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Concordia Financial Group, Ltd.
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<https://www.concordia-fg.jp/en/index.html>

The corporate governance of Concordia Financial Group, Ltd. is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

Concordia Financial Group, Ltd. (hereinafter referred to as the “Company”) is the holding company of a regional financial group that includes The Bank of Yokohama, Ltd. and The Higashi-Nippon Bank, Limited (hereinafter referred to as the “Group companies”).

* “Concordia” is a Latin word that means harmony and cooperation, derived from “Con (together)” and “Cordia (heart),” and expresses the message “the Group companies will work for the customers with one heart.”

With the objective of the promotion of sustainable growth and increasing corporate value over the medium to long term of the Company Group (hereinafter referred to as the “Group”), the Company defines the “Basic Policy on Corporate Governance,” which defines policies and a framework to achieve effective corporate governance.

The Company shall continuously review the ideals of corporate governance, and work toward its enrichment. Based on its “management philosophy,” the Company shall secure fairness, transparency and speed for decision-making for various stakeholders, including shareholders, customers, employees and local communities, creating a corporate governance structure appropriate for a regional financial group.

[Management Philosophy]

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

- 1) contribute to the customers’ affluent lives and growing businesses;
- 2) assist in the sustainable development of regional society;
- 3) continue to be an appealing company where employees can work with pride; and
- 4) grow sustainably and enhance our corporate value.

[Group’s Slogan]

With you. Nurturing the Future.

The “Basic Policy on Corporate Governance” is posted on the Company’s website.
(<https://www.concordia-fg.jp/en/company/base/governance/index.html>)

[Reasons for Non-compliance with the Principles of the Japan’s Corporate Governance Code]

The Company complies with all principles of Japan’s Corporate Governance Code after amendment in June 2021.

[Disclosure Based on the Principles of the Japan's Corporate Governance Code]

[Principle 1.4] (Cross-Shares holdings)

1. Policy on Cross-Shares holdings

From the standpoints of cost of capital and the effect of the stock price fluctuation risk on equity, the Group is working to reduce the cross-shares holdings.

Regarding shareholding, the Group will conduct regular evaluations of the significance of shareholding, economic rationale, etc. and hold shares where the validity is recognized. Shares for which the validity of holding is not recognized will be sold after the understanding of the counterparty company is received and while considering the market environment, etc.

Furthermore, where cross-shareholders demonstrate an intention to sell the Company's shares, the Company will take no actions to prevent those sales.

(Evaluation of the significance of holding and the economic rationale)

For all the shares that the Group holds through the cross-shares holdings, on an individual company basis, it will perform an evaluation of the holding's contribution to regional development, strengthening long-term, stable business relationships, the economic rationale (risk/return in line with the cost of capital) and other factors once every year at a meeting of the Board of Directors.

Regarding the evaluation of economic rationale (risk/return), standard values for return on risk-weighted asset (RORA) and return on capital employed (risk quantity base) are set based on return on equity (ROE) targets to perform the evaluation.

2. Evaluation Results, etc.

As a result of evaluating all publicly listed shares (around 150 companies) as of March 31, 2022, approximately 70% of all shares fulfill the holding standards. The Group is working to improve profitability and conduct sales negotiations for holdings which do not meet the holding standards.

In the fiscal year 2021, we executed sales of approximately ¥4.1 billion in shares on an acquisition price base.

3. Voting Rights Exercise Standards

When exercising voting rights, the Group shall decide whether to approve or reject proposals in a comprehensive manner, after confirming such factors as the management policies (regarding increase of corporate value over the medium to long term and sustainable growth), governance, and business details of the company whose shares are held as cross-holdings, and considering the matter from the viewpoint of share value. In cases when there are important proposals that may cause significant fluctuations in share value, or when the details of the proposal are unclear, the Company shall decide whether to approve or reject the proposal in a careful manner, by means such as separately engaging in dialogue with the company whose shares are held as cross-holdings as necessary.

Proposals that the Group considers important are as follows.

- Proposals on the appropriation of surplus (in cases of large-scale losses, etc.)
- Proposals on the election of Directors and Audit & Supervisory Board Members (cases of impropriety or losses occurring over a certain continuous period)
- Proposals on anti-takeover measures
- Proposals on organizational restructuring
- Proposals on payment of retirement benefits (for Audit & Supervisory Board Members, etc.)

[Principle 1.7] (Related Party Transactions)

In order to protect the interests of shareholders, the Company has established the following procedures to ensure that transactions are not conducted that violate the interests of the Company and its shareholders.

- In the Regulations on Board of Directors, the Board of Directors has determined that competitive transactions by Directors and important transactions between the Company and Directors must be approved by or reported to the Board of Directors, which shall also monitor any such transactions.

• “Basic Regulations on Compliance,” etc., shall be established by resolution of the Board of Directors, and the Company shall ensure thorough awareness of the prohibition of actions that constitute a conflict of interest, etc., the prohibition of the provision of property benefits upon the exercise of rights by shareholders, and other matters, while also monitoring the status of compliance through reports to the Board of Directors on a regular basis and as necessary.

[Supplementary Principle 2.4.1] (Ensuring Diversity in the Promotion to Core Human Resources)

1. Views on ensuring diversity

The Company believes that mutual respect between individual employees with diverse values and personalities and the provision of work environments that enhance employee satisfaction and engagement and enable individuals to participate dynamically with autonomy and creativity are essential for growing sustainably as a corporation. Therefore, we have established the Diversity, Equity and Inclusion Policy and based on this policy and the Group Human Rights Policy, we will strive to enhance mutual understanding and respect, regardless of race, gender, religion, sexual identity, disability, etc., and to achieve a healthy and rewarding management environment.

For details on Diversity, Equity, and Inclusion Policy and Group Human Rights Policy, please refer to the Company’s website.

(Diversity, Equity, and Inclusion Policy <https://www.concordia-fg.jp/en/csr/sdgs-report/diversity/diversity-equity-inclusion/index.html>)

(Group Human Rights Policy <https://www.concordia-fg.jp/en/csr/sustainability/human-rights/index.html>)

2. Voluntary and achievable targets for ensuring diversity and current status (as of April 1, 2022)

We will continue to further promote the participation and advancement of women at work and implement other initiatives to realize the Company’s Long-term Goal, such as promoting mid-career personnel, by setting targets that include enhancing our pool of human resources.

There are currently nine non-Japanese employees in managerial positions and we will continue to promote non-Japanese personnel in line with the Group’s overseas strategy.

[Achievements in percentage of women in senior managerial positions, percentage of women in managerial positions, and percentage of mid-career personnel in administrative managerial positions as of April 1, 2022]

Women in administrative managerial positions:	15.3% (Target until the end of FY2022: 18%)
Women in managerial positions:	34.2% (Target until the end of FY2022: 33%)
Mid-career-hired personnel in senior managerial positions:	12.6% (Target until the end of FY2022: 10% or more)

3. Human resources development policies and inhouse environment development policies for ensuring diversity and current status

[Policy 1] Realizing diverse career paths to encourage career ownership

Details of initiatives: Offer multi-track career models and enhance measures for supporting self-improvement

[Policy 2] Supporting career development of female employees

Details of initiatives: Take positive action, ensure childcare leave does not hinder careers and provide support for returning to work

[Policy 3] Develop environments that facilitate the further participation of diverse employees

Details of initiatives: Strengthen initiatives in areas such as support for the participation of people with disabilities and gender equality

Please refer to “III. 3. Measures to Ensure Due Respect for Stakeholders” in this report in regard to the status of initiatives for ensuring diversity.

[Principle 2.6] (Roles of Corporate Pension Funds as Asset Owners)

At the Group, to increase our expertise in the management of corporate pensions and exercise the functions expected of us as an asset owner, the following systems have been put in place at each Group company.

- At The Bank of Yokohama, the pension assets are managed through the Bank of Yokohama Pension Fund (hereinafter referred to as “the pension funds”). Human resources with the appropriate qualities required to manage the funds are assigned in a planned manner as the persons responsible for the pension funds, and monitoring of the managing trustee organization is conducted. Furthermore, an asset management committee composed of members familiar with personnel, market operations, risk, and finance, etc. has been established for the pension fund, and deliberations are held on important items including the basic policy for management and evaluation of the managing trustee organization, etc. In addition, a retirement benefit committee has been established at the parent company, The Bank of Yokohama, and from the standpoints of the independence of the pension funds and the protection of the recipients, continuous monitoring of the state of the operation and management of the pension assets is conducted, and deliberations are held on important items relating to the entire retirement benefits system.

In addition to representing that the pension funds have accepted Japan’s stewardship code, the Bank of Yokohama formulates and discloses specific policies to fulfill the responsibilities of the stewardship code.

(The Bank of Yokohama Pension Fund <https://www.nenkin-kikin.jp/yokohama-bank/>) (available in Japanese only)

Furthermore, to connect to stable fund management, the pension funds conduct ESG investment in companies working to enhance their long-term corporate value through appropriate actions aimed at ESG issues.

- At The Higashi-Nippon Bank, reports are received from the managing trustee organization, and the Corporate Planning Department, the Risk Management Department, and the Human Asset Department conduct monitoring. Furthermore, at a corporate pension committee chaired by the director responsible for the Human Asset Department and composed of members familiar with matters such as personnel, market operations, risks and finance, the basic policy for management and evaluation of the managing trustee organization, the state of the operation and management of pension assets, and other important items relating to the entire pension fund system are deliberated.

Furthermore, to connect to stable fund management of the corporate pension funds, the pension funds conduct ESG investment in companies working to enhance their long-term corporate value through appropriate actions aimed at ESG issues.

- At the Group’s corporate pension fund, by delegating the selection of individual investees and the exercise of voting rights to the managing trustee organization, a system is in place to prevent conflicts of interest relating to the exercise of voting rights.

[Principle 3.1 (1)] (Management Philosophy, Management Strategy, and Management Plan)

The Company has formulated and publicly announced a management philosophy and medium-term management plan. Please refer to “I. 1. Basic Views” in this report in regard to the management philosophy, in addition to the Company’s website.

(Management Philosophy: <https://www.concordia-fg.jp/en/company/idea/index.html>)

(Medium-term Management Plan: <https://www.concordia-fg.jp/en/company/policy/index.html>)

[Principle 3.1 (2)] (Basic Views and Basic Policy on Corporate Governance)

Please refer to “I. 1. Basic Views” in this report in regard to “Basic Views and Basic Policy on Corporate Governance.”

[Principle 3.1 (3)] (Policies and Procedures for When the Board of Directors Determines the Compensation of Senior Management and Directors)

Please refer to “Director Compensation” under “II. 1. Organizational Composition and Operation” in this report in regard to “Policies and Procedures for When the Board of Directors Determines the Compensation of Senior Management and Directors.”

[Principle 3.1 (4)] (Election or Dismissal Policies and Procedures for Directors and Audit & Supervisory Board Members)

1. Nomination Policies and Procedures for Candidates for Directors

(1) Candidates for Directors (excluding candidates for Outside Directors) shall be nominated from among persons who fulfill the following conditions.

A. Persons with substantial experience in regard to the management and control of the Group and the operation of its businesses, and deep insight in the areas of finance and economics.

B. Persons who may be expected to execute the management and control of the Group and the operation of its businesses accurately, fairly, and efficiently, in addition to promoting the sustainable growth of the Group and contributing to the enhancement of corporate value over the medium to long term.

(2) Candidates for Outside Directors shall be nominated from among persons who fulfill the following conditions.

A. Persons who satisfy the criteria for independence stipulated by the Company, and for whom there is no fear of a conflict of interest arising with general shareholders.

B. Persons with substantial experience and deep insight in areas such as corporate management, fiscal and monetary affairs, economics, accounting, tax, and law.

C. Persons who, based on their own experience and insight, may provide timely and appropriate opinions and advice to Directors and management team from the perspective of promoting the sustainable growth of the Group and contributing to the enhancement of corporate value over the medium to long term.

