

2023

ANNUAL REPORT

Year ended March 31, 2023

PURPOSE

We aim for the happiness of customers and employees, and will contribute to the development of society and the region.

(The Management Philosophy of JAPAN POST GROUP)

MANAGEMENT PHILOSOPHY

We aim to become “the most accessible and trustworthy bank in Japan,” guided by the needs and expectations of our customers.

TRUST

We comply with laws, regulations, and other standards of behavior and value trusted relationships with customers, markets, shareholders, and employees and consistently serve as a responsible corporate citizen.

INNOVATION

We work sincerely to improve our management and business operations in response to requests from customers and changes in the business environment.

EFFICIENCY

We pursue improvements in speed and efficiency of our management and business operations in order to provide customer-oriented financial instruments and services.

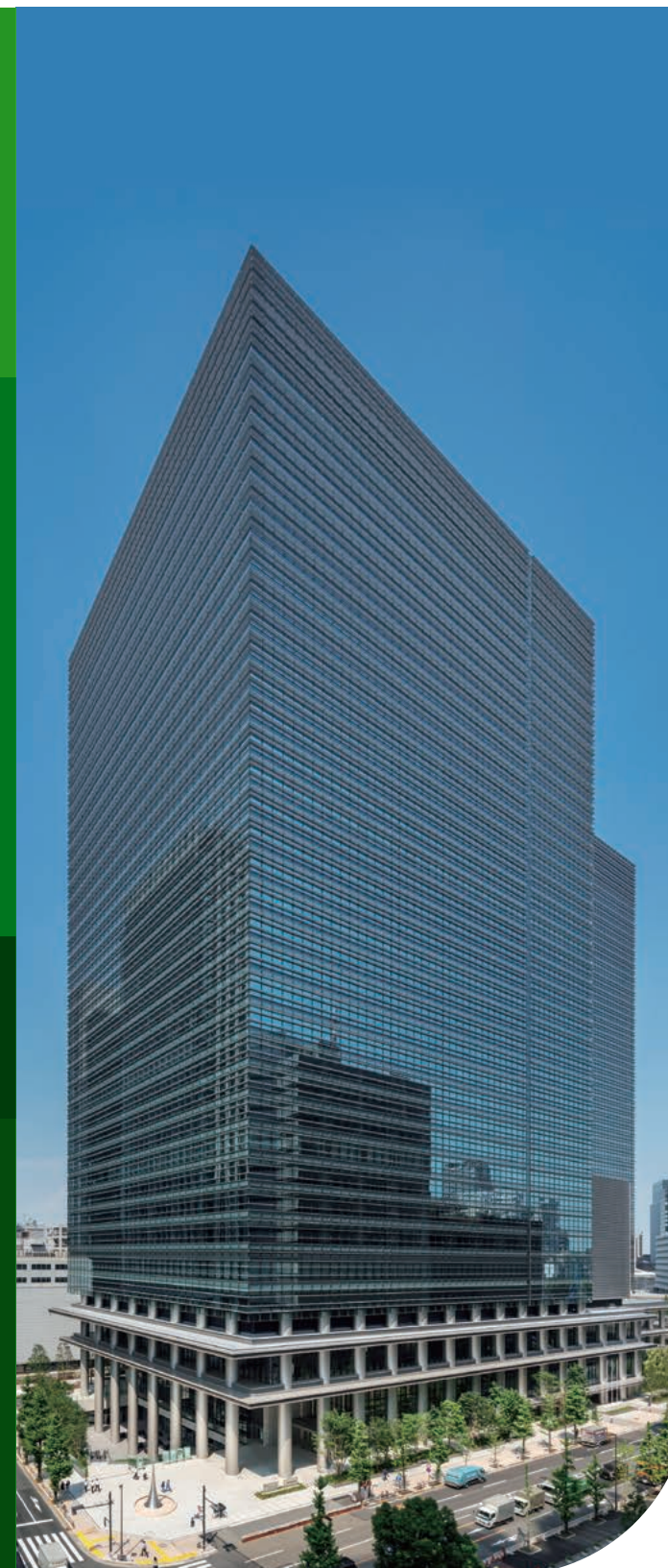
EXPERTISE

We continually strive to strengthen our expertise for the aim of services meeting the expectations of our customers.

MISSION

- || Providing “reliable and thorough” financial services “safely and securely” to anyone and everyone throughout Japan.
- || Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, communities using various frameworks.
- || As one of the largest institutional investors in Japan, JAPAN POST BANK will work to both realize sound and profitable operations, and contribute to the realization of a sustainable society.

Realizing both the enhancement of corporate value, and contributing to the solution of social issues such as SDGs (ESG management)



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Referenced Guidelines

- International Integrated Reporting Framework, IFRS Foundation
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry

Editorial Policy

To foster a deeper understanding of JAPAN POST BANK's corporate value among shareholders, investors and stakeholders, for this Annual Report we produced an integrated report that offers extensive information on management strategy and environmental, social and governance (ESG) as well as financial information.

Target Period

Operating performance for the fiscal period from April 1, 2022 to March 31, 2023. The report also includes some activities outside this period.

This report is not a solicitation for the shares or other securities of the JAPAN POST GROUP. Furthermore, this report contains forward-looking statements, such as the Bank's forecasts and targets. These statements were written according to the Bank's judgment based on information available, forecasts, and assumptions made at the time when the report was created; they therefore encompass risks and uncertainties, and are not a guarantee of future results. You should bear in mind that actual business results may differ from those described in this report, because they are subject to a wide range of risks and factors such as changes in the assumed conditions relating to the business environment, economic and business trends, changes in laws and regulations, the occurrence of major disasters, fluctuations in the value of assets held by the Bank, and the impact of rumor and hearsay. The Bank undertakes no obligation to publicly update or revise any forward-looking statements in light of new information or future events. All finance-related figures and percentages in this report are rounded down for presentation, and therefore the totals may not be equal to the sum of the presented figures. The figures and percentages are information as of March 31, 2023, unless separately noted. Unless the context states otherwise, references in this report to “we,” “us,” “our,” the “Bank” or similar terms are to JAPAN POST BANK. Unless otherwise individually noted, this integrated report contains non-consolidated numerical values.

Message from the President

Evolving our business model to become a unique bank that is indispensable to the community



Norihiro Ikeda
 Director, President and Representative Executive Officer
 JAPAN POST BANK Co., Ltd.

Our vision

Perhaps because of my regional bank background, I am often told that “JAPAN POST BANK’s Ikeda has a deep commitment to the community.” Despite this great honor, I recognize that aspirations and passion alone will not make our community prosper. In order to fully contribute to the local community, I believe that the Bank must establish its own business model and implement innovative strategies as a private company. With that in mind, I would like to share with you my true thoughts in this year’s Annual Report.

In FY2023/3, the Bank initiated steps to launch the new corporate Σ business as a third growth engine following its retail and market businesses. Accordingly, we are now in a position to outline details of our overall business model and growth strategy that are expected to support the continuous improvement of our corporate value. I recognize that the Bank has encountered difficulties in providing its stakeholders with a convincing explanation of its aspirations and direction. With the addition of the new Σ business, I believe these difficulties have been addressed.

Recognizing that our mainstay banking business and approach to the local community were the two factors that drove our decision to privatize, I have worked diligently to identify our overarching vision. I am also acutely aware that stakeholders expect us to differ from other private banks and play a unique role that complements the financial functions of Japan. This basic understanding underpinned the establishment of the Σ business as a new undertaking. In this instance, I will explain why the Σ business is critical to the Bank’s development while elaborating on the background that led to its launch.

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 1st Engine: Retail Business



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 2nd Engine: Market Business

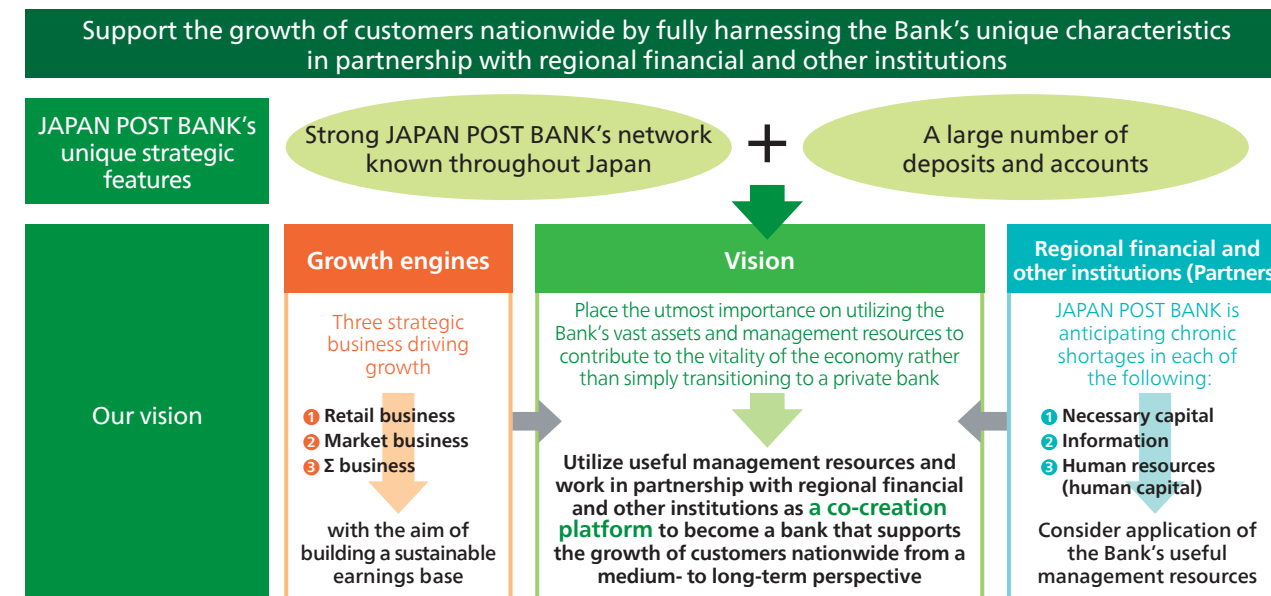


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 3rd Engine: Σ Business (Regional Vitalization)



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 Business Model

Our vision



New corporate business challenges that extend beyond the banking sector

Since its privatization in 2007, JAPAN POST BANK has promoted a paradigm shift in its market management, moving away from its dependence on investment in Japanese government bonds. As a result, the percentage of such risk assets as foreign corporate bonds in the investment grade area in the Bank’s portfolio has been expanding. The balance of risk assets in the strategic investments area, including private equity funds and real estate funds has also increased in recent years. Meanwhile, the balance of such assets as deposits due from banks stood at ¥68 trillion as of the end of March 2023. The issue at hand is how to shift these funds to investment products, while keeping an eye on future changes in the Bank of Japan’s monetary policy. If we continue to expand our risk assets, including foreign securities, the risk of fluctuation in overseas financial markets will increase. Based on the aforementioned, it is imperative that we manage this risk appropriately while diversifying the assets in which we invest. At the same time, we must expand profits from domestic operations to ensure stable profits. Having said this, simply expecting a change in domestic monetary policy and once again focusing on investments in Japanese government bonds is inconsistent with the purpose of privatization.

Message from the President

After careful deliberation on how to increase our investments, loans, and performing assets, we decided to avoid the already saturated loan and credit markets and to become a pioneer of the equity business, a niche sector in Japan.

We provide funds to businesses that contribute to society's development while taking risks together with partners whose philosophy is to create new value and serve society.

As a bank that is restricted in its business by regulations that other financial institutions do not face, we believe this is an effective way to expand our assets under management. For that reason, we decided to take on the challenge of a new corporate-banking business that goes beyond the traditional one.

Producing "sleeping businesses" in the community

Most Japanese financial institutions focus on the safety and growth potential of their investments. While acknowledging this trend in Japan's financial sector, it is important to recognize the significance of expanding opportunities for entrepreneurs to raise funds. In light of the aforementioned, I recognize the critical need to create an environment in which many unicorn companies can emerge in Japan.

