

Corporate Governance

Basic Stance on Corporate Governance

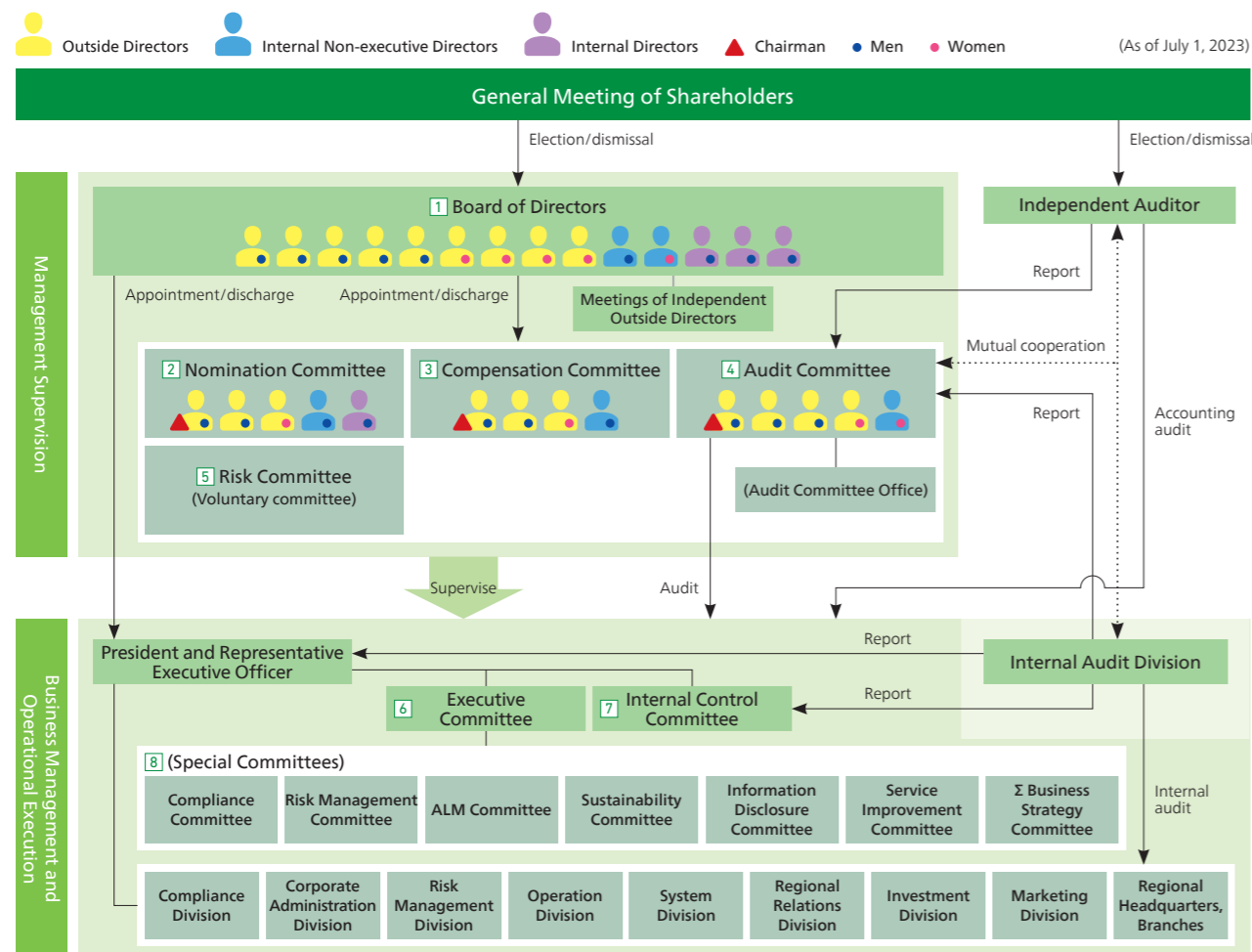
With a view to its sustainable growth along with improvement of its corporate value over the medium to long term, JAPAN POST BANK attaches great importance to relationships with its all stakeholders, including shareholders, and will maintain its corporate governance system based on the following stance.

