary leases certain equipment and other assets to various customers.

The net lease investment assets are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Gross lease receivables	¥64,933	¥66,528	\$530,413
Unguaranteed residual values	1,648	1,665	13,463
Unearned interest income	(3,638)	(3,747)	(29,721)
Lease investment assets	¥62,942	¥64,445	\$514,155

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	¥3,389	\$27,689
2024	2,477	20,239
2025	1,494	12,205
2026	983	8,030
2027	528	4,316
2028 and thereafter	198	1,619
Total	¥9,071	\$74,098

Maturities of lease investment assets for finance leases that are not deemed to transfer ownership of the leased property to the lessee were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2023	¥18,881	\$154,234
2024	16,331	133,404
2025	11,876	97,014
2026	8,114	66,283
2027	4,809	39,286
2028 and thereafter	4,920	40,192
Total	¥64,933	\$530,413

The minimum rental commitments under noncancelable operating leases as of March 31, 2022 and 2021, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Due within one year	¥ 560	¥ 575	\$ 4,581
Due after one year	992	1,366	8,111
Total	¥1,553	¥1,942	\$12,692

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policies for Financial Instruments

The Group engages in banking as its mainstay business, as well as securities, leasing, conducting survey research and other information services, venture capital, and other financial service businesses. As the Group positions services exclusively for local small- and medium-sized businesses and individuals as its core business, it is a fundamental policy of the Group to aim to minimize any adverse effects of economic fluctuations and the changing market environment and to provide financial services reliably. Under this policy, the Group endeavors to maintain sound management by continuously identifying, assessing, monitoring, and controlling the various risks inherent in financial instruments that correspond to the strategic goals of the Company, including medium-term management plans and management policies.

(2) Nature and Extent of Risks Arising from Financial Instruments

The financial assets of the Group, which mainly consist of loans to small- and medium-sized businesses and personal housing loans, are exposed to customer credit risk. Securities mainly consist of debt securities, equity securities, and investment trusts, and are accounted for as trading securities, held-to-maturity securities, and available-for-sale securities. These securities are exposed to issuers' credit risk and the risk of market price fluctuations.

The financial liabilities of the Group are mainly personal deposits, which consist of liquidity deposits and fixed deposits. These deposits are exposed to liquidity risk, such as losses generated by unexpected withdrawals.

There are certain mismatches in interest rates and contract periods between financial assets, such as loans, and financial liabilities, such as deposits, that are exposed to market risks from changes in variable interest rates. However, a part of this risk is mitigated by using interest-rate swap derivatives.

Assets and liabilities denominated in foreign currencies are exposed to foreign exchange risk that affects those values with changes of foreign currency exchange rates.

The Group uses swaps, futures, forward and option contracts, and other similar types of contracts based on either interest rates, foreign exchange rates, or securities prices. These financial instruments are used in trading activities to generate trading revenues and fee income and are also used in Asset and Liability Management ("ALM") activities to control exposure to fluctuations in such market rates or prices.

The Group uses derivatives to provide customers with risk-hedging methods, to complement their ALM activities, to hedge market risks, and to strengthen earnings. The Group carefully studies the risks involved with derivative transactions and maintains a policy of limiting the volume of the risks within a range that it is capable of controlling based on its financial strength.

Derivatives used for hedging purposes are recorded on the basis of hedge accounting in accordance with the Japanese accounting standard for financial instruments. Such derivatives are interest rate swaps, currency swaps, and forward exchange contracts that are utilized to control the risks from loans and bills discounted, bonds, foreign currency monetary claims and debt, and equity. The Group reviews the effectiveness of hedging activities using the methods permitted under the accounting standards.

Similar to other market transactions, derivative transactions are subject to a variety of risks, including market, credit, and liquidity. Among those risks, the Group emphasizes establishing a risk management structure to understand and manage market risk and credit risk.

Certain consolidated subsidiaries hold lease receivables and installment receivables. These financial instruments are exposed to market risks from changes in variable interest rates and credit risk.

(3) Risk Management for Financial Instruments

(a) Credit risk management

Under the consensus that credit risk is the risk with most influence on the Group's financial stability, the Company has established a "Credit Policy" and takes every initiative to optimize its credit portfolio management and credit control of individual accounts.

In addition, the Company has developed an "Internal Credit Rating System" and a "Self-Assessment System" to categorize the credibility of debtors and individual loan projects from an independent point of view.

The Company monitors the credit risk management situation of the Group and the credit concentration risk of the whole our group. The Company provides guidance and advice as needed.

(b) Market risk management (foreign exchange risk and interest risk)

It is a fundamental policy of the Company to enter into market transactions that appropriately meet customers' needs, which have been increasingly diversified due to the development of financial engineering (such as the emergence of various derivative transactions), as well as in transactions that enhance the profitability of the Group.

Management obtains the information related to the characteristic of the subsidiaries' market risks for the risk evaluation and decision. Those actions are for monitoring whether the subsidiaries undertake appropriate risks with its financial strength and the returns are appropriate for those risks.

The status of compliance with various risk limits and profit and loss situation of the market business are directly reported to management on a daily basis. Those are based on the reports from the risk management post of the subsidiary. And those report the situation of the market risk in ALM and risk management meeting held every month.

Each bank of the Group separates the market operations into trading operations and banking operations. Each bank of the Group's trading operations include profit-generating trading transactions that take advantage of short-term fluctuations and differences in value among markets in indices, such as interest rates, foreign exchange rates, and market quotations of financial instruments. The trading operations also deal with transactions for the purpose of mitigating possible losses incurred from the above-mentioned transactions. The financial instruments that are allowed to be dealt with in the trading operations include Japanese government bonds ("JGBs"), JGB futures, interest rate swaps, and interest rate futures. Operations other than trading operations are defined as banking operations. The trading operations are carried out in a rigid manner in compliance with each bank of the Group's internal rules on definition of trading transactions, authorities for fair value calculation, and its methods.

The Group currently utilizes various effective measurement methods suitable for operational features and investment policies, in addition to Value-at-Risk ("VaR") and Basis Point Value, to quantify market risk.

The Group performs quantitative analysis on market risks relating to all financial instruments in principle, using mainly VaR. In calculating VaR, the Company uses the historical simulation method (confidence interval: 99.9%, observation period: 1,250 days). As for holding periods, the Group has set 10 days for financial instruments for trading purposes and periods considered appropriate (primarily from one month to one year, based on the position settlement periods and other factors) for financial instruments for nontrading purposes (those for banking operations).

The aggregate amount of the market risks (estimated loss amount) of the Group's trading business was ¥91 million (\$743 thousand) and ¥57 million as of March 31, 2022 and 2021, respectively. The aggregate amount of the market risks of the banking business, excluding market risks of unlisted equity securities and other financial instruments whose fair value cannot be reliably determined, stood at ¥252,445 million (\$2,062,122 thousand) and ¥242,625 million as of March 31, 2022 and 2021, respectively. It should be noted that the aggregate amounts of market risks represent a simple sum of amounts of each market risk categorized by risk type.

