

CHIBA BANK

**September 18, 2024 – Small Meeting
(Organized by Ken Takamiya, Analyst, Nomura Securities)
“Discussion with Rikako Onishi, President and Representative Director, KOTORA,
and Mutsumi Awaji, Director and Senior Executive Officer, Chiba Bank”
Summary of the discussion**

[Ms. Rikako Onishi, KOTORA]

Joined The Long-Term Credit Bank of Japan after graduation from university. After engaging in securities business, corporate sales and sales planning business, established KOTORA Co.,Ltd. in Oct.2002, appointed as Representative Director. Since then, she has been engaged in recruiting and human capital management consulting for numerous companies, focusing on the professional and leadership levels.



[Mutsumi Awaji, Chiba Bank]

Joined the Bank after graduation from university. After working in foreign exchange business, transferred to Chiba Bank Research Institute in 2002. Returned to the Bank in 2016 and served as General Manager of Regional Revitalization Division, General Manager of Corporate Business Division, Group CHRO, etc. Appointed as Director and Senior Executive Officer in 2023. (Group Chief Strategy Officer (CSO) / Group Chief Digital Transformation Officer (CDTO))



[Moderator by Ken Takamiya, Analyst, Nomura Securities]

Joined The Tokyo Bank after graduation from university. After studying abroad in Spain (University of Salamanca and University of Barcelona), joined Nomura Asset Management in 2000. After working at Credit Suisse First Boston Securities and Mizuho Securities, joined Nomura Securities in 2009.



[Discussion]

[Takamiya] Today we have two women business owners speaking on the topic of human capital. First of all, could you tell us your assessment of the current state of human capital management at the bank?

[Onishi] It has been 22 years since I started recruiting professionals, and for the past four to five years, there has been a growing trend among major banks to hire external professionals. I understand that we are now entering a phase of integrating human resources by revising the personnel system, etc., and I am watching with great interest.

[Awaji] There were events that severely damaged financial institutions including Lehman Shock, and with a world without interest rates for a long time, I believe that the concept of “labor cost = cost” had taken root in financial institutions. I

myself experienced CHRO, but over the past few years, financial institutions have entered a phase of investing in human resources, and I believe that every banks are struggling with how to retain a diverse workforce through system revisions and how to integrate mid-career workers rather than focusing solely on new graduates.

[Takamiya] Ms. Onishi, from an outsider's point of view, do you think that banks are successfully integrating new graduates and mid-career workers with various backgrounds? Are they managing their human portfolio well?

[Onishi] Banks are large organizations with tens or even thousands of employees and with a wide range of specialties, so it is not practical for the headquarters to manage them all together. They are currently in a transitional period, and I believe it is important for headquarters to let go of evaluation, reskilling, and transfers, and how to bring them down to the field.

[Takamiya] Ms. Awaji, how is your Bank managing its diverse human portfolio?

[Awaji] In addition to strengthening mid-career recruitment, from the viewpoint of how to integrate human resources with specialized knowledge and experience, we established a new professional course this spring, and more than 10 people have voluntarily raised their hands to convert to that course. As Ms. Onishi pointed out, the human resource department still manages everything, but we are introducing a course with a completely different evaluation system and expect to have the effect of increasing the motivation of professional personnel through incentives that reward results.

[Takamiya] Ms. Onishi, as a corporate manager, and Ms. Awaji, from the standpoint of a bank manager, what is your perspective on whether banks can be adequate consultants for companies?

[Onishi] Of course, there is an aspect of dependability, but on the other hand, I sometimes feel that there is some misalignment in the stance of bankers who have never managed a business and are giving management advice to business owners. I believe it is important to separate what they can do from what they cannot do and provide services from the customer's perspective.

[Awaji] We are aware that not many customers think of a sales representative at a financial institution as their first point of contact. Our goal in the corporate division is to be an assistant to management, not a instructor. We have introduced “customer contribution information meeting” at some of our branches, where we report on what problems we heard from customers, and we hope to expand this to the entire company in the future. Instead of product-out, we will change our actions to focus on what executives are thinking and what problems they are facing, and to begin our action with what is useful to our customers.