- ① We will engage in constant value creation by providing banking services through the distribution network based on the post office, while continuously creating new convenience for customers, in pursuit of providing higher quality of service.
- ② Fully recognizing fiduciary responsibilities to shareholders, we will give consideration to ensure the rights and equality of shareholders in an appropriate manner.
- ③ We will value the dialogue with all stakeholders including shareholders, and seek appropriate collaboration and sustainable coexistence therewith. To this end, we will ensure management transparency and strive for disclosure and provision of adequate information.
- ④ In order to promptly adapt to changes in the economic and social environment and meet the expectation of all stakeholders, we will make swift decision-making in a firm attitude and conduct businesses under the effective supervision by the Board of Directors.

Corporate Governance System

JAPAN POST BANK adopted the company with three statutory committees system of corporate governance to implement rapid decision-making and to increase management transparency. This is deemed to be a

system under which the Board of Directors and each statutory and voluntarily established committee can provide appropriate oversight of management.



Committee Overview

JAPAN POST BANK chose to adopt the company with three statutory committees system.

Supervisory function

	Role and composition (as of July 1, 2023)	Main agenda / Operational status (FY2023/3)	Number of times held (FY2023/3)
1 Board of Directors	The JAPAN POST BANK Board of Directors has 14 members (five women and nine men), and of these nine are Outside Directors. Directors who possess diverse experience and knowledge work to oversee the Bank's operations.	In FY2023/3, the Board of Directors discussed important management strategy issues, which included the establishment of the Risk Committee, formulation of the FY2024/3 management plan, establishment of the Basic Policy on Internal Auditing, the upgrade and expansion of the corporate governance systems, as well as the capital policy regarding the offering of shares of the Bank's common stock held by JAPAN POST HOLDINGS Co., Ltd., and the repurchase and cancellation of the Bank's shares. From the perspective of ensuring the propriety of operations, the Board of Directors also supervised business execution in an appropriate manner.	13 times
2 Nomination Committee	Comprising five directors (three of whom are outside directors), this committee determines the criteria regarding the election and dismissal of directors. In addition, it determines the content of proposals regarding the election and dismissal of directors that are submitted to general meetings of shareholders.	In FY2023/3, the Nomination Committee decided on candidates for directors and discussed president succession plans and other matters.	13 times
3 Compensation Committee	Comprising four directors (three of whom are outside directors), this committee decides the Policy for Determining the Details of Individual Compensation for Directors and Executive Officers. It also decides the content of individual compensation for executive officers and directors.	In FY2023/3, the Compensation Committee decided on individual compensation for executive officers and directors as well as performance-linked compensation for executive officers. The Committee also discussed officer compensation levels.	4 times
4 Audit Committee	Comprising five directors (four of whom are outside directors), this committee audits the execution of duties by executive officers and directors and prepares audit reports. The committee also determines the content of proposals regarding the election and dismissal of accounting auditors and the refusal to reelect accounting auditors to be submitted to general meetings of shareholders.	In FY2023/3, the Audit Committee focused on auditing both internal control system improvements and initiatives to maintain and develop the business. In particular, steps have been taken to prevent internal crimes at post offices by developing comprehensive crime prevention measure and building a system to promote these measures through the JAPAN POST GROUP. Moreover, the Audit Committee has confirmed that steps for improvement continue to be taken.	14 times
5 Risk Committee (Voluntary committee)	As an advisory body to the Board of Directors, the Risk Committee comprises three directors (two of whom are outside directors) and two outside experts, who deliberate on important matters related to the status of risk management and provide reports and advice to the Board of Directors.	In FY2023/3, the Risk Committee deliberated on risks related to market operation, ALM and IT systems in light of the Bank's risk characteristics. In particular, it deliberated on the investment plan and the result of its assessment as well as the preparation status for system updates, and it reported or advised the Board of Directors on important matters from among its discussions.	5 times

	Role
Meetings of Independent Outside Directors	Based on the independent and objective positions of the independent outside directors, the purpose of the Meetings of Independent Outside Directors is to exchange information and share awareness about important matters relating to issues of importance to the management of the Bank and its governance. The Bank also designates all outside directors as independent directors as stipulated by the Tokyo Stock Exchange.