It should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuations, and therefore, there may be cases where market risks cannot be captured in such situations where market conditions are changing dramatically beyond what was experienced historically.

(c) Liquidity risk management

Managing liquidity risk is recognized as a top-priority issue for the Group. Each bank of the Group closely stipulates its internal regulations and the methods of liquidity risk management to be used in day-to-day operations, as well as appropriate countermeasures to be taken in case of concern or in critical situations regarding liquidity risk.

Risk supervisory department directly reports the status of compliance with various risk limits to management on a daily basis. Those are based on the reports from the risk management post of the subsidiaries. The situation of the liquidity risk and the situation of the fund raising are reported in ALM and risk management meeting held every month.

In case of concern or in critical situations related to liquidity risk for the subsidiary, the Company will take necessary actions for those issues. The crisis committee will order to set the task force in the subsidiary if the committee concludes it is necessary based on the reports from the subsidiary.

(4) Supplementary Explanation on Fair Value of Financial Instruments

The fair value of financial instruments may differ depending on the adoption of certain assumptions.

(5) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead. Cash and due from banks, call loans and bills bought, call money and bills sold, and Payables under securities lending transactions are settled in a short period of time and their carrying amounts approximate fair value; therefore, notes are omitted.

(a) Fair value of financial instruments

March 31, 2022	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Securities:			
Held-to-maturity securities	¥ 390,676	¥ 386,933	¥ (3,742)
Available-for-sale securities	2,279,932	2,279,932	
(2) Loans and bills discounted	14,997,171		
Allowance for loan losses ^{*1}	(73,903)		
Net	14,923,268	14,978,353	55,085
Total assets	¥17,593,876	¥17,645,219	¥51,342
(1) Deposits	¥19,045,992	¥19,046,431	¥ 438
(2) Negotiable certificates of deposit	309,470	309,470	
(3) Borrowed money	2,217,421	2,217,421	
Total liabilities	¥21,572,884	¥21,573,322	¥ 438
Derivative instruments ^{*2} :			
Hedge accounting is not applied	¥ 7,598	¥ 7,598	
Hedge accounting is applied ^{*3}	(14,034)	(14,034)	
Total derivative instruments	¥ (6,435)	¥ (6,435)	

March 31, 2021	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Securities:			
Held-to-maturity securities	¥ 345,605	¥ 346,395	¥ 789
Available-for-sale securities	2,613,481	2,613,481	
(2) Loans and bills discounted	13,719,737		
Allowance for loan losses ^{*1}	(75,327)		
Net	13,644,410	13,727,541	83,130
Total assets	¥16,603,497	¥16,687,417	¥83,920
(1) Deposits	¥18,015,297	¥18,015,800	¥ 502
(2) Negotiable certificates of deposit	182,720	182,720	
(3) Borrowed money	1,430,757	1,430,757	
Total liabilities	¥19,628,755	¥19,629,277	¥ 502
Derivative instruments ^{*2} :			
Hedge accounting is not applied	¥ 9,718	¥ 9,718	
Hedge accounting is applied ^{*3}	(7,993)	(7,993)	
Total derivative instruments	¥ 1,725	¥ 1,725	

March 31, 2022	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Securities:			
Held-to-maturity securities	\$ 3,191,278	\$ 3,160,703	\$ (30,575)
Available-for-sale securities	18,623,853	18,623,853	
(2) Loans and bills discounted	122,505,891		
Allowance for loan losses ^{*1}	(603,685)		
Net	121,902,206	122,352,180	449,974
Total assets	\$143,717,337	\$144,136,736	\$419,399
(1) Deposits	\$155,579,095	\$155,582,674	\$ 3,579
(2) Negotiable certificates of deposit	2,527,937	2,527,937	
(3) Borrowed money	18,113,227	18,113,227	
Total liabilities	\$176,220,259	\$176,223,838	\$ 3,579
Derivative instruments ^{*2} :			
Hedge accounting is not applied	\$ 62,067	\$ 62,067	
Hedge accounting is applied ^{*3}	(114,641)	(114,641)	
Total derivative instruments	\$ (52,574)	\$ (52,574)	

*1 Allowances for loan losses relevant to loans and bills discounted have been deducted.

*2 Derivative instruments include derivative transactions, both in trading assets and liabilities and other assets and liabilities. Derivative instruments are presented net of assets and liabilities associated with derivative transactions.

*3 The Group has applied the "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Practical Issues Task Force No. 40) to hedging relationships included in the scope of application of the Practical Solution, such as deferred hedging through interest rate swap transactions that aim to reduce market fluctuation risk in available-for-sale securities (debt securities) and deferred hedging through currency swap transactions that aim to reduce foreign exchange fluctuation risk in monetary receivables and payables denominated in foreign currencies in accordance with the "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry" (the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No.25).

(b) The carrying amounts of non-marketable securities and investments in partnerships in the consolidated balance sheet are as follows. These are not included in "available-for-sale securities" in the fair value information of financial instruments.

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Equity securities without readily available market price ^{*1*2*3}	¥ 9,379	¥ 9,606	\$ 76,616
Investments in partnerships ^{*3*4*5}	26,304	18,958	214,872

*1 Unlisted securities are not subject to the fair value disclosure in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19).

*2 Equity securities in affiliates are not included and totaled ¥7,642 million (\$62,426 thousand) and ¥8,037 million as of March 31, 2022 and 2021, respectively.

*3 During the year ended March 31, 2022, impairment losses on equity securities without a readily available market price of ¥241 million (\$1,969 thousand) and on investments in partnerships of ¥3 million (\$33 thousand) were recognized. During the year ended March 31, 2021, impairment losses on equity securities without a readily available market price of ¥64 million and on investments in partnerships of ¥6 million were recognized.

*4 Investments in partnerships are not subject to the fair value disclosure in accordance with Paragraph 27 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31).

*5 Investments in unconsolidated subsidiaries and affiliates are not included, and totaled ¥4,377 million (\$35,759 thousand) and ¥2,779 million as of March 31, 2022 and 2021, respectively.

(6) Maturity Analysis for Financial Assets and Liabilities with Contractual Maturities

	Millions of Yen					
March 31, 2022	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	¥5,450,420					
Call loans and bills bought	119,366					
Securities:						
Held-to-maturity securities		¥ 6,700	¥ 10,102	¥ 2,426	¥ 342,139	¥ 29,315
Available-for-sale securities with contractual maturities	101,198	256,767	225,826	123,832	318,263	1,086,181
Loans and bills discounted	3,357,276	2,383,448	1,969,348	1,284,242	1,421,471	4,221,434
Total	¥9,028,261	¥2,646,916	¥2,205,277	¥1,410,500	¥2,081,874	¥5,336,930

	Millions of Yen					
March 31, 2021	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	¥3,999,813					
Call loans and bills bought	60,777					
Securities:						
Held-to-maturity securities	97,557		¥ 12,700	¥ 5,638	¥ 229,339	¥ 375
Available-for-sale securities with contractual maturities	131,775	¥ 320,943	231,103	158,363	442,482	1,101,014
Loans and bills discounted	2,451,034	2,296,500	1,887,817	1,259,614	1,439,007	4,035,677
Total	¥6,740,957	¥2,617,443	¥2,131,621	¥1,423,616	¥2,110,829	¥5,137,067