Over the nearly six years since the Bank entered the private equity investment market, I gained considerable experience through actual investment activities. One thing that I have come to realize is that a large number of the sponsor companies that boldly take risks and provide equity capital in Japan are owner-operated funds. In my mind, the thought of us breaking this barrier as a unique bank has become increasingly pronounced each passing year.

In metropolitan areas where the fund business is well developed, it is relatively easy for entrepreneurs and business operators to raise funds because there are many investors and risks can be shared. On the other hand, in rural areas, business operators are forced to rely on loans from banks when procuring funds. Regional financial institutions tend to take a cautious approach to lending so that they do not necessarily meet the growing capital needs of start-up companies.

Having witnessed these situations, I continually explored the possibility of businesses that could combine the loans from regional financial institutions with the Bank's equity funds. If we can produce the "sleeping businesses" in this manner, we will not only support the growth of many businesses, including start-ups, but also create new profits.

I assume there are many operators in each region that are unable to grow their businesses due to difficulties in the procurement of finance. In light of these circumstances, the Bank's participation as a new provider of funds, in cooperation with regional financial institutions, will undoubtedly lead to the revitalization of rural areas. The crux of the launch of the Σ business therefore lies in efforts to uncover as-yet-unknown businesses and to provide equity funds and support them through collaboration.

The whole Bank initiating steps toward a common goal

During the discussion of launching the Σ business, there were concerns within the Bank, questioning why JAPAN POST BANK would enter the niche business of providing equity funds to the domestic market in earnest. There was a deep-seated latent desire that the Bank should continue its existing path and play it safe, rather than make drastic changes to its business model. However, I was convinced that if we continue taking this safe path, the Bank would gradually be abandoned by society in 10 or 20 years. So, the first step was to gain sympathy within the Bank and to be on the same page that the " Σ business" is essential to our future.

To persuade these doubters, one initiative was a SWOT analysis. A SWOT analysis helped highlight the Bank's strengths (S): a nationwide information gathering network; weaknesses (W): limited ability to extend credit, mainly securities; opportunities (O): in niche businesses against the backdrop of a low interest rate environment followed by a prolonged period of deflation; and threats (T): market competition with regional financial institutions, low domestic interest rates, and new entry into the financial business from companies of other industries.

Applying this analysis to our growth scenario, we will leverage our nationwide information gathering network to identify business opportunities in niche markets and create value in cooperation with regional financial institutions. Through these means, we will improve our ability to examine credit. In this sense, the Σ business is the principal growth engine that JAPAN POST BANK needs, and is not an out-of-the-box initiative.

These thoughts and my volition are summarized in the publication, "Commitment to the Σ business", released in May 2022. We also produced "the Σ business Booklet" to instill the significance of this business in our employees. During this process, we are coming to see the gradual change of mindsets throughout the Bank, and to our delight, we are starting to reach a stage of the Bank uniting behind the Σ business banner.

Moreover, we are obtaining the understanding and support of the Σ business from the Bank's outside directors, who provide an objective perspective and possess specialized expertise. Also, reactions outside the Bank, which was our main concern, turned out to be positive and supportive.

The condition to start the Σ business is now in place and we've reached the point of just keep moving forward.

Overcoming challenges and making the Σ business a success

The biggest challenge we are facing is our lack of experience in venture investment in Japan. As a matter of course, the lack of experience is a common impediment that all companies face when developing new businesses. Only after overcoming this challenge, will we achieve growth. To address any difficulties, we start by working with investment firms and funds to steadily accumulate experience. If we compare the Σ business to a marine vessel, these investment firms and funds serve as a screw that propels forward movement. If we can attract other business operators and achieve our goals, the Bank will naturally gain investment experience and our investment skills will become more sophisticated.

At the same time, we will provide more and more opportunities for young employees to gain real investment experience and develop investment professionals. Of course, generating profits requires a certain amount of time. We see this as an up-front investment and for the most the price of admission. As far as the promotion of human capital management is concerned, we eagerly plan to undertake investments. Against this backdrop, we must significantly improve our ability to gather information from our branches and other local business locations. The Σ business will start by uncovering (sourcing) businesses that lie dormant in each region. For this reason, we recognize the need to remain finely attuned and sensitive to business operator information hidden in each region, collaborating with regional financial and other institutions. Our goal then is to develop this on a national scale and make the most of this competitive advantage.

I am convinced that if we overcome the aforementioned challenges, the Σ business will steadily expand. In any case, we will widen the scope of our activities and increase our support of business operators who possess unique concepts, ambition, and passion. As a result, we can build a large portfolio. We will adopt a challenging approach to attract entrepreneurs and secure success through the Σ business that breaks the barriers of outdated ways.

In addition, we plan to upgrade and expand our support from a marketing perspective by encouraging business operators to utilize our co-creation platform, which includes our branch network.

Assuming that the private equity market in Japan will grow to the level of Europe and the United States, we recognize the need to accumulate our Σ business assets up to ¥1 trillion in the future. I strongly believe that only with this scale of funding can we make a significant contribution to the development of society and the region, which we have identified as our purpose (raison d'être).

Strengthening human capital and reforming the Bank's organizational culture

As previously mentioned, it is vital that the Bank further invest in human capital if it is to realize its vision. Diversity management is becoming especially important in this context. As the structure of society changes, people's lifestyles vary significantly and their needs for financial services also diversify. As a financial institution that has maintained a nationwide financial infrastructure since its establishment in 1875, no single region has a disproportionate hold over the makeup of the Bank's total workforce. At the same time, JAPAN POST BANK boasts a high percentage of female employees, which is a bedrock of diversity. Looking ahead, I recognize the important need to put in place an environment in which the Bank's diverse human resources can play an active role and demonstrate leadership. In the context of this diversity, we will work to realize a multi-faceted and sustainable society

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Human capital
management



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Diversity Management

Message from the President

by providing services tailored to the attributes of each region. This in turn will lead to the creation of new value, social change, and innovation.

Based on this understanding, we will help put in place an environment that embraces diverse attributes and sensitivities. At the same time, we will make the Bank a place where each and every employee can work autonomously and independently, develop his or her career, and experience a sense of wellbeing. In recent years, we have fostered a culture in which employees themselves voluntarily support the next generation of employees. I am pleased to see that dialogue, through various means, including online seminars for employees on childcare leave and the introduction of role models for working mothers and fathers in the Bank's internal newsletter, has led to the reform of the Bank's culture and awareness, which is the foundation of Diversity, Equity & Inclusion (DE&I). As far as the empowerment of women is concerned, despite receiving high praise from sources outside the Bank, the percentage of women in managerial positions is still only 17.5% (as of April 1, 2023). Given the Bank's female employee ratio, we aim to bring the percentage of women in managerial positions to at least 20% by April 1, 2026, and more than 30% going forward. Building on these endeavors, we will work to ensure and pursue fairness, also recognizing the structural challenges of our society.

JAPAN POST BANK is now working vigorously to reform its organizational culture. On this matter, I feel that the Bank must address such issues as vertical blockages and departmental walls. The key to resolving each of these issues is to promptly share information. As part of this effort, the Bank's management team shares and confirms customer complaints, opinions submitted through the President's Direct-line Opinion Box, and information from other Group companies on a weekly basis. Through these and other means, the Bank has put in place a rapid response system. While these steady efforts have improved communication between the Bank's regional offices and headquarters, we are now facing the difficult task of breaking down the barriers that impede constructive communication within our head office. The practice of exchanging thick documents containing large volumes of information is also a detriment to substantive discussions. Here, I will take the lead in implementing a full-fledged reform of the Bank's corporate culture by resolving each of these issues.

Meanwhile, various employees appear in this Annual Report showcasing their duties and work. I am confident this will illustrate the diversity of the Bank's human resources.

JAPAN POST BANK's responsibility is to support the environment, which is the foundation of people's lives

Revisiting the Bank's *raison d'être* of aiming for the happiness of our customers and employees, and contributing to the development of society and the region, we have identified four materialities, or key issues that JAPAN POST BANK needs to prioritize, based on its strengths and business characteristics, management philosophy, and business activities. With this in mind, we make daily efforts through our business activities to reduce environmental impact, which is one of the materialities, in a bid to solve the problem of climate change. As part of these endeavors, we announced details of the JAPAN POST BANK Net Zero GHG Emissions Declaration, with 2050 as our target, in March 2022.

For JAPAN POST BANK, which has offices all over Japan and many customers ranging from small children to the elderly, climate change is an important issue that shakes it to the foundation. Joining with customers and society, all of the Bank's officers and employees will think about various sustainability issues from their respective positions and work tenaciously on how to reduce the Bank's and the world's GHG emissions, to mitigate the impacts of climate change, and identify what can be done through business activities to address climate change.

Increasing the sophistication of corporate governance in the leadup to full privatization

JAPAN POST HOLDINGS Co., Ltd., JAPAN POST BANK's parent company, recently conducted an offering and sale of the Bank's stock. As a result, the stake of the Bank's shares held by JAPAN POST HOLDINGS, which was approximately 89% before the offering, was approximately 60.6% after the offering (as of the end of March 2023). With this initiative, the Bank is one step closer to full privatization.



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Yucho Life in-house
WEB newsletter

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Communication with
Customers

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President's Direct-line
Opinion Box

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Materiality

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Environment:
Metrics and Targets

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Concerning the JAPAN
POST GROUP Agreement

Currently, JAPAN POST BANK is working actively to further strengthen governance as required by the Tokyo Stock Exchange's Prime Market, on which the Bank is listed. To that end, the Bank established the Risk Committee that serves as an advisory body to the Board of Directors in FY2023/3. This committee is responsible for deliberating on the risks associated with market operations and IT systems, including cybersecurity. Moreover, the Bank is reviewing operations of the Board of Directors in order to activate strategic discussions.

In May 2023, the Bank's operating systems were extensively upgraded for the first time in approximately 10 years. For this major system renewal, a Bank-wide promotion meeting was set up under the direct control of top management, with renewal work proceeding as a Bank-wide project with advice from a third-party organization. The Board of Directors and Risk Committee have also identified relevant risks and taken appropriate countermeasures, while obtaining drawing on the objective opinions and specialized expertise of outside directors and others. As a result, there were no major issues and we have taken positive steps to upgrade the operating systems that will support the Bank in the future. Taking the aforementioned into consideration, we believe that the smooth progress of such an important project is proof of our efforts to upgrade our governance structure.

Looking ahead, we will continue to build a sophisticated corporate governance system befitting a bank listed on the Prime Market.

Pursuing a unique business model

Consolidated net income for FY2023/3 came in at ¥325 billion, down ¥30 billion compared with the previous fiscal year, when net income hit a record high since the Bank was publicly listed. Despite this downturn, results exceeded the full fiscal year forecast, with an achievement rate of 101.5%. Regrettably, the Bank's price book-value ratio (PBR) is currently below 1x. I believe that one reason for this is that investors have doubts about the Bank's growth potential, future prospects, and profitability. That is why, in my message this year, I have tried to explain the growth story of the Bank's efforts to generate sustainable profit in a way that is easy to understand. JAPAN POST BANK's business is subject to regulations that do not apply to other financial institutions. Nevertheless, I do not see these regulations as subjecting the Bank to follow a narrow path. Quite the contrary, these regulations give us the ability to look at new niche markets and opening up opportunities in new fields. I am convinced that the way forward is to consider finance from a broader perspective and pursue a unique business model rather than remain fixed in a traditional banking business model.

Moving forward, we will continue to reflect on the significance of our purpose, namely our aim for the happiness of customers and employees and efforts to contribute to the development of society and the region. Based also on our management philosophy of becoming the most accessible and trustworthy bank in Japan guided by the needs and expectations of our customers, we will work to become a unique bank that is indispensable to the community and essential among financial institutions.



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Committee Overview

P8
Financial and
Capital Strategies



P12
A Story of Value Creation

Financial and Capital Strategies



We will enhance our corporate value by sustainably expanding returns while keeping capital (equity) efficiency in mind, based on the premise of securing sufficient financial soundness.

Harumi Yano
Executive Vice President

FY2023/3 Results

Consolidated net income for FY2023/3 came in at ¥325 billion, down ¥30 billion compared with the previous fiscal year, when net income hit a record high since the Bank was publicly listed. Despite this downturn, results exceeded the full fiscal year forecast, with an achievement rate of 101.5%.

