

News Release

CONCORDIA
Financial Group

November 14, 2024

Company Name: Concordia Financial Group, Ltd.

Representative: Representative Director, President Tatsuya Kataoka

Code No. 7186, Prime Market, Tokyo Stock Exchange

Concordia Financial Group to Acquire Sumitomo Mitsui Trust Loan & Finance from Sumitomo Mitsui Trust Bank (Subsidiarization)

Concordia Financial Group, Ltd. (President: Tatsuya Kataoka; hereinafter "CFG" or "We") today resolved at the Board of Directors meeting to acquire an 85% stake in Sumitomo Mitsui Trust Loan & Finance Co., Ltd. (President: Takashi Kameda; hereinafter "SuMi TRUST L&F"), a wholly-owned subsidiary of Sumitomo Mitsui Trust Bank, Limited (President: Kazuya Oyama; hereinafter "SuMi TRUST Bank," together with CFG collectively referred to as "Both Companies"), and make SuMi TRUST L&F our subsidiary and a joint venture between SuMi TRUST Bank and CFG (hereinafter the "Transaction"), then concluded the Share Purchase Agreement and the Shareholders' Agreement with SuMi TRUST Bank regarding the Transaction.

1. Reason for Share Acquisition

(1) Background

CFG, a regional financial group that owns three regional banks: The Bank of Yokohama, Ltd. (hereinafter "BoY"), The Higashi-Nippon Bank, Ltd., and THE KANAGAWA BANK, LTD, has a long-term vision of becoming "A solution company rooted and selected as a partner in communities".

SuMi TRUST L&F is a specialized real estate finance company offering personal home loans, rental property loans, and real estate loans. Originating from the former Life Housing Loan, Ltd. and former First Credit Corporation, SuMi TRUST L&F has developed thorough credit processes based on its proprietary debtor evaluation and property assessment expertise cultivated over many years to meet diverse financial needs related to borrower attributes (foreigners, the elderly, etc.), property characteristics (older properties, etc.), and use of funds (inheritance-related, etc.) that banks are not always able to fully address, while leveraging its creditworthiness as a bank-affiliated institution and the real estate expertise of Sumitomo Mitsui Trust Group (hereinafter "SuMi TRUST Group"; collectively refers to the entire trust banking group with SuMi TRUST Bank as its core).

The business environment surrounding CFG, which is closely tied to the local communities, is expected to be affected by accelerating changes in social structures caused by population decline, leading to an increase in inheritances, vacant and older properties, and foreign workers. As a regional financial group, it is our duty to strengthen our ability to address the business environment changes, for example, by delivering financial services to everyone (financial inclusion), dealing with older properties in the Kanagawa and Tokyo markets, and addressing future inheritance needs by the baby-boom generation.

In light of these considerations, CFG has concluded that fulfilling its mission and role more than ever by responding to the diversifying financial needs accompanying these societal changes and contributing to the sustainable development of the local communities through our financial intermediary functions is necessary from the perspectives of both revenue base

enhancement and social responsibility as a regional financial institution. Therefore, we have been engaged in discussions with SuMi TRUST Bank about purchasing stakes in SuMi TRUST L&F, which has its proprietary expertise and customer base.

Based on the above, Both Companies have discussed and agreed that CFG, a regional financial group with a high affinity with the customer base of SuMi TRUST L&F, should become the largest shareholder of SuMi TRUST L&F to seize further growth opportunities in the real estate-secured finance area. Both Companies agree that making SuMi TRUST L&F a joint venture between Both Companies will lead to increased corporate value in the medium to long term for CFG, SuMi TRUST Bank, and SuMi TRUST L&F. Both Companies will commit to the sustainable growth of SuMi TRUST L&F by leveraging its creditworthiness as a bank-affiliated institution, the real estate expertise of the SuMi TRUST Group, and CFG's business base and relationships with other regional financial institutions. Both Companies believe that this will further improve the quality of the services and products that SuMi TRUST L&F provides to the society and customers.