(3) Following the deliberations of the Compensation & Nomination Committee, an optional committee, the Board of Directors shall deliberate based on views on the composition of the Board of Directors and these policies and nominate candidates for Directors while considering factors including their terms of office as Directors of the Group.

2. Nomination Policies and Procedures for Candidates for Audit & Supervisory Board Members

(1) Candidates for Audit & Supervisory Board Members (excluding candidates for Outside Audit & Supervisory Board Members) shall be nominated from among persons who fulfill the following conditions.

A. Persons with substantial experience in regard to the management and control of the Group and the operation of its businesses, and deep insight in the areas of finance and economics.

B. Persons who may be expected to audit the execution of duties by Directors of the Company accurately, fairly, and efficiently, in addition to ensuring the sound, sustainable growth of the Group and contributing to the enhancement of corporate value over the medium to long term.

(2) Candidates for Outside Audit & Supervisory Board Members shall be nominated from among persons who fulfill the following conditions.

A. Persons who satisfy the criteria for independence stipulated by the Company, and for whom there is no fear of a conflict of interest arising with general shareholders.

B. Persons with substantial experience and deep insight in areas such as corporate management, fiscal and monetary matters, economics, accounting, tax, and law.

C. Taking into consideration the fact that their appointment is required from the perspective of further enhancing the neutrality and independence of audit systems, persons who, based on their own experience and insight, may be expected to form and express audit opinions in a timely and appropriate manner, and thereby ensure the sound, sustainable growth of the Group and contribute to the enhancement of corporate value over the medium to long term.

(3) After receiving the consent of the Audit & Supervisory Board, the Board of Directors shall deliberate and nominate candidates for Audit & Supervisory Board Members based on these policies.

3. Dismissal Policies and Procedures for Directors and Audit & Supervisory Board Members

Where a Director or Audit & Supervisory Board Member corresponds with any of the following items, the Board of Directors will submit a proposal for the dismissal of that Director or Audit & Supervisory Board member to the General Meeting of Shareholders. Furthermore, proposal for the dismissal of a Director will be decided at a meeting of the Board of Directors following the deliberations of the Compensation & Nomination Committee, an optional committee.

(1) Where an act violating laws and regulations or public order and standards of decency is committed

(2) Where corporate value is considerably damaged

(3) Where the items in 1. (1), (2), or 2. (1), (2) above are recognized as not being fulfilled

[Principle 3.1 (5)]

(Reasons for the Nomination for Candidates for Directors and Audit & Supervisory Board Members)

Please refer to pages 8 to 14 of the “Reference Material for the General Meeting of Shareholders” in the Notice of the 6th Ordinary General Meeting of Shareholders, which is posted on the Company’s website, in regard to reasons for nomination as candidates for Directors.

(<https://www.concordia-fg.jp/en/shareholder/stock/meeting/index.html>)

Please refer to page 13 of the “Reference Material for the General Meeting of Shareholders” in the Notice of the 3rd Ordinary General Meeting of Shareholders, pages 16 and 18 of the “Reference Material for the General Meeting of Shareholders” in the Notice of the 4th Ordinary General Meeting of Shareholders and pages 14 and 15 of the “Reference Material for the General Meeting of Shareholders” in the Notice of the 5th Ordinary General Meeting of Shareholders, which are posted on the Company’s website, in regard to reasons for nomination as candidates for Audit & Supervisory Board Members.

(<https://www.concordia-fg.jp/en/shareholder/stock/meeting/index.html>)

[Supplementary Principle 3.1.3] (Initiatives on Sustainability, etc.)

<Initiatives on sustainability>

Based on the management philosophy, the Company has clarified that it 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 have been established as an action plan based on the Group Sustainability Policy. Group sustainability initiatives will be regularly discussed and reported on by the Group Sustainability Committee, which is chaired by the Company’s President, to ensure the unified management of progress, and these initiatives will also be supervised by the Board of Directors. Furthermore, the Company has examined and discussed the priority level of issues to address from the perspective of the degree of impact on stakeholders and our social presence as a regional financial institution, and finally set the “Six Materialities” via the Board of Directors. Based on these materialities, the business units work together to promote business strategies.

<Measures against climate change>

The Company 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.

<Investment in human capital, etc.>

The Company has positioned our employees as human capital that is the source of our value creation and aims to generate economic and social value by developing the strengths provided by our diverse human resources. Employees are also important stakeholders of the Company, and we will maintain “Continue to be an attractive company that employees are proud to work for” as one of our Management Philosophy.

Based on this approach, as the needs of customers and regional communities become more diverse and sophisticated and changes to the employment awareness and lifestyles of employees accelerate, we are working to raise the capabilities of each individual employee and to build highly productive organizations that enable diverse human resources to demonstrate their ability to the fullest.

Under our medium-term management plan, which started in April 2022, we are working toward becoming “a solution company rooted in communities and selected as a partner to walk together” by advancing human resource portfolio reforms through human resource development and the encouragement of career ownership, and by increasing engagement through the promotion of diversity, equity and inclusion and the creation of workplaces where employees can work with peace of mind.

By advancing these initiatives, we are strengthening investment in human resources development to build our targeted human resource portfolio through the cultivation of a variety of talent, including human resources with a strong ability to provide solutions and human resources who are highly specialized. Specifically, we aim to raise time invested in human resource development per person, which is a KPI in the medium-term management plan, by 1.6 times FY2021 levels by FY2024.

Also, at each Group company we have established an organization for the management and utilization of intellectual property, such as patents and trademarks, and we will utilize intellectual property as we advance initiatives to achieve our Long-term Goal.

For details on abovementioned initiatives, please refer to the Company’s website and Integrated Report (Annual Report).

(Initiatives on sustainability <https://www.concordia-fg.jp/en/csr/index.html>)

(Measures against climate change <https://www.concordia-fg.jp/en/csr/ecofriendly/index.html>)

(Investment in human capital, etc. <https://www.concordia-fg.jp/en/shareholder/disclosure/index.html>)

[Supplementary Principle 4.1.1] (Overview of the Range of Entrustment to Management Team)

By defining the range of matters to be resolved in the Board of Directors via rules such as the “Regulations on Board of Directors” and explicitly defining the range of duties entrusted to Management Conference and the management team, the Board of Directors shall make important decisions regarding such matters as Group management policies, including management plans, matters related to governance, and basic policies pertaining to risk and compliance, while also taking on a more effective supervisory function in regard to management.

[Principle 4.8] (Effective Use of Independent Outside Directors)

The Company shall appoint Outside Directors who have a standpoint independent from the Group to make up at least one-third of all Directors, in order to ensure the composition of the Board of Directors as a whole has a good balance of knowledge, experience, and abilities, in addition to integrating opinions and advice based on external perspectives and ensuring a highly effective supervisory function in regard to management by the Board of Directors.

At present, the Company has three (3) Outside Directors, who are independent, of a total of seven (7) Directors.

[Principle 4.9] (Criteria for Independence of Outside Officers)

The Company nominates candidates for Outside Directors and Outside Audit & Supervisory Board Members from those who satisfy the conditions of the independence criteria provided by the financial instruments exchange on which the Company is listed and also meet the criteria specified in “the Criteria for Independence of Outside Officers of the Company” below.

○ The Criteria for Independence of Outside Officers of the Company

In principle, a candidate for Outside Director or Outside Audit & Supervisory Board Member of the Company or any of its Group companies shall not presently fall under any of the following conditions, nor have done so recently.

- (1) A. A person for whom the Company or any of its Group companies are a major transacting counterparty or a business executive of an incorporated entity, etc. for which the Company or any of its Group companies are a major transacting counterparty.
B. A person who is a major transacting counterparty of the Company or a business executive of an incorporated entity, etc. that is a major transacting counterparty of the Company or Group companies.
- (2) A consultant, an accounting expert, or a legal expert who receives a considerable amount of cash or other assets other than officer compensation from the Company or Group companies.
- (3) Persons, etc. belonging to a consulting firm, accounting firm, law firm, etc. that has the Company or Group companies as a major transacting counterparty.
- (4) A person who receives a donation, etc. of a large sum from the Company or Group companies, or who is a business executive of an incorporated entity, etc. receiving such donation.
- (5) A person who is a major shareholder of the Company or a business executive of an incorporated entity, etc. that is a major shareholder of the Company.
- (6) A close relative of a person who fits any of the following items (excluding persons who are not important persons):
 - A. Person falling under the above criteria (1) to (5).
 - B. Person who is a Director, Audit & Supervisory Board Member, Executive Officer, and important employee, etc. of the Company or Group companies.

* The definition of “recently”

Refers to cases that may be viewed as substantially identical to the present, for example, this includes such cases as when the candidate fell under the condition at the time the content was determined for the proposal for the General Meeting of Shareholders electing him or her Outside Director or Outside Audit & Supervisory Board Member.

* The definition of “major”

Judged by the criterion of at least 1% of consolidated net sales (consolidated gross operating income in the case of the Company or Group companies) in the most recent fiscal year.

* The definition of “incorporated entity, etc.”

Includes organizations other than incorporated entities.

* The definition of “large sum”

At least 10 million yen per year based on an average of the past three years.

* The definition of “close relative”

Relative within the second degree of kinship.

* The definition of “persons who are not important persons”

A “person who is not an important person” refers to a person associated with a job classification subordinate to the class of company officer or general manager, and in the case of persons belonging to an accounting firm or law firm, etc., it refers to a person, etc. associated with a job classification subordinate to certified public accountant or lawyer.

[Supplementary Principle 4.10.1] (Views, authority, roles, etc. on the independence of the committee)

Please refer to “Supplementary Explanation” of “Committee’s Name, Composition, and Chairman’s Attributes” under [Directors] of “II. 1. Organizational Composition and Operation” in this report.

[Supplementary Principle 4.11.1] (Views on Balance of Knowledge, Experience, and Abilities; Diversity; and Size of the Board of Directors as a Whole)

In order to ensure the independence of the Board of Directors, and utilize its functions in a fair and transparent manner, the Company shall appoint Outside Directors who have a standpoint independent from the Group to make up at least one-third of all Directors, and by combining Internal Directors who are familiar with the Group's operations and Outside Directors with substantial external experience and insight, the Board of Directors comprises a diverse range of Directors with differing backgrounds, including expertise and experience, thereby ensuring that the composition of the Board of Directors has a good balance of knowledge, experience, and abilities. In regard to the expertise and experience required by the Company, we think that "regional operations" is essential in regard to the business models of subsidiaries that are regional financial institution, "corporate planning and organizational management," "legal affairs and risk management," and "finance and accounting" are universally required for company management, and greater expertise in "international and market operation" and "ICT and digital (DX)" is needed to respond to changes in the business environment. The combinations of skills possessed by all Directors of the Company, including Audit & Supervisory Board Members, and Executive Officers who are effectively members of the Company's Board of Directors alongside the Directors, can be found on pages 16 and 17 of the "Reference Material for the General Meeting of Shareholders" in the Notice of the 6th Ordinary General Meeting of Shareholders, which is available on the Company's website.

(<https://www.concordia-fg.jp/en/shareholder/stock/meeting/index.html>)

[Supplementary Principle 4.11.2] (Status of Positions Concurrently Held by Directors and Audit & Supervisory Board Members)

Every year, the status of important positions concurrently held by Directors and Audit & Supervisory Board Members are disclosed in "Reference Material for the General Meeting of Shareholders" or "The Business Report" attached to the "Notice of the General Meeting of Shareholders" of the Company.

(<https://www.concordia-fg.jp/shareholder/stock/meeting/index.html>) (available in Japanese only)

The status of important positions concurrently held by Outside Directors and Outside Audit & Supervisory Board Members as of the date of renewal of this report is also stated in "Outside Directors' Relationship with the Company (2)" under [Directors] of "II. 1. Organizational Composition and Operation" and "Outside Audit & Supervisory Board Members' Relationship with the Company (2)" under [Audit & Supervisory Board Members] of "II. 1. Organizational Composition and Operation."