While foreign currency funding costs related to investments in foreign securities increased due to rising interest rates in the U.S. and Europe, gains on such strategic investment areas as private equity funds that invest in the private equities of companies with growth potential as well as net fees and commissions steadily increased. This in turn led to profits exceeding forecasts.

Turning to the return of profits to shareholders for FY2023/3, JAPAN POST BANK has set its dividend at ¥50

per share. This is in line with plans and reflects achievement of the Bank's full-year earnings forecast. As a result, the dividend payout ratio comes in at 57.5%.

FY2023/3 was the second year of our five-year Medium-term Management Plan. Drawing on results to date, I am confident that the plan is progressing well.

In fiscal 2024/3, the third year of the Medium-term Management Plan, we will strive to steadily secure profits in our market operations, which form the largest source of earnings, in an extremely uncertain market environment. At the same time, we will focus on further strengthening the retail business and building a foundation for the Σ business, which we consider a new growth engine, to establish a highly stable and solid business base.

Working to enhance our corporate value and increase ROE and PBR over the long term, centered on our three business engines

We recognize that the Bank's current PBR (Price Book-value Ratio), which is hovering at approximately 0.4x, is a major challenge for management. Moving forward, JAPAN POST BANK will increase ROE, and in turn PBR, by expanding returns while keeping capital efficiency in mind, based on the premise of securing sufficient financial soundness. As the conduits for these endeavors, we will draw on the three engines. In specific terms, we will reform the retail business, further strengthen market operations, and launch the Σ business.

Currently, the external environment in which JAPAN POST BANK operates remains unstable. Despite this instability, there are signs of a positive nature. This includes an upswing in yen interest rates, and the waning impact of infectious diseases on the retail

business. In light of these circumstances, we will take full advantage of the three engines advocated by the Bank, and will work vigorously to promote efforts aimed at strengthening our earnings power and the establishment of new sources of earnings in FY2024/3.

Of the three engines, I will comment later on the Bank's market operations, which are the main driver of earnings. To begin with, I would like to elaborate on our efforts in the retail and Σ businesses.

As far as steps taken to reform the retail business are concerned, steady progress has been made. For example, net fees and commissions increased approximately ¥40 billion over the five-year period from FY2019/3 to FY2023/3 owing largely to growth in commission revenue from ATMs and cashless services.

JAPAN POST BANK's policy is to expand net fees and commissions by realizing complementarity between the physical and digital through retail business innovation. Looking ahead, we will accordingly work to secure revenue sources that extend beyond traditional banking operations, including advertising commissions and brokerage fees, through our new co-creation platform strategy. Moreover, we will make improvements from an efficiency perspective which we believe will help reduce expenses and enhance profitability. In specific terms, we are promoting the installation of terminals that enable self-processing by customers in our directly managed branches and the digitization of administrative work. In addition, service counters, which mainly handle procedures for deposits and remittances, and the liaison departments, which largely sell financial products, at directly managed branches were integrated this fiscal year. This initiative is designed to improve the Bank's structure thereby allowing it to more flexibly promote

the retail business. As a result of these efforts, JAPAN POST BANK's OHR for FY2023/3 steadily improved to 67.15%. The Bank has also reduced general and administrative expenses by ¥84.5 billion compared with levels recorded in FY2021/3. In this way, we will promote operational efficiency and reduce general and administrative expenses, while shifting human resources to such enhancement areas as the Corporate Sales Division, which will drive the new corporate banking Σ business, and strengthening investments in priority areas, including strategic IT investments.

The Σ business is positioned as a new pillar of growth for the Bank as a corporate banking business unique to JAPAN POST BANK. It is launched based on the Bank's superior management resources, including its financial strength, human resources, and information. For this reason, we see the pilot period up to September 2024 as critical in the leadup to monetization.

Promoting a capital policy that balances shareholder returns, financial soundness, and growth investments

JAPAN POST BANK will continue to adopt the basic approach of promoting balance between efforts to strengthen shareholder returns and engaging in growth investments, based on the premise of ensuring financial soundness.

While identifying as a domestic standard bank, we manage our capital in line with the criteria of large-scale financial institutions in Japan, taking into consideration such factors as the size of our overseas credit portfolio from the perspective of ensuring financial soundness. Based on this understanding, we have set a common equity tier1 (CET1) capital ratio (based on uniform international standards, excluding unrealized gains on

available-for-sale securities) of approximately 10% as the minimum level to be secured in ordinary times, in addition to a capital adequacy ratio (domestic standard) of approximately 10% under our current Medium-term Management Plan. This CET1 ratio was set by taking the 7.5% obtained by adding together the minimum required CET1 ratio of 4.5% to the capital conversion buffer of 2.5%, and an additional buffer of 0.5% with a view to ensuring the Bank's security against the backdrop of a variety of risk scenarios. As of the end of FY2023/3, JAPAN POST BANK achieved a highly sound capital adequacy ratio (domestic standard) of 15.53% and a CET1 ratio of 14.01%.

Financial targets and performance

	Consolidated Basis	FY2023/3 Performance	FY2024/3 Targets
Profitability	Consolidated net income (attributable to owners of parent)	¥325.0 billion	¥335.0 billion
	ROE (based on shareholders' equity)	3.44%	3.5%
Efficiency	OHR (Basis including gains (losses) on money held in trust)*1	67.15%	67%
	General and administrative expenses (compared with FY2021/3)	¥(84.5) billion	¥(65.0) billion
Soundness	Capital adequacy ratio (Domestic standards)	15.53%	Approx. 10% Minimum levels to be secured in ordinary times
	Common equity tier1 (CET1) capital ratio (international standards)*2	14.01%	Approx. 10% Minimum levels to be secured in ordinary times

*1 Keeping in mind that JAPAN POST BANK manages securities that utilize money held in trust of a considerable scope, we have established an OHR target that includes in the denominator operational profit/loss pertaining to money held in trust. Calculated as general and administrative expenses ÷ (net interest income, etc. + net fees and commissions). Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.).

*2 Excluding unrealized gains on available-for-sale securities.

Financial and Capital Strategies

While the Bank's financial soundness currently exceeds the established level required, its capital adequacy and CET1 ratios are projected to gradually decline up to the end of FY2026/3 owing to such factors as its continued investment in risk assets and the full-scale implementation of the international banking accord, Basel III. In this event, we will conduct stress tests and market analyses while strictly managing our capital adequacy ratio in an appropriate manner to

ensure that the minimum ratio of 10% is maintained.

As far as growth investments are concerned, we have continued to secure human resources and strengthen the structure of market-related departments, including the risk management system since implementing the previous Medium-term Management Plan. Against this backdrop, the balances of risk assets and strategic investment areas have expanded to ¥99.4 trillion and ¥10.1 trillion, respectively, as of the end of FY2023/3.

Working to increase dividends through profit growth based on a dividend payout ratio of approximately 50%

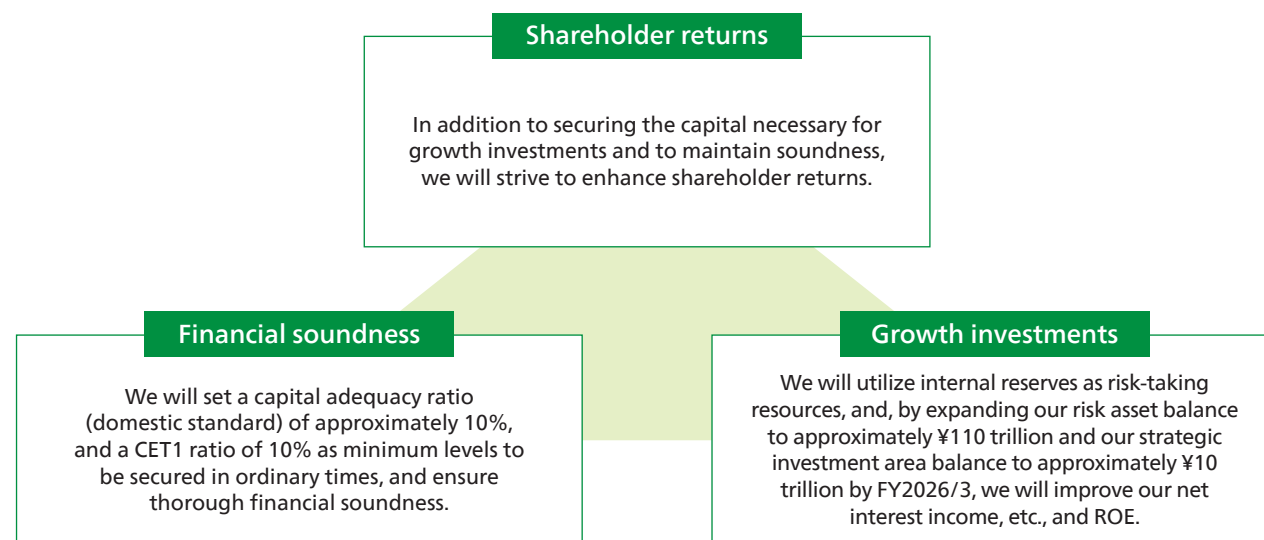
As far as its approach toward the payment of dividends is concerned, JAPAN POST BANK switched from a fixed amount or flat payment method to the dividend payout ratio method with the aim of increasing dividends through profit growth from the start of the current Medium-term Management Plan. Our basic approach is to target a dividend payout ratio of approximately 50%. However, the target dividend payout ratio will be set between 50% and 60% while keeping in mind the stability and sustainability of dividends and we will target increases to dividends per share (DPS) compared to projected dividend levels for FY2022/3. Guided by this dividend policy, and while taking into consideration trends in business performance, we have set the dividend for FY2023/3 at ¥50 per share for a dividend payout

ratio of 57.5%. We also plan to maintain this level and pay a dividend of ¥50 per share for a dividend payout ratio of 54.0% for FY2024/3.

In addition, the Bank purchased a total of ¥150 billion of its own shares between March and April 2023 in a bid to improve capital efficiency, enhance shareholder returns, and mitigate the impact on the supply and demand of its shares attributable to the offer and sale of JAPAN POST BANK stock by JAPAN POST HOLDINGS.

Looking to the future, we will continue to consider additional shareholder return policies, including the repurchase of shares, in light of such factors as future earnings growth, internal reserves, regulatory trends, and the JAPAN POST GROUP's disposal policies.

Basic Capital Policy Thought Process



Working to strengthen earnings in the market business, a mainstay earnings driver, based on appropriate risk management

Prior to privatization, deposits entrusted to the Bank by its customers were mainly invested in Japanese government bonds. Following privatization, we have taken steps to shift to a more diversified portfolio with a higher weight on foreign securities and other risk assets based

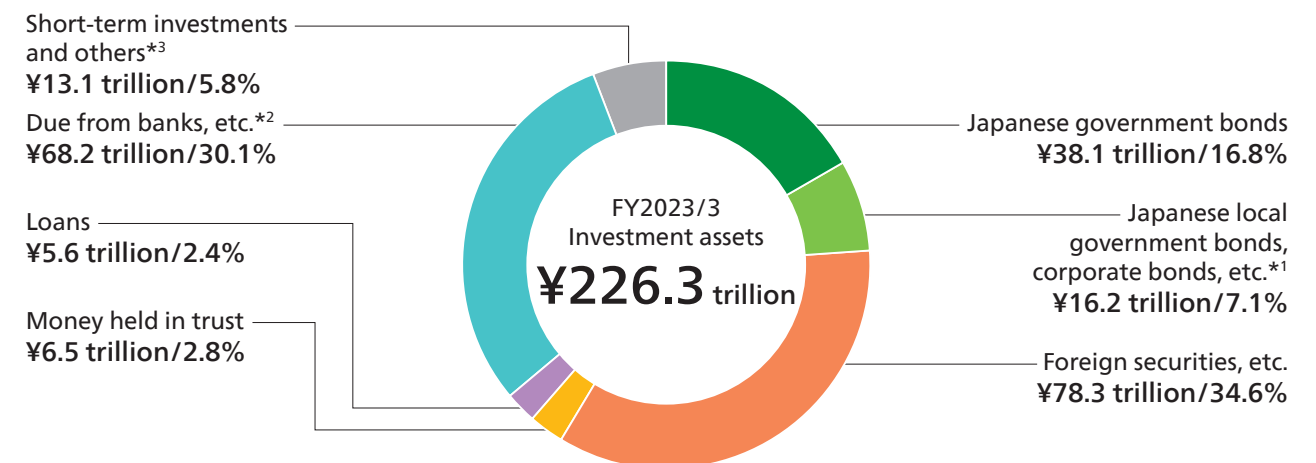
on appropriate risk management in order to enhance profitability. In particular, during the period of the current Medium-term Management Plan, we continue to make selective investments in strategic investment areas, with a focus on private equity and real estate funds.