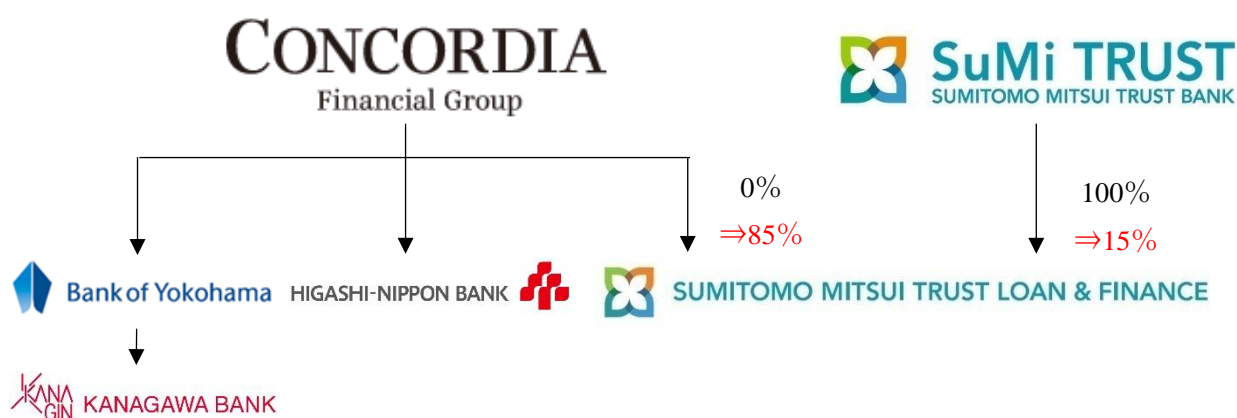
(2) Strategic Value for CFG

① Strengthening the ability to respond to social structural changes by expanding adjacent areas of existing businesses	<ul style="list-style-type: none"> - Expanding into finance businesses with the customer segments and asset classes that banks are not always fully able to address, and incorporating unique credit evaluation expertise - Contributing to solving local social issues and capturing growth opportunities in the real estate finance sector through the enhancement of capability to address the diversification of financial needs due to changes in social structures
② Topline synergies in the home markets	<ul style="list-style-type: none"> - Acquiring new customer segments not fully addressed in Kanagawa and Tokyo - Achieving customer/business referral synergies through mutual referrals and utilizing the regional bank network and real estate agent channels
③ ROE improvement through effective use of capital	<ul style="list-style-type: none"> - Enhancing profitability through effective use of capital while maintaining soundness

2. Transaction Scheme

CFG will acquire 85% of the shares of SuMi TRUST L&F, a wholly-owned subsidiary of SuMi TRUST Bank, for approximately JPY54.5 billion (cash consideration) on April 1, 2025, subject to approval from relevant authorities. Along with the share transfer, SuMi TRUST L&F will repay all borrowings from SuMi TRUST Bank (JPY261.5 billion as of the end of June 2024), and the funds necessary for the repayment will be provided by BoY, a wholly-owned subsidiary of CFG. SuMi TRUST L&F will distribute its surplus dividends to SuMi TRUST Bank of approximately JPY30.4 billion (including year-end dividends for the fiscal year 2023, approximately JPY33.1 billion) before the share transfer.

(Note) If there is any change in the amount of surplus dividends to be distributed by SuMi TRUST L&F before the share transfer, the consideration of the share transfer will be adjusted.



(Scheduled for April 1, 2025)

(Note) As a result of examining business operations after this transaction, including business collaboration, there may be a possibility of changing the entity acquiring the shares of SuMi TRUST L&F from CFG to BoY. Furthermore, the corporate name of SuMi TRUST L&F will be changed after discussions.