	Thousands of U.S. Dollars					
March 31, 2022	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Due from banks	\$44,522,305					
Call loans and bills bought	975,054					
Securities:						
Held-to-maturity securities		\$ 54,730	\$ 82,526	\$ 19,819	\$ 2,794,803	\$ 239,463
Available-for-sale securities with contractual maturities	826,648	2,097,433	1,844,684	1,011,535	2,599,766	8,872,579
Loans and bills discounted	27,424,248	19,469,439	16,086,820	10,490,464	11,611,433	34,483,210
Total	\$73,748,255	\$21,621,602	\$18,014,030	\$11,521,818	\$17,006,002	\$43,595,252

Note: As of March 31, 2022, loans and bills discounted whose cash flow cannot be estimated, such as "legal bankruptcy," "virtual bankruptcy," and "possible bankruptcy" loans, amounting to ¥214,033 million (\$1,748,354 thousand) and loans and bills discounted with no contractual maturities amounting to ¥146,714 million (\$1,198,451 thousand) are not included.

As of March 31, 2021, loans and bills discounted whose cash flow cannot be estimated, such as "legal bankruptcy," "virtual bankruptcy," and "possible bankruptcy" loans, amounting to ¥204,480 million and loans and bills discounted with no contractual maturities amounting to ¥146,670 million are not included.

	Millions of Yen					
March 31, 2022	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits	¥18,315,399	¥487,344	¥230,804	¥7,346	¥5,097	
Negotiable certificates of deposit	309,470					
Call money and bills sold	856,869					
Payables under securities lending transactions	64,530					
Borrowed money	1,488,417	8,678	714,578	2,023	3,722	
Total	¥21,034,686	¥496,023	¥945,383	¥9,370	¥8,820	

	Millions of Yen					
March 31, 2021	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits	¥17,267,748	¥496,467	¥238,984	¥ 6,402	¥5,694	
Negotiable certificates of deposit	182,720					
Call money and bills sold	174,786					
Payables under securities lending transactions	155,394					
Borrowed money	1,402,957	9,666	5,154	9,507	3,471	
Total	¥19,183,607	¥506,134	¥244,139	¥15,910	¥9,165	

	Thousands of U.S. Dollars					
March 31, 2022	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 7 Years through 10 Years	Due after 10 Years
Deposits	\$149,611,166	\$3,980,922	\$1,885,351	\$60,014	\$41,642	
Negotiable certificates of deposit	2,527,937					
Call money and bills sold	6,999,424					
Payables under securities lending transactions	527,122					
Borrowed money	12,158,286	70,894	5,837,109	16,530	30,408	
Total	\$171,823,935	\$4,051,816	\$7,722,460	\$76,544	\$72,050	

Note: The cash flow of demanded deposits is included in "Due in 1 Year or Less."

(7) Breakdown of fair value of financial instruments by input level

The fair values of financial instruments are classified into the following three levels based on the observability and significance of the inputs used in fair value measurement

Level 1 fair value: fair value measured using (unadjusted) quoted market prices in active markets for the identical assets or liabilities

Level 2 fair value: fair value measured using directly or indirectly observable inputs other than Level 1 inputs

Level 3 fair value: fair value measured using significant unobservable inputs

If multiple inputs are used that have a significant impact on the fair value measurement, the fair value is classified at the lowest priority level to which each input belongs.

(a) Financial instruments measured at fair value in the consolidated balance sheet

March 31, 2022	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Securities classified as:				
Available-for-sale:				
Bonds				
Japanese national government bonds	¥354,508	¥ 64,116		¥ 418,625
Japanese local government bonds		270,619		270,619
Japanese corporate bonds		454,670	¥ 79,900	534,570
Stocks	133,480	6,978		140,458
Other securities ^{*1}	90,183	135,954	84,158	310,297
Total	¥578,173	¥932,339	¥164,058	¥1,674,571

March 31, 2022	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Derivative instruments ^{*2} :				
Interest rate contracts		¥ 9,451		¥ 9,451
Foreign exchange		(15,936)		(15,936)
Stock contracts				
Bond contracts	¥8			8
Other contracts			¥40	40
Total	¥8	¥ (6,484)	¥40	¥ (6,435)

March 31, 2022	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Securities classified as:				
Available-for-sale:				
Bonds				
Japanese national government bonds	\$2,895,840	\$ 523,743		\$ 3,419,583
Japanese local government bonds		2,210,586		2,210,586
Japanese corporate bonds		3,714,021	\$ 652,672	4,366,693
Stocks	1,090,351	57,002		1,147,353
Other securities ^{*1}	736,677	1,110,557	687,458	2,534,692
Total	\$4,722,868	\$7,615,909	\$1,340,130	\$13,678,907

March 31, 2022	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Derivative instruments ^{*2} :				
Interest rate contracts		\$ 77,206		\$ 77,206
Foreign exchange		(130,177)		(130,177)
Stock contracts				
Bond contracts	\$67			67
Other contracts			\$330	330
Total	\$67	\$ (52,971)	\$330	\$ (52,574)

*1 Investment trusts for which transitional measures have been applied in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31) are not included in the above table. The amount of the investment trusts in the consolidated balance sheet is ¥605,360 million (\$4,944,945 thousand).

*2 Derivative transactions included in trading assets and liabilities and in other assets and liabilities are collectively presented. Net receivables and payables arising from derivative transactions are presented on a net basis, and items that result in net payables in total are presented on a negative basis.

(b) Financial instruments not measured at fair value in the consolidated balance sheet

	Millions of Yen			
March 31, 2022	Level 1	Level 2	Level 3	Total
Securities classified as:				
Held-to-maturity:				
Bonds				
Japanese national government bonds	¥23,873			¥ 23,873
Japanese local government bonds		¥363,060		363,060
Japanese corporate bonds				
Loans and bills discounted			¥14,978,353	14,978,353
Total	¥23,873	¥363,060	¥14,978,353	¥15,365,287

	Millions of Yen			
March 31, 2022	Level 1	Level 2	Level 3	Total
Deposits		¥19,046,431		¥19,046,431
Negotiable certificates of deposit		309,470		309,470
Borrowed money		2,217,421		2,217,421
Total		¥21,573,322		¥21,573,322

	Thousands of U.S. Dollars			
March 31, 2022	Level 1	Level 2	Level 3	Total
Securities classified as:				
Held-to-maturity:				
Bonds				
Japanese national government bonds	\$195,010			\$ 195,010
Japanese local government bonds		\$2,965,693		2,965,693
Japanese corporate bonds				
Loans and bills discounted			\$122,352,180	122,352,180
Total	\$195,010	\$2,965,693	\$122,352,180	\$125,512,883

	Thousands of U.S. Dollars			
March 31, 2022	Level 1	Level 2	Level 3	Total
Deposits		\$155,582,674		\$155,582,674
Negotiable certificates of deposit		2,527,937		2,527,937
Borrowed money		18,113,227		18,113,227
Total		\$176,223,838		\$176,223,838

(Note 1) Valuation techniques and inputs in measuring fair value

Securities

Shares are measured at market prices and are classified mainly as Level 1 based on their market activity. Bonds are measured based on the Trading Reference Statistics issued by the Japan Securities Dealers Association or quoted prices by the financial institutions with which they are traded. Japanese government bonds are classified mainly as Level 1, and Japanese municipal and corporate bonds (excluding private placements) are classified mainly as Level 2. The asset-backed securities included in other securities are measured based on the quoted prices by the financial institutions with which they are traded, which are classified as Level 3.