Moreover, in this fiscal year, we will consider securing opportunities for bond investment revenue, including restructuring yen interest rate risk assets, in response to trends in domestic and foreign interest rates.

In order to expand risk assets while maintaining the Bank's financial soundness, it is vital that we secure the

necessary capital commensurate with that risk, namely internal reserves. Maximizing the use of internal reserves as a risk-taking resource and building up our balance of risk assets during the period of the current Medium-term Management Plan is an essential step toward improving ROE and placing the Bank on its next phase of growth.

Investment assets (non-consolidated)



*1 "Japanese local government bonds, corporate bonds, etc." consists of Japanese local government bonds, short-term corporate bonds, Japanese corporate bonds and Japanese stocks.
 *2 "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.
 *3 "Short-term investments and others" consists of call loans and receivables under resale agreements, etc.

Undertaking sustainability initiatives that lead to increased corporate value

In order for the Bank to expand on a sustainable basis, the sustainable growth of both society and nature is of critical importance. With this in mind, we recognize that ESG management that aims to increase corporate value while addressing social issues, including the SDGs, through business activities are also of the utmost importance.

Cognizant, for example, of the need to provide financial services in order to realize the basic principle of the SDGs of leaving no one behind, JAPAN POST BANK is working to reform its business model by promoting complementarity between the physical and the digital,

including the growth of its digital services, while utilizing its nationwide network of branches. In addition, we are undertaking various ESG-themed investments, including green bonds, to address such environmental issues as climate change and biodiversity.

Moving forward, we will contribute to the realization of a sustainable society by solving a wide range of social issues. At the same time, we will promote sustainability in a bid to achieve sustainable growth while enhancing our corporate value.

Enhancing corporate value through active dialogue with stakeholders

For a bank with a unique business model and strategy that cannot be found in other financial institutions and that provides financial services with the mission of leaving no one behind, we recognize the importance of disclosing information to our shareholders and other stakeholders in a proactive and timely manner to deepen their understanding of the Bank. The insight and observations we gain through dialogue with our stakeholders are invaluable to us.

In addition to briefing sessions for individual investors as well as briefings and interviews with

domestic and foreign institutional investors and analysts, we held various events, including briefing sessions for small groups regarding private equity investments in FY2023/3. Based on these initiatives, we are taking definitive steps to reflect the many valuable opinions received in our management.

Looking ahead, we will continue to focus on IR activities, and with the understanding and support of our stakeholders, will work to take on new business challenges in an effort to achieve sustainable growth and increase our corporate value.

The Purpose of JAPAN POST BANK



Aiming for the happiness of customers and employees, JAPAN POST BANK will contribute to the development of society and the region.



Japan's postal service was founded by Hisoka Maejima roughly 150 years ago.

The origins of the JAPAN POST GROUP lie in supporting its customers and regional communities and in creating a form of social infrastructure that is equitable and accessible by all.

First bankbooks created at birth.

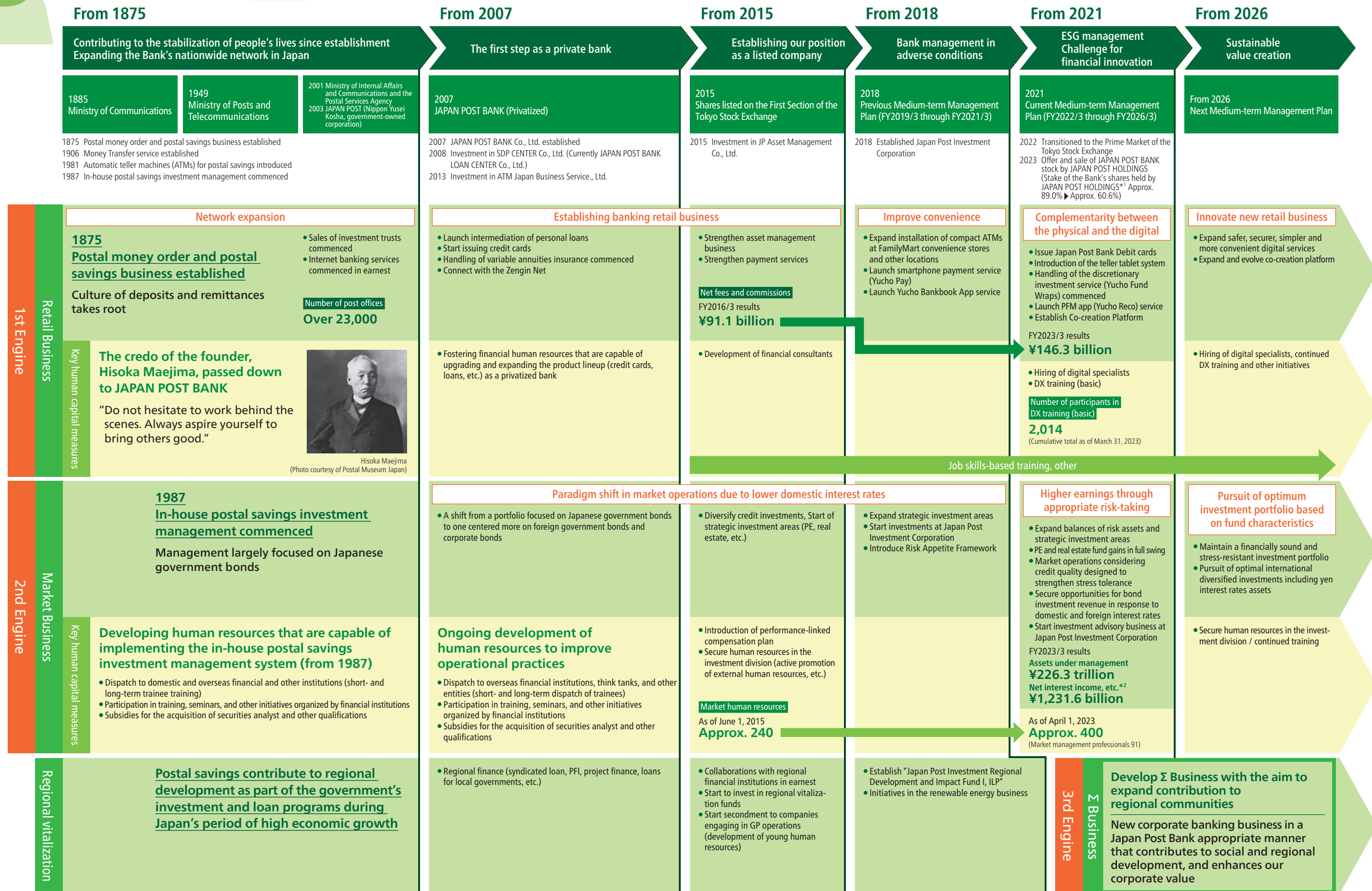
When young children receive a New Year's gift and go to the counter to make a deposit, they learn about the importance of money. Even when they move away from their parental homes and go on to higher education or find employment, they can still receive their living expenses and are impressed when their first salary is remitted to that very same JAPAN POST BANK bankbook. As an indispensable presence in people's lives, we have worked to contribute in a variety of ways, including the change from bankbooks to bankbook apps, increasing ATM and online transactions, and offering consultations not only for deposits but also for investments.

Our services may have moved with the times, but our support for the daily lives of our customers—by means of unique financial services that are equitable and readily accessible to all, everywhere in Japan—has remained constant.

We will continue to support all our customers in Japan by means of physical channels throughout the country and a range of digital products and services.

Moving forward, we welcome your expectations toward the new and unique value that JAPAN POST BANK creates in the near future.

The Path of Value Creation



Hisoka Maejima (Photo courtesy of Postal Museum Japan)

The credo of the founder, Hisoka Maejima, passed down to JAPAN POST BANK
 "Do not hesitate to work behind the scenes. Always aspire yourself to bring others good."

*1 Shareholding ratio is the ratio of the number of shares held by Japan Post Holdings against the aggregate number of issued shares (excluding treasury stock).
 *2 Interest income - Interest expenses (including gains (losses) on sales, etc.) (Consolidated data)

JAPAN POST BANK'S Strengths (Competitive Advantages)

Scale

Overwhelming network of branches and ATMs throughout Japan

As one of the largest financial institutions in Japan, we possess a network of branches and ATMs throughout Japan, giving us an overwhelming advantage in terms of individual customer access.

▶ Total No. of Branches
23,642

Store network branches
As of March 31, 2023

JAPAN POST BANK
23,642

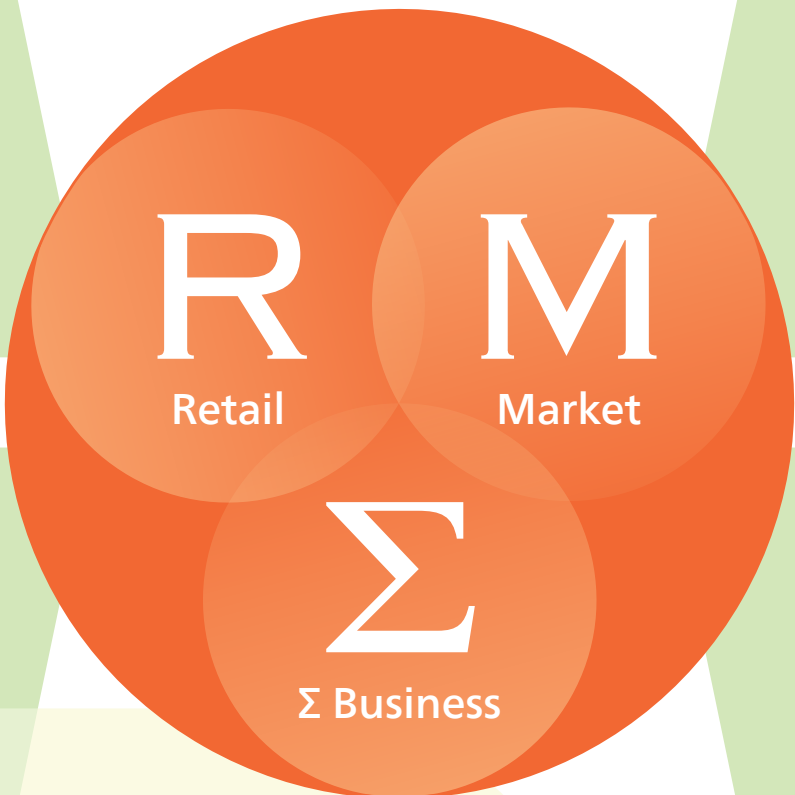
Total across banks nationally
13,488

Source: Japanese Bankers Association HP "National Bank Financial Statement Analysis (National Bank Capital, Number of Stores, Number of Bank Agents, Number of Officers and Employees List)," total domestic head offices and branch offices (as of September 30, 2022)

▶ No. of partner financial institutions able to use ATMs
Approx. 1,250 companies

▶ Total No. of ATMs
31,454

Leveraging the strengths that JAPAN POST BANK possesses, we are actively engaged in the three growth retail, market, and Σ business engines.



Deposit/Capital Bases

Stable deposit/capital bases

Underpinned by resources in forms that include stable personal deposits, JAPAN POST BANK manages huge funds that amount to ¥226.3 trillion and is thus one of the world's leading institutional investors. While maintaining a high level of financial soundness, the Bank promotes internationally diversified investments, such as investing approximately 34% of its assets under management in foreign securities and other financial instruments, while also encouraging increased investment sophistication and diversification.

For more details on the Bank's market business please see [page 32](#).