[Takamiya] Ms. Awaji often talks about “increasing the number of Chiba Bank fans,” but I think it is important that before the bank employees become consultant, customers first remind of bank employees. Have your efforts to increase the Bank's fan base been successful?

[Awaji] In the individual business department, we are aiming to approach customer’s potential needs. As a result of analysts analyzing data and approaching to customers from upstream, we are beginning to see customers responding, “I was just thinking about that right now”.

[Takamiya] Are banks attractive workplaces for women and young people these days?

[Onishi] People who thinks it attractive is remaining in the company, so for some people is attractive and of course there are people who thinks they want to leave. People

often say that young people quit banks, but this is not limited to banks. There are traditional operations in Large companies, but I believe it is important to eliminate jobs that will disappear in the future due to Artificial Intelligence and other changes in the world, and jobs that does not lead to the future. I think this is an area where we have to proceed with a bold top-down approach.

[Takamiya] Ms. Onishi, could you please explain the point made in the Nikkei Financial article about the bank's organizational and human resource culture not looking at each and every employee?

[Onishi] I think it is impossible to look at each individual in an organization of tens or thousands of people. It is possible to visualize data and analyze trends, but facing them as people is limited to 30 people at most, and even those who oversee the entire project are limited to about 300 people. I think we have to think in two ways: one is to make decisions based on data, and the other is how to transfer authority to the branch/site to look at each individual.

[Takamiya] Ms. Awaji, can you tell us whether the Bank is really trying to change the culture, including management's determination and attitude?

[Awaji] Over the past year, the president and all of the executives have been looking in the same direction, putting the best interests of our customers first and focusing on transforming our banks behavior and corporate culture. About once a quarter, the president and other executives hold a meeting with mid-career hires to exchange opinions, and the president tells the mid-career hires that he wants them to point out what is wrong with the Bank. It is painful to hear, but the issues that the bank employees have long been aware of but never got around to are being seared and are being cleaned up one by one. In that sense, we can say that we are about to undergo a major change.

[Takamiya] I heard President Yonemoto's words, and I see a change in the way you look at those who are leaving the bank.

[Awaji] When I was CHRO, I wanted the people I hired to stay as long as possible. On the other hand, the president said that it would be all right if retired person could say at their new job, "I had such an experience at Chiba Bank, and Chiba Bank is such a good company". I think it is changing in such a way that we want people to be able to talk about the good of the company outside, and moreover, we want those people to come back to the Bank once again.

[Takamiya] Recently, people have finally begun to talk about "alumni," but President Yonemoto has long held such a view, hasn't he? What kind of efforts are being made at Chiba Bank to manage human capital through the use of data, as pointed out by Ms.Onishi, and what challenges do you face?

[Awaji] We feel that the part of visualizing each person's experience and skills is in progress and very difficult. Meanwhile, analysis of the relationship between the staffing structure of each branch and the results of its approach to customers is in progress. I think it is a great progress that we are now able to discuss whether the organizational structure and the placement of human capital are the cause of the branch's performance, whereas in the past it was more about the skills of the branch manager and other individuals.

[Takamiya] In talking with regional bank managers, I feel that there is a move toward visualization of the bank's overall strength. What are your thoughts on how to improve the human capital management of the bank?

[Onishi] I am in the human resources business because of the experience of The Long-Term Credit Bank of Japan collapse and the dramatic change in the company as a result of various human resources coming in from the outside. I believe that

the most important effect of the job type is the friendly competition and the improvement in the work perspective that comes from having people from outside come into the job.

[Awaji] I have been working for the same company for a long time. I joined the bank after graduating from university, but was disappointed when I saw that the training system was different for men and women. While men gain various experiences through job rotation, I, as a woman, have been doing foreign exchange business for many years and have experienced that I cannot feel my own growth or find satisfaction in my work. At a meeting for exchange of opinions between sales branches and executives, I was repeatedly asked by younger employees what I should study to contribute to the community, as I have experience as General Manager of Regional Revitalization Division. We have to think about how to get them involved in responsive work that customers can say thank you for. If we don't provide jobs where they can experience growth, I think we will discourage our staff and they will not stay with us.