The fair value of private placement bonds is measured by discounting the future cash flows at the risk-free interest rate plus credit risk premium estimated based on internal ratings, which is classified as Level 3.

The fair value of investment trusts is measured based on their published net asset value. These are subject to the transitional measures in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31) and are not classified for the fair value hierarchy purposes.

Loans and bills discounted

The fair value of loans and bills discounted with variable interest rates approximates the carrying amount as long as borrowers' credit risks have not changed significantly after lending because market interest rates are promptly reflected in the variable interest rates. The fair value of loans and bills discounted with fixed interest rates is measured mainly by discounting future cash flows at the risk-free interest rate plus credit risk premium estimated based in internal ratings. The fair value of loans and bills discounted with a short contractual term (within one year) approximates the carrying amount, and the carrying amount is used as the fair value.

For loans and bills discounted to the borrowers in the "Legal bankruptcy," "Virtual bankruptcy" and "Possible bankruptcy," the estimated amount of bad debts is measured based on the present value of the estimated future cash flows or the expected recoverable amount of collaterals and guarantees. The fair value approximates the amount reported in the consolidated balance sheet less the allowance for loan losses at the consolidated balance sheet date, and therefore, such value is used as the fair value.

The fair value of loans and bills discounted is classified as Level 3.

Deposits and negotiable certificates of deposit

The fair value of demand deposits is the amount that would be required to be paid at the consolidated balance sheet date (carrying amount). The fair value of time deposits and negotiable certificates of deposit is measured as the present value of future cash flows, grouped by product and remaining term, discounted at market interest rates. The fair value of deposits with a short contractual term (within one year) approximates the carrying amount, and the carrying amount is used as the fair value.

The fair value of deposits and negotiable certificates of deposit is classified as Level 2.

Borrowed money

The fair value of borrowed money with variable interest rates approximates the carrying amount because market interest rates are promptly reflected in the variable interest rates and credit risks of the Bank and its consolidated subsidiaries have not changed significantly after borrowing. The fair value of borrowed money with fixed interest rates is the present value of future cash flows discounted using a rate that reflects the remaining term and the credit risk of the borrowed money. The fair value of borrowed money with a short contractual term (within one year) approximates the carrying amount, and the carrying amount is used as the fair value.

The fair value of borrowed money is classified as Level 2.

Derivative transactions

For derivative transactions, unadjusted quoted prices in active markets are classified as Level 1, which include bond futures.

However, since most derivative transactions are over-the-counter transactions and there is no observable quoted price, the fair value is measured using valuation techniques such as the discounted cash flow method and option pricing models based on the type of transactions and maturity period. The major inputs used in the valuation techniques are interest rates, foreign exchange rates and volatility. Price adjustments are also made based on the credit risks for counterparties and consolidated subsidiaries themselves. If unobservable inputs are not used or the effect is immaterial, the fair value is classified as Level 2, which includes interest rate swap and forward exchange contracts. If significant unobservable inputs are used, the fair value is classified as Level 3.

(Note 2) Level 3 fair value of financial instruments measured at fair value in the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs

March 31, 2022	Valuation technique	Significant unobservable inputs	Range	Weighted average
Securities classified as:				
Available-for-sale:				
Private placement bonds	Discounted cash flow	Probability of default	0.0% — 13.6%	0.6%
		Loss given default	20.0% — 100.0%	71.6%

- (2) Reconciliation from the beginning balances to the ending balances and net unrealized gains or losses recognized in profit or loss for the current fiscal year

Millions of Yen							
	March 31, 2021	Total gains (losses) for the period		Net of purchases, sales, issues and settlement	Transfers into Level 3	Transfers out of Level 3	March 31, 2022
		Included in earnings *1	Included in other compreh ensive income *2				Change in unrealized gains (losses) for assets and liabilities still held at March 31, 2022 *1
Securities classified as:							
Available-for-sale:							
Japanese corporate bonds	¥ 80,855	¥ (145)	¥(312)	¥ (497)			¥ 79,900
Other securities	41,921	6,944	(570)	35,863			84,158
Total	¥122,776	¥6,799	¥(883)	¥35,366			¥164,058
Derivative instruments							
Other contracts	34	(41)		47			40
Total	¥ 34	¥ (41)		¥ 47			¥ 40

Thousands of U.S. Dollars							
	March 31, 2021	Total gains (losses) for the period		Net of purchases, sales, issues and settlement	Transfers into Level 3	Transfers out of Level 3	March 31, 2022
		Included in earnings *1	Included in other compreh ensive income *2				Change in unrealized gains (losses) for assets and liabilities still held at March 31, 2022 *1
Securities classified as:							
Available-for-sale:							
Japanese corporate bonds	\$ 660,474	\$ (1,186)	\$(2,556)	\$ (4,060)			\$ 652,672
Other securities	342,439	56,730	(4,663)	292,952			687,458
Total	\$1,002,913	\$55,544	\$(7,219)	\$288,892			\$1,340,130
Derivative instruments							
Other contracts	282	(342)		390			330
Total	\$ 282	\$ (342)		\$ 390			\$ 330

*1 Included in "Other operating income" and "Other operating expenses" in the consolidated statements of income.

*2 Included in "Valuation difference on available-for-sale securities" in "Other comprehensive income" in the consolidated statements of comprehensive income.

- (3) Description of the valuation process for fair value measurement

The Group has established policies and procedures for fair value measurement in the Risk Management Department and verified the appropriateness of the fair value measurement. The fair value is measured using appropriate valuation models that reflect the nature, characteristics and risks of individual assets. When using quoted prices obtained from third parties, the Group verifies the appropriateness of the prices through appropriate methods such as valuation techniques and inputs used and comparison with its own estimates.

- (4) Effects on fair value measurement when changing significant unobservable inputs

Probability of default (PD)

PD is an estimate of the likelihood of default events. A significant increase (decrease) in the PD results in a significant decrease (increase) in the fair value.

Loss given default (LGD)

LGD is an estimate of the ratio of losses expected to be incurred in the default events to the total outstanding balance of bonds and loans. A significant increase (decrease) in the LGD results in a significant decrease (increase) in the fair value.

28. DERIVATIVE INFORMATION

Derivative Transactions to Which Hedge Accounting is Not Applied at March 31, 2022 and 2021

The Group's derivative contracts that were quoted on listed exchanges, outstanding as of March 31, 2022 and 2021, were as follows:

	Millions of Yen				Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
March 31, 2022								
Bond contracts — Futures written	¥2,253		¥8	¥8	\$18,410		\$67	\$67

There were no bond contracts as of March, 2021.