Business Management and Operational Execution

	Role
6 Executive Committee	The Executive Committee has been established as an advisory body to the President and Representative Executive Officer to hold discussions on important business execution matters.
7 Internal Control Committee	The Internal Control Committee has been established as an advisory body to the President and Representative Executive Officer to hold discussions on the legal, regulatory and other compliance-related issues as well as other important internal control matters.
8 Special Committees	The Special Committees assist the Executive Committee in matters requiring specialized discussions.
Compliance Committee	The Compliance Committee formulates compliance systems and programs and holds discussions and provides reports regarding progress in these matters.
Risk Management Committee	The Risk Management Committee formulates risk management systems and operational policies. The committee also holds discussions and provides reports regarding progress in risk management matters.
ALM Committee	The ALM Committee formulates basic ALM plans and operational policies, determines management items, and holds discussions and provides reports regarding progress in these matters.
Sustainability Committee	The Sustainability Committee formulates action plans with regard to Sustainability and holds discussions and provides reports regarding progress in these matters.
Information Disclosure Committee	The Information Disclosure Committee formulates basic information disclosure policies, holds discussions, and provides reports on disclosure content and progress in order to ensure the appropriateness and effectiveness of information disclosure.
Service Improvement Committee	This Service Improvement Committee discusses and reports on the content of the policy relating to customer-oriented business operations, the formulation of plans relating to the improvement of customer-oriented products and services and other important items including the status of implementation.
Σ Business Strategy Committee	This committee deliberates and reports on the formulation and progress of strategies and plans for the new wholesale banking business through investment (the Σ Business).

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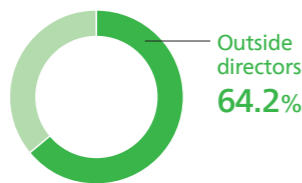
Board of Directors

The Board of Directors is comprised of diverse directors with extensive knowledge and experience coupled with deep insight.

The Board makes determinations on management philosophy, basic policies, and other matters of particular importance to management, and through appropriate oversight of its business execution, the Bank strives to achieve sustainable growth and enhance its corporate value over the medium to long term.

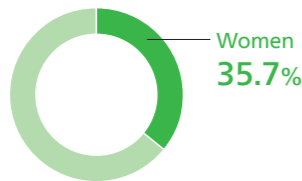
Ratio of outside directors
(As of July 1, 2023)

Outside directors
9/14



Ratio of Men to Women
(As of July 1, 2023)

Women
5/14



Skills Matrix

Name	Experience / Expertise									Committee staffing status				
	Management (Corporate Management)	Legal / Compliance	Financial Accounting	Finance	Market Operation / Risk Management	Sales / Digital Marketing	Human Resource Development	ESG	Administration	Board of Directors	Nomination Committee	Compensation Committee	Audit Committee	Risk Committee (Voluntary committee)
Keisuke Takeuchi	●							●		●	●	★		
Makoto Kaiwa	●		●					●		●	★			
Risa Aihara	●					●				●		●		
Hiroshi Kawamura		●								●			★	
Kenzo Yamamoto				●	●					●			●	★
Keiji Nakazawa		●	●							●		●	●	
Atsuko Sato				●	●		●			●				●
Reiko Amano					●		●			●	●			
Akane Kato	●						●			●			●	
Hiroya Masuda	●			●			●	●		●	●	●		
Katsuyo Yamazaki				●			●	●		●			●	●
Norito Ikeda	●			●		●		●		●	●			
Susumu Tanaka			●	●					●	●				
Takayuki Kasama				●	●					●				
Takao Yajima	Chairman of specified non-profit organization CIO Lounge													●
Hiromi Yamaoka	Board Director of Future Corporation, Director Group CSO & CLO													●

* The ★ mark refers to committee chairperson.

Skill matrix

Management (Corporate Management)	Extensive experience and insight as a corporate executive
Legal / Compliance	Legal expert who contributes to strengthening governance, or equivalent professional experience and insight
Financial Accounting	CPA or corporate experience/knowledge in accounting, etc.
Finance	Extensive experience and broad expertise in banking, securities, insurance, etc.
Market Operation / Risk Management	Broad investment experience and extensive insight in market operations, experience in risk management operations, and a high level of expertise
Sales / Digital Marketing	Experience and knowledge of financial sales and corporate lending and relations, and marketing insights using digital technology and data
Human Resource Development	Management experience and insight in human resource development and education
ESG	Management experience in consideration of environmental and social issues, or equivalent experience and insight
Administration	Experience in key administrative positions in national, local, or other government authorities