3. Overview of the Subsidiary to be Transferred (SuMi TRUST L&F)

(1) Features

SuMi TRUST L&F is a specialized real estate finance company offering products such as personal home loans (home loans), rental property loans (apartment loans), and real estate business loans for small and medium-sized enterprises. SuMi TRUST L&F has uniquely positioned itself by its approach to borrowers and assets that banks are not always able to fully address, including borrowers with high difficulty levels under bank standards and properties with high evaluation difficulty, as well as wide-ranging purposes of funds. SuMi TRUST L&F emphasizes understanding actual cash flows through face-to-face meetings with customers and property value evaluation focusing on market prices (disposability). Its thorough credit process based on its proprietary debtor evaluation and property assessment expertise cultivated over many years with effort and time, is a strength that enables SuMi TRUST L&F to maintain significantly low delinquency and impairment rates while responding to diverse financial needs.

(Examples of Initiatives)

Customers with high difficulty levels under bank standards	Sole proprietors with low declared income, individuals with short work experience or recently independent entrepreneurs, contract/temporary workers, part-time workers, foreign nationals without permanent residency
Properties with high evaluation difficulty	Older properties, auction properties, properties for vacation rental businesses, non-conforming properties
Wide-ranging purposes of funds	Refinancing funds, tax payment funds including unpaid/delinquent taxes, resale funds (short-term/vacant land)

(2) Company Overview

(1) Name	Sumitomo Mitsui Trust Loan & Finance Co., Ltd.
(2) Location (Reference: Business Locations)	Shimbashi Sansen Building, 2-20-1 Shimbashi, Minato-ku, Tokyo (Head Office, Shinjuku Branch, Ikebukuro Branch, Yokohama Branch, Osaka Branch, Nagoya Branch, Sendai Branch, Fukuoka Branch, and Hiroshima Business Department)
(3) Job Title and Name of	President: Takashi Kameda

Representative			
(4) Business Description	Loan business, guarantee business, and all other businesses ancillary to the preceding items		
(5) Capital	JPY6 billion		
(6) Date of Establishment	January 22, 1992		
(7) Major Shareholders and Shareholding Ratio	Sumitomo Mitsui Trust Bank, Limited: 100.0%		
(8) Relationship between CFG	Capital Relationship: Not applicable Personnel Relationship: Not applicable Transaction Relationship: Not applicable		
(9) Operating Results and Financial Positions of the Company for the Past Three Years (in millions of JPY unless otherwise stated)			
Fiscal Year Ended:	March 2022	March 2023	March 2024
Net Assets	72,676	76,555	80,820
Total Assets	431,568	443,129	464,674
Net Assets per Share (JPY)	4,037,588.15	4,253,110.15	4,490,041.88
Operating Revenue	17,439	18,100	18,702
Operating Income	9,329	9,928	10,333
Ordinary Profit	9,352	10,077	10,381
Net Income	6,052	6,300	6,784
Net Income per Share (JPY)	336,247.02	350,020.80	376,940.05
Dividend per Share (JPY)	134,498.81	140,008.32	150,776.02

4. Overview of the Counterparty to Share Acquisition

(1) Name	Sumitomo Mitsui Trust Bank, Limited
(2) Location (Reference: Business Locations)	1-4-1 Marunouchi, Chiyoda-ku, Tokyo
(3) Job Title and Name of Representative	President: Kazuya Oyama
(4) Business Description	Banking
(5) Capital	JPY342 billion
(6) Date of Establishment	July 28, 1925
(7) Major Shareholders and Shareholding Ratio	Sumitomo Mitsui Trust Group, Inc.: 100.0%
(8) Relationship between CFG (as of the end of September 2024)	Capital Relationship: SuMi TRUST Bank holds 5 million shares of our common stock. Personnel Relationship: Not applicable Transaction Relationship: CFG entrusts shareholder registry management operations to Japan Securities Agents, Ltd. (a 100% subsidiary of SuMi TRUST Bank). BoY co-manages Sky Ocean Asset Management Co., Ltd., an asset management company, with