[Takamiya]Ms. Onishi, you were seconded to a securities firm at The Long-Term Credit Bank of Japan, but do you think women can play an active role at the bank?

[Onishi] About 28 years ago, when I joined the bank, I had no idea that women could be great.

[Awaji] I agree with you.

[Onishi] Under such circumstances, I respect the fact that Ms. Awaji has become the executive director and is taking a strong leadership role. I wonder why she has not faltered so far.

[Takamiya]Ms.Onishi, have you ever experienced a setback?

[Onishi] I joined The Long-Term Credit Bank of Japan as a female career track employee,

but I was the kind of businessperson who pretended to be an easy-to-use woman. Naturally, there were times when I would spin out of control, and even when I thought I was giving constructive opinions, I would sometimes receive backlash due to my inexperience in communication. The last time I was at headquarters was the most difficult time I had ever had as a businessperson, and the more I tried to do things seriously, the more I hit walls.

[Takamiya]Ms. Awaji, how do you feel as a person who is responsible for part of the bank's management?

[Awaji] In the past, everyone was expected to act the same in terms of arrival time to work and overtime work. At that time, it was almost impossible for women with children to find full-time employment if they quit, so I thought that staying at my current company was the best way to achieve my goal of becoming financially independent and continuing to work until retirement, so I accepted certain things and did what I thought was right without changing my mind. Nothing has changed for me, but as times have changed, it has become normal for me to take time off to take care of my children when they are sick, for example.

[Takamiya]I also left the bank, but after I left, I realized that there were actually many things that the bank could have done. Ms. Onishi, could you give us your opinion from the standpoint of a person who also left a bank and sends human resources to a bank?

[Onishi] Large banks used to be more likely to hire people who were more likely to be easily imbued with the corporate culture, but recently there has been a shift to hiring people with ambitious and obviously quitting backgrounds. When such people come back into the job market, the main reason is that they did not fit in

because the stakes were hammered down or they were treated as guests. It is unfortunate in the sense that we were not able to take advantage of each other, but I believe that a new path will open up through the repetition of this kind of thing.

[Takamiya] Ms. Awaji, do you hire people who are not like the Bank? Also, is your Bank becoming one in which people who are not like the Bank can play an active role?

[Awaji] Both YES. Many managers or above and executives believe that if you don't include people with a variety of ideas, you will not be able to innovate as an organization. I would rather have the stakes be strikingly unique personalities. In addition, the Banking Law was revised to allow us to do a variety of things, and we realized how diverse the human resources we originally had were. We were just putting them in the same mold, and I think that by releasing them from that mold, they will be able to demonstrate their diverse abilities.

[Takamiya] While the management of large banks has a deep knowledge of human capital management, I believe that some middle management may not be keeping up. Do you find that even if you hire people that the president wants, they quit when you place them in the branch/site?

[Awaji] I think there are times what management is saying is not well communicated or translated along the way. I am the leader of a project team to penetrate the Bank's policy, Purpose and Vision, and in order for it to permeate the entire group, it is better to have the leaders speak in their own words, and that is what I am trying to do. I am beginning to think that we need to have someone who has that perspective as a leader, and that we should not have had someone who does not have that perspective as a leader.

[Takamiya] Is there anything you would like to change in the current management of the Bank?

[Awaji] We want to change the way we evaluate our sales branches. We want each branch manager to think proactively about the local market characteristics and how to manage challenges successfully. We are thinking about how to improve branch performance while meeting customer's expectations, and what kind of incentives will help us achieve such a perspective.

[Takamiya] Ms. Onishi, have banks become more popular in the job market compared to a few years ago?

[Onishi] We refer hundreds of people a year, and it is very popular. Although there is a lot said in the media, people are not looking at things in only one direction, and some are looking in the opposite direction or see potential. While it is important to have sharp people, it is also important to have the management skills to integrate these people and move them in the same direction to achieve the goal, which I believe is the role of a bank career-track employee. Real management personnel in the true sense of the word are being questioned.

