

Special Feature

# Efforts Towards Human Capital Management

The Hyakugo Bank Group views its employees as capital, the source of value creation, and actively invests in human capital and implements human resource strategies that enable its diverse human resources to improve their skills and fully demonstrate their abilities.



**We promote human resource strategies and initiatives to strengthen engagement in order to enhance human capital.**

**Tetsuya Kato**

Director and Managing Executive Officer

**Promoting a human resources strategy centered on three initiatives**

We position the “development of professional personnel,” “promotion of diversity,” and “implementation of healthy management practices” as the three pillars of our human resources strategy.

In the “development of professional personnel,” we are working to develop personnel capable of providing consulting services to address customer issues in order to realize our goal of becoming a “Green & Consulting Bank Group.” We encourage our employees to acquire 1st grade financial planner and CFP certifications, and the number of employees who have passed these examinations, especially among the younger generation, has been increasing, and is one of the highest among regional banks. Additionally, we offer a variety of practical (trainee-type) training

programs including where trainees engage in operations at the Corporate Consulting Division two to three times a month over a three month-period while maintaining their status at their branch offices. We believe that gaining hands-on work experience in the field increases sensitivity to customer issues, which is the first step toward becoming a professional.

In the “promotion of diversity,” we are working to rectify gender bias in work duties. Women are now in charge of liaison work for corporate financing and loans, which had previously been handled mostly by men, while men are now involved in bank counter and depository asset work. As a result, new ways of thinking and approaches have emerged, as seen in women who are raising children coming up with creative and efficient ways to streamline work so that they can finish within their work hours. This has had a positive effect on operations.

In the “implementation of healthy management practices,” the implementation of various measures has raised employees’ awareness of health. At the same time, we established evaluation metrics (KPIs) and measurement methods linking health initiatives and management strategies. This has enabled us to build a system for implementing the PDCA cycle.

**Strengthening engagement**

We believe that engagement will naturally increase when employees are able to work in the job they prefer, understand the mission of their work, and do their work as if it were a personal concern. To create such a work environment, we are focusing on the “implementation of a Talent



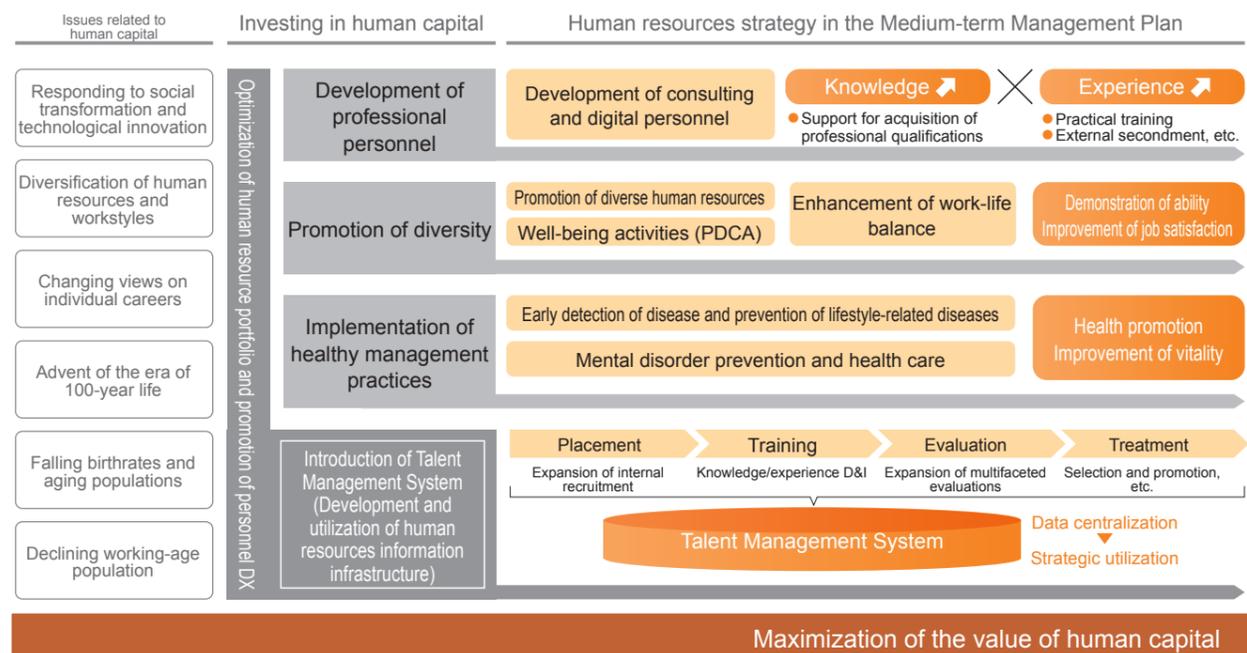
Management System” and the “enhancement of one-on-one meetings” between supervisors and subordinates.