	SuMi TRUST Bank and three other shareholder companies. Related Party Relevance: Not applicable
(9) Recent Financial Condition of the Relevant Company (in millions of JPY)	
Fiscal Year Ended:	March 2024
Consolidated Net Assets	2,791,467
Consolidated Total Assets	75,578,189

5. Number of Shares Acquired, Acquisition Amount, and Ownership of Shares before and after Acquisition

(1) Number of Shares Held before the Transaction	0 shares (Number of Voting Rights: 0) (Voting Rights Ownership Ratio: 0.0%)
(2) Number of Shares Acquired	15,300 shares (Number of Voting Rights: 15,300) (Voting Rights Ownership Ratio: 85.0%)
(3) Acquisition Price	JPY54,485 million Advisory Fees, etc. (Estimate): JPY 209 million Total (Estimate): JPY54,694 million
(4) Number of Shares Held after the Transaction	15,300 shares (Number of Voting Rights: 15,300) (Voting Rights Ownership Ratio: 85.0%)

6. Schedule

- (1) Resolution Date of the Board of Directors: November 14, 2024
- (2) Signing Date: November 14, 2024
- (3) Closing Date: April 1, 2025 (planned)

7. Future Outlook

The impact of the Transaction on CFG's financial results for the current fiscal year is expected to be minor. If it becomes clear that there will be a significant impact on the financial results in the current or subsequent fiscal years, we will promptly disclose the information.

[Reference: Simultaneously Published Materials]

November 14, 2024, Concordia Financial Group, Ltd., Sumitomo Mitsui Trust Bank, Limited "Sumitomo Mitsui Trust Loan & Finance to Become a Joint Venture between Concordia Financial Group and Sumitomo Mitsui Trust Bank"

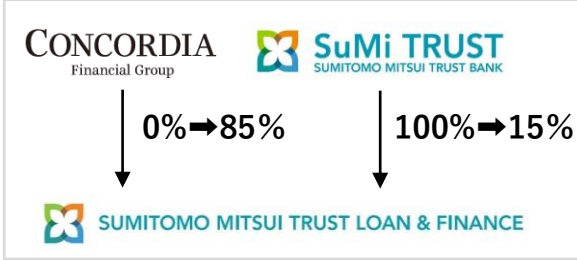
End

Acquisition of Sumitomo Mitsui Trust Loan & Finance from Sumitomo Mitsui Trust Bank (Subsidiarization)

Acquisition of Sumitomo Mitsui Trust Loan & Finance from Sumitomo Mitsui Trust Bank (Subsidiarization)