The Group's derivative contracts that were not quoted on listed exchanges, outstanding as of March 31, 2022 and 2021, were as follows:

	Millions of Yen				Thousands of U.S. Dollars			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
March 31, 2022								
Interest rate contracts:								
Interest rate swaps:								
Receive fixed and pay floating	¥ 858,626	¥ 787,279	¥13,734	¥13,734	\$ 7,013,773	\$6,430,972	\$112,193	\$112,193
Receive floating and pay fixed	816,385	697,471	(4,028)	(4,028)	6,668,727	5,697,364	(32,903)	(32,903)
Receive floating and pay floating	1,848,370	1,061,070	(2,948)	(2,948)	15,098,595	8,667,456	(24,085)	(24,085)
Caps and others written	5,688	5,583	(56)	36	46,464	45,607	(460)	298
Caps and others purchased	4,544	4,300	55	55	37,125	35,125	455	455
Foreign exchange:								
Forward exchange contracts — written	261,325	41,688	(3,014)	(3,014)	2,134,662	340,533	(24,623)	(24,623)
Forward exchange contracts — purchased	253,552	42,128	3,781	3,781	2,071,169	344,133	30,891	30,891
Options written	12,899	3,891	(544)	(108)	105,371	31,790	(4,450)	(885)
Options purchased	13,433	3,891	569	267	109,736	31,790	4,652	2,183
Other:								
Earthquake derivatives:								
Written	4,120		(3)		33,655		(33)	
Purchased	4,120		44		33,655		363	

	Millions of Yen			
	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
March 31, 2021				
Interest rate contracts:				
Interest rate swaps:				
Receive fixed and pay floating	¥ 818,165	¥738,019	¥ 23,416	¥ 23,416
Receive floating and pay fixed	784,927	662,637	(13,134)	(13,134)
Receive floating and pay floating	1,056,480	890,870	(1,222)	(1,222)
Caps and others written	8,339	7,605	(6)	131
Caps and others purchased	6,021	6,021	4	4
Foreign exchange:				
Forward exchange contracts — written	90,670	22,991	(94)	(94)
Forward exchange contracts — purchased	84,833	22,681	745	745
Options written	21,428	11,316	(412)	236
Options purchased	22,096	11,316	421	(33)
Other:				
Earthquake derivatives:				
Written	2,820		(45)	
Purchased	2,820		45	

Derivative Transactions to Which Hedge Accounting is Applied at March 31, 2022 and 2021

The Group's derivative contracts that were not quoted on listed exchanges, outstanding as of March 31, 2022 and 2021, were as follows:

		Millions of Yen			Thousands of U.S. Dollars		
		Contract Amount	Contract Amount Due after One Year	Fair Value	Contract Amount	Contract Amount Due after One Year	Fair Value
March 31, 2022	Hedged Item						
Deferral hedge accounting:							
Interest rate contracts – Interest rate swaps – receive floating and pay fixed	Available-for-sale securities	¥165,000	¥165,000	¥ 2,745	\$1,347,819	\$1,347,819	\$22,424
		100,000		(51)	816,860		(418)
Foreign exchange – Currency swaps	Deposits denominated in foreign currencies, due from banks denominated in foreign currencies, etc.	422,865	175	(16,728)	3,454,215	1,437	(136,647)
Special hedging treatment:							
Interest rate contracts – Interest rate swaps – receive floating and pay fixed	Loans and bills discounted, etc.	66,636	66,636		544,327	544,327	
		43,511			355,430		
		Millions of Yen					
		Contract Amount	Contract Amount Due after One Year	Fair Value			
March 31, 2021	Hedged Item						
Deferral hedge accounting:							
Interest rate contracts – Interest rate swaps – receive floating and pay fixed	Available-for-sale securities	¥185,000	¥185,000	¥(2,076)			
Foreign exchange – Currency swaps	Deposits denominated in foreign currencies, due from banks denominated in foreign currencies, etc.	276,386	240	(3,991)			
Stock related transactions – Forward stock agreements							
– Sold	Available-for-sale securities	14,579	14,579	(1,925)			
Special hedging treatment:							
Interest rate contracts – Interest rate swaps – receive floating and pay fixed	Loans and bills discounted, etc.	70,132	70,132				

The above interest rate swaps with special hedging treatment that qualify for hedge accounting and meet specific matching criteria are not remeasured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 27 is included in the hedged items (i.e., loans and bills discounted).

29. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income (loss) for the years ended March 31, 2022 and 2021, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
Valuation difference on available-for-sale securities:			
Gains arising during the year	¥(50,924)	¥ 41,816	\$(415,979)
Reclassification adjustments to profit or loss	2,971	10,937	24,270
Amount before income tax effect	(47,953)	52,754	(391,709)
Income tax effect	14,647	(13,221)	119,646
Total	¥(33,305)	¥ 39,532	\$(272,063)
Deferred gains or losses on hedges:			
Gains arising during the year	¥ 4,760	¥ 509	\$ 38,883
Reclassification adjustments to profit or loss	1,494	1,389	12,206
Amount before income tax effect	6,254	1,898	51,089
Income tax effect	(1,913)	(581)	(15,633)
Total	¥ 4,340	¥ 1,317	\$ 35,456
Remeasurements of defined benefit plans:			
Adjustments arising during the year	¥ 4,764	¥ 11,188	\$ 38,918
Reclassification adjustments to profit or loss	868	1,113	7,095
Amount before income tax effect	5,633	12,302	46,013
Income tax effect	(1,723)	(3,764)	(14,080)
Total	¥ 3,909	¥ 8,537	\$ 31,933
Share of other comprehensive income of entities accounted for using equity method:			
Total	¥ 870	¥ (645)	\$ 7,111
Total other comprehensive (loss) income	¥(24,185)	¥ 48,742	\$(197,563)

30. SEGMENT INFORMATION

Under the ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available, and such information is evaluated regularly by the chief operating decisionmaker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Segment information has been omitted because the Group operates in one segment, the banking business.

31. RELATED PARTY TRANSACTIONS

a. Related Party Transactions

Transactions between subsidiaries of the Company and Related Parties
Directors of the Company or major shareholders (individuals only), etc.

For the fiscal year ended March 31, 2022

Party Classification	Name of Company or Individual	Address	Capital	Type of Business	Percentage of Voting Rights Held by the Company	Relations with Related Party	Type of Transaction	Amounts of the Transactions	Account Classification	Balance at the fiscal year-end
Director or Close relative of a director	Masaru Fujino			Close relative of an auditor of a subsidiary		Credit transaction	Lending*		Loans and bills discounted	¥10 million (\$89 thousand)

* The terms and conditions of transactions and policies of determining the terms and conditions are similar to general cases.