[Supplementary Principle 4.11.3] (Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole)

Each year, the Company evaluates the effectiveness of the Board of Directors as a whole, and by considering and implementing improvement policies for recognized issues, it works to enhance both the capabilities and effectiveness of the Board of Directors. The operating policy on evaluation of the effectiveness of the Board of Directors is described in Article 22 of the "Basic Policy on Corporate Governance."

<Evaluation Methods>

In evaluating effectiveness in fiscal year 2021, while utilizing the following third-party perspectives, after implementing questionnaires and interviews, we discussed issues to ensure the effectiveness of the Board of Directors and future initiatives and implemented a self-evaluation.

1. Questionnaire implemented by a third party, in order for the Directors and Audit & Supervisory Board Members that make up the Board of Directors to ensure objectiveness and anonymity

(Major items of the questionnaire)

About 40 items, including the composition of the Board of Directors, the operation of the Board of Directors, discussions of the Board of Directors, and the support system for Directors and Audit & Supervisory Board Members

2. In addition to the questionnaire responses, to obtain a more concrete understanding, the Chairman of the Board conducts individual interviews with each Director and Audit & Supervisory Board Member

3. After tabulating those results, at a regular meeting of the Board of Directors held in May 2022, we discussed issues to ensure the effectiveness of the Board of Directors and future initiatives and implemented a self-evaluation

<Summary of the Results of the Fiscal Year 2021 Evaluation of the Effectiveness of the Board of Directors>

Based on the results of the fiscal year 2020 evaluation of the effectiveness, the Board of Directors was operated with an awareness of realizing sustainable growth and enhancing corporate value in a way that is responsive to changes in the environment, and it deliberated on medium- to long-term strategy and initiatives to identify and solve issues in the business execution by department. Additionally, the Company worked to strengthen Group coordination by integrating operations of the Board of Directors of the Company with the Board of Directors of The Bank of Yokohama, Ltd. to shrink the information gap between the two companies and continued to enhance the explanation of proposals and the provision of information to Outside Directors prior to board meetings, making deliberations by the Board of Directors more active.

Through those efforts to improve the issues identified in fiscal year 2020, the effectiveness of the Board of Directors was evaluated to have made steady progress and have been ensured.

Also, from the perspective of further improving the effectiveness of the Company's Board of Directors, the Company is working to make continuous improvements and enhancements by setting themes that should be continuously engaged, which outline the roles the Board of Directors should be playing and its responsibilities. The themes are as follows.

1. Enhancement of discussions on medium-to long-term strategies
2. Advancement of operations of the Board of Directors
3. Enhancement of monitoring functions

In the interest of sustainable growth and the enhancement of corporate value over the medium to long term, the Company will continue to work to enhance the efficacy of our corporate governance stance.

[Supplementary Principle 4.14.2] (Training Policy for Directors and Audit & Supervisory Board Members)

The Company shall provide opportunities for Directors and Audit & Supervisory Board Members to acquire knowledge and information, and opportunities for them to obtain advice from external experts, to ensure that they may fulfill their roles and responsibilities.

[Principle 5.1] (Policy on Measures and Maintenance of Systems to Promote Constructive Dialogue with Shareholders)

The Company has established the following policies, and shall positively work toward in constructive dialogue with shareholders.

(1) Dialogue with shareholders

The Company shall provide explanations of business results and management strategies, in addition to proactively exchanging opinions with institutional investors, major shareholders, and analysts in Japan and overseas, through investor meeting presentations held every six months and individual meetings. Furthermore, the Company shall also endeavor to engage in proactive dialogue with minority shareholders, including individual investors, through various types of IR events, including briefings. In addition, Representative Directors shall be responsible for proactively providing opportunities for dialogue in response to requests from shareholders, and officers other than Representative Directors shall also participate in dialogue.

(2) Systems to promote constructive dialogue

The Company shall create systems to collect and analyze various types of management information and provide it to shareholders in an appropriate format, through coordination between the Corporate Planning Department, sales departments, and risk management department, with the Corporate Planning Department as the contact point for requests for dialogue from shareholders.

(3) Enhancing methods for dialogue other than individual dialogue

As part of its dialogue with shareholders, the Company shall endeavor to disclose information in a manner that is easy to understand, including via its IR website and disclosure magazine.

(4) Feedback from shareholders

Representative Directors shall report feedback identified in dialogue with shareholders to the Board of Directors and management team in a timely and appropriate manner.

(5) Management of insider information

The Company has established internal regulations to appropriately manage important corporate information and prevent insider trading, and takes steps to ensure thorough awareness of these regulations. In addition, in order to ensure fairness toward shareholders, the Company shall refrain from taking questions or commenting on business performance forecasts during the period from the closing date of accounts for each quarter until the date financial results are announced.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	183,879,800	15.29
Custody Bank of Japan, Ltd. (Trust Account)	67,614,900	5.62
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (Standing proxy: Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited, Custody Service Department)	63,962,100	5.31
Meiji Yasuda Life Insurance Company	37,576,626	3.12
Mizuho Trust & Banking Co., Ltd. Employee Pension Trust (Meiji Yasuda Life Insurance Company account), Re-trust Trustees, Custody Bank of Japan, Ltd.	36,494,000	3.03
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing proxy: Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited, Custody Service Department)	32,774,251	2.72
Nippon Life Insurance Company	24,578,648	2.04
NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY (Standing proxy: Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited, Custody Service Department)	21,151,119	1.75
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	19,009,891	1.58
The Dai-ichi Life Insurance Company, Limited	18,365,000	1.52

Controlling Shareholder (except for Parent)	-----
Parent	N/A

Supplementary Explanation

The above figures are current as of March 31, 2022.

(Note 1) The report of possession of large volume provided for public inspection on April 21, 2016 shows that BlackRock Japan Co., Ltd. and eight other joint holders held the following shares as of April 15, 2016, but as the Company could not confirm the shares actually held as of March 31, 2022, that figure is not included in the above list of major shareholders.

Furthermore, details included in the report of possession of large volume are as follows:

Name of large volume holder: BlackRock Japan Co., Ltd. (additional eight joint holders)
Number of share certificates, etc. held: 71,163,585 shares (including shares held by joint holders)
Holding ratio of share certificates, etc.: 5.47%

(Note 2) The report of possession of large volume (change report) provided for public inspection on December 4, 2020 shows that Sumitomo Mitsui Trust Bank, Limited and two other joint holders held the following shares as of November 30, 2020, but as the Company could not confirm the number of shares actually held as of March 31, 2022, that figure is not included in the above list of major shareholders.

Furthermore, details included in the report of possession of large volume are as follows:

Name of large volume holder: Sumitomo Mitsui Trust Bank, Limited (additional two joint holders)
Number of share certificates, etc. held: 76,595,767 shares (including shares held by joint holders)
Holding ratio of share certificates, etc.: 6.33%

(Note 3) The report of possession of large volume (change report) provided for public inspection on June 24, 2021 shows that Silchester International Investors LLP held the following shares as of June 23, 2021, but as the Company could not confirm the number of shares actually held as of March 31, 2022, that figure is not included in the above list of major shareholders. Moreover, based on the change report as part of the report of possession of large volume, changes of major shareholders have been identified.

Furthermore, details included in the report of possession of large volume are as follows:

Name of large volume holder: Silchester International Investors LLP
Number of share certificates, etc. held: 153,116,400 shares
Holding ratio of share certificates, etc.: 12.66%

(Note 4) The report of possession of large volume (change report) provided for public inspection on August 6, 2020 shows that Nomura Asset Management Co., Ltd. held the following shares as of July 31, 2020, but as the Company could not confirm the number of shares actually held as of March 31, 2022, that figure is not included in the above list of major shareholders.

Furthermore, details included in the report of possession of large volume are as follows:

Name of large volume holder: Nomura Asset Management Co., Ltd.
Number of share certificates, etc. held: 60,551,400 shares
Holding ratio of share certificates, etc.: 5.01%

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime
Fiscal Year-End	March
Type of Business	Banks
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 10 to less than 50

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Special Circumstances Which May Have Material Impact on Corporate Governance

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairman of the Board	President
Number of Directors	7
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Officers Designated from among Outside Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Mitsuru Akiyoshi	From another company												
Yoshinobu Yamada	From another company												
Mami Yoda	Scholar												

* Categories for "Relationship with the Company"

“○” when the director presently falls or has recently fallen under the category;

“△” when the director fell under the category in the past;

“●” when a close relative of the director presently falls or has recently fallen under the category; and

“▲” when a close relative of the director fell under the category in the past

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Non-executive director or executive of the parent of the Company
- c. Executive of a fellow subsidiary of the Company
- d. Party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
- i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
- j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)			
Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Mitsuru Akiyoshi	○	<p><Important concurrent positions></p> <p>Advisor (Part-time) of Mizuho Marubeni Leasing Corporation</p> <p>Outside Audit & Supervisory Board Member of INPEX CORPORATION</p>	<p><Reasons for Appointment as Outside Director></p> <p>Mitsuru Akiyoshi possesses substantial experience as a corporate manager, including having assumed such posts as Senior Executive Vice President, Representative Director and Chief Executive Officer of Marubeni Corporation and President & CEO of Mizuho Marubeni Leasing Corporation. He also possesses insight into a wide range of fields, having served in finance divisions at Marubeni Corporation and participated in projects with IT and legal affairs divisions among others. Based on this, we expect that Mr. Akiyoshi will continue to provide timely, appropriate opinions and advice to Directors and the management team from the perspective of promoting the sustainable growth of the Group and contributing to the enhancement of corporate value over the medium to long term, and have therefore appointed him as Outside Director.</p> <p><Reasons for Designation as Independent Officer></p> <p>Mitsuru Akiyoshi does not conflict with the independence criteria provided by the Tokyo Stock Exchange and satisfies the conditions of "the Criteria for Independence of Outside Officers of the Company." He was Senior Consultant and Director of Marubeni Corporation until June 2018, and President & CEO of Mizuho Marubeni Leasing Corporation until March 2022. However, the amount of transactions between Marubeni Corporation and the Company and the Group companies and Mizuho Marubeni Leasing Corporation and the Company and the Group companies in fiscal year 2021 is less than 1% of the Company's consolidated net sales and the Company's consolidated gross operating income. Therefore, this has no impact on his independence. Based on the above, the Company believes that there is no fear of a conflict of interest arising with general shareholders and has therefore designated him as Independent Officer.</p>

Yoshinobu Yamada	○	<p><Important concurrent positions></p> <p>None</p>	<p><Reasons for Appointment as Outside Director></p> <p>Yoshinobu Yamada possesses substantial experience as an analyst and highly-specialized expertise in analysis and digital transformation of the financial sector. Based on this, we expect that Mr. Yamada will continue to provide timely, appropriate opinions and advice to Directors and the management team from the perspective of promoting the sustainable growth of the Group and contributing to the enhancement of corporate value over the medium to long term, and have therefore appointed him as Outside Director.</p> <p><Reasons for Designation as Independent Officer></p> <p>Yoshinobu Yamada does not conflict with the independence criteria provided by the Tokyo Stock Exchange and satisfies the conditions of “the Criteria for Independence of Outside Officers of the Company.”</p> <p>Based on the above, the Company believes that there is no fear of a conflict of interest arising with general shareholders and has therefore designated him as Independent Officer.</p>
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Mami Yoda	○	<p><Important concurrent positions></p> <p>Professor, Department of English Language, Culture, and Communication, Faculty of Arts and Sciences of Sagami Women's University</p> <p>Professor, Graduate School of Social Entrepreneurship of the Graduate School of Sagami Women's University</p>	<p><Reasons for Appointment as Outside Director></p> <p>Mami Yoda possesses highly-specialized expertise and deep insight through her many years of involvement in primarily rating and auditing operations concerning corporations and other organizations at S&P International LLC and as a business administration professional in her current posts in teaching at the Sagami Women's University and its Graduate School. Based on this, we expect that Ms. Yoda will continue to provide timely, appropriate opinions and advice to Directors and the management team from the perspective of promoting the sustainable growth of the Group and contributing to the enhancement of corporate value over the medium to long term, and have therefore appointed her as Outside Director.</p> <p><Reasons for Designation as Independent Officer></p> <p>Ms. Mami Yoda does not conflict with the independence criteria provided by the Tokyo Stock Exchange and satisfies the conditions of "the Criteria for Independence of Outside Officers of the Company."</p> <p>Based on the above, the Company believes that there is no fear of a conflict of interest arising with general shareholders and has therefore designated her as Independent Officer.</p>
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[Voluntary Committees]

Voluntary Establishment of Committee (s) Equivalent to Nomination Committee or Compensation Committee	Established
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Committee's Name, Composition, and Chairman's Attributes

	Committee Equivalent to Nomination Committee	Committee Equivalent to Compensation Committee
Committee's Name	Compensation & Nomination Committee	Compensation & Nomination Committee
Total Committee Members	3	3
Full-time Members	0	0
Inside Directors	0	0
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairman	Outside director	Outside director

Supplementary Explanation

The Company has established the Compensation & Nomination Committee, which comprises only Outside Directors, as a voluntary system to ensure the objectiveness and transparency of compensation and personnel decisions pertaining to Directors and Executive Officers (hereinafter referred to as the "Officers"). The Compensation & Nomination Committee functions as both a Nomination Committee and a Compensation Committee.