The Talent Management System was introduced in January 2023, to build a human resource portfolio by consolidating and accumulating data on matters such as employee qualifications, performance, and desired departments. In the future, we will use this data to assign employees appropriately based on their abilities and preferences. Additionally, we are considering the implementation of AI to detect in advance employees with a high need for counseling.

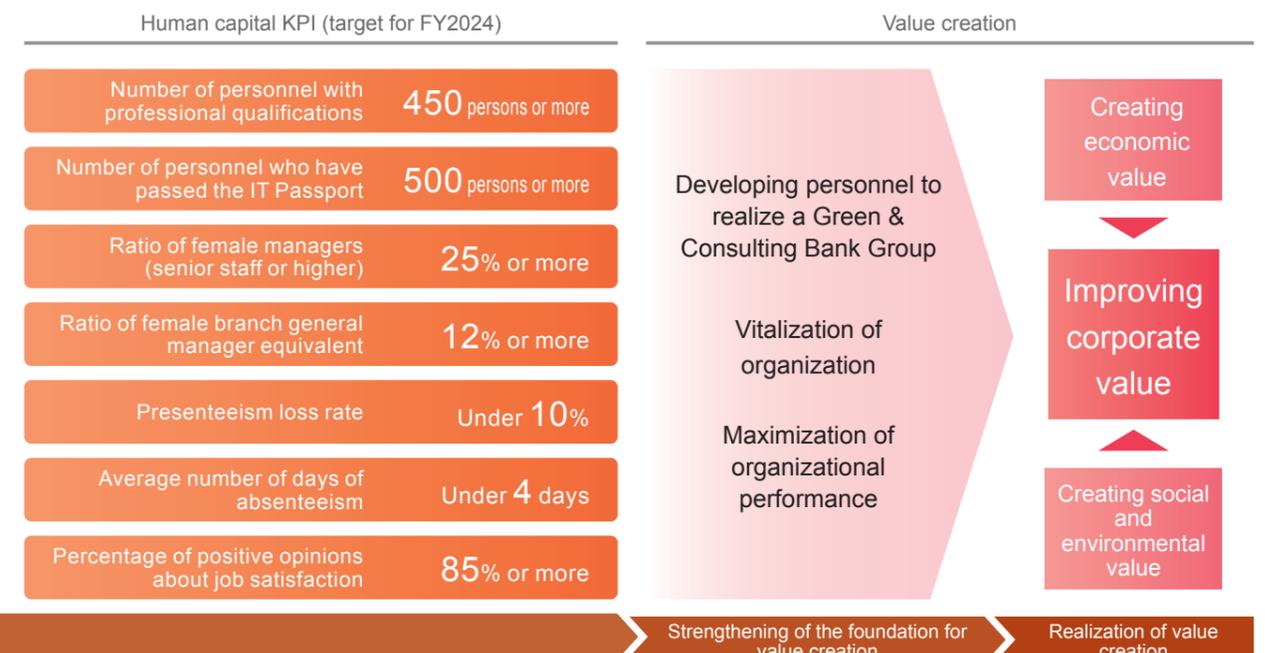
The one-on-one meeting is an opportunity for supervisors and subordinates to meet and communicate. By improving the skills of supervisors in engaging with their subordinates, we aim to increase the number of discussions focused on individual aspects, such as career development and sources of motivation, in addition to work-related issues. Through these initiatives, we will enrich the content of meetings and strengthen overall communication.