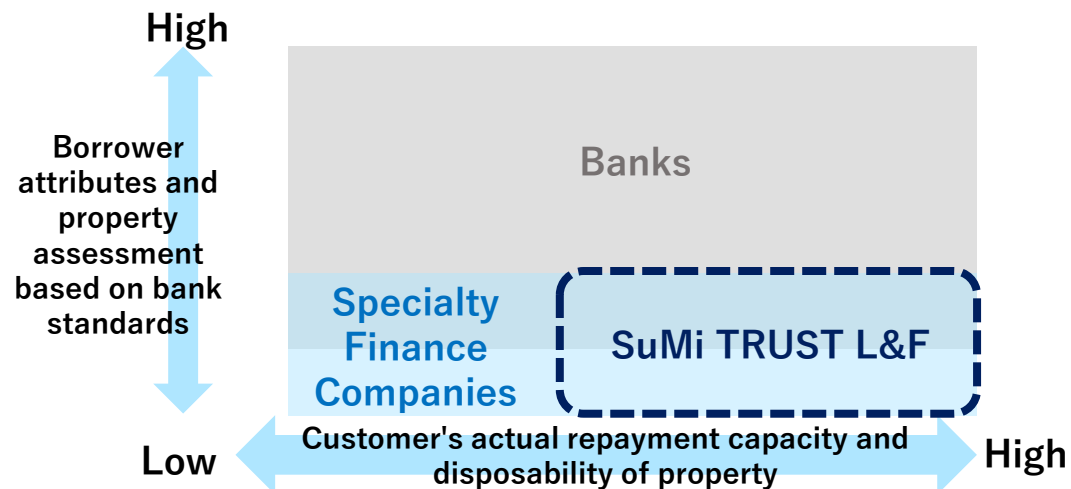
Transaction Summary

Target Company	Name	<ul style="list-style-type: none"> Sumitomo Mitsui Trust Loan & Finance Co., Ltd. ("SuMi TRUST L&F") (wholly-owned subsidiary of Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"))
	Business Description	<ul style="list-style-type: none"> Real estate loan businesses including personal home loans and rental property loans
Transaction Key Points	Scheme	<ul style="list-style-type: none"> CFG will acquire 85% of the shares of SuMi TRUST L&F from SuMi TRUST Bank for approx. JPY54.5 billion (cash consideration) (% of voting rights: 85%) SuMi TRUST L&F will distribute its surplus dividends of approx. JPY30.4 billion to SuMi TRUST Bank before the share transfer (Approx. JPY33.1 billion including year-end dividends for the fiscal year 2023)
	Consideration	<ul style="list-style-type: none"> Approx. JPY54.7 billion (approximate figure) (o/w acquisition amount of approx. JPY54.5bn and advisory fees, etc. of approx. JPY0.2bn)
	Schedule	<ul style="list-style-type: none"> CFG's Board Resolution: November 14, 2024 Signing Date: November 14, 2024 Closing Date: April 1, 2025 (planned)
Objectives and Expected Outcomes		<ul style="list-style-type: none"> Strengthening the ability to respond to social structural changes by expanding adjacent areas of existing businesses Topline synergies in the home markets ROE improvement through effective use of capital
Financial Impacts (Estimate)		<ul style="list-style-type: none"> CET1 Ratio ↓ Approx. 0.3% ROE (Shareholders' equity base) ↑ Approx. 0.4%



Overview of SuMi TRUST L&F

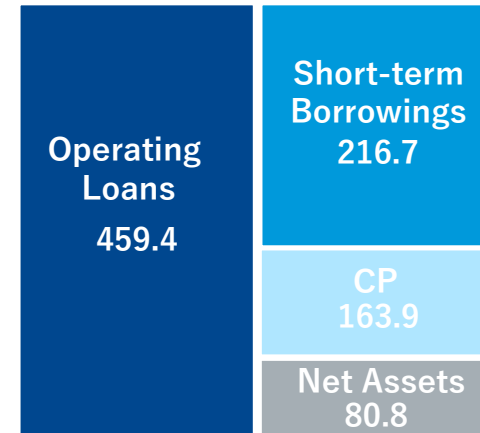
HQ	2-20-1 Shimbashi, Minato-ku, Tokyo
President	Takashi Kameda
Establishment	Originating from the former Life Housing Loan, Ltd.(established in 1996) and former First Credit Corporation (established in 1981)
# of Employees	442 (as of March 31, 2024)
Credit Rating	JCR: AA (Stable) / CP: J-1+
Locations	Tokyo (HQ, Shinjuku, and Ikebukuro), Yokohama, Sendai, Nagoya, Osaka, Hiroshima and Fukuoka
Business Description	Personal home loans (home loans), rental property loans (apartment loans), and real estate loans for real estate agents and retail customers
Business Characteristics	In the field of real estate-secured finance, utilize its unique credit evaluation expertise developed over many years to address the diverse financial needs of customers that banks are not always fully able to serve