(Overview of Compensation & Nomination Committee)

Composition and independence: Comprised solely of Outside Directors selected by the Board of Directors (hereinafter referred to as the "Committee Members"). In order to ensure the independence of the Compensation & Nomination Committee, all Committee Members are Independent Outside Directors.

Authority and roles: Deliberation on compensation and personnel affairs of Officers of the Company and its subsidiaries

Names of Committee Members: (Chairman) Mitsuru Akiyoshi (Outside Director), Yoshinobu Yamada (Outside Director), Mami Yoda (Outside Director)

Frequency of meetings: The committee meets as needed.

Secretariat: Corporate Planning Department, Secretariat

(Status of activities during fiscal year 2021)

Frequency of meetings: 13 times (excluding the ones held in writing)

Status of attendance: Mitsuru Akiyoshi (Outside Director) attending 13 meetings, Yoshinobu Yamada (Outside Director) attending 13 meetings, and Mami Yoda (Outside Director) attending 13 meetings

Major deliberation items:

- Items related to compensation
 - Verification of officers' compensation tables by external research agencies based on officers' compensation data
 - Officers' compensation table of the Company and subsidiary banks

Policy concerning the determination of the content of Directors' individual compensation, etc.
 Policy, evaluation and other factors concerning short-term performance-linked compensation
 Evaluation of Trust II, etc. in stock compensation

- Items related to personnel matters
- Personnel affairs of Officers of the Group
- Operating status of the succession plan

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Department

Audit & Supervisory Board Members shall conduct effective audits by closely cooperating with the Accounting Auditors, internal audit department, and audit & supervisory board members of the Group companies, etc., in addition to holding regular meetings with the officers and employees of the Company and the Group companies.

Status of appointment of Outside Audit & Supervisory Board Member	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members who have been designated as an Independent Officer	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Keiichiro Hashimoto	From another company													
Seiichi Fusamura	Attorney													
Mayumi Noguchi	Certified public accountant													

* Categories for "Relationship with the Company"

“○” when the audit & supervisory board member presently falls or has recently fallen under the category;

“△” when the audit & supervisory board member fell under the category in the past;

“●” when a close relative of the audit & supervisory board member presently falls or has recently fallen under the category; and

“▲” when a close relative of the audit & supervisory board member fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiary

c. Non-executive director or executive of the parent of the Company

d. Audit & supervisory board member of the parent of the Company

e. Executive of a fellow subsidiary of the Company

- f. Party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- j. Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the audit & supervisory board member himself/herself only)
- k. Executive of a corporation to which outside officers are mutually appointed (the audit & supervisory board member himself/herself only)
- l. Executive of a corporation that receives a donation from the Company (the audit & supervisory board member himself/herself only)
- m. Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Keiichiro Hashimoto	○	<p><Important concurrent positions></p> <p>Representative Director of T. Art Life Village</p> <p>Outside Director of FANCL CORPORATION</p> <p>Outside Director of MAEDA ROAD CONSTRUCTION Co., Ltd</p> <p>Outside Director of INFRONEER Holdings Inc.</p>	<p><Reasons for Appointment as Outside Audit & Supervisory Board Member></p> <p>Keiichiro Hashimoto possesses substantial experience and deep insight as an executive at a bank and a corporate executive, including having served as General Manager, Global Business Department of the Bank of Tokyo-Mitsubishi, Ltd., as well as having served as Representative Director, Executive Vice President and Chief Financial Officer of Mitsubishi Motors Corporation, and Representative Director, Chairman and President of Metropolitan Expressway Company Limited. We believe that Mr. Hashimoto will be able to form and express audit opinions in a timely, appropriate manner from a neutral and independent perspective and have therefore appointed him as Outside Audit & Supervisory Board Member.</p> <p><Reasons for Designation as Independent Officer></p> <p>Keiichiro Hashimoto does not conflict with the independence criteria provided by the Tokyo Stock Exchange and satisfies the conditions of “the Criteria for Independence of Outside Officers of the Company.” He served as Vice Chairman & President and Representative Director of KEIZAI DOYUKAI (Japan Association of Corporate Executives) until April 2021 and Director of Shioya Tochi Co., Ltd. until December 2020, and has been serving as Representative Director of T. Art Life Village. However, the transactions between KEIZAI DOYUKAI and the Company and the Group companies are only related to payments on the Association’s members and the amount of transactions in fiscal year 2021 is less than 1% of the Association’s proceed from business activities. Also, Shioya Tochi Co., Ltd. and T. Art Life Village have no business relationships with the Company or the Group companies. Therefore, this has no impact on his independence.</p> <p>Based on the above, the Company believes that there is no fear of a conflict of interest arising with general shareholders and has therefore designated him as Independent Officer.</p>

Seiichi Fusamura	○	<p><Important concurrent positions> Attorney</p> <p>Outside Director of Nippon Kayaku Co., Ltd.</p>	<p><Reasons for Appointment as Outside Audit & Supervisory Board Member> Seiichi Fusamura possesses substantial experience and deep insight gained as a legal professional including having served in key posts in the judicial world. We believe that Mr. Fusamura will be able to form and express audit opinions in a timely, appropriate manner from a neutral and independent perspective and have therefore appointed him as Outside Audit & Supervisory Board Member.</p> <p><Reasons for Designation as Independent Officer> Seiichi Fusamura does not conflict with the independence criteria provided by the Tokyo Stock Exchange and satisfies the conditions of “the Criteria for Independence of Outside Officers of the Company.” With regard to the relationships between attorney Mr. Fusamura and the Company or the Group companies, he does not receive cash or other assets other than officer compensation from the Company or Group companies as Outside Audit & Supervisory Board Member of the Company. Therefore, this has no impact on his independence.</p> <p>Based on the above, the Company believes that there is no fear of a conflict of interest arising with general shareholders and has therefore designated him as Independent Officer.</p>
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Mayumi Noguchi	○	<p><Important concurrent positions> Head of Noguchi Certified Public Accountant Office</p> <p>Supervisor of The National Archives of Japan, Incorporated Administrative Agency</p> <p>Outside Director of Fenwal Controls of Japan, Ltd.</p>	<p><Reasons for Appointment as Outside Audit & Supervisory Board Member> Mayumi Noguchi possesses substantial experience and deep insight as an expert in finance and accounting including having served as the head of a certified public accounts' office for many years and being experienced in audit practices at an auditing firm. We believe that Ms. Noguchi will be able to form and express audit opinions in a timely, appropriate manner from a neutral and independent perspective and have therefore appointed her as Outside Audit & Supervisory Board Member.</p> <p><Reasons for Designation as Independent Officer> Mayumi Noguchi does not conflict with the independence criteria provided by the Tokyo Stock Exchange and satisfies the conditions of "the Criteria for Independence of Outside Officers of the Company." She has been serving as Head of Noguchi Certified Public Accountant Office. However, this firm has no business relationships with the Company or the Group companies. Therefore, this has no impact on her independence. Based on the above, the Company believes that there is no fear of a conflict of interest arising with general shareholders and has therefore designated her as Independent Officer.</p>
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[Independent Officers]

Number of Independent Officers	6
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Matters relating to Independent Officers

The Company has designated all six (6) Outside Officers qualified to be Independent Officers as Independent Officers. Regarding the description in "Relationship with the Company," matters related to the transactions are omitted as they are considered to be within the extent of minimal level, if "the Criteria for Independence of Outside Officers of the Company" stated in [Principle 4.9] (Criteria for Independence of Outside Officers) of "Disclosure Based on the Principles of the Japan's Corporate Governance Code" under "I. 1. Basic Views" of this report is satisfied.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked compensation
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Supplementary Explanation

In regard to Directors (excluding Outside Directors) and Executive Officers with whom the Company has concluded an engagement agreement, the Company has introduced a stock compensation system using a trust as a compensation system to implement aggressive governance. The purpose of the system is for these Directors

and Executive Officers to share interests with shareholders, promote the sustainable growth of the Group as a whole, and to increase their motivation to enhance corporate value over the medium to long term. Details of the stock compensation system are provided under “Policy for Determining Compensation Amounts or Calculation Methods Thereof.”

Recipients of Stock Options	
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Supplementary Explanation

[Director Compensation]

Disclosure of Individual Directors' Compensation	No individual disclosure
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Supplementary Explanation

The total amount of compensation by officer category, total amount of compensation, etc. by type and number of eligible officers in fiscal year 2021 are as follows:

[Directors (excluding Outside Directors)]

Total amount of compensation, etc.: ¥118 million

Number of eligible officers: 4

<Breakdown>

Basic compensation: ¥80 million, short-term performance-linked compensation: ¥16 million, stock compensation: ¥22 million (including Trust I: ¥11 million, Trust II: ¥11 million)

[Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)]

Total amount of compensation, etc.: ¥39 million

Number of eligible officers: 3

<Breakdown>

Basic compensation: ¥39 million, short-term performance-linked compensation: –, stock compensation: –

[Outside Officers]

Total amount of compensation, etc.: ¥64 million

Number of eligible officers: 7

<Breakdown>

Basic compensation: ¥64 million, short-term performance-linked compensation: –, stock compensation: –

(Notes) 1. The amounts shown have been rounded down to the nearest million yen.

2. The number of Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members) and compensation, etc. include one Audit & Supervisory Board Member who retired on June 22, 2021.

3. The number of Outside Officers and compensation, etc. include one Audit & Supervisory Board Member who retired on June 22, 2021.

4. Short-term performance-linked compensation shows the amount recorded as expenses for the purpose of accounting in fiscal year 2021.

5. Stock compensation shows expenses relating to share distribution points granted in fiscal year 2021 pursuant to the stock compensation system using a trust.

Policy for Determining Compensation Amounts or Calculation Methods Thereof	Established
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1. Policy of determination on the content of Directors' individual compensation, etc.

The Company has established the policy for determination on the content of Directors' individual compensation, etc. (hereinafter referred to as the "Policy") by resolution of the Board of Directors, and the overview of its content is as follows. In the determination of the Policy, deliberations by the Compensation & Nomination Committee which comprises Outside Directors only, were gone through.

(1) Basic policy

- Directors' compensation, etc. shall have a compensation system that functions as an appropriate incentive in the promotion of sustainable growth and increasing corporate value over the medium to long term of the Company Group.
- The compensation system shall contribute to increases in corporate value over not only the short term but also the medium to long term as well as in shareholder value while restraining excessive risk-taking.
- The Company shall determine the compensation structure, proportion of compensation components, and the compensation level through periodic comparison to the Company's data and examination using the data of company groups that have the similar business type and category as benchmarks, based on officers' compensation data, objective research data, etc. provided by external research agencies.

