

September 21, 2022 - Small Meeting " Discussion with Ken Takamiya, Analyst, Nomura Securities, and Mutsumi Awaji, Director and Managing Executive Officer, Chiba Bank" Summary of the discussion and Q&A session

[Mutsumi Awaji brief history]

Apr. 1989 Joined the Bank

Apr. 2002-Mar. 2016 Transferred to the group subsidiary,
Chibagin Research Institute

Jun. 2018 General Manager,
Regional Revitalization Division, the Bank

Jun. 2019 Executive Officer, General Manager,
Regional Revitalization Division, the Bank

Apr. 2020 Executive Officer, General Manager,
Corporate Business Division, the Bank

Apr. 2021 Managing Executive Officer,
Group Chief Human Resources Officer

Jun. 2021 Director and Managing Executive Officer,
Group Chief Human Resources Officer

Apr. 2022 Director and Managing Executive Officer,
Group Chief Human Resources Officer and Chief Digital Transformation Officer



[Discussion]

[Takamiya] How did you feel when you returned to the bank after many years with Chibagin Research Institute?

[Awaji] When I joined the bank, I had the impression that the bank did not expect much for women. In that context, I wondered if I would be able to handle the job once I returned to the bank after being away for so many years. Since I was engaged in consulting for local governments at Chibagin Research Institute, I think the

Regional Revitalization Division had an affinity with my previous responsibilities in terms of working on regional revitalization through relationships with local governments. On the other hand, I had no corporate sales experience at the bank, so I was confused when I was appointed General Manager of the Corporate Business Division. The business style of the bank and Chibagin Research Institute differed. For this reason, I did not grasp the corporate business of the Bank as a whole from scratch, but rather grasped what members would like to do and what they would like to do, and then proceeded with the business with the help of all members.

[Takamiya] I felt that it was an interesting episode to describe the feelings of subordinate persons with the weather mark, which was published in an article in Nikkei Financial.

[Awaji] This is a self-assessment initiative initiated by the Bank as a whole. About once a month, from new staffs to staffs in their fifth year of employment, staffs express their feelings, job satisfaction, and difficulty at five levels on the weather mark. Human Resources Division monitors the content of activities and changes, and if they appear to be worried, they directly work with them to become consultants.

[Takamiya] You are currently serving as CHRO, but before you were in charge, how did you feel about the Bank's personnel system?

[Awaji] When I entered, the system to support child-rearing was about maternity leave

and there was no childcare leave, and I did not feel that it was easy to work or continue working. It was a surprise to myself that I would be put in charge of human resources. As CHRO, I would like to be the chief of the support team for the Bank's all employees. Based on this idea, I have started a system to think about what we can do for everyone and listen to the voices of the Bank staff. Younger employees and those in their 40s and 50s have different expectations of the bank, and the same measures are not effective. Young people have a strong desire to grow quickly through their work and do not expect to work at their first company for the rest of their lives, so they will consider changing jobs if they do not feel a sense of growth. It is necessary for people in their 40s and 50s to understand these ideas, pay attention to young people, and develop them while responding to each person's desire to grow.

[Takamiya] Are there any human resource strategic issues that you have seen as CHRO?

[Awaji] Since we had not been able to provide a system that would allow employees to receive as much training as they need when they need as the organization, we will provide a space in which they can learn without choosing a place or time in the form of an in-house university. In addition, the development of leaders is an issue, and we believe it is necessary to strengthen it.

[Takamiya] Nikkei Financial had an article that "If you consult with Ms. Awaji, you can't be said no." How do you think the culture of the Bank as a whole will change?

[Awaji] When I was General Manager of the Corporate Business Division, I had no knowledge of overall corporate sales, so I was unable to make an immediate decision, and I confirmed the objectives, merits, and demerits of each project. I believe that dialogue in this way is necessary to invigorate the Bank. Since the world is changing, there is a possibility that everyone will try new things. In digital, for example, both young and mid-level employees are on the same

starting line, so the style of senior management needs to change to an interactive style.

[Takamiya] In the regional bank industry, Chiba Bank is often regarded as a pioneer in DX initiatives, but how do you see it as a CDTO?

[Awaji] Top management takes the initiative and has a sense of speed, and is working with the spirit of taking on new challenges without fear of failure. We are making progress in paperless and stampless operations, and I believe that we have already established a basis for moving toward the bank culture that is in line with digital. In August, we held events for prospective employee using metavers space and began demonstration tests. In these and other ways, we are aggressively pursuing new initiatives.

[Takamiya] Women are becoming more active and diversity is advancing in Japanese society as well. Have you perceived any differences in the ease of work depending on gender?

[Awaji] I have never thought of it. When I visited customers at the time of the general manager of the Corporate Business Division, I was sometimes told that "you were a woman." I believe this was a reaction because my subordinates did not tell them my gender, and they saw me without being aware that I was a woman.

[Takamiya] How do you think banks should change to keep up with the world such as diversity and digital?

[Awaji] Until now, banks have been conducting business with the customer first, but there has been some point that they were somewhat unable to get out of the idea of product-out. As we move forward with digitization, we have begun to pay renewed attention to what services are from the customer's perspective.

[Takamiya] When we considered the sales target figures, some banks were confused by

eliminating them, but on the other hand, I think that if the numerical targets work too strongly, banks will not be able to get out of the product out. How should you manage the goals of the bank and the awareness of the bank staff at the front line?