Main agenda items discussed by the Board of Directors in FY2023/3

- Risk Appetite Statement
- Formulation of FY2024/3 management plan
- Promotion of FY2023/3 management plan
- Promotion of sustainability
- Upgrade and expansion of the corporate governance systems
- Establishment of the Risk Committee
- Strengthening of compliance system
- Customer-oriented service improvements
- Promotion of measures to counter money laundering / the financing of terrorism and proliferation financing
- Strengthening of IT governance systems / cyber security management systems
- Initiatives for the Σ Business
- Status of core system renewal project in May 2023
- Operational status of the "Basic Policies for the Internal Control System"
- Establishment of the Basic Policy on Internal Auditing
- Offering shares of the Bank's common stock held by JAPAN POST HOLDINGS Co., Ltd., and the repurchase and cancellation of the Bank's shares

Major suggestions from the outside directors

Formulation / promotion of FY management plans

- We would like to see the Company set its sights on transforming to a data-driven corporate culture, while striving to establish internal systems, and to develop and secure human resources who can contribute to the promotion of DX in the management strategy.
- The Company needs to aim for more quantitative improvements in the profitability of the retail business, while maintaining a customer-oriented approach. On the other hand, to avoid setting excessive targets, an appropriate plan should be formulated and promoted based on evaluation and analysis of past efforts.
- Given the current uncertain market environment, agile portfolio management is needed. While risk containment will be necessary, it will be necessary to discuss how to respond to the reduced uncertainty in U.S. monetary policy so as not to miss out on future profit-earning opportunities.
- We hope that the Bank will actively promote the Σ Business, as it fits our Purpose and contributes to regional revitalization. On the other hand, appropriate risk management of investee companies is critical and should be fully considered in advance.

Promotion of sustainability

- With regard to the gender gap in management ratios and wages, we would like to see an ongoing review of the current target values and human resources evaluation system, including its appropriateness, based on quantitative and qualitative analysis.
- In promoting human capital management, we would like to see the status of women's activities quantified and the achievements of excellent employees, including young employees, visualized as role models, and other information disseminated both internally and externally.

Status of core system renewal project in May 2023

- Please consider adequate measures to deal with customers in the event of a failure, including not only publicizing the situation via the website, but also providing information at branches. Also, training should be conducted in advance on the system of communication with the front line.
- Various tests and training should be conducted after establishing a system such as a supervisory department on the user side.

Customer-oriented service improvements

- When launching discretionary investment services, due consideration should be given to the content of explanations and contracting procedures to avoid misleading customers about the nature of the product, etc.

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Evaluation of Effectiveness of the Bank's Board of Directors

Evaluation Method

In regard to the Bank's Board of Directors, we conduct a survey regarding its effectiveness of the Board, and each committee (Nomination, Compensation, Audit, Risk committees), including a self-evaluation by each director.

The survey for FY2022/3 was conducted from the following perspectives. We held multiple discussions based on the results of this survey at the Board of Directors, after which we conducted an analysis and evaluation of the effectiveness of the Bank's Board of Directors for FY2023/3.

- Composition of the Board of Directors and each committee (number of people, composition ratio (independent directors, gender, etc.), diversity of knowledge and experience, etc.)
- Management of the Board of Directors (appropriateness of matters to be resolved and reported, materials, creation of an environment that emphasizes free and vigorous discussion, etc.)
- Information provided to and support systems for outside directors (prior explanations, timely and accurate information provision, etc.)
- Collaboration and information sharing between the Board of Directors and each committee
- Overall evaluation

Status of improvements made in response to the FY2022/3 effectiveness evaluation results

Based on the results of the effectiveness evaluation in FY2022/3, the following initiatives were implemented in FY2023/3 to help enhance discussions

- ① Establishment of the Risk Committee as an advisory body to the Board of Directors to enhance the expertise and supervisory function of the Board.
- ② Revision of the Regulations of the Board of Directors to organize and clarify matters to be resolved and reported
- ③ Establishment of a system for information sharing among directors

Effectiveness evaluation results regarding the FY2023/3 Board of Directors

The Bank's Board of Directors comprises a majority of independent outside directors with diverse knowledge and experience. In FY2023/3, the Board of Directors engaged in vigorous discussions on important matters involved in the management strategy, including formulation of FY2024/3 management plan, establishment of the "Basic Policy on Internal Auditing", upgrade and expansion of the corporate governance system,

and capital policy regarding the offering of shares of the Bank's common stock held by Japan Post Holdings Co., Ltd. and the repurchase and the cancellation of the Bank's shares. In addition, from the perspective of ensuring the propriety of operations, we evaluate that the Board of Directors appropriately supervises business execution, and that the effectiveness of the Board of Directors as a whole has been ensured.