BS Summary

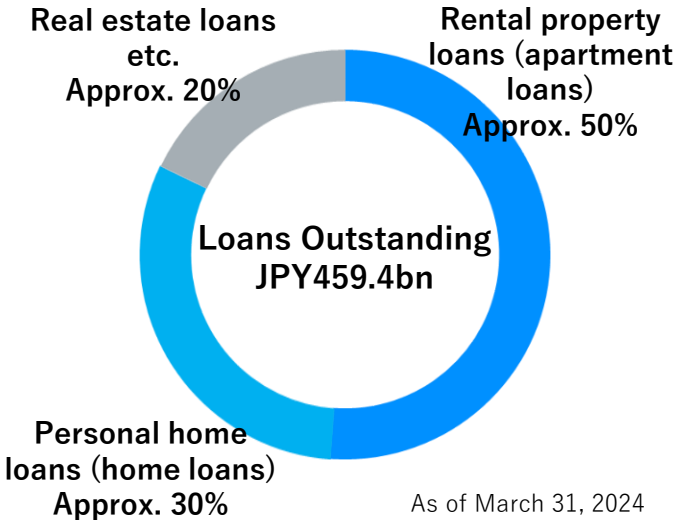
Total Assets: 464.6

(JPY in bn)



As of March 31, 2024

Breakdown of Loans

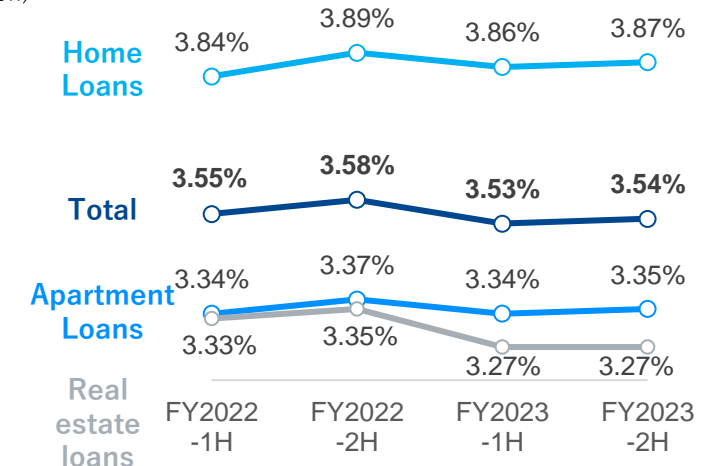


P&L Summary

(JPY in bn)

	FY2022	FY2023
Total Operating Income	17.3	18.0
Opex	7.4	7.7
(OHR)	42%	42%
Operating Profit	9.9	10.3
Ordinary Profit	10.0	10.3
Net Income	6.3	6.7
Credit Costs	0.1	0.0

Average Loan Interest Rate



A strategic M&A that serves as the first step in transitioning from a banking group to a financial group, aimed at realizing the long-term vision of becoming a “solution company”

Objectives / Expected Outcomes

① Strengthening the ability to respond to social structural changes by expanding adjacent areas of existing businesses

- Expanding into finance businesses with the customer segments and asset classes that banks are not always fully able to address, and incorporating unique credit evaluation expertise
- Contributing to solving local social issues and capturing growth opportunities in the real estate finance sector through the enhancement of capability to address the diversification of financial needs due to changes in social structures

② Topline synergies in the home markets

- Acquiring new customer segments not fully addressed in Kanagawa and Tokyo
- Achieving customer/business referral synergies through mutual referrals and utilizing the regional bank network and real estate agent channels

③ ROE improvement through effective use of capital

- Enhancing profitability through effective use of capital while maintaining soundness
(CET1 Ratio ↓ Approx. 0.3% / ROE (Shareholders' equity base) ↑ Approx. 0.4%)

Expected Outcomes

Leverage strengths in segments not fully covered by banks
to enhance the ability to address to changes in social structures

Business Environment

Diversification of needs due to changes in social structures

“Great Inheritance Era”

- By 2025, all baby boomers will have become late-stage elderly (aged 75 and above)

Increase in vacant and older properties

- Progress in legal and tax reforms as measures to address the increasing number of vacant houses
- The Kanagawa and Tokyo markets, where prices for used properties are more easily established