For the fiscal year ended March 31, 2021

Party Classification	Name of Company or Individual	Address	Capital	Type of Business	Percentage of Voting Rights Held by the Company	Relations with Related Party	Type of Transaction	Amounts of the Transactions	Account Classification	Balance at the fiscal year-end
Director or Close relative of a director	Masaru Fujino			Close relative of an auditor of a subsidiary		Credit transaction	Lending*		Loans and bills discounted	¥11 million

* The terms and conditions of transactions and policies of determining the terms and conditions are similar to general cases.

b. Notes to the Parent Company or Major Affiliated Companies

None

32. SUBSEQUENT EVENT

On May 12, 2022, the Board of Directors resolved the following appropriation of retained earnings:

Appropriation of Retained Earnings as of March 31, 2022

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends - common stock (¥10.00 - \$0.08 per share)	¥12,024	\$98,220



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Concordia Financial Group, Ltd.:

Opinion

We have audited the consolidated financial statements of Concordia Financial Group, Ltd. and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2022, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Member of
Deloitte Touche Tohmatsu Limited

Appropriateness of Borrower Classifications in Determination of Allowance for Loan Losses	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The Group determines the allowance for loan losses by classifying borrowers based on their financial position, business performance and other factors in accordance with its policy and guidelines for the self-assessment of asset quality, and calculates the allowance based on the classifications determined, as described in Note 2, "Summary of Significant Accounting Policies, i. Allowance for Loan Losses." The Group recorded an allowance for loan losses of ¥74,855 million on the consolidated balance sheet as of March 31, 2022.</p> <p>In determining the allowance for loan losses, several key assumptions are used, as described in Note 2, "Summary of Significant Accounting Policies, y. Significant Accounting Estimates." Such assumptions, including an assessment of the impact of the COVID-19 pandemic, involve uncertainty in the estimates. Among them, the determination of borrower classifications involves more subjective judgments by management as it is based on a comprehensive consideration of the actual conditions of the borrowers. Therefore, the Group has a system in place where, in case of borrowers meeting certain criteria for the determination of borrower classifications, the classification is determined by operating divisions that is subject to approval by the division at the head office in charge of secondary assessment so that a more prudent determination is made.</p> <p>In the case of borrowers whose business results or financial position has long been unfavorable or unstable, but who have nevertheless been classified as "in need of caution" based on the prospects for improvement in their business performance on the basis of their business improvement plans, the determination of borrower classifications involves a relatively higher degree of management's subjective judgment as the rationality and achievability of such future prospects are highly uncertain.</p> <p>A higher degree of management's judgment is required in case of large borrowers, in particular, as the classification determination may have a relatively larger impact on the consolidated financial statements.</p> <p>Based on the above reasons, we determined the appropriateness of the classification determination of large borrowers, which involves a relatively higher degree of subjective judgment by management about future prospects of borrowers in the determination of the allowance for loan losses, as a key audit matter.</p>	<p>We performed the following audit procedures, among others, to examine the appropriateness of the classification determination of large borrowers, which involves a relatively higher degree of subjective judgment by management about future prospects of the borrowers in the determination of the allowance for loan losses:</p> <p>Tests of internal controls</p> <p>We tested the design and operating effectiveness of controls over the approval of operating divisions' determination of borrower classifications by the division at the head office in charge of secondary assessment, by making inquiries and inspecting internal approval documents and other relevant materials. In addition, regarding significant underlying information used in the aforementioned controls, such as the borrowers' financial figures, we tested the design and operating effectiveness of controls over the accuracy and completeness of such information by making inquiries and inspecting internal approval documents and other relevant materials.</p> <p>Substantive procedures</p> <p>We performed the following audit procedures, among others, to evaluate the reasonableness of management's judgment on the rationality and achievability of future prospects of the borrowers who have been classified as "in need of caution" based on the prospects for improvement in their business performance on the basis of their business improvement plans:</p> <ul style="list-style-type: none"> • We made inquiries and inspected relevant documents to understand the basis for management's judgment mentioned above. • We inspected the history of discussions between the borrowers and operating divisions. • We examined the prospects for improvement in the borrowers' business performance by comparing them with actual results. • We examined the forecasts of market conditions and other factors that may have a significant impact on the rationality and achievability of future prospects of the borrowers by comparing them with available external information.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Integrated Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partner do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

September 14, 2022

Non-Consolidated Financial Statements

Bank of Yokohama

••• Non-Consolidated Balance Sheet

The Bank of Yokohama, Ltd.
March 31, 2022 — Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
ASSETS:			
Cash and due from banks	¥ 5,248,548	¥ 4,048,552	\$ 42,873,294
Call loans	119,366	60,777	975,054
Monetary claims bought	21,467	24,529	175,357
Trading assets	4,908	4,198	40,096
Securities	2,369,376	2,641,566	19,354,491
Loans and bills discounted	13,454,393	12,132,823	109,903,560
Foreign exchanges	25,667	27,403	209,664
Other assets	180,587	222,029	1,475,146
Property, plant and equipment	143,090	142,333	1,168,850
Intangible assets	12,823	13,221	104,754
Prepaid pension costs	44,326	42,756	362,085
Deferred tax assets	12,318		100,622
Customers' liabilities for acceptances and guarantees	31,947	29,607	260,962
Allowance for loan losses	(58,137)	(51,932)	(474,904)
TOTAL	¥21,610,683	¥19,337,866	\$176,529,031
LIABILITIES:			
Deposits	¥17,318,431	¥16,240,389	\$141,467,340
Negotiable certificates of deposit	249,150	109,320	2,035,207
Call money	756,869	174,786	6,182,564
Payables under repurchase agreements	10,915	2,441	89,165
Payables under securities lending transactions	64,530	155,394	527,122
Trading liabilities	33	57	271
Borrowed money	2,012,611	1,424,156	16,440,214
Foreign exchanges	505	299	4,128
Due to trust account	26,152	15,931	213,629
Other liabilities	148,970	190,452	1,216,885
Provision for bonuses	3,729	3,784	30,467
Provision for directors' bonuses	14	19	117
Provision for share-based compensation	276	224	2,257
Provision for reimbursement of deposits	1,078	1,238	8,806
Provision for contingent losses	608	553	4,974
Deferred tax liabilities		566	
Deferred tax liabilities for land revaluation	16,325	16,402	133,360
Acceptances and guarantees	31,947	29,607	260,962
Total liabilities	20,642,150	18,365,627	168,617,468
EQUITY:			
Capital stock — common stock — authorized, 3,000,000 thousand shares in 2022 and 2021; issued, 1,204,576 thousand shares in 2022 and 2021	215,628	215,628	1,761,384
Capital surplus	177,244	177,244	1,447,838
Retained earnings:			
Legal retained earnings	38,384	38,384	313,545
Other retained earnings	489,814	467,449	4,001,097
Valuation difference on available-for-sale securities	7,954	38,190	64,975
Deferred gains or losses on hedges	3,020	(1,319)	24,674
Revaluation reserve for land	36,487	36,661	298,050
Total equity	968,533	972,238	7,911,563
TOTAL	¥21,610,683	¥19,337,866	\$176,529,031