[Takamiya] Do you provide training in skills to enable middle and upper management of the bank to manage specialist personnel?

[Onishi] I have not been able to go that far, but I believe that providing an environment where people are prepared to take responsibility for their own work and exercise leadership will lead to the development of the management class. Looking at it from the outside, I feel that there is still a strong culture of stove-piping. How to come up with the best solution from within the whole is important, and a broad overall vision and a high level of perspective are required.

[Takamiya] While departments are becoming more specialized, some megabanks are

starting to see business opportunities in the gaps between business divisions. I think reshuffling is necessary for organizations while specialization is increasing, but what stage is the Bank at?

[Awaji] There is no measure that does not involve cooperation among multiple departments and groups, but on the other hand, I feel that there is still sectionalism with too much respect for the other party. It is not enough to be concerned only about one's own area of responsibility, but we proceed with measures and make management decisions with the bank as a whole in mind.

[Takamiya] Ms. Onishi, as a human resource expert, please share any examples of banks or companies that are doing well, or executives that are behaving well.

[Onishi] As Ms. Awaji said, it is wonderful to have management executives where all the responsibility lies with themselves, even if there are different roles, and I feel that roughly everyone above the executive director and senior managing director level of a major bank seems to think so. I think it is reassuring to have such a person at the top.

[Takamiya] Comparing Japanese and Western banks, I feel that Japanese banks are superior up to the section manager level, but when it comes to the general manager level, Western bank personnel rapidly outperform Japanese banks in all skills, mentality, capability, and EQ. While in Europe and the U.S., people have the experience of making and executing budget decisions even at the section level, in Japan, people can experience pseudo-managerial skills only at the division head level at megabanks, and I believe that this is where the differences are made. How do you see my point of view, Ms. Onishi?

[Onishi] It seems to me that those who set issues correctly and have the courage to take a step forward are becoming great leaders. I believe that the lack of setting

issues on one's own when assigned to a field one has no experience in as a department head of a large organization may be linked to a lack of training as a leader.

[Takamiya] Ms. Awaji, not only for Chiba Bank, how do you perceive this from your position at the bank?

[Awaji] You may be waiting for instructions in terms of following company policy, but with the pace of change so fast, you will not make progress unless you can find your own challenges. There is a special sense of accomplishment when you set a goal of yourself and work through it. Since I had consulting experience, I had a habit of analyzing causes, but I believe that it is necessary to take a number of occasions and train yourself to find issues.

[Takamiya] How do you think we can create such a culture in existing large organizations?

[Awaji] It is difficult to do this for the first time you are assigned in a large organization, so I think it is important to gain experience from an earlier stage, before you become a manager. I believe that when you are at the level of senior manager or assistant manager, you need to have experience in thinking about goals in a small scope.

[Onishi] If the amount of knowledge becomes too large, on the contrary, you will not be able to find the issues. It is not necessarily better to be more specialized, but it is important to gain variety of experiences and take final responsibility yourself, and how to eliminate inhibiting factors.

[Awaji] In order to eliminate them, it would be good to have an organization and culture that can tolerate a completely different point of view than before.

[Onishi] If we avoid failure, it is difficult to move forward. People move toward where they are evaluated, so we must consider how we evaluate challenges.

[Takamiya] DBS, a bank in Singapore, has a culture that considers even failed experiences as a treasure of the organization, and I hope Japanese banks will be as open as DBS. Ms. Onishi is a female manager who quit the bank and established her own company, while Ms. Awaji remained at the bank and became a senior executive officer. Do you have a message for female fund managers, analysts, and people listening to the seminar?

[Onishi] I feel that many women have the propensity to be concerned about the opinions of those around them. Even things that does not seem right can last for 5 or 10 years, so I think it is okay to have your own beliefs without worrying about them.

[Awaji] Some of you who are working confidently today may have had some unpleasant experiences because you are women in the past, but everything you have experienced has fed you and given you strength. It is said that women are often blurred, but I hope that you will do what you think is right as a human being and carry out your own convictions.