## Investment in human capital, the source of value creation, and human resources strategy

With regard to investment in human capital and human resources strategy, based on the Medium-term Management Plan, we position the “development of professional personnel,” “promotion of diversity,” and “implementation of healthy management practices” as our main measures, and we are striving to develop personnel to realize a Green & Consulting Bank Group, these investment in human capital and human resources strategy are as shown on page 21.



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## Indicators related to human capital

### Development of professional personnel

Indicators	FY2022 (actual)	FY2024 (target)
Number of personnel with professional qualifications (7 qualifications including 1st grade financial planners)	371 persons	450 persons
Number of personnel who have passed the IT Passport	244 persons	500 persons

### Implementation of healthy management practices

Indicators	FY2022 (actual)	FY2024 (target)
Presenteeism loss rate*1	15.8%	Under 10%
Average number of days of absenteeism*2	6.1 days	Under 4 days
Stress check implementation rate	98.5%	98%
Percentage of employees with high stress levels	4.3%	Under 5%
Rate of implementation of full medical checkups	59.9%	70%
Paid leave utilization rate	70.1%	65%

\*1 Presenteeism loss rate: Percentage of employees whose work performance declined due to illness or injury.

\*2 Average number of days of absenteeism: Number of days taken off work due to illness, injury, or other physical condition (including paid leave, average calculated excluding people with 0 days).

### Promotion of diversity

Indicators	FY2022 (actual)	FY2024 (target)
Percentage of positive responses on job satisfaction in the employee awareness survey	80.1%	85%
Ratio of female managers (senior staff or higher)	19.1%	25%
Ratio of female branch general manager equivalent	10.0%	12%
Percentage of male employees taking childcare leave	109%	100%
Employment rate of persons with disabilities (as of June 1, 2023)	3.01%	3.00%

### Other

Indicators	FY2021 (actual)	FY2022 (actual)
Number of training courses attended (total)	7,763 times	4,373 times
Number of internal trainees (total)	198 persons	193 persons
Training fees	¥99 million	¥106 million
Percentage of employees who received training on compliance	100%	100%

Indicators	Those who joined the Bank in April 2019	Those who joined the Bank in April 2020
Turnover rate (new graduates within 3 years)	20.9%	21.1%

### Gender wage gap (Average female wage / average male wage x 100)

	FY2022
All employees	39.2%
Regular employees	60.4%
Non-regular employees	85.8%

Wage gap between male and female bank employees among regular employees

	FY2022	
Bank employees among regular employees	65.0%	
Specialist I*1	Upper management positions*3	84.8%
	Management positions*4	88.9%
	General bank employee	83.5%
Specialist II*2	Upper management positions	—
	Management positions	96.2%
	General bank employee	104.9%

\*1 Specialist I: There are transfers involving relocation

\*2 Specialist II: Consent is required for transfers involving relocation.

\*3 Upper management positions: Branch general manager or above

\*4 Management positions: Positions equivalent to senior staff or assistant senior staff

● The main reason for the large wage gap among all employees compared to regular employees and non-regular employees is the high percentage of women among non-regular workers, who are paid relatively low wages.

● Even for bank employees, who make up the majority of regular employees, differences in length of service (men average 18 years and 0 months, women average 15 years and 6 months) and position distribution cause differences in average wages between men and women, but the same wage standards are applied regardless of gender.

### Initiatives to increase the ratio of female managers and correct the wage gap between men and women

- We have established a system to ensure that the careers of women are not interrupted when they experience life events, such as by revising the system so that a certain period of childcare leave is included in the tenure of the professional qualification system, thereby enhancing support for achieving a balance between work and family life.
- By expanding job opportunities for female employees and supporting their autonomous career development, we are striving to create a work environment where women can fully demonstrate their abilities and eliminate the wage gap between men and women.