Initiatives for the future

From the perspective of further enhancing strategic discussions, we will continue to select agenda items in accordance with their degree of importance. In addition to presenting accurate information at the time of proceedings, we will enhance training and information

sharing opportunities as an approach to further supporting the Board of Directors in acquiring expertise. Through these measures, we will work to further revitalize discussions at the Board of Directors' meetings and to further enhance its supervisory function.

Reference: Findings of and Responses to Past Board of Directors' Effectiveness Evaluations

Evaluation FY	Matters of note	Main responses to matters of note
FY2019/3	<ul style="list-style-type: none"> • Further enhancement of discussions about management issues, etc. 	<ul style="list-style-type: none"> • Enhancement of information provided to outside directors and clarification of issues in materials
FY2020/3	<ul style="list-style-type: none"> • Early identification of important issues • Further enhancement of discussions at meetings of Board of Directors 	<ul style="list-style-type: none"> • Creation of opportunities for previewing Board meeting materials • Enhancement of conditions conducive for discussions, including remote attendance
FY2021/3	<ul style="list-style-type: none"> • Further utilization of outside directors' knowledge • Enhancement of support for outside directors • Clarification of discussion points in meeting materials 	<ul style="list-style-type: none"> • Establishment of meetings of independent outside directors to exchange information and share awareness among independent outside directors • Provision of opportunities to participate in training and other activities • Establishment of a Board of Directors Office • Preparation of executive summaries

Support System for Outside Directors

The Bank shall take the following actions in relation to directors to ensure the effective and smooth operation of meetings of the Board of Directors and enhance the effectiveness of supervision by outside directors, in particular.

1. Coordination of an annual schedule with sufficient time available
2. Timely and appropriate provision of information as necessary
3. Ensuring sufficient prior explanation and time for prior consideration of the content of agenda items
4. Ensuring time for questions at Board of Directors' meetings

In addition, the Bank shall establish the Board of Directors Office and allocate appropriate staff for operational support to effectively and efficiently carry out meetings of the Board of Directors, and for communication and coordination with outside directors.

Providing Opportunities for Outside Directors to Collect Information

To ensure that the expected roles and responsibilities of executives who include outside directors are properly fulfilled, we regularly provide them with opportunities to acquire the necessary knowledge. For example, we

provide them with opportunities to deepen their understanding of our business, issues, management strategies, etc., and to acquire the necessary knowledge, such as by conducting inspections of our facilities.

Major lectures given to executives (including outside directors) in FY2023/3

- Seminar relating to the General Meeting of Shareholders
- Seminar relating to sustainability
- Seminar relating to media responses
- Seminar relating to cyber security
- Project debriefings to analyze business data
- Seminar on countering money laundering / the financing of terrorism

Succession plan

At JAPAN POST BANK, the Nomination Committee deliberates on succession plans for executives, including the President and Representative Executive Officer, with the aim of achieving sustainable corporate growth and enhancing corporate value over the medium to long term.

The Nomination Committee clarifies the ideal image of the President and Representative Executive Officer in terms of values, qualities, and abilities based on JAPAN

POST BANK's vision. The Nomination Committee then establishes objective evaluation criteria and holds discussions based on them, referring to individual and multifaceted evaluations by external organizations.

In addition, we are working to develop human resources based on evaluation criteria for the ideal President and Representative Executive Officer in order to facilitate succession planning.

Elections and Dismissals of Executive Officers, Nominations of Director Candidates

With regard to the policies and procedures for electing or dismissing executive officers and nominating director candidates, the "Criteria for Election or Dismissal of Executive Officers" and "Criteria for Nomination of Director Candidates" are disclosed on the Bank's website.

More information

Criteria for Election or Dismissal of Executive Officers
<https://www.jp-bank.japanpost.jp/sustainability/governance/report/pdf/sikkouyakukijun.pdf>

More information

Criteria for Nomination of Director Candidates
<https://www.jp-bank.japanpost.jp/sustainability/governance/report/pdf/torisimariyakukijun.pdf>

Compensation for Directors and Executive Officers

In regard to compensation for the Bank's directors and executive officers, the Compensation Committee has prescribed the policy for determining the details of individual compensation for directors and executive officers as follows, and it determines the amount of compensation in accordance with this policy.

1. Compensation system

- (1) When serving concurrently as a director and executive officer, compensation shall be paid for the position of executive officer.
- (2) Compensation that directors of the Bank receive

shall be paid in the form of a fixed amount of compensation corresponding to duties, in light of the scope and scale of responsibility relating to management, and the like.

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(3) Compensation that executive officers of the Bank receive shall be paid in the form of a base salary (a fixed amount of compensation) and performance-

linked stock compensation, and shall function as a sound incentive for sustainable growth.

2. Compensation for directors

Compensation for directors shall be paid as a certain level of a fixed amount of compensation corresponding to duties, in light of the main role of supervision of

management, and the level shall be an appropriate one that takes into account the scale of duties as a director and the current situation of the Bank.

3. Compensation for executive officers

Compensation for executive officers shall be paid in the form of a certain level of base salary (a fixed amount of compensation), in light of differences in responsibility that varies according to the job position, and performance-linked stock compensation that reflects the state of achievement of management targets, and the like.

The level of base salary shall be an appropriate one that takes into account the scale of duties of the executive officer and the current situation of the Bank.

In regard to stock compensation, based on the viewpoint of a sound incentive for sustainable growth, points that are calculated by multiplying the sum of basic points corresponding to separately prescribed duties and evaluation points based on individual evaluation by a coefficient that varies according to the

state of achievement of management targets shall be granted every year, and shares corresponding to the points accumulated at the time of retirement from office shall be provided. However, a certain percentage of this shall be paid in the form of money obtained by converting the shares into cash.

Furthermore, in the case of a person who is an executive officer in charge of an area that requires special knowledge and skills and, based on the compensation corresponding to his/her duties, would receive a significantly lower level of compensation than what an officer in charge of such an area would generally receive at other companies, it shall be permitted to adopt compensation that refers to the level of compensation at other companies instead of compensation corresponding to duties.

Type	Performance-linked (yes / no)	Payment standard	Payment period	Payment method
Base salary (fixed amount)	Fixed	Appropriate level taking into account scale of duties and the Bank's current situation	Monthly (cash)	Cash
Stock compensation (performance linked)	Performance-linked	The points calculated by the following formula are awarded each year, and the stock is paid according to the number of accumulated points. ① Basic points (awards correspond to prescribed duties) ② Evaluation points (award based on individual evaluation) ③ Coefficient (varies according to level of achievement of management plan)* (① + ②) x ③	At time of retirement	Shares 70% Cash 30%

* In FY2023/3, the following indicators were comprehensively evaluated and decided: Net income for the period; OHR; general and administrative expenses reductions; market operations; status of Medium-term Management Plan progress in the retail business and for strengthening regional fund circulation and regional relationship functions; status of ESG management-related indicator progress; customer-oriented initiatives, etc.

Number of persons compensated, compensation, etc., for each officer category (FY2023/3)

(Millions of yen)

Category	Number of persons compensated	Compensation, etc.	Compensation, etc.			
			Base compensation	Performance-linked stock compensation	Retirement benefit	Other
Directors	12	115	115	–	–	–
Executive Officers	30	746	653	90	–	2
Total	42	862	769	90	–	2

Notes: 1. The figures for compensation, etc., are rounded down to the nearest million yen.

2. If a person holds concurrent positions as Director and Executive Officer, we do not pay compensation for services as Director to such person.

3. Number of Directors compensated excludes one Director without pay.

4. Includes compensation paid to two Directors and four Executive Officers who retired during the fiscal year under review and one Executive Officer who resigned at the end of the fiscal year under review.

5. Performance-linked stock compensation above represents the amount accounted for as expense during the fiscal year ended March 31, 2023.

6. Although the retirement benefits program to Executive Officers was abolished in June 2013, retirement benefits will be paid upon retirement to Executive Officers who have remained in their positions since then, for their terms of office up to the day of the abolishment of the system.

Cross-shareholdings

JAPAN POST BANK does not hold listed shares as cross-shareholdings.