▶ Deposit balance
¥194.9 trillion

▶ Capital adequacy ratio (domestic standards)
15.53%

▶ Total assets under management
¥226.3 trillion

Diverse Human Resources

Specialized human resources play active roles

To provide safe and secure services to its customers throughout Japan, the Bank conducts a variety of life planning and consulting training programs for asset management consultants who provide customers with product guidance. To expand and upgrade our digital services, we are also hiring digital specialists and conducting basic DX training for all employees in headquarters organizations. In addition to these initiatives, we are actively establishing specialized departments and project teams in areas that include digital services, cybersecurity and data analysis.

In terms of market operations, in addition to appointing market specialists from outside, we are promoting the career development of young employees by dispatching them, for example, to fund GPs and having their training conducted by professionals.

For more details on the Bank's human capital management please see [page 44](#).

▶ Number of human resources dispatched to fund GPs*2
23
(As of April 1, 2023)

▶ Number of participants in DX training (basic)
2,014
(Cumulative total as of March 31, 2023)

▶ Market human resources
406, of whom 91 are market professionals
(As of April 1, 2023)

Trusted Brand

The most accessible bank to anyone and everyone throughout Japan

JAPAN POST BANK ordinary deposit accounts number about 120 million, roughly equivalent to the entire population of Japan. The balance of deposits entrusted to us by our customers amounts to ¥194.9 trillion, which is equivalent to the total balance of personal deposits of three major city banks and accounts for about 20% of all individual deposits and savings in Japan.

These figures stand testament to the Bank having connected the DNA of trust from local residents as the most accessible bank in Japan since its founding. We are utilizing the precious deposits entrusted to us for investment and our retail business.

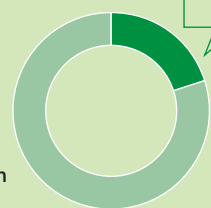
For more details on the Bank's retail business please see [page 28](#).

▶ Number of ordinary deposit accounts

Approx. 120 million

▶ Deposit balance
¥194.9 trillion

Proportion of deposits with JAPAN POST BANK attributable to deposits and savings with the household financing division (estimate)



Share
Approx.
20%*

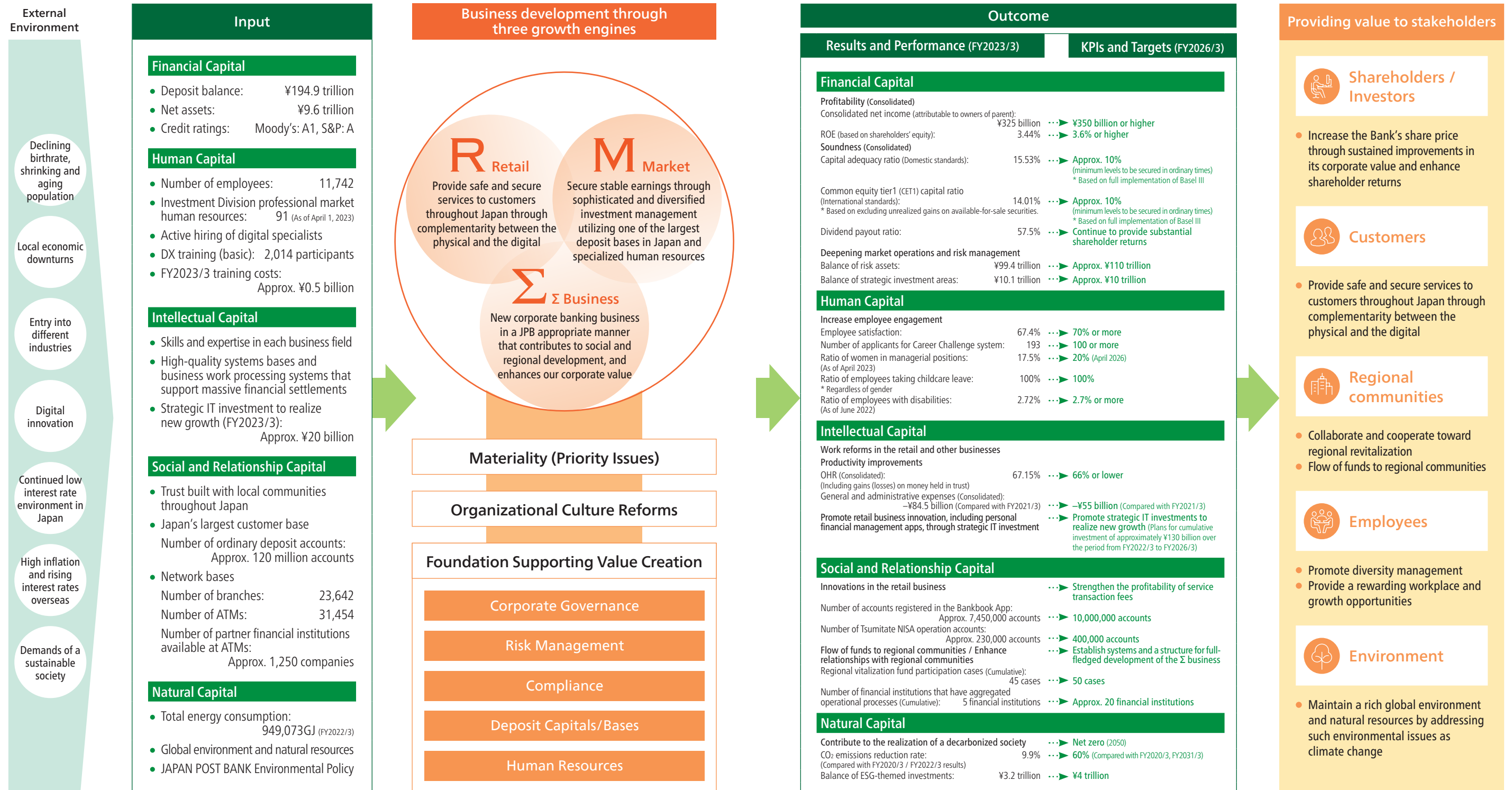


*1 This figure represents JAPAN POST BANK personal deposits divided by the total amount of household deposits in the Bank of Japan "funding circulation statistics" (as of Dec. 31, 2022).

*2 Abbreviation of General Partner. A fund operator that selects investee companies and makes investment decisions.

JAPAN POST BANK's Value Creation Process

Purpose: "We aim for the happiness of customers and employees, and will contribute to the development of society and the region"



Driven by its three growth engines, JAPAN POST BANK is committed to enhancing its corporate value through a virtuous cycle in which working capital is strengthened and expanded while serving as a resource for the next stage of value creation.

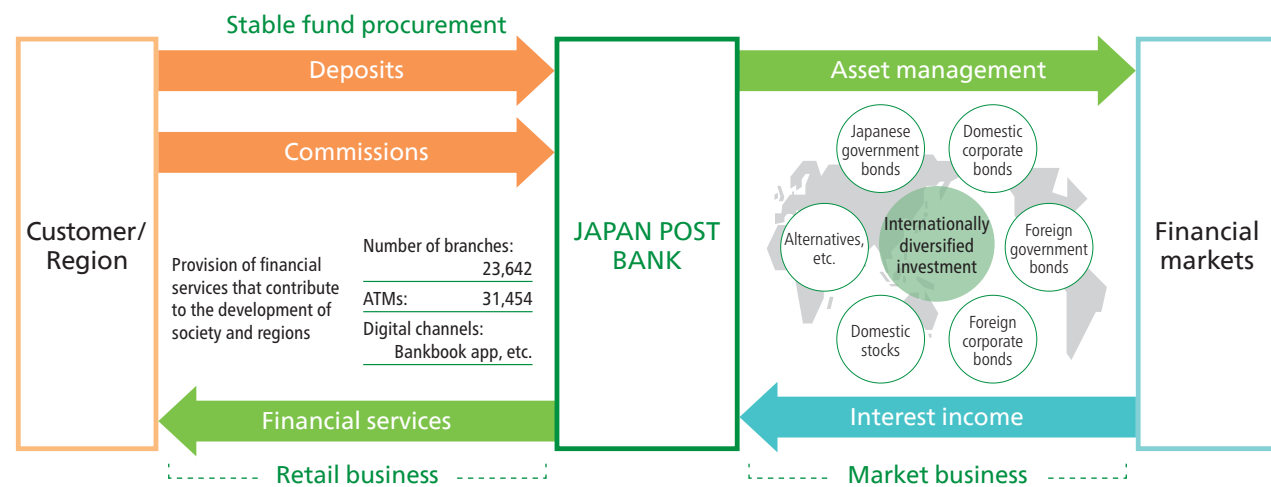
<p>Financial Capital</p> <p>Achieve both growth and returns to shareholders by building a robust financial foundation, and providing capital reserves that enable flexible investment and high capital efficiency.</p>	<p>Human and Intellectual Capital</p> <p>Drive all aspects of value creation through the active efforts of a diverse workforce of highly specialized professionals</p>	<p>Social and Relationship Capital</p> <p>Foster relationships of trust over many years and a nationwide customer base network / Continuously create value based on relationships built with each stakeholder</p>	<p>Natural Capital</p> <p>Contribute to the conservation of the global environment by reducing environmental impact through the appropriate management of energy consumption in offices and data centers</p>
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Business Model

JAPAN POST BANK operates a retail business that provides deposits, remittance settlement, asset building support, and other services to its nationwide customer base of approximately 120 million individuals through its network of post offices and other facilities. We also operate a market business in which we invest the deposits received in securities and other investments into domestic and international financial markets.

In addition to the “retail and market businesses”, we will tackle the challenge of “new corporate banking business through investments with the launch of the Σ business” as a third new engine for growth.

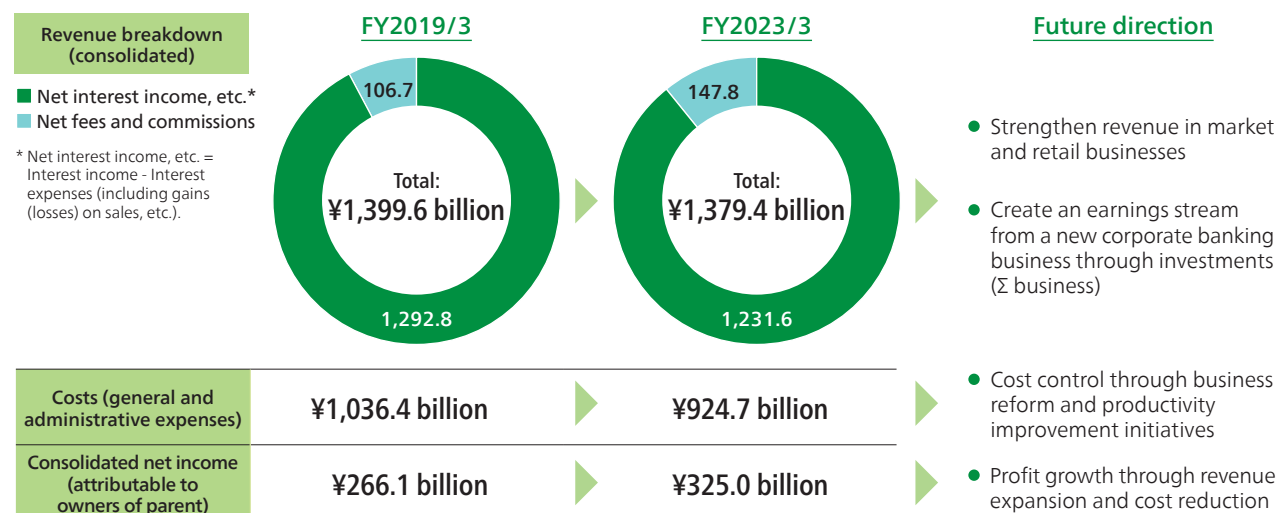
Due to legal restrictions, the Bank does not currently provide negotiated loans to corporations.



Business	Primary businesses
Retail business	Financial services such as deposits, remittance/payment, salary/pension receipt, asset management, cashless services, and mortgage (intermediary)
Market business	Investment of deposits into securities and other investments in domestic and foreign financial markets
A new corporate banking business, in JPB-appropriate manner Σ business	Provision of capital funds to regional companies, deal sourcing for investee companies, marketing support for investee companies, etc.