(2) Compensation structure and components

[Directors (excluding Outside Directors)]

A. Compensation structure

- The compensation structure is comprised of "basic compensation," "short-term performance-linked compensation" and "stock compensation."
- The amount of basic compensation and standard amounts of short-term performance-linked compensation and stock compensation are determined for each job position, and the proportion of respective compensation components are basic compensation (66%), short-term performance-linked compensation (17%) and stock compensation (17%) (if short-term performance-linked compensation and stock compensation are paid at standard amounts).

B. Details of each compensation, etc.

(a) Basic compensation

- Basic compensation is paid monthly in accordance with roles and responsibilities.

(b) Short-term performance-linked compensation

- Short-term performance-linked compensation is paid annually in accordance with the business results of the Company for a single fiscal year and the evaluation of business performance of respective individuals.
- Indicators to evaluate business results of the Company shall be "core net business profit of The Bank of Yokohama, Ltd. and The Higashi-Nippon Bank, Ltd. combined," which shows earnings power of the main business, and "net income attributable to owners of the parent company," which represents ultimate operating results. The base amount by job position is determined in accordance with the business results of the Company in light of comparison of business results to those of competitors, etc. The base amount by job position varies within the range of 0 to 150% (if the base amount by job position is set to be 100).
- Regarding the business performance of respective individuals, the amount is determined through the evaluation on the degree of achievement of performance targets set at the beginning of each fiscal year (about 5 items are set for each individual based on the department they are in charge of, such as the achievement of the budget of the department they are in charge of, the development status of respective measures, and the establishment of the risk management system). The amount varies within the range of 70 to 130% (if the base amount by job position is set to be 100) depending on the individual evaluation result. The evaluation based on the final business results of the Company and business performance of respective individuals shall be determined through deliberation by the Compensation & Nomination Committee.

(c) Stock compensation

• Stock compensation involves using a trust for granting or delivering (hereinafter referred to as “Granting, etc.”) Company shares and cash in the amount equivalent to the conversion value of Company shares (hereinafter referred to as “Company shares, etc.”). Trusts are classified into two types, Trust I and Trust II, as follows:

a. Trust I

• The Granting, etc. of Company shares, etc. is made at the time of retirement of the corporate officer according to the base amount determined by job position.

b. Trust II

• The Granting, etc. of Company shares, etc. is made at the end of the Medium-term Management Plan in accordance with the amount to which the performance-linked coefficient is applied.

• The performance-linked coefficient fluctuates within the range between 75% and 200% depending on the degree of achievement of performance targets of the Medium-term Management Plan and other related factors. Indicators to evaluate the degree of fulfillment of performance targets in the Medium-term Management Plan shall be the following three items that are the targets in the Medium-term Management Plan (FY2022 to FY2024) to increase an incentive to achieve targets in the Medium-term Management Plan. The final performance-linked coefficient is determined through deliberation by the Compensation & Nomination Committee based on ESG indicators of external evaluation institutions, implementation items concerning the non-financial items stated in the Medium-term Management Plan and qualitative matters.

Target

- OHR (consolidated): Status of achievement of targets in the Medium-term Management Plan
- ROE (consolidated; shareholders’ equity basis): Status of achievement of targets in the Medium-term Management Plan
- CET1 ratio (consolidated; on a basis of the full implementation of the final Basel III framework (excluding valuation difference on available-for-sale securities)): Status of achievement of targets in the Medium-term Management Plan

[Outside Directors]

A. Compensation structure

• The compensation of Outside Directors comprises only “basic compensation,” which does not constitute a system of compensation linked to business results taking their role of supervising the business execution into consideration.

B. Details of each compensation

- Basic compensation is paid monthly in accordance with their roles and responsibilities.

2. Details of compensation, etc. of Audit & Supervisory Board Members

Details of compensation, etc. of Audit & Supervisory Board Members are determined by deliberation among Audit & Supervisory Board Members and are as follows.

(1) Compensation structure

• The compensation of Audit & Supervisory Board Members comprises only “basic compensation,” which does not constitute a system of compensation linked to business results taking their neutrality and independence into consideration.

(2) Details of each compensation

- Basic compensation is paid monthly in accordance with their roles and responsibilities.

3. Matters relating to delegation associated with determination of the content of Directors’ individual compensation, etc.

The determination of the content of Directors’ individual compensation, etc. for fiscal year 2021 has been delegated to Yasuyoshi Oya, Representative Director and President, by resolution of the Board of Directors within the range of the maximum limit determined by resolution of the General Meeting of Shareholders, because the Representative Director and President is the right person who can evaluate each Director while overseeing business results of the entire Company. Deliberations of the Compensation & Nomination Committee shall be required in order to exercise this authority, and the content of Directors’ individual compensation, etc. has been determined through such procedures. Therefore, the Board of Directors has judged that the content is in line with the Policy.

The determination of the content of Directors' individual compensation, etc. for fiscal year 2022 has been delegated to Tatsuya Kataoka, Representative Director and President, by resolution of the Board of Directors within the range of the maximum limit determined by resolution of the General Meeting of Shareholders, because the Representative Director and President is the right person who can evaluate each Director while overseeing business results of the entire Company.

4. Date of resolution at the General Meeting of Shareholders and details of the resolution, etc.

Approval has been obtained at the General Meeting of Shareholders held on June 20, 2017 with respect to an annual amount of ¥430 million or less (including an annual amount of ¥50 million or less for Outside Directors) for "basic compensation" and "short-term performance-linked compensation" constituting the monetary compensation portion of compensation, etc. for Directors, and an annual amount of ¥120 million or less as compensation for Audit & Supervisory Board Members. The Company had a total of seven Directors (including three Outside Directors) and five Audit & Supervisory Board Members as of the conclusion of the said General Meeting of Shareholders. In addition, separately to monetary compensation, approval has also been obtained at the General Meeting of Shareholders on June 20, 2017 for a total amount of up to ¥414 million in monetary terms to be contributed by the Company to apply to three fiscal years (¥160 million for Trust I and ¥254 million for Trust II), and up to 373,700 points in the total number of points (number of the Company's shares) granted by the Company for a single fiscal year (145,200 points for Trust I and 228,500 points for Trust II) for Directors, excluding Outside Directors and including Executive Officers with whom the Company has concluded an engagement agreement. As of the conclusion of the said General Meeting of Shareholders, there were four Directors eligible for this plan and three Executive Officers with whom the Company has concluded an engagement agreement.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

Supporting systems for Directors and Audit & Supervisory Board Members, including Outside Directors, are as follows.

- To ensure that Directors may obtain corporate information in a timely and appropriate manner, a responsible employee shall be assigned to the Corporate Planning Department, and he or she shall support the obtaining of information by Directors.
- To ensure that audits by Audit & Supervisory Board Members are effectively conducted, dedicated employees shall be assigned to the Office of Audit & Supervisory Board, and he or she shall support audits by Audit & Supervisory Board Members.
- When Outside Directors and Outside Audit & Supervisory Board Members are appointed, opportunities shall be provided for them to acquire knowledge and information relating to the Group's management philosophy, management policies, management plans, business structure, etc.
- In order to enhance the deliberations of the Board of Directors, advance explanations of matters to be deliberated at the Board of Directors shall be provided to Outside Directors and Outside Audit & Supervisory Board Members, and opportunities such as on-site inspection of sales branches of the Group companies shall also be provided.
- While securing cooperation between Outside Directors, Representative Directors, Audit & Supervisory Board Members, the internal audit department and the Accounting Auditors, the Company shall also endeavor to promote exchanges among Outside Directors and directors, etc. of the Group companies.

Information Including the Nomination of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

Name	Title/Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
Sadaaki Hirasawa	Honorary Advisor, The Bank of Yokohama, Ltd.	Substantive activities for social contribution and economic society, etc.	Part-time/unpaid	June 24, 2008	1 year
Tatsumaro Terazawa	Honorary Advisor, The Bank of Yokohama, Ltd.	Substantive activities for social contribution and economic society, etc.	Part-time/unpaid	June 19, 2018	1 year
Michito Ishii	Special Advisor, The Higashi-Nippon Bank, Limited	Substantive activities for social contribution and economic society, etc.	Full-time/paid	August 31, 2018	1 year
Kenichi Kawamura	Advisor, The Bank of Yokohama, Ltd.	Substantive activities for social contribution and economic society, etc.	Full-time/paid	March 31, 2020	1 year

Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company	4
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- A system of counselors/advisors does not exist in the Company.
- The information above reports the status of persons who have held the position of President at The Bank of Yokohama, Ltd. and The Higashi-Nippon Bank, Limited currently holding an advisory or any other position in the aforementioned banks.
- Providing such persons carry out substantive activities for social contribution and economic society, etc., a person who has held a position such as President may become Special Advisor or Advisor. Additionally, at The Bank of Yokohama, Ltd., a person who has held the position of Special Advisor may become Honorary Advisor.
- The term of office shall be one year. Although there are no restrictions on the holding of a position for consecutive terms, in principle, the maximum period of service of Special Advisor and Advisor is six years and Special Advisors and Advisors retire from office on the month that they turn the age of 75. However, there are cases where certain transitional measures are put in place concerning certain applicable persons whose time in service precedes the transition to the current system.
- The Honorary Advisor, Special Advisors and Advisors are not involved in any decision-making related to the management of business operations.
- To enhance the objectiveness and transparency of decisions regarding appointment and remuneration, etc. of the Honorary Advisor, Special Advisors and Advisors, the Outside Directors shall be involved in the appointment, etc.
- In the “Date of Retirement from Position Such as President” above, the date of retirement as President or Chairman of The Company, The Bank of Yokohama, Ltd. or Higashi-Nippon Bank, Limited is stated.

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)

The main organizations pertaining to management and control of management decision-making, execution, and supervision are as follows.

(1) The Board of Directors and Directors

- The Board of Directors determines the range of issues on which it will deliberate based on regulations such as the Regulations on Board of Directors. By making explicit the range of entrustment for organizations such as the Management Conference and the management team, the Board of Directors conducts decision-making on important issues e.g. corporate policies for the Group, which include management plans, matters related to governance, and basic policies regarding risk and compliance. This allows the Board of Directors to fulfill its supervisory function on management with high effectiveness.
- From the viewpoint of exhibiting its functions with the highest effectiveness and efficiency while aiming to invigorate the Board of Directors, the Articles of Incorporation stipulate that there shall be no more than 10 Directors, and in combination with Internal Directors who are well-versed in the Group’s business and several Outside Directors who possess a wealth of experience and knowledge in external fields, the Board of Directors shall be composed of Directors with diverse backgrounds with specialized knowledge and experience, enabling the overall Board of Directors to have a composition that is balanced in knowledge, experience, and ability. Currently, of the seven Directors (six males, one female), there are three Independent Outside Directors. The members of the Board of Directors are as follows.

(Chairman) Tatsuya Kataoka (Representative Director and President)

Yoshiyuki Oishi (Representative Director)

Yoshiaki Suzuki (Director)

Nobuo Onodera (Director)

Mitsuru Akiyoshi (Director)

Yoshinobu Yamada (Director)

Mami Yoda (Director)

(Note) Directors Mitsuru Akiyoshi, Yoshinobu Yamada, and Mami Yoda are Outside Directors pursuant to Article 2, item 15 of the Companies Act.

(2) The Audit & Supervisory Board and Audit & Supervisory Board Members

- The scope of duties of the Audit & Supervisory Board is established in the “Regulations on Audit & Supervisory Board,” and the Audit & Supervisory Board receives reports on important matters relating to auditing and discusses and decides on these matters. Based on audit policies and audit plans defined in the Audit & Supervisory Board, Audit & Supervisory Board Members attend important meetings such as Board of Directors meetings, evaluate the status of operations and assets, and view documents relating to important management decisions.
- From the viewpoint of securing effectiveness of audits, the Articles of Incorporation stipulate that there shall be no more than five Audit & Supervisory Board Members, and that at least half must be Outside Audit & Supervisory Board Members. Currently, of the five Audit & Supervisory Board Members (four males, one female), there are three Independent Outside Audit & Supervisory Board Members. The members of the Audit & Supervisory Board are as follows.