••• Non-Consolidated Statement of Income

The Bank of Yokohama, Ltd.
Year Ended March 31, 2022 — Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
INCOME:			
Interest income:			
Interest on loans and bills discounted	¥121,041	¥118,628	\$ 988,737
Interest and dividends on securities	22,153	19,902	180,962
Interest on call loans	258	570	2,114
Interest on due from banks	5,252	2,466	42,907
Other interest income	1,279	1,411	10,453
Trust fees	252	245	2,064
Fees and commissions	56,356	52,268	460,350
Trading income	48	137	398
Other operating income	5,592	8,107	45,685
Other income	6,346	11,217	51,838
Total income	218,581	214,956	1,785,508
EXPENSES:			
Interest expenses:			
Interest on deposits	1,956	2,257	15,983
Interest on negotiable certificates of deposit	9	4	74
Interest on call money	486	504	3,976
Interest on payables under repurchase agreements	16	53	137
Interest on payables under securities lending transactions	243	191	1,990
Interest on borrowed money	804	1,312	6,568
Other interest expenses	1,607	1,516	13,135
Fees and commissions	17,550	17,296	143,367
Trading Expenses	4		40
Other operating expenses	12,452	23,330	101,719
General and administrative expenses	103,983	106,483	849,401
Provision of allowance for loan losses	12,919	15,158	105,537
Other expenses	6,328	4,727	51,692
Total expenses	158,364	172,837	1,293,619
INCOME BEFORE INCOME TAXES	60,217	42,118	491,889
INCOME TAXES:			
Current	19,137	11,028	156,329
Deferred	(1,259)	689	(10,291)
Total income taxes	17,878	11,717	146,038
NET INCOME	¥ 42,339	¥ 30,400	\$ 345,851

Non-Consolidated Financial Statements

Higashi-Nippon Bank

••• Non-Consolidated Balance Sheet

The Higashi-Nippon Bank, Limited
March 31, 2022 — Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
ASSETS:			
Cash and due from banks	¥ 390,887	¥ 127,564	\$ 3,193,004
Securities	358,417	364,801	2,927,769
Loans and bills discounted	1,622,547	1,664,687	13,253,944
Foreign exchanges	1,605	1,434	13,118
Other assets	16,281	15,881	132,995
Property, plant and equipment	26,561	25,899	216,973
Intangible assets	3,290	3,999	26,880
Prepaid pension costs	2,307	1,211	18,851
Deferred tax assets	7,485	9,389	61,149
Customers' liabilities for acceptances and guarantees	1,615	1,675	13,197
Allowance for loan losses	(22,558)	(32,043)	(184,269)
TOTAL	¥2,408,443	¥2,184,501	\$19,673,611
LIABILITIES:			
Deposits	¥1,800,519	¥1,856,859	\$14,707,722
Negotiable certificates of deposit	118,400	124,400	967,162
Call money	100,000		816,860
Borrowed money	260,700	80,000	2,129,554
Foreign exchanges	29	11	241
Other liabilities	8,216	8,497	67,114
Provision for bonuses	481	386	3,931
Provision for directors' bonuses	10		83
Provision for share-based compensation	43	27	354
Provision for reimbursement of deposits	515	152	4,208
Provision for contingent losses	1,500	1,631	12,255
Deferred tax liabilities for land revaluation	2,554	2,555	20,870
Acceptances and guarantees	1,615	1,675	13,197
Total liabilities	2,294,585	2,076,198	18,743,551
EQUITY:			
Capital stock — common stock — authorized, 388,000 thousand shares in 2022 and 2021; issued, 176,869 thousand shares in 2022 and 2021	38,300	38,300	312,857
Capital surplus	24,600	24,600	200,950
Retained earnings:			
Legal retained earnings	1,904	1,904	15,555
Other retained earnings	39,650	31,228	323,885
Valuation difference on available-for-sale securities	3,735	6,606	30,513
Revaluation reserve for land	5,668	5,663	46,300
Total equity	113,857	108,303	930,060
TOTAL	¥2,408,443	¥2,184,501	\$19,673,611

••• Non-Consolidated Statement of Income

The Higashi-Nippon Bank, Limited
Year Ended March 31, 2022 — Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2022	2021	2022
INCOME:			
Interest income:			
Interest on loans and bills discounted	¥20,284	¥ 20,617	\$165,694
Interest and dividends on securities	2,730	2,754	22,306
Interest on call loans	(1)	(5)	(13)
Interest on due from banks	342	74	2,796
Other interest income		1	5
Fees and commissions	4,192	3,884	34,248
Other operating income	1,064	362	8,694
Other income	6,501	688	53,110
Total income	35,115	28,378	286,840
EXPENSES:			
Interest expenses:			
Interest on deposits	183	210	1,499
Interest on negotiable certificates of deposit	10	21	90
Interest on call money	(5)		(48)
Interest on payables under securities lending transactions		1	
Other interest expenses	21		172
Fees and commissions	1,205	1,162	9,845
Other operating expenses	371	314	3,035
General and administrative expenses	19,977	21,888	163,187
Provision of allowance for loan losses		13,980	
Other expenses	2,017	5,240	16,482
Total expenses	23,781	42,820	194,262
INCOME BEFORE INCOME TAXES	11,333	(14,441)	92,578
INCOME TAXES:			
Current	(261)	69	(2,136)
Deferred	3,169	(4,794)	25,888
Total income taxes	2,907	(4,724)	23,752
NET INCOME	¥ 8,425	¥ (9,717)	\$ 68,826

Financial Highlights

Concordia Financial Group			(Consolidated)
Years Ended March 31	Millions of Yen*		Thousands of U.S. Dollars**
	2022	2021	2022
At year-end:			
Total assets	¥24,060,792	¥21,577,398	\$196,542,988
Cash and due from banks	5,637,213	4,173,809	46,048,142
Deposits	19,045,992	18,015,297	155,579,095
Loans and bills discounted	14,997,171	13,719,737	122,505,891
Securities	2,718,311	2,998,468	22,204,803
Total equity	1,164,626	1,159,099	9,513,365
Capital stock	150,078	150,078	1,225,932
For the year:			
Total income	¥ 287,526	¥ 291,834	\$ 2,348,687
Total expenses	208,941	255,518	1,706,760
Net income attributable to owners of the parent	53,881	25,326	440,133

* Yen amounts have been rounded down to millions of yen.

** U.S. dollar amounts are translated, for reference only, at the rate of ¥122.42=\$1 effective on March 31, 2022

Bank of Yokohama			(Non-Consolidated)
Years Ended March 31	Millions of Yen*		Thousands of U.S. Dollars**
	2022	2021	2022
At year-end:			
Total assets	¥21,610,683	¥19,337,866	\$176,529,031
Cash and due from banks	5,248,548	4,048,552	42,873,294
Deposits	17,318,431	16,240,389	141,467,340
Loans and bills discounted	13,454,393	12,132,823	109,903,560
Securities	2,369,376	2,641,566	19,354,491
Total equity	968,533	972,238	7,911,563
Capital stock	215,628	215,628	1,761,384
For the year:			
Total income	¥ 218,581	¥ 214,956	\$ 1,785,508
Total expenses	158,364	172,837	1,293,619
Net income	42,339	30,400	345,851

* Yen amounts have been rounded down to millions of yen.