Profit structure for the Bank

The main driver of a majority of the revenues the Bank generates, including net interest income, etc., is the market business. In recent years, however, net fees and commissions which are income from fees have also expanded, primarily from the retail business. Looking ahead, we will continue our efforts to strengthen earnings in the market business, while also aiming for profit growth by expanding earnings in the retail and Σ businesses, which are less susceptible to the financial market environment, and by controlling costs through operational reforms and other measures.



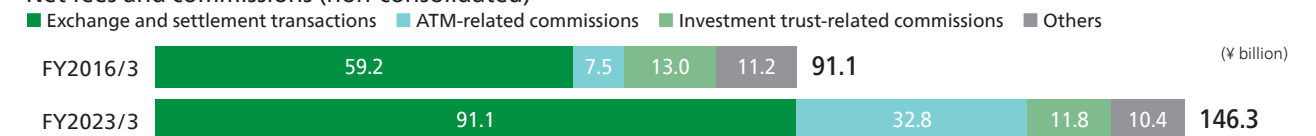
The challenges of business model sophistication

CHALLENGE 1 Strengthening the retail business

Details on P. 28

The transformation of our retail business is a challenge we are undertaking by leveraging our strong customer base and network, a forte of the Bank, and by taking a complementary approach to our physical and digital businesses. Steady progress is being made to improving profitability by expanding digital and cashless services and enhancing initiatives in the asset building support business and ATM business.

Net fees and commissions (non-consolidated)

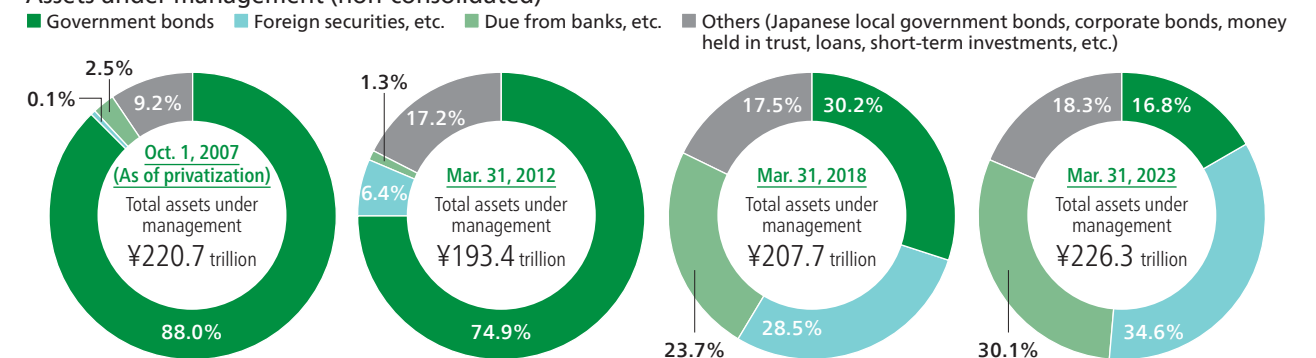


CHALLENGE 2 Transformation of asset management portfolio

Details on P. 32

Prior to privatization, the Bank had invested mainly in government bonds. After privatization, however, we have been transforming our portfolio of assets under management by, for example, starting to invest in overseas credit assets.

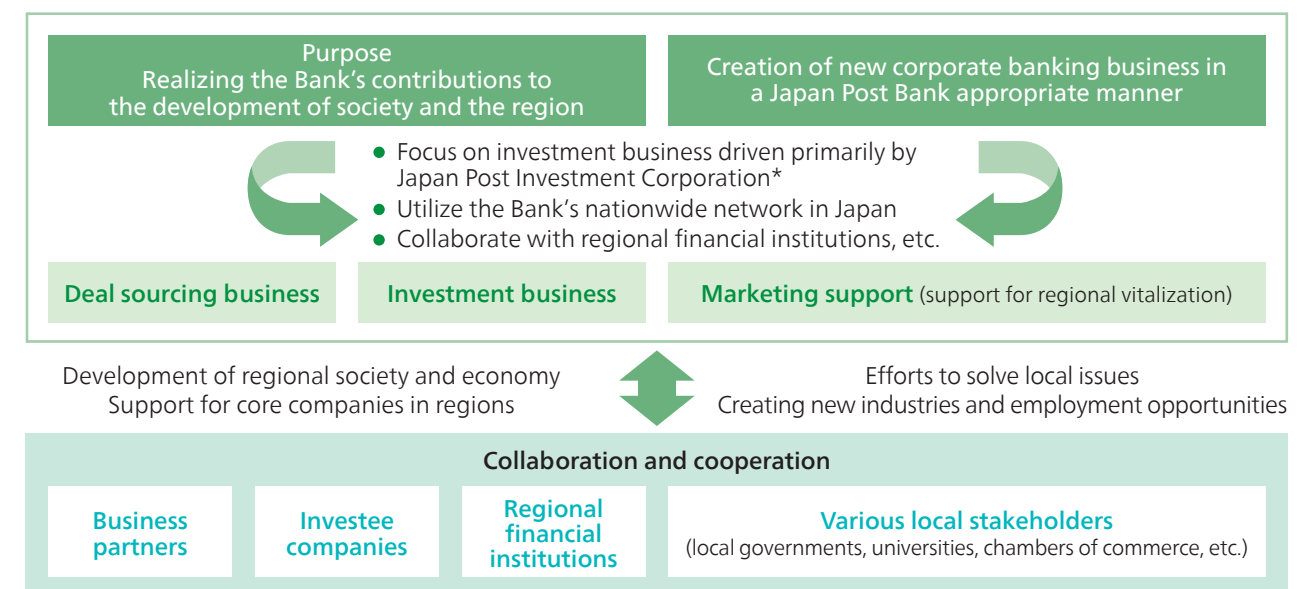
Assets under management (non-consolidated)



CHALLENGE 3 Creation of new business —Σ business—

Details on P. 38

The Σ business is a new corporate banking business through investments (GP Business) in JPB appropriate manner. We will contribute to the development of society and Japan’s regional areas by providing equity funds to regional companies, and by using our unique network and other resources in deal sourcing and by offering marketing support.



* A private equity fund management company established by JAPAN POST BANK and JAPAN POST INSURANCE in February 2018.

JAPAN POST BANK'S Priority Issues (Materiality)

JAPAN POST BANK is promoting measures aimed at solving social issues through its business activities.

In specific terms, this entails engaging in ESG management that links materiality issues to the Bank's management strategies. Meanwhile, the status of activities is regularly discussed and reported to the Sustainability Committee, Executive Committee, and the Board of Directors.

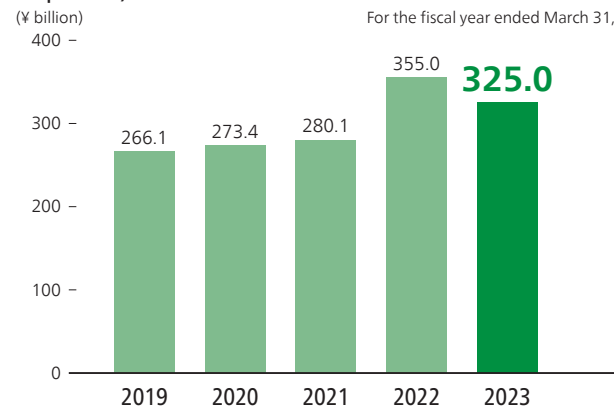
Specific Process	Materiality	Specific Initiatives	Target KPIs (FY2026/3)	Risks and Opportunities	Relevance to the Medium-term Management Plan
<p>STEP 4 Identifying Materiality</p> <p>The Executive Committee and the Board of Directors to analyze suitability and identify four materialities</p> <p>STEP 3 Creating a Materiality Map</p> <p>Create a materiality map by organizing social issues that the bank should address based on the two axes of importance to stakeholders and to the impact of JAPAN POST BANK's business activities.</p> <p style="color: green; text-align: center;">Priority Issues (Materiality) to be addressed in order to realize a sustainable society and create new value</p> <p>STEP 2 Narrowing Down Social Issues to be Addressed</p> <p>Narrow down social issues applicable to the Bank from among those identified taking into consideration a variety of factors, including the Bank's purpose, management philosophy, and business activities as well as the evaluation results of external research agencies and opinions of outside experts.</p> <p>STEP 1 Identifying Social Issues to Consider</p> <p>Comprehensively identify social issues taking into consideration analyses of international circumstances (various international frameworks/standards such as the SDGs), analyses of conditions in Japan (government agencies/financial sector), and support for international initiatives (including the SDGs, TCFD, and GRI, etc.).</p>	<p>Providing "safe and secure" financial services to anyone and everyone throughout Japan</p>	<ul style="list-style-type: none"> Utilizing post offices networks across the country While putting safety and security foremost, we will expand digital services that all customers can readily use Developing an open, "Co-creation Platform" Consulting that closely centers on clients 	<p>Number of accounts registered in the Yucho Bankbook app 10 million accounts</p> <p>Number of Tsumitate NISA Operation Accounts 400 thousand accounts</p>	<p>Risks</p> <ul style="list-style-type: none"> Decrease in transactions due to the declining birthrate, aging population, and inadequate response to changes in DX and customer needs Loss of social credibility due to such factors as cyber-attacks and system failures <p>Opportunities</p> <ul style="list-style-type: none"> Enhancing the Bank's image through differentiation from other banks Increase in the number of users by providing services that are easy for everyone to use Increase in financial needs through financial literacy education 	<p>Key Strategic Point ①</p> <p>Key Strategic Point ②</p> <p>Key Strategic Point ⑤</p>
	<p>Contributing to regional economic expansions</p>	<ul style="list-style-type: none"> Flow of funds to regional communities via various frameworks We will address financial needs suited to the real conditions of each regional community as a "regional financial platform" Enhancing relationship functions of regional communities 	<p>Number of regional vitalization fund contributions (cumulative) 50 cases</p> <p>Number of financial institutions that have implemented the aggregation of operational processes Roughly 20 financial institutions</p>	<p>Risks</p> <ul style="list-style-type: none"> Downturn in the market due to a decrease in the local population Reduced opportunities due to inadequate engagement with local communities <p>Opportunities</p> <ul style="list-style-type: none"> Market expansion through revitalization of the local economy Upswing in opportunities through collaboration with diverse partners and efforts to address local equity needs 	<p>Key Strategic Point ③</p> <p>Key Strategic Point ④</p>
	<p>Reducing environmental impact</p>	<ul style="list-style-type: none"> Enhancing initiatives based on TCFD proposals Advancement of shift to paperless transactions, reductions in CO₂ emissions Advancement of ESG investment 	<p>CO₂ emissions reduction rate 60% <small>(Compared with FY2020/3) (FY2031/3) increased from -46% compared with FY2020/3</small></p> <p>Balance of ESG-themed investments ¥4 trillion</p>	<p>Risks</p> <ul style="list-style-type: none"> Damage to the Bank's assets such as ATMs due to natural disasters, etc., and an increase in the credit risk of investee companies. Decrease in the value of marketable securities of companies held in market operations that have been significantly affected by stricter environmental regulations Decrease in corporate value in the event the response to environmental issues is assessed as inadequate <p>Opportunities</p> <ul style="list-style-type: none"> Enhancement of evaluations of JAPAN POST BANK in capital markets and society through appropriate initiatives and disclosures on environmental issues More opportunities to invest in renewable energy projects and green bonds, etc. 	<p>Key Strategic Point ②</p> <p>Key Strategic Point ④</p>
	<p>Advancement of work style reforms, and sophistication of governance</p>	<ul style="list-style-type: none"> Make work more worthwhile for employees Advancement of diversity management Expand flexible work styles, eliminate harassment Board of directors that balances independence, diversity, and expertise 	<p>Ratio of women in managerial positions 20%*</p> <p>Ratio of employees taking childcare leave 100% <small>(Regardless of gender)</small></p> <p>Ratio of employees with disabilities 2.7% or more</p>	<p>Risks</p> <ul style="list-style-type: none"> Inability to execute management strategies due to lack of human resources, etc. Low morale due to poor employee engagement Loss of social credibility due to such factors as misconduct, compliance violations, and inadequate measures against money laundering/financing of terrorism <p>Opportunities</p> <ul style="list-style-type: none"> Creation of innovation by diverse human resources Organizational revitalization and an increase in corporate value through human capital investment and human capital strategies linked to management strategies Increased productivity through diverse work styles 	<p>Key Strategic Point ⑤</p>

* Goals for achievement by April 2026. (JAPAN POST GROUP targets) Ratio of female managers of 30% at headquarters by April 1, 2031.