(Chairman) Kazuhiro Maehara (Full-time Audit & Supervisory Board Member)

Mitsuhiro Hara (Audit & Supervisory Board Member)

Keiichiro Hashimoto (Audit & Supervisory Board Member)

Seiichi Fusamura (Audit & Supervisory Board Member)

Mayumi Noguchi (Audit & Supervisory Board Member)

(Note) Audit & Supervisory Board Members Keiichiro Hashimoto, Seiichi Fusamura, and Mayumi Noguchi are Outside Audit & Supervisory Board Members pursuant to Article 2, item 16 of the Companies Act.

(3) Management Conference

- Beneath the Board of Directors, the Company has established the Management Conference, composed of Representative Directors and Directors, etc.
- Based on basic policies and management plans determined by the Board of Directors, the Management Conference deliberates on and makes decisions on issues such as significant matters relating to business execution and strategies to enable the Group to execute business flexibly. Additionally, as required, it also engages in actions such as supplemental deliberations on matters resolved by the Board of Directors. The members of Management Conference are as follows.

(Chairman) Tatsuya Kataoka (Representative Director and President)

Yoshiyuki Oishi (Representative Director)

Yoshiaki Suzuki (Director)

Nobuo Onodera (Director)

Furthermore, for important matters related to the business execution of the Group, the following conferences are positioned as Management Conferences to conduct focused deliberations on their individual items of responsibility.

A. Compliance Conference

The Compliance Conference discusses and determines the basic policy, etc. related to the Group’s overall compliance and customer protection and conducts monitoring of the conditions at subsidiaries.

B. ALM/Risk Management Conference

In addition to discussing and determining the basic policy, plan, and key measures related to the Group’s ALM, integrated risk management, credit risk management, market risk management, liquidity risk management, operational risk management, revenue management and the overall budget, the ALM/Risk Management Conference conducts monitoring of the conditions at subsidiaries.

C. Group Sales Strategy Conference

In addition to discussing and determining the Group’s basic policy, plan, and key measures related to the Group’s sales strategy and partner strategy, the Group Sales Strategy Conference conducts monitoring of the state of progress of the Medium-term Management Plan, etc.

D. Administration/IT System Strategy Conference

In addition to discussing and determining the Group’s overall measures on administrative optimization and system and administrative process integration and the basic policy, plan, and key measures related to the IT strategy, the Administration/IT Systems Strategy Conference conducts monitoring of the state of progress of the policies of subsidiaries.

E. Group Management Audit Conference

The Group Management Audit Conference discusses, determines, and reports on important matters related to internal audits as well as reporting on and discussing matters related to the results of audits by Audit & Supervisory Board Members and internal audits.

(4) Compensation & Nomination Committee

- To ensure the objectiveness and transparency of the compensation and nomination of Directors and Executive Officers, we have established a voluntary Compensation & Nomination Committee composed of Outside Directors. This Committee deliberates on compensation and personnel matters of Directors and Executive Officers. The members of Compensation & Nomination Committee are as follows.

(Chairman) Mitsuru Akiyoshi (Director)

Yoshinobu Yamada (Director)

Mami Yoda (Director)

(Note) Directors Mitsuru Akiyoshi, Yoshinobu Yamada, and Mami Yoda are Outside Directors pursuant to Article 2, item 15 of the Companies Act.

(5) Group Sustainability Committee

- The committee is chaired by the President of the Company and regularly deliberates and reports on the Group's sustainability-related initiatives, centrally manages progress.
- The content of deliberation and report at the Group Sustainability Committee shall be supervised by the Board of Directors.

(6) Internal Audit Department

- The Board of Directors has established an Audit Department as an organization independent from executive departments, and the Audit Department conducts internal audits of the effectiveness and appropriateness of internal management systems and internal controls.
- The Company's Audit Department works to strengthen internal auditing functions by evaluating the internal audit status of the Group companies while also put a structure in place to ensure uniform internal audits across the overall group.
- The Company's accounting auditing conditions are as follows.

(Auditor's name)

Deloitte Touche Tohmatsu LLC

(Continuous auditing period)

Since 1976

* The Company is a holding company established in 2016 through a joint transfer of shares by The Bank of Yokohama, Ltd. and Higashi-Nippon Bank, Limited, so the continuous auditing period stated above includes the continuous auditing of The Bank of Yokohama, Ltd.

(Certified public accountants who executed the audit duties)

Hiroaki Aoki, Hiroyuki Hamahara, Kazumasa Momose

(Structure of assistants who supported the audit duties)

They were assisted in the financial audit of the Company by six certified public accountants and twelve others.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the form of a company with Audit & Supervisory Board, in which the Board of Directors, Auditors, and Audit & Supervisory Board Members are responsible for the management supervisory functions. The Auditors, including three Independent Outside Audit & Supervisory Board Members, exercise their management supervisory function by implementing audits on the legal compliance and appropriate execution of business of Directors by attending Board of Directors meetings and verifying important documents. Furthermore, in addition to supervising management from an independent standpoint, the three Independent Outside Directors provide opinions and suggestions to ensure appropriate decision making. The Company believes that audit and supervisory functions are being sufficiently exercised through these systems, and has adopted its current corporate governance system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	Convocation notices for Ordinary General Meetings of Shareholders are sent by three weeks prior to the date of the General Meeting of Shareholders. Notifications are also posted on the Company's website prior to being sent.
Scheduling OGMs Avoiding the Peak Day	The 6th Ordinary General Meeting of Shareholders was held on June 21, 2022.
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company facilitates the exercise of voting rights via the Internet.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company uses the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English (Translated Partially)	The Company creates an English version of the convocation notice (partial translation), after that, discloses it to the Tokyo Stock Exchange and posts it on the Company's website.
Other	To enhance explanations to shareholders, the Company has taken the following measures: <ul style="list-style-type: none"> • Post the notice of the General Meeting of Shareholders (Japanese version and English translation) on the Company's website. • Release the "business report" video to be run on the day of the General Meeting of Shareholders one week before the meeting on the Company's website. • Implement a live broadcast of the General Meeting of Shareholders on the Internet for shareholders. • Post results of acceptance or rejection of proposals on the Company's website

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and announcement of disclosure policy	The Company has formulated a "disclosure policy" and has posted it on the Company's website (https://www.concordia-fg.jp/en/shareholder/disc/index.html).	
Regular Investor Briefings for Individual Investors	Once per year or more, the management team shall explain business performance, management strategies and other matters. In fiscal year 2021, explanations were given by the officer responsible for the Corporate Planning Department, who oversees IR activities. An investor briefing for individual investors was held online in February and around 430 people participated.	None

<p>Regular Investor Briefings for Analysts and Institutional Investors</p>	<p>Briefings for analysts and institutional investors are held following the release of full year and interim financial results and Representative Directors, etc. explain business performance, management strategies and other matters. In fiscal year 2021, two briefings were held and around 210 people in total participated.</p> <p>After the release of each quarter's financial results, Representative Directors, etc. explain business performance, management strategies and other matters to major institutional investors in Japan through individual meetings. In fiscal year 2021, meetings were held with a total of 96 companies. Additionally, in April 2022, an IR Day briefing on the medium-term management plan was held in which the current Representative Director and President and Outside Directors gave an overview of the plan and explained its formulation process and other matters.</p>	<p>Yes</p>
<p>Regular Investor Briefings for Overseas Investors</p>	<p>Once per six months or more, the management team, including Representative Directors, explain business performance, management strategies and other matters to major overseas institutional investors in Europe, North America, and Asia through individual meetings. In fiscal year 2021, meetings were held with a total of 25 companies.</p> <p>The Company also regularly participates in IR conferences held by securities companies which include meetings with overseas institutional investors.</p>	<p>Yes</p>

<p>Posting of IR Materials on Website</p>	<p>Various types of IR materials are promptly posted on the Company's website following their release. Major materials disclosed on the website are as follows: Securities Report (available in Japanese only) / Quarterly Securities Report (available in Japanese only), Financial Summary Report / Briefing Material on Financial Results (available in Japanese only), Integrated Report (Annual Report), Concordia Report (available in Japanese only), IR Presentation, Briefing Material for Individual Investors (available in Japanese only), Rating Information, Bond Information (available in Japanese only), Analyst Coverage, News Releases, etc. Video streams of financial results presentations, briefings for individual investors, and the medium-term management plan briefings held in April 2022 are posted online along with presentation scripts and main questions and answers. A dedicated page for individual investors has also been established, explaining the Group's financial results, growth strategies, and other matters in an easy-to-understand manner. Various types of IR materials for overseas institutional investors are promptly posted on the English version of the Company's website. (https://www.concordia-fg.jp/en/shareholder/index.html)</p>
<p>Establishment of Department and/or Manager in Charge of IR</p>	<p>Officer in charge of IR: Nobuo Onodera, Director in charge of Corporate Planning Department Department in charge of IR: Corporate Communication Office, Corporate Planning Department Contact for IR administrations: General Manager of Corporate Communication Office, Corporate Planning Department</p>

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
<p>Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.</p>	<p>The Company has established provisions to ensure due respect for stakeholders in the management philosophy and the Basic Regulations on Compliance, etc.</p>
<p>Implementation of Environmental Activities, CSR Activities, etc.</p>	<p>The Company has formulated and announced the "Group Sustainability Policy," and implements various measures based on these views. In addition, the Company takes various opportunities to disclose the results of these measures, including through its website and the disclosure magazine.</p>

<p>Formulation of Policies for Information Provision to Stakeholders</p>	<p>The Company discloses information in a timely and appropriate manner in accordance with the Companies Act, the Banking Act, the Financial Instruments and Exchange Act and other laws and regulations, and the timely disclosure rules, etc. of financial instruments exchanges.</p> <p>In addition to information based on these laws, regulations, and rules, the Company also discloses information in a voluntary and proactive manner to contribute to the understanding of customers, shareholders, investors, and local communities.</p> <p>In addition, the Company also endeavors to provide English-language disclosure of important information.</p>
<p>Other</p>	<p>[Initiatives for ensuring diversity]</p> <p>[The Bank of Yokohama]</p> <p>Centered on the “Diversity and Inclusion Promotion Office,” the Bank is working to build a highly productive organization in which diverse human resources are strongly motivated to work.</p> <p>○Promotion of the participation and advancement of women at work The Bank has established Hamagin WOMAN’S Action, which aims to nurture female executives and managers, based on its general employer action plan. This involves positive action to enhance the careers of female employees, such as position-based training that provides support for career building.</p> <p>○Measures to support work-life balance The Bank is working to realize flexible working styles in accordance with employees’ life events, such as raising children. This includes increasing opportunities for employees with time limitations to participate in the workplace and a reduced working hours system. In fiscal year 2022, a program to help employees return to work from childcare leave, which includes support for self-learning during childcare leave, was introduced in addition to regular support systems. The Bank also actively engages in awareness-raising activities for all employees, including holding training sessions under the theme of “participation of men in childrearing” and “measures to prevent employees from retiring due to long-term care for their parents.”</p> <p>○Initiatives to promote flexible working styles The Bank promotes diverse and efficient work styles that are not bound by time or place by introducing various measures, including a flextime system, annual leave system on an hourly basis, teleworking system, and satellite office, and strengthening efforts for digitalization. Also, alongside the promotion of flexible working styles, it is strengthening initiatives to ensure proper working hours and encourage the taking of paid leave. In fiscal year 2021, the uptake ratio for paid leave was 77.2% and the average number of days taken was 16.7.</p> <p>○Initiatives to realize diverse career paths As an effort to raise the diversity and specialization of human resources, a Career Innovation Support System was introduced in October 2021 that allows employees to take on additional work outside of the company or to take leave specifically for study. This system provides employees with greater opportunities to gain a variety of experience outside of the Company which cannot be gained through their current duties.</p>

○Employment of persons with disabilities

The Bank launched “Hamagin Business Challenged Co., Ltd.” in April 2019 to provide self-reliance support with people with disabilities and to realize the establishment of inclusive societies. It obtained certification as a special subsidiary company in April 2020, and special certification for affiliated companies of a special subsidiary company (Hamagin Research Institute, Ltd., Hamagin Finance Co., Ltd., and Hamagin Tokai Tokyo Securities Co., Ltd. were additionally included in the scope of special subsidiary companies) in May 2021.

The employment rate of people with disabilities in fiscal year 2021 was 2.39%.

○Health management

The Bank established “The Yokohama Bank Health Declaration” so that all employees can demonstrate their full potential through initiatives involving health management of its employees.

The Bank has established the Health Management Promotion Liaison Committee, which is led by the Chief Health Officer and includes member from each division of The Bank of Yokohama, the Yokohama Bank Health Insurance Society, and the health management center, to promote health management by formulating specific measures for maintaining and improving employee health, ensuring these are implemented properly by checking progress as necessary, and verifying measurable effects, such as the results of regular medical checkups, thereby identifying issues and reflecting response and improvement measures in future initiatives. Specifically, the Bank is promoting initiatives including measures to prevent passive smoking (100% smoking free), implementation of non-smoking campaigns, expansion of persons eligible for thorough medical checkup programs, and establishment of health consultation counter for women, etc.

○Major external recognitions

2016: Received “Class 3” (the highest rank) in the “Eruboshi (L Star)” certification, based on the Act on Promotion of Women’s Participation and Advancement in the Workplace

2018: Awarded “Japan’s Minister of State for Special Missions Prize” at the “Advanced Corporation Awards for the Promotion of Women” held by the Cabinet Office

2019: Received “Platinum Kurumin” certification under the Act on Advancement of Measures to Support Raising Next-Generation Children Kanagawa Support Care Company Certification

2022: Recognized as an Outstanding Enterprise in Health and Productivity Management 2022, White 500 (large enterprises category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (four consecutive years)

[The Higashi-Nippon Bank]

In order to achieve sustainable growth, the Bank has been establishing a culture that values people, and developing an environment that increases the working motivation of each individual and allows diverse human resources to work in a healthy and comfortable manner.

○Promotion of the participation and advancement of women

The Bank has been implementing mindset reforms and environmental development at the organizational level, centering on the “development of next generation” and “work style reform.” The Bank set up the diversity team in fiscal year 2020, and is actively engaged in career development that helps all employees including women work positively as “Higashi-Nippon New Style.”

	<p>○Measures to support work-life balance Since the introduction in January 2018, the Bank has continued the “Branch Registration System for Employees with Support in Work-Life Balance.” This system allows employees who need support in their work-life balance to register a branch(es) where they can work full-time because of the location close to their home. The Bank encourages such employees to work full-time by taking personnel transfer into account.</p> <p>○Initiatives to promote flexible working styles The Bank promotes diverse work styles that are not bound by time or place by introducing various measures, including a flextime system, annual leave system on an hourly basis and teleworking system.</p> <p>○Health management In addition to formulating the Higashi-Nippon Bank Health Declaration, the Bank has established the Health Management Promotion Liaison Committee, over which the Bank’s Chief Health Officer presides as its representative director and president, and includes member from relevant divisions, the Higashi-Nippon Bank Health Insurance Society, and industrial physicians, and it is promoting health management through initiatives that consider employee health.</p> <p>○Major external recognition 2015: Received “Kurumin” certification under the Act on Advancement of Measures to Support Raising Next-Generation Children 2022: Recognized as an Outstanding Enterprise in Health and Productivity Management 2022 (large enterprises category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program [Targets and Results Relating to Women’s Participation and Advancement] The Group aims to achieve the following numerical targets by the end of fiscal year 2022.</p> <p><Totals for the two banks> Ratio of female managers and above: 18% or more (15.3% as of April 1, 2022) Ratio of female assistant managers and above: 33% or more (34.2% as of April 1, 2022)</p> <p><The Bank of Yokohama> Ratio of female managers and above: 20% or more (18.0% as of April 1, 2022) Ratio of female assistant managers and above: 35% or more (38.5% as of April 1, 2022)</p> <p><The Higashi-Nippon Bank> Ratio of female managers and above: 13% or more (7.3% as of April 1, 2022) Ratio of female assistant managers and above: 30% or more (21.9% as of April 1, 2022)</p>
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IV. Matters Related to Internal Control Systems

1. Basic Views on Internal Control Systems and Progress of System Development

(Basic Views on Internal Control Systems)

To execute business suitably and ensure that actions comply with laws and regulations and the Articles of Incorporation within the Group, the Company has established and operates Internal Control Systems as follows, and works to improve its effectiveness through continuous evaluation and implementing improvement measures as required.

(1) Systems to ensure that execution of duties by directors and employees comply with laws and regulations and the Articles of Incorporation

A. The Board of Directors shall formulate “Basic Regulations on Compliance” that define Basic Policy on Compliance for the Group and ensure thorough compliance with laws and regulations from all officers and employees of the Group in areas such as customer protection, protection of personal information, rejecting relationships with anti-social forces, and prevention of money laundering, etc.

B. The Board of Directors shall establish “Compliance Conference (Management Conference),” and as a plan outlining specific measures to realize compliance in the Group, formulate on an annual basis “Compliance Program” based on the basic policy. The Board of Directors shall also increase effectiveness through management and guidance based on monitoring on the status of progress in the Compliance Program and the status of compliance across the overall Group.

C. The Board of Directors shall establish a division to control Group compliance, and the compliance control division shall manage and direct compliance operations uniformly across the Group.

D. The Board of Directors shall develop a system to allow for direct reporting to the Company’s compliance control division by all officers and employees of the Group regarding compliance issues. If a report is received, the compliance control division shall swiftly provide instructions for improvement, while also implementing measures for rectification and improvement. The Company has also established a channel within the Office of Audit & Supervisory Board through which Audit & Supervisory Board Members can be directly contacted from both inside and outside the Company about matters concerning violations of laws and regulations in which a Director or Executive Officer is involved, or inappropriate behavior in regard to the Group’s accounting, internal controls for accounting, or accounting audits.

E. The Board of Directors shall work to maintain and improve its supervisory functions from an external viewpoint by appointing Outside Directors who have a standpoint independent from the Group to make up at least one-third of all Directors.

F. The Board of Directors shall establish an Audit Department as an organization independent from executive departments, and the Audit Department shall conduct internal audits of the effectiveness and appropriateness of matters such as the compliance system.

(2) Systems for the storage and management of information on execution of duties by Directors

Information regarding the execution of duties by Directors, such as the minutes of each meeting and in other documents, shall be stored and managed pursuant to regulations. Furthermore, Directors and Audit & Supervisory Board Members may view these documents, etc. at any time.

(3) Regulations and other systems for management of loss risk

A. The Board of Directors shall systematically develop risk regulations centered on the “Basic Regulations on Risk Management” while also defining a risk control division across the Group and risk management divisions categorized by risk type, creating a system to appropriately manage risk including the spread and concentration of risk within the Group.

B. The Board of Directors shall formulate a risk appetite framework as a method for clarifying and monitoring the types and sizes of risks to be accepted as part of promoting the Company’s operations, giving consideration to the balance of revenue, risk and capital, and it shall strive to enhance governance related to overall risk management and cultivate a risk culture.

C. Organizations such as the Board of Directors and Management Conference shall soundly and effectively implement risk management in the Group while also periodically and continuously reviewing policies and procedures on risk management in view of factors such as strategic goals and changes to the external environment of the Group. Furthermore, the “ALM / Risk Management Conference,” established as the Management Conference, shall ascertain various risk exposure for the Group in a unified group framework, and by utilizing the ascertainment of these risks to establish structures such as business execution and management systems at the subsidiaries, increase the effectiveness of risk management.

D. The Audit Department shall conduct internal audits of the effectiveness and appropriateness of risk management systems, etc.

(4) Systems to ensure efficient execution of duties by Directors

The Board of Directors shall work to increase efficiency of the execution of duties by Directors by establishing the structures as follows.

A. Establish the Management Conference comprised of Representative Directors and Directors, etc.

B. Explicitly stating the range of entrustment through formulation of regulations regarding delegation of authority

C. Formulation of corporate policies and management plans by the Board of Directors

D. Appropriate group corporate management by the Board of Directors and the Management Conference through verification of progress in business results and other key issues

(5) Systems to ensure appropriate financial reporting

To ensure appropriate financial reporting by the Group, the Board of Directors shall formulate “Basic Regulations on Internal Controls for Financial Reporting.”

(6) Systems to ensure appropriate operations of the corporate group

A. By defining basic regulations regarding corporate management of the Group and regulations regarding deliberation and reporting and explicitly stating the roles and responsibilities of the Company and subsidiaries, the Board of Directors shall ensure appropriateness and efficiency in operations of the Group.

B. The Board of Directors shall work to optimize the distribution of management resources in the Group and establish systems for issues such as risk management and compliance at the subsidiaries.

C. The Audit Department shall supervise internal audits of the Group and report the results of internal audits of the Group to Directors and Audit & Supervisory Board Members.

(7) Systems for employees requested by Audit & Supervisory Board Members to assist their duties, independence of such employees from directors, and ensuring effectiveness of directions given to such employees

A. An Office of Audit & Supervisory Board shall be established, and dedicated employees shall be assigned to assist in the audit operations of Audit & Supervisory Board Members.

B. Matters such as personnel transfers and human resource evaluations for employees belonging to the Office of Audit & Supervisory Board shall be reported in advance to Audit & Supervisory Board Members, and Audit & Supervisory Board Members may state their opinions.

C. Employees belonging to the Office of Audit & Supervisory Board shall execute their duties under direction from Audit & Supervisory Board Members.

(8) Systems for reporting to the Audit & Supervisory Board or Audit & Supervisory Board Members by Directors and employees of the Company, as well as directors, audit & supervisory board members, and employees of subsidiaries, and other systems for reporting to the Audit & Supervisory Board or Audit & Supervisory Board Members

A. Within the Group, if Directors or employees discover facts that may have a significant damage on the Company, facts that show improper conduct, or material facts that violate the laws and regulations or the Articles of Incorporation, or if directors, audit & supervisory board members, or employees of the subsidiaries discover such facts at their respective companies, such persons shall report said facts either directly or indirectly to the Audit & Supervisory Board or Audit & Supervisory Board Members of the Company.

B. Directors and employees of the Company and Directors of the subsidiaries, as well as directors, audit & supervisory board members, and employees of the Group companies shall appropriately report to the Audit & Supervisory Board or Audit & Supervisory Board Members of the Company regarding matters such as the status of execution of business.

C. The Group shall not treat disadvantageously in any way the persons who report to the Audit & Supervisory Board or Audit & Supervisory Board Members of the Company.

(9) Other systems to ensure effective audits by Audit & Supervisory Board Members

A. Other than attending Board of Directors meetings, Audit & Supervisory Board Members may attend conferences and committee meetings of organizations such as the Management Conference.

B. Audit & Supervisory Board Members shall hold periodic meetings with Representative Directors to confirm management policies held by the Representative Directors, while also exchanging views on matters such as issues to be addressed, risks surrounding, the provision of environments for audits by Audit & Supervisory Board Members, and significant auditing issues within the Group. Audit & Supervisory Board Members shall also actively exchange views with the Accounting Auditors in the same fashion.

C. While working closely with parties such as the Accounting Auditors, the Audit Department, and subsidiaries' audit & supervisory board members, Audit & Supervisory Board Members shall conduct effective audits by holding periodic meetings with officers and employees of the Group.

D. Audit & Supervisory Board Members may direct the Audit Department to conduct and report on, etc. any necessary investigations if such action is deemed necessary to fulfill their duties.

E. The Audit & Supervisory Board shall pass a resolution of consent beforehand in regard to the internal audit basic plan and appointment or dismissal of the General Manager of the Audit Department.