[Awaji] I think there are advantages and disadvantages to the numerical targets. The important thing is to convey the direction of the company, and I think that one element of this is a numerical target. It is a problem that only the target figures are communicated as being the company's policy, and it is not a problem to have numerical targets themselves.

[Takamiya] How do you improve the staff's ability to notice the potential needs of customers?

[Awaji] When we talk to the owners of small and medium-sized enterprises, the conversation does not end with the assumed theme, but goes in many different directions. I think that it is necessary to develop salesperson who has various knowledge and engage in a wide range of conversations, as well as knowledge of the Bank's products.

[Takamiya] What does Chiba Bank have to tackle in the medium term?

[Awaji] We believe it is necessary to grow together with the region. In decarbonization and digitization, it is not only necessary for the Bank to promote this initiative alone, but also for regional financial institutions to engage in regional communities. In addition to providing services, we must also consider human resource development with the aim of becoming an executive who can contribute to regional development.

Q&A

Q. From a medium-term perspective, what kinds of investments, expenses, and ways to use personnel expenses will lead to increased corporate value?

A. The Bank as a whole is actively engaged in investing in new areas. On the other hand, we believe it is necessary to further reward employees through salary and work environment improvements in terms of human resources. Rather than merely cutting costs, we intend to increase corporate value by making sure that we spend money where necessary.

Q. I have an impression that the number of unmarried young people is increasing. Do you think the decline in the birth rate is a problem? What are your thoughts on the rise in the unmarried rate and the declining birthrate?

A. We believe that society as a whole needs to solve this problem, as it is a huge burden to realize one's future ideal while interspersing childbirth and maternity leave along the way. In Europe, on the other hand, stores are closed early, so there is typically more time for families. I think that if Japan becomes the same, there will be a little more leeway in balancing work and family life.

Q. Do you think the current Chiba Bank is comfortable working for women?

A. Compared to when I joined, it's definitely more comfortable to work. However, I try not to say that it is better now than it used to be, and there is a challenge now. Overtime work at branches is decreasing, but at headquarters, where there are many personal jobs, there are still many overtime work.

Q. I hear that there are some financial institutions whose middle managers are becoming a bottleneck to change amid changes in the world. What measures are you taking?

A. We invited outside lecturers to fundamentally revise the way 1on1 talks are conducted. Training is also provided for general managers and middle managers.

Q. Are there any room for improvement in the organization, such as making it more flat?

A. The Bank has not had individual rooms for its officers for some time now, and all of them, including the president, exchange opinions in a large room. We believe that this is a system that allows for quick decision-making, and that it is open.

Q. I think that in order to increase the value of the community, it is necessary to take a perspective other than monetary value. What do you think of your involvement as a bank? What is the potential of Chiba Prefecture?

A. Chiba Prefecture has also been selected as one of the prefectures in the COVID-19, which has led to a growing demand for housing in the suburbs. The peninsula's history of lack of road and rail network development has made it a land of abundant nature. When I was in the Regional Revitalization Division, I had experiences reborn the closed schools into accommodations, PC classes, and movie studios. Recently, we have also attracted glamping facilities, etc., and we would like to utilize the advantage of being close to the urban centre, which will lead to the revitalization of the regional community.

Q. What are your views on your strategy for Asia in terms of human resources and bases of operations?

A. With multiple locations in Asia, we believe we can target different business opportunities in the future. We have employees from Asia working in Tokyo, and we also have Japanese female bankers working in Asia. We also exchange personnel with and accept people from our alliance partner banks.

Q. Please tell us about your strategy for mid-career recruitment.

A. In particular, the field of digital is competing for human resources, and although the situation continues to be severe, we are vigorously advancing it. Mid-career recruits are integrated within the Bank, and they are active in their appropriate positions. We also want those who have left to come back anytime if they are motivated, and some have actually returned.

Q. What are your thoughts on Chiba Bank's strengths when recruiting human resources from other industries?

A. What is common among those who apply from other industries is that they want to utilize their skills in a more holistic way and start from scratch. I think it's an attractive workplace for people who want to try out themselves, because there are many things that can be done from scratch in digital. Other types of businesses may have a conservative image of banks, but in reality, the Bank is organizations that take on new challenges, so I would like to be sure to convey this point.

Q. What will be the ratio of telecommuting in the future? What are your thoughts on future working styles at the head office and branches?

A. The current ratio of telecommuting cannot be said to be high, and employees at branch offices are almost always working at onsite. The percentage of telecommuting is increasing in the headquarters, but we recognize that it is lower than other companies. The challenge is how to maintain the security of the information handled, which limits the locations where work can be performed. If we can solve it, we will be able to work from more locations. In addition, we are considering creating an environment that allows employees to work near their homes by establishing satellite offices in one room at branch offices or other locations.

Q. Will the use of senior employees change in the future?

A. We have adopted a mandatory retirement age of 55, and we have already begun a system in which those in positions such as general managers in branch and headquarters can stay on past the age of 55. I think that the number of situations where seniors can demonstrate their strengths will increase further in the future.

Q. If we assume that enhancing the gender diversity of the Board of Directors and the Bank members is directly linked to enhancing corporate value, how can you achieve this? Also, what KPI will you monitor?

A. Our goal is to raise the percentage of female Audit & Supervisory Board Members and Directors to 30%. To achieve this, it is necessary to increase the number of women at the stage of staff. Currently, we are providing training to bridge the experience gap between men and women that was created when we were conducting personnel affairs by course, but we believe that once a generation of women and men enter the company at the same stage, it will no longer be necessary to come up with a plan specifically for women.