

News Release

CONCORDIA
Financial Group

March 26, 2025

Company Name: Concordia Financial Group, Ltd.

Representative: Representative Director, President Tatsuya Kataoka

Code No. 7186, Prime Market, Tokyo Stock Exchange

Partial Revision of the Compensation System for Directors, etc.

Concordia Financial Group (Representative Director, President: Tatsuya Kataoka) (hereinafter, the “Group”) hereby announces that the Group has resolved at the Board of Directors meeting held on March 26, 2025 to revise the compensation system for executive directors and executive officers (hereinafter, the “Directors, etc.”) of the Group (hereinafter, the “Executive Compensation System”) from July 2025.

1. Purpose of the Revision

The Group has established the executive compensation system that functions as an appropriate incentive in order to promote sustainable growth of the Group and improve its corporate value over the medium to long term, while minimizing excessive risk-taking.

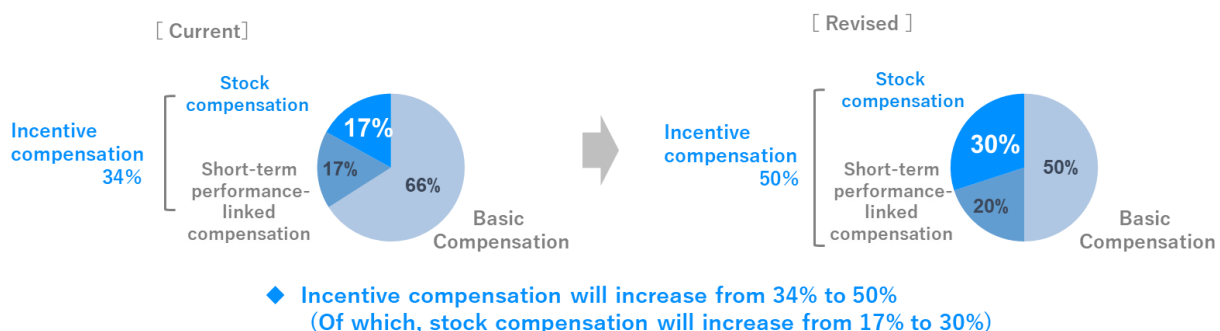
As the Group works to improve corporate value under the new Medium-term management plan from next fiscal year, the Group will further enhance value sharing with shareholders by increasing the ratio of stock compensation with a medium to long term incentive under the executive compensation system.

In addition, the Group will raise the ratio of “Incentive Compensation,” a combination of stock compensation and short-term performance-linked compensation and will enhance incentives for achievement of business performance by reviewing evaluation and payment methods.

The Group will also strengthen its governance for compensation by reviewing compensation determination process to be more transparent. Furthermore, the Group will enhance the group governance by revising the executive compensation systems at Banks within the Group in line with the Group’s approach.

2. Outline of Revision of the Executive Compensation System

(1) Revision of compensation composition proportions



Compensation for Directors, etc. consists of three types of compensation, (i) basic compensation, (ii) short-term performance-linked compensation and (iii) stock compensation. In order to further enhance incentives for achievement of business performance, the ratio of incentive compensation ((ii) and (iii)) for executive directors will be increased to 50%.

(2) Partial Revision of the Stock Compensation System

The Group has implemented the stock compensation system utilizing trusts. In order to enhance incentives for officers of banks within the Group to work together with the same perspective to improve corporate value, the Group will expand the scope of the stock compensation system to include Directors, etc. of THE KANAGAWA BANK, Ltd.

In addition, with respect to Trust I, which the Group's shares, etc. (the Group's shares and cash proceeds from the conversion of the Group's shares) are delivered after retirement, the Group's shares* will be delivered after the end of each fiscal year, not after retirement.

*transfer-restricted stocks until retirement

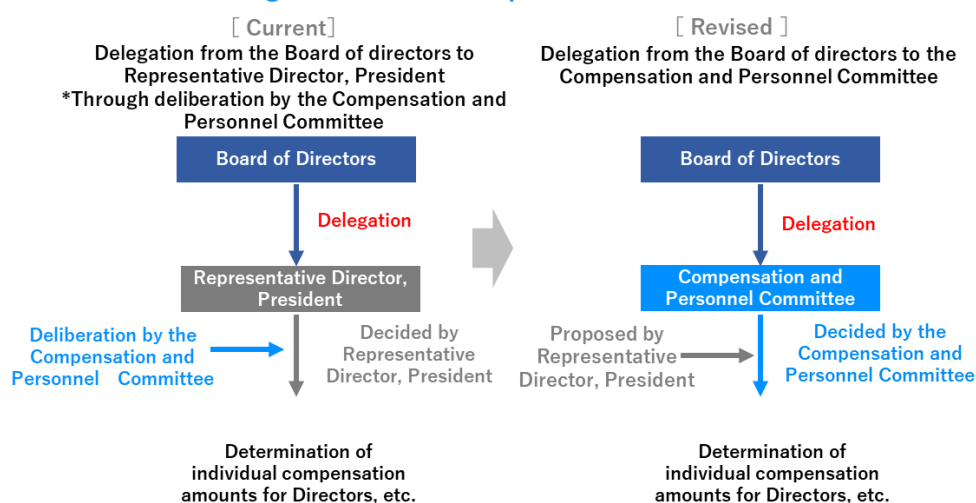
With respect to Trust II, which the Group's shares, etc. are delivered according to achievement of business performance targets of the Medium-term Management Plan, a stock price indicator (relative TSR) will be added from the next Medium-term Management Plan.

These new systems are scheduled to continue for the period from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028. Other details including the timing of establishment of the trust under these new systems and the total amounts of shares to be acquired will be disclosed as soon as they are determined.

(3) Revision of the Compensation Determination Process

The Board of Directors delegates to Representative Director, President with the determination of individual compensation amounts for Directors, etc. within the limits determined by resolution of the Ordinary General Meeting of Shareholders. However, going forward, in order to enhance the transparency of the compensation determination process, the board of directors will delegate to the Compensation and Personnel Committee which consists of outside directors.

◆ Enhancement of governance for compensation



End