F. Audit & Supervisory Board Members may receive reports beforehand on human resource evaluation, etc. for the General Manager of the Audit Department and state opinions on such reports.

G. Pursuant to Article 388 of the Companies Act, the Company shall make payment for any fees incurred during audits, based on the demands of the Audit & Supervisory Board Members.

(Overview of the Progress of Development of Internal Control Systems)

The Company carries out a regular verification of the status and operation of the Group's internal control systems once a year in principle and makes revisions as necessary. In fiscal year 2021, the verification was carried out at a meeting of the Board of Directors held in March 2022.

An overview of the status of the operation of systems to ensure the appropriateness of the operations of the Company in fiscal year 2021 is as follows.

(1) Systems relating to compliance

A. The Compliance Conference (the Management Conference) has formulated a Compliance Program for FY 2021, and officers and employees strove to implement the program.

B. In order to prevent the reoccurrence of problematic incidents and violations of laws and regulations, etc., the Compliance Conference (the Management Conference) meets once every three months in principle. During fiscal year 2021, the Compliance Conference (the Management Conference) met four times and made deliberations, etc.

C. The Compliance Hotline, which is a system of whistleblowing from the Group's officers and employees, etc. to the compliance control division, etc., was operated appropriately, and the compliance control division responded promptly to make rectifications and improvements when problematic incidents, etc. were reported.

D. In order to further promote the compliance management by increasing the effectiveness of the whistleblowing system, the Company underwent an assessment by a designated registration agency and revised Whistleblowing Compliance Management System (self-declaration of conformity registration system) under the jurisdiction of the Consumer Affairs Agency.

(2) Risk management systems

A. In order to effectively manage risk, the Company has formulated related regulations, including basic regulations relating to the management of various types of risk such as the “Basic Regulations on Risk Management” formulated by the Board of Directors.

B. The Board of Directors and the Management Conference received regular reports on levels of various types of risk and the status of their management, and made necessary resolutions in a timely manner to appropriately manage various types of risk.

C. By using the risk appetite framework as a method for clarifying and monitoring the types and sizes of risks to be accepted as part of promoting the Company’s operations, giving consideration to the balance of revenue, risk and capital, we worked to enhance governance related to overall risk management and cultivate a risk culture.

(3) Systems relating to ensuring efficient execution of duties by Directors, and the storage and management of information

A. The Board of Directors has established regulations relating to the operation of the Board of Directors, the establishment and operation of the Management Conference, and decision authority. In addition, regulations related to the organization of the Company and the division of operational duties are determined by the Management Conference, etc.

B. The Board of Directors determined Group management policies and Group overall budgets under the Medium-term Management Plan covering the three-year period from fiscal year 2019 to fiscal year 2021. In addition, the Board of Directors and the Management Conference managed the progress of business performance and other important matters, and engaged in management and control in light of policies on Group management policies and Group overall budgets, based on regular reports from the divisions in charge, etc.

C. The minutes of meetings of the Board of Directors, the Management Conference, etc. and other documents pertaining to the execution of duties by Directors, etc. are appropriately stored and managed in accordance with related regulations.

(4) Systems related to ensuring appropriate financial reporting

In accordance with the “Basic Regulations on Internal Controls for Financial Reporting” formulated by the Board of Directors, the Risk Management Department, which is an independent evaluation department, regularly evaluates the effectiveness of internal controls relating to financial reporting and makes a report to the Board of Directors.

(5) Systems to ensure appropriate operations of the corporate group

A. In accordance with the “Regulations on Group Management and Control,” which was formulated by the Board of Directors, the Board of Directors deliberated and made decisions, etc. regarding matters occurring in the Group companies that would have a significant impact across the Group as a whole, necessary matters related to internal controls, and other matters.

B. The ALM / Risk Management Conference met monthly (in principle) to receive reports related to the results of operations at companies in the Group, the status of risk management, etc., and deliberate policies for risk management and other matters related to internal management systems, etc. Moreover, the Group Sales Strategy Conference (Management Conference) met monthly (in principle) to receive reports related to the business performance of companies in the Group and the implementation status of various management targets and to formulate or deliberate, etc. future sales strategies.

C. The Company’s Audit Department conducted audits of companies in the Group, in addition to all divisions and operations in the Company, excluding the Office of Audit & Supervisory Board, from the perspective of ensuring the appropriateness of business operations in the Group, in addition to supervising internal audits of the Group, and regularly reporting the results of internal audits to the Board of Directors, etc.

(6) Systems relating to ensuring effective audits by Audit & Supervisory Board Members

A. The Company has established the Office of Audit & Supervisory Board as an organization independent from executive departments, and has assigned dedicated employees to it to assist Audit & Supervisory Board Members and the Audit & Supervisory Board in accordance with directions from Audit & Supervisory Board Members.

B. Steps are taken to ensure thorough awareness of the fact that Directors and employees of the Company, and directors, audit & supervisory board members, and employees of companies in the Group are to make necessary reports directly or indirectly to the Audit & Supervisory Board or Audit & Supervisory Board Members of the Company.

C. Audit & Supervisory Board Members held periodic meetings with Representative Directors to confirm management policies and exchange views regarding Group issues, etc. In addition, Audit & Supervisory Board Members gathered information from and exchanged views with officers of the Company and its subsidiaries, and the Accounting Auditors of the Company; etc. by holding periodic meetings with them and requesting reports and explanations as necessary, etc.

D. The Audit & Supervisory Board passed a resolution of consent beforehand in regard to the internal audit basic plan, etc.

E. Audit & Supervisory Board Members received reports beforehand on human resource evaluations of the General Manager of the Audit Department, etc. and discussed the contents of these reports.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

The Company is always aware of the importance of its public mission and social responsibility as a regional financial group, and is working as an organization to fulfill its basic principle of rejecting all transactions and other relationships with anti-social forces, including resolutely refusing to provide funds to any anti-social forces that threaten the public order or safety of civil society, and firmly eliminating any unjust demands or unjust intervention by anti-social forces.

Specifically, based on this basic principle, the Company has established Basic Policy on Compliance for the Group, a basic policy against anti-social forces, etc. from the perspective of preventing harm by anti-social forces, and takes steps to ensure all officers and employees are familiar with them, in addition to developing internal systems as follows.

(1) The Risk Management Department shall supervise any response relating to anti-social forces by the Group.

(2) To counter any unjust demands, the Group companies shall build close cooperative relationships with external specialist institutions, including the police and National Center for Removal of Criminal Organizations.

(3) A database shall be created for information related to anti-social forces and steps shall be taken to ensure it is updated on an ongoing basis, based on information accumulated thus far by the Group companies and information gathered from external specialist institutions, etc.

(4) The Company shall utilize external seminars in regard to specific approaches to rejecting relationships with anti-social forces, and shall also implement internal training at the Group companies.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

[Overview of Timely Disclosure System]

<Disclosure Policy>

The Company shall establish the “Disclosure Policy” to prescribe the basic stance and the disclosure procedures, etc. pertaining to the disclosure of information on the contents of the management of the Company.

The Company shall enhance the disclosure of information on the contents of the management of the Group through enactment of the Disclosure Policy so that stakeholders such as our depositors including all other customers, stockholders and regional communities are able to make the appropriate judgment on the execution of transactions with the Group and the decision on investment in shares of the Company, while increasing the transparency of the Group and aiming to be a financial group exercising the management that is trusted by our stakeholders.

The “Disclosure Policy” is posted on the Company’s website.

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

<Internal Systems Pertaining to Timely Disclosure>

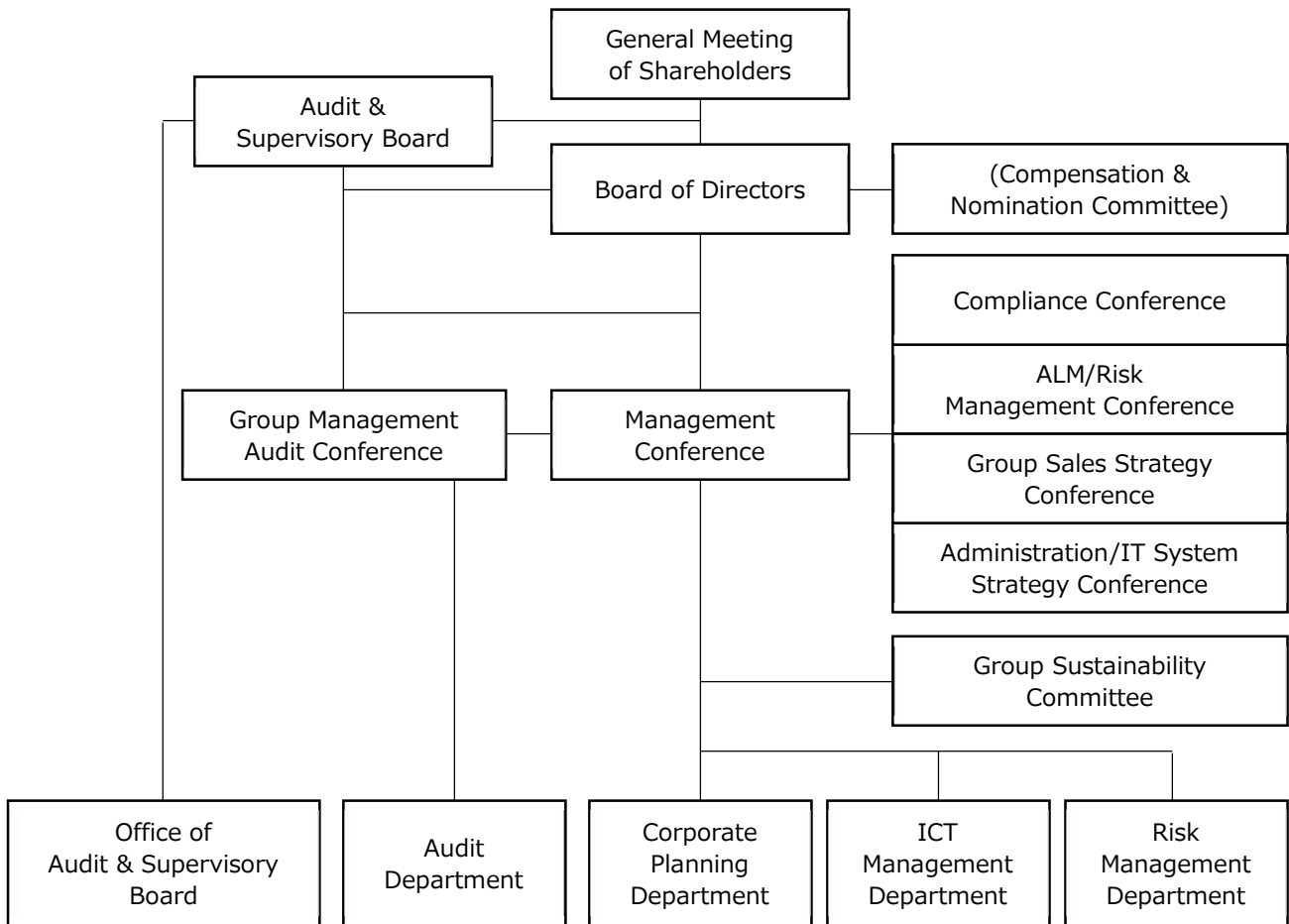
The Corporate Planning Department shall supervise the timely disclosure of corporate information, and information shall be disclosed via the following systems.

Information from the Group companies and responsible divisions shall be promptly compiled in the Corporate Planning Department, and the Corporate Planning Department shall determine the necessity of disclosure in accordance with timely disclosure rules.

If the Corporate Planning Department determines that it will disclose information, then it shall prepare disclosure documents after consulting the division responsible for the relevant matter, and promptly disclose the information.

Furthermore, in order to ensure the appropriateness of timely disclosure, the compliance department shall conduct verifications, and the internal audit department shall also audit the status of the management and handling of information for timely disclosure.

[Corporate Governance Systems]



[Overview of Systems for Timely Disclosure]