** U.S. dollar amounts are translated, for reference only, at the rate of ¥122.42=\$1 effective on March 31, 2022

Higashi-Nippon Bank			(Non-Consolidated)
Years Ended March 31	Millions of Yen*		Thousands of U.S. Dollars**
	2022	2021	2022
At year-end:			
Total assets	¥2,408,443	¥2,184,501	\$19,673,611
Cash and due from banks	390,887	127,564	3,193,004
Deposits	1,800,519	1,856,859	14,707,722
Loans and bills discounted	1,622,547	1,664,687	13,253,944
Securities	358,417	364,801	2,927,769
Total equity	113,857	108,303	930,060
Capital stock	38,300	38,300	312,857
For the year:			
Total income	¥ 35,115	¥ 28,378	\$ 286,840
Total expenses	23,781	42,820	194,262
Net income	8,425	(9,717)	68,826

* Yen amounts have been rounded down to millions of yen.

** U.S. dollar amounts are translated, for reference only, at the rate of ¥122.42=\$1 effective on March 31, 2022

Capital Ratio

Concordia Financial Group (International standard)

		As of March 31, 2022	As of March 31, 2021
	(Billions of yen)		
(1) Total capital ratio (4)/(7)		13.06%	13.66%
(2) Tier 1 capital ratio (5)/(7)		12.10%	12.40%
(3) Common equity Tier 1 capital ratio (6)/(7)		12.09%	12.40%
(4) Total capital		1,169.7	1,188.3
(5) Tier 1 capital		1,083.6	1,078.5
(6) Common equity Tier 1 capital		1,083.4	1,078.3
(7) Risk-weighted assets		8,954.7	8,696.2
(8) Total required capital (7)×8%		716.3	695.7

Bank of Yokohama (International standard)

		As of March 31, 2022	As of March 31, 2021
	(Billions of yen)		
(1) Total capital ratio (4)/(7)		13.26%	14.02%
(2) Tier 1 capital ratio (5)/(7)		12.22%	12.68%
(3) Common equity Tier 1 capital ratio (6)/(7)		12.22%	12.67%
(4) Total capital		1,026.6	1,044.6
(5) Tier 1 capital		946.4	944.5
(6) Common equity Tier 1 capital		946.2	944.3
(7) Risk-weighted assets		7,741.0	7,448.5
(8) Total required capital (7)×8%		619.2	595.8

Higashi-Nippon Bank (Domestic standard)

		As of March 31, 2022	As of March 31, 2021
	(Billions of yen)		
(1) Capital adequacy ratio (2)/(3)		8.12%	7.59%
(2) Total capital		107.5	102.2
(3) Risk-weighted assets		1,323.5	1,347.3
(4) Total required capital (3)×4%		52.9	53.8

Board Members

(As of June 22, 2022)

Concordia Financial Group

■ Directors

Representative Director, President	Tatsuya Kataoka
Representative Director	Yoshiyuki Oishi
Directors	Yoshiaki Suzuki
	Nobuo Onodera
Outside Directors	Mitsuru Akiyoshi
	Yoshinobu Yamada
	Mami Yoda

■ Supervisory Board Members

Full-time Audit & Supervisory Board Member	Kazuhiro Maehara
Audit & Supervisory Board Member	Mitsuhiro Hara

Outside Audit & Supervisory Board Members

Keiichiro Hashimoto
Seiichi Fusamura
Mayumi Noguchi

■ Executive Officers

Executive Officers

Yutaro Koshiba
Keigo Makino
Tomoki Arai
Toshihiko Onuki
Kazuhiro Sukegawa
Toshiya Kubota

Bank of Yokohama

■ Directors

Representative Director, President	Tatsuya Kataoka
Representative Director, Managing Executive Officer	Tadashi Komine
Directors and Managing Executive Officers	Yoshiaki Suzuki
	Yutaro Koshiba
Directors and Executive Officers	Keigo Makino
	Nobuo Onodera
Outside Director	Shigeru Ishii
Director	Mami Yoda

■ Supervisory Board Members

Full-time Audit & Supervisory Board Members	Shinya Yamada
	Mitsuhiro Hara
Outside Full-time Audit & Supervisory Board Member	Junichi Iwabuchi
Outside Audit & Supervisory Board Member	Hidekazu Hayashi

■ Executive Officers

Managing Executive Officers

Akira Ohki

Executive Officers

Tomoki Arai
Tohru Shiino
Akihiko Bandai
Toshihiko Onuki
Takeshi Hiramata
Michifumi Katsuta
Hiroaki Suzuki
Masatoshi Akahori
Yutaka Ota

Higashi-Nippon Bank

■ Directors

Representative Director, President	Yoshiyuki Oishi
Directors and Executive Officers	Kazuhiro Sukegawa
	Toshiya Kubota
	Kouji Ogawa
	Akira Okuzumi
Outside Director	Masataka Ueda

■ Supervisory Board Members

Full-time Audit & Supervisory Board Member	Shigeo Iida
Outside Audit & Supervisory Board Members	Noriko Koike
	Yoshikazu Suzuki

■ Executive Officers

Managing Executive Officer

Isao Tsukada

Executive Officers

Tatsuhiko Hasegawa
Toshihiko Onuki
Hidenobu Shiina
Tomoki Arai
Maki Uchida
Yasuhiro Ishihara

Corporate Information

CORPORATE DATA

Concordia Financial Group (As of March 31, 2022)

Company Name Concordia Financial Group, Ltd.	Date of Establishment April 1, 2016	Internet Address https://www.concordia-fg.jp/e/index.html
Head Office 7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo (Tokyo Nihombashi Tower, 34th floor) Tel: +81 (3) 5200-8201	Paid-in Capital ¥150,000 million	

Bank of Yokohama (As of March 31, 2022)

Company Name The Bank of Yokohama, Ltd.	Date of Establishment December 16, 1920	Number of Branches and Offices (As of June 30, 2022) 646 Domestic: 641 (202 branches, 4 sub-branches, 435 ATM locations) Overseas: 5 Branches, 3 Representative offices
Head Office 1-1, Minatomirai 3-chome, Nishi-ku, Yokohama, Kanagawa 220-8611, Japan Tel: +81 (45) 225-1111	Paid-in Capital ¥215,628 million	Internet Address https://www.boy.co.jp/e/index.html
	Number of Employees 4,455	

Higashi-Nippon Bank (As of March 31, 2022)

Company Name The Higashi-Nippon Bank, Limited	Date of Establishment April 5, 1924	Number of Branches and Offices (As of June 30, 2022) Domestic: 95 (84 branches, 6 sub-branches, 5 Unmanned branch offices)
Head Office 11-2, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8238, Japan Tel: +81 (3) 3273-6221	Paid-in Capital ¥38,300 million	Internet Address https://www.higashi-nipponbank.co.jp/
	Number of Employees 1,243	

INTERNATIONAL NETWORK (Bank of Yokohama)

(As of July 1, 2022)

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19F, Shanghai World Financial Center,
100 Century Avenue, Pudong New Area,
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Tomonori Okayama

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Fax: +65 6216-1510
GENERAL MANAGER
Masafumi Baba

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Fax: +1 (212) 750-8008
CHIEF REPRESENTATIVE
Takashige Shimotori



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