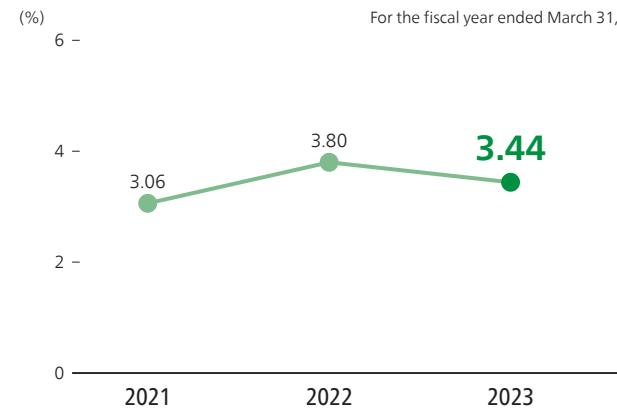
Value Creation (Highlights)

Financial Highlights

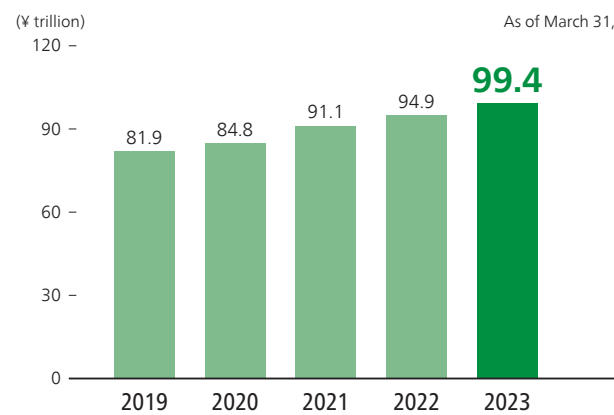
Consolidated net income (attributable to owners of parent)



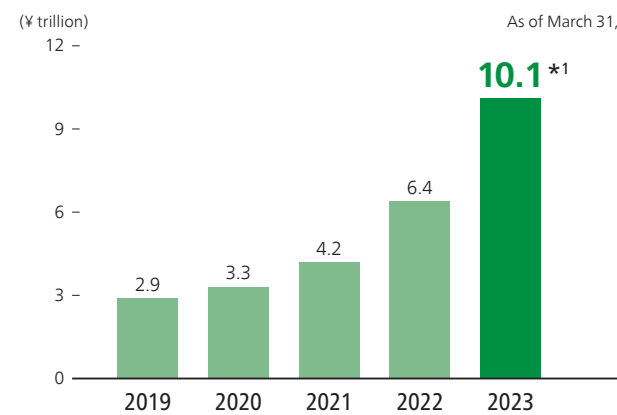
ROE (based on shareholders' equity) (Consolidated)



Balance of risk assets



Balance of strategic investment areas



Common equity tier1 (CET1) capital ratio (international standards)*2 (Consolidated)

FY2023/3
14.01%

Dividend payout ratio (Consolidated)

FY2023/3
57.5%

Capital adequacy ratio (domestic standard) (Consolidated)

FY2023/3
15.53%

OHR (Basis including gains (losses) on money held in trust)*3 (Consolidated)

FY2023/3
67.15%

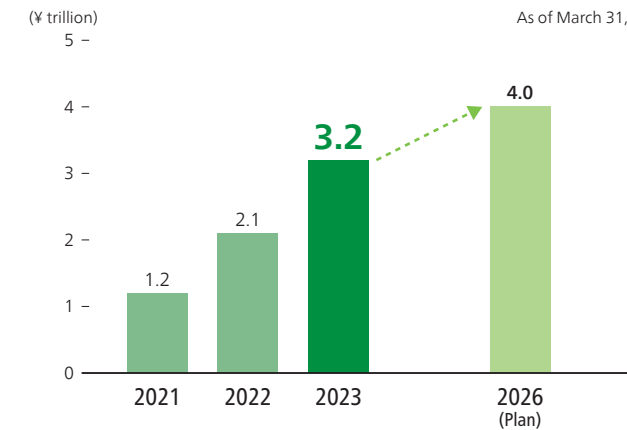
*1 Following application of the Implementation Guidance on Accounting Standard for Fair Value Measurement (revised in 2021), from FY2023/3 the balance of private equity funds and real estate funds will, with the exception of some assets, be based on market value.

*2 Excluding unrealized gains on available-for-sale securities.

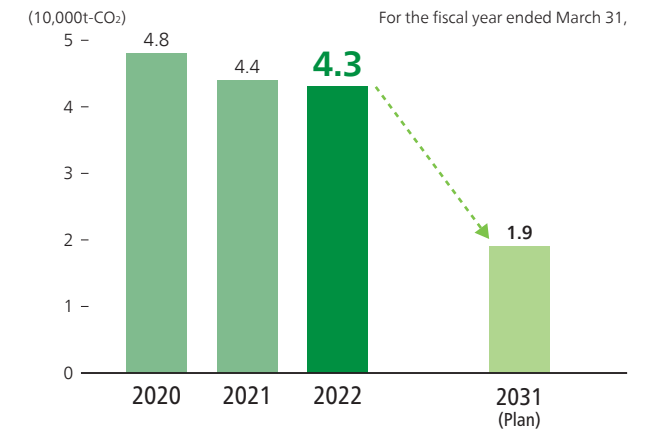
*3 Keeping in mind that JAPAN POST BANK manages securities that utilize money held in trust of a considerable scope, we will establish OHRs as targets that include the denominator operational profit/loss pertaining to money held in trust. Calculated as general and administrative expenses + (net interest income, etc. + net fees and commissions). Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales etc.).

Non-financial Highlights

Balance of ESG-themed investments



GHG Emissions for the Bank (Scope 1, Scope 2)



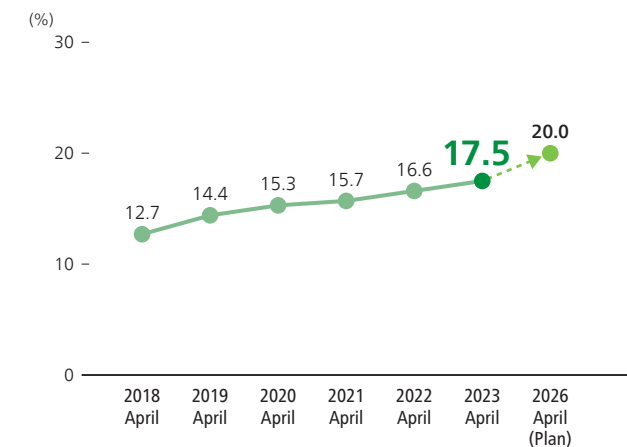
* Increased the Bank's target for GHG emissions for FY2031/3 in March 2023.

GHG emissions from the finance portfolio (Scope 3)

Power generation sector
Results (FY2022/3): **346**gCO₂e/kWh
Target (FY2031/3): **165-213**gCO₂e/kWh

* Results and targets are subject to change in the future due to the upgrade and expansion of data on emissions from companies and data vendors as well as increasingly sophisticated estimation.

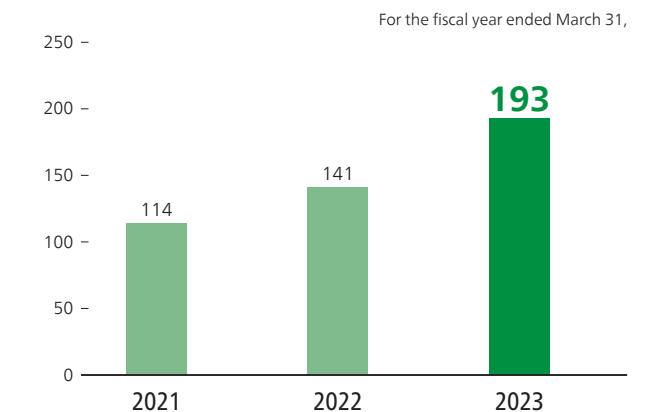
Ratio of women in managerial positions



Ratio of employees taking childcare leave (regardless of gender)

FY2023/3
100%
KPI (FY2026/3) > 100%

Number of applicants for Career Challenge system



Paid holiday utilization rate (Average)

FY2023/3
19.1 days

Number of regional vitalization fund contributions (cumulative)

As of March 31, 2023: **45 cases**
KPI (FY2026/3): **50 cases**

Committed investment amount
> Approx. ¥25 billion

Number of accounts registered in the Yucho Bankbook App

As of March 31, 2023: **7.45 million accounts**
KPI (FY2026/3): **10 million accounts**

Progress of the Medium-term Management Plan (FY2022/3 through FY2026/3)

JAPAN POST BANK has positioned the five years under its Medium-term Management Plan as a period for “deepening trust, and taking on the challenge for financial innovations,” and is advancing its five key strategies, and aiming for innovations to its business model and enhancements to business sustainability based on its awareness of the business environment and business issues at hand, and our strengths and resources.

Medium-term Management Plan (FY2022/3 through FY2026/3) Slogan

“Deepening trust, and taking on the challenge for financial innovations”

— Innovating our business model and enhancing business sustainability —

Financial targets and performance

	Consolidated Basis	FY2023/3 Performance	FY2026/3 targets
Profitability	Consolidated net income (attributable to owners of parent)	¥325.0 billion	¥350.0 billion or more
	ROE (based on shareholders' equity)	3.44%	3.6% or more
Efficiency	OHR (Basis including gains (losses) on money held in trust)*1	67.15%	66% or less
	General and administrative expenses (compared with FY2021/3)	¥(84.5) billion	¥(55.0) billion
Soundness	Capital adequacy ratio (Domestic standards)	15.53%	Approx. 10%*3 (Minimum levels to be secured in ordinary times)
	Common equity tier1 (CET1) capital ratio (international standards)*2	14.01%	Approx. 10%*3 (Minimum levels to be secured in ordinary times)

*1 Keeping in mind that JAPAN POST BANK manages securities that utilize money held in trust of a considerable scope, we have established an OHR target that includes in the denominator operational profit/loss pertaining to money held in trust. Calculated as general and administrative expenses ÷ (net interest income, etc. + net fees and commissions). Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales etc.).

*2 Excluding unrealized gains on available-for-sale securities.

*3 FY2026/3 targets are based on full implementation of Basel III.

Related pages

A review of financial targets and results is provided on pages 8-11.