Increase in foreign workers

- Increasing importance of initiatives for financial inclusion
- Enhancement of comprehensive measures for foreign talent

Strengths of SuMi TRUST L&F

Customers and assets that banks may not always fully serve

Customers with high difficulty levels under bank standards

- Sole proprietors with low declared income
- Foreign nationals without permanent residency
- Individuals with short work experience

Properties with high evaluation difficulty

- Older properties, auction properties
- Properties for vacation rental businesses
- Non-conforming properties

Wide-ranging purposes of funds

- Refinancing funds (lengthening loan term)
- Tax payment funds including unpaid/delinquent taxes
- Resale funds (short-term/vacant land)



Unique credit evaluation expertise

- Thorough credit process based on its proprietary debtor evaluation and property assessment expertise cultivated over many years with effort and time
- Understanding actual cash flows through face-to-face meetings with customers
 - Property value evaluation focusing on market prices (disposability)

Significantly low delinquency and impairment rates

Growth Opportunities

Capturing growth opportunities in the real estate loan field

Lending opportunities to diverse customer segments

Expansion of secondary property market

Addressing diverse funding needs at the time of inheritance

Expected Outcomes

Leverage strengths in Kanagawa and Tokyo for synergy realization. Improve ROE through effective use of capital

Topline Synergies

Customer/
Business Referral

New opportunities through mutual referrals and enhancing sourcing channels of other regional banks

Real Estate Agent
Channels

Enhancing sourcing channels of small and medium-sized real estate agents in Kanagawa and Tokyo

Effective Use of Capital

CET1 Ratio Impact
(Estimate / considering the impact of the transaction only)

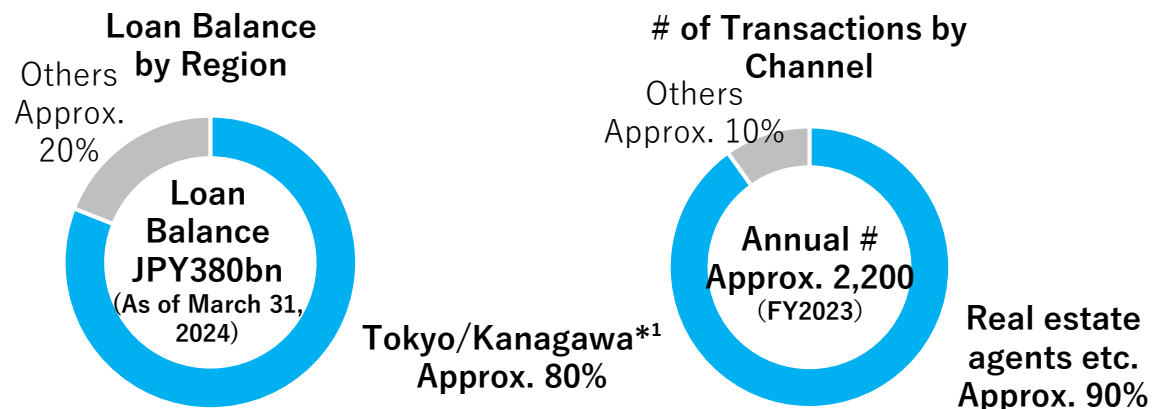
↓ **Approx. 0.3%**

In addition to this transaction, the share repurchase of JPY20bn announced today will result in maintaining the CET1 ratio (excl. AOCI) at the target level of mid-11% (11-12%)

ROE Impact
(Shareholders' equity base / estimate / considering goodwill amortization)

↑ **Approx. 0.4%**

(Ref.) Characteristics of home loans and apartment loans



Ref.

- Acquisition Amount (85% stake) : **Approx. JPY54.5bn**
- Net income of SuMi TRUST L&F (FY2023) : **JPY6.7bn**
- (of which contributing for 85% stake) : **JPY5.7bn**

* 1 Loan balances at the HQ (Shimbashi), Shinjuku Branch, Ikebukuro Branch, and Yokohama Branch

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

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