Progress of measures by key strategic point

	Target (KPI)	FY2023/3	FY2026/3 targets
1 Innovating retail business into a new form by realizing complementarity between the physical and the digital	Key Strategic Point 1 Number of accounts registered in the Yucho Bankbook App	Approx. 7.45 million accounts	10 million accounts
	Key Strategic Point 1 Number of Tsumitate NISA Operation Accounts	Approx. 230,000 accounts	400,000 accounts
2 Business reforms and productivity improvement through the active utilization of digital technology	Key Strategic Point 2 Decrease in the number of employees (compared with FY2021/3) * Including fixed-term contract employees.	Approx. (1,200)	(3,000)
	Key Strategic Point 3 Number of regional vitalization fund contributions (cumulative)	45 cases	50 cases
3 Enhancing funds flow to regional communities and the regional relationship functions through various frameworks	Key Strategic Point 3 Number of financial institutions that have implemented the aggregation of operational processes	5 financial institutions	Approx. 20 financial institutions
	Key Strategic Point 4 Balance of risk assets	¥99.4 trillion	Approx. ¥110 trillion
4 Deepening market operations and risk management with an awareness of stress tolerance	Key Strategic Point 4 Balance of strategic investment areas	¥10.1 trillion	Approx. ¥10 trillion
	Key Strategic Point 5 Strengthening the management base to become a more trusted bank		

Progress of key strategies

Key strategy	FY2023/3 results		
1 Innovating retail business into a new form by realizing complementarity between the physical and the digital Details on P. 28	<ul style="list-style-type: none"> Increased steadily in the number of Yucho Bankbook App users Launched the PFM App Yucho Reco service Began issuing “JAPAN POST BANK Debit” and steadily expanding the number of members Carefully selected over-the-counter sales investment trust product lineups, and started providing Yucho Fund Wraps 	1st Engine	Retail Business
2 Business reforms and productivity improvement through the active utilization of digital technology Details on P. 28	<ul style="list-style-type: none"> Installed Madotab, self-service branch terminals, at all directly operated branch offices Promoted the digitization of back-office operations, including Operation Support Centers and Administration Service Centers 		
3 Enhancing funds flow to regional communities and the regional relationship functions through various frameworks Details on P. 38	<ul style="list-style-type: none"> Developed a framework in collaboration with various business operators, including regional financial and other institutions, to promote the Σ Business through such measures as investment in investment companies and funds as well as the conclusion of cooperation agreements Promoted collaboration with various business operators, including regional financial institutions through such measures as investment in regional vitalization funds and ATM collaboration 	3rd Engine	Σ Business
4 Deepening market operations and risk management with an awareness of stress tolerance Details on P. 32	<ul style="list-style-type: none"> Expanded the balance of risk assets to strengthen the portfolio's stress tolerance and improve return relative to risk Made selective investments in quality funds, in strategic investment areas Secured earnings through dynamic portfolio management Reported to the Risk Committee, an advisory committee to the Board of Directors on the status of risk management, including those related to market operations 		
5 Strengthening the management base to become a more trusted bank Details on P. 42	<ul style="list-style-type: none"> Established a Group-wide framework and achieved a smooth renewal in the leadup to the core system upgrade in May 2023 Enhanced measures against anti-money laundering / terrorist financing, and proliferation financing and strengthened internal control systems, including cyber security 	2nd Engine	Market Business

Related pages

Connection between the five key strategic points and priority issues (materiality) of the Medium-term Management Plan is on page 22.

1st Engine: Retail Business



Minoru Kotouda
Senior Managing Executive Officer



Shinobu Nagura
Managing Executive Officer

Business Mission

Providing “reliable and thorough” financial services “safely and securely” to anyone and everyone throughout Japan.

Main Business

Targeting customers who are mainly individuals in Japan, providing financial services, such as deposits, remittances/payments, salary/pension receipt, asset management, cashless services, and housing loans (brokerage), through nationwide directly managed branch offices and post offices as well as our ATM network and digital channels.

RETAIL BUSINESS

Strategy Outline

Business Strengths

- Overwhelming number of real networks
- Largest customer base and deposit balance among Japanese banks
- Accumulated retail business know-how and specialized human resources
- Brand strength based on trust built with local communities since our founding

Business Environment

- Advances in digital technology and growing needs for non-face-to-face transactions
- Lowering of barriers between banks and other industries
- Promotion of government’s “asset income doubling plan” and expansion of NISA system

Basic Policies

- Expanding digital services that are easy for all customers to use, with top priority placed on safety and security
- Leveraging store network to support customers’ use of digital services
- Starting from our digital channels, building a “co-creation platform” that provides optimal financial services to customers by collaborating with various businesses, including those in non-financial fields
- Strengthening our ability to make proposals through face-to-face channels and supporting asset formation through enhancement of digital channels
- Improving productivity of counter and back-office operations by utilization of digital technology

Value Creation



Customers

- Providing “safe and secure” financial services throughout Japan that leave no one behind
- Supporting customers’ shift from deposits to investment



Shareholders/Investors

- Retail business earnings enhancement
- Cost reductions



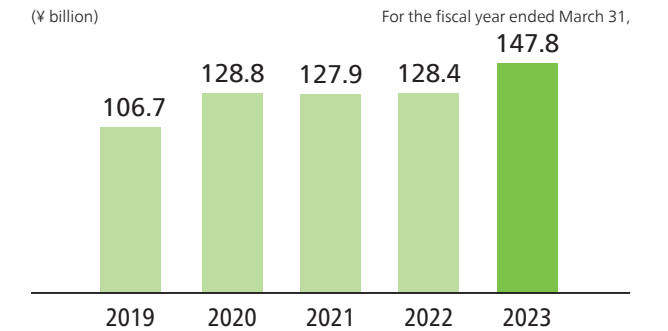
Environment

- Reducing environmental impact by shift to paperless transactions

FY2023/3 Performance

In FY2023/3, fees and commissions income, which are mainly equivalent to commission income in the retail business, increased by ¥19.3 billion year on year, to ¥147.8 billion. Due to the impact of the price revision implemented in January 2022 and an increase in the use of cashless services, foreign exchange/payment-related fees and ATM-related fees increased.

Net fees and commissions (Consolidated)



FY2023/3 Results and Future Initiatives

Digital Services Strategy

As of March 31, 2023, the number of accounts using the Yucho Bankbook App had increased to 7.45 million. The app enables customers to use their cellphone to perform basic banking transactions at any time, such as checking savings account balances and deposit/withdrawal details, sending money, depositing/withdrawing TEIGAKU/time deposits, purchasing investment trusts, and changing their address/phone number. In February 2023, we launched the Personal Financial Management (PFM) app Yucho Reco, which enables customers to use their smartphones to manage their financial assets and monthly income and expenditures. We also promoted cashless initiatives, such as the launch of Japan Post Bank Debit, which combines a Visa debit card with a cash card.

Number of accounts registered on the Yucho Bankbook App

As of March 31, 2023 (Actual) **7.45 million accounts** **KPI FY2026/3 (Target)** **10 million accounts**

In addition to working to improve customer convenience by expanding digital services such as smartphone apps, in the years to come we will steadily promote operational efficiencies by completing various administrative tasks digitally.

Asset Formation Support Business

With regard to investment trust products handled at the counter, in addition to carefully selecting simple and easy-to-understand products, we are reviewing our product lineup to be more customer-oriented, such as by launching the Yucho Fund Wrap, which provides optimal investment portfolios matched to customers’ life plans and changes in household finances. We are promoting consulting that is attuned to our customers through product and service proposals aimed at realizing our customers’ life plans.

With regard to cumulate-type Tsumitate NISAs, a tax-exempt system suitable for long-term, accumulated, and diversified investments from small amounts, we will also make proposals utilizing the post office network in addition to our directly operated branch offices nationwide, thereby supporting the customer shift from deposits to investments.

Initiatives for Investment Trust Digital Channels, etc.

In our digital channels, in addition to waiving commissions when purchasing investment trusts, we are expanding their functions, such as by adding investment trust trading functions to the Yucho Bankbook App. From October 2022, post offices nationwide also started online consultation and reception services for Tsumitate NISAs.

Number of Tsumitate NISA operation accounts

As of March 31, 2023 (Actual) **Approx. 230,000 accounts** **KPI FY2026/3 (Target)** **400,000 accounts**

1st Engine: Retail Business

Expansion of customer self-transactions

At our 233 directly operated branch offices, we have installed Madotab, self-service branch terminals, that enable customers to open accounts and complete other transactions by themselves. As of the end of March 2023, about 90% of new account openings were being completed via Madotab terminals rather than at a teller counter. In May 2023, we added three functions: for remittances, for QR code* tax and public fee payments, and for cash card PIN re-registrations. In the years to come, we will expand the available procedures, improve customer convenience, and promote a reduction of the volume of administrative tasks carried out at counters. In our ATM network, we also proceeded with the deployment of ATMs that feature a bankbook carryover function.

* QR code is a registered trademark of DENSO WAVE Incorporated.

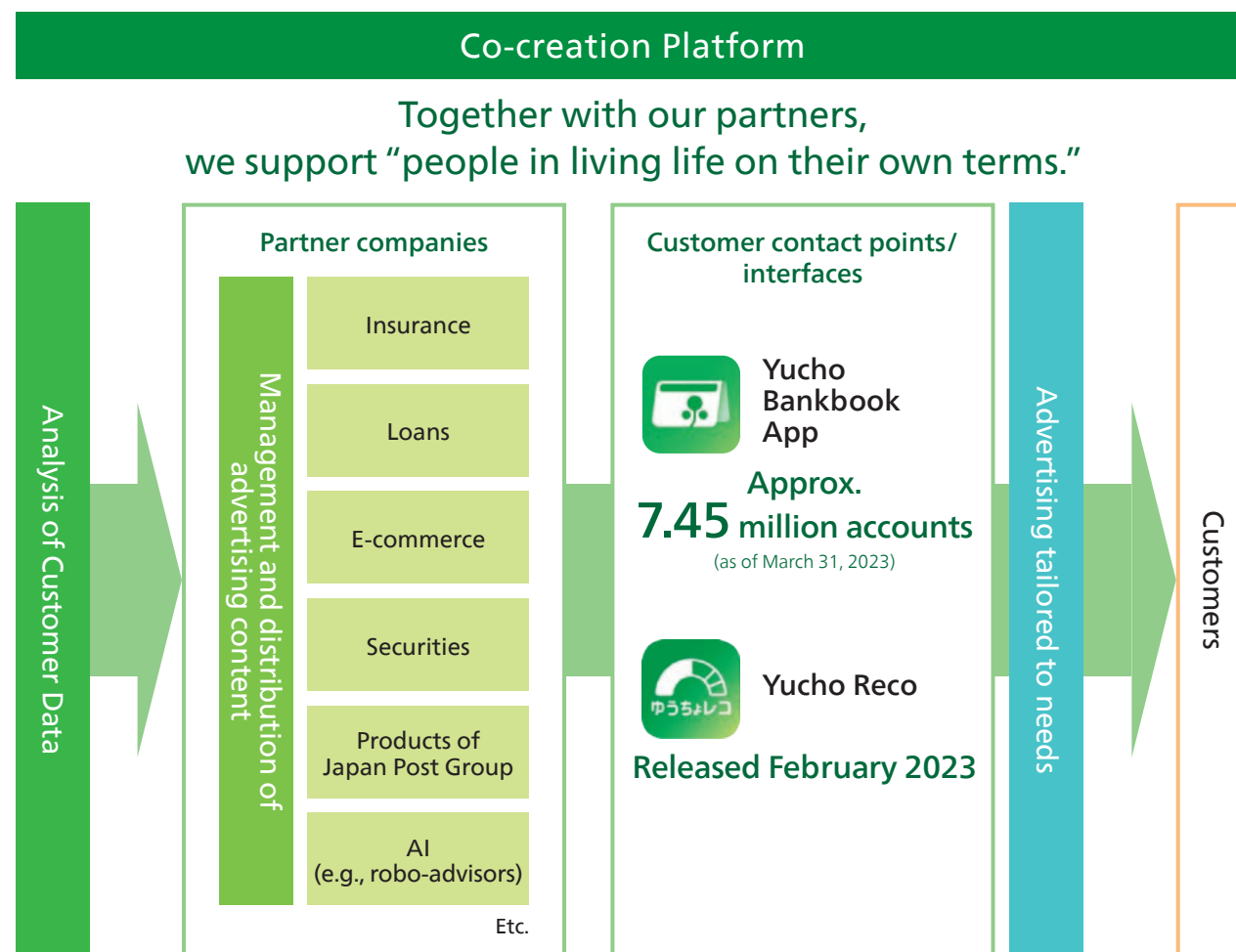
Digitization of back-office operations

In back-office operations, we are promoting the automation and digitization of time-consuming, labor-intensive administrative tasks, such as responding to inquiries from administrative agencies and inheritance procedures. Having worked on the installation of a Business Process Management System (BPMS) that automatically processes paperwork in conjunction with our internal systems in FY2022/3, in FY2024/3 we will further improve productivity by expanding the tasks covered and increasing the number of bases running the system.

Co-creation Platform Strategy

As a new retail business strategy, we will collaborate with a variety of businesses to gradually start implementing—via the Yucho Bankbook app and the PFM app Yucho Reco—a Co-creation Platform Strategy to introduce optimum products and services (such as the distribution of advertising content) tailored to customer needs.

Business model concept for Co-creation Platform



VOICE Digital Services Business Department (Co-creation Platform)

I want to provide unprecedented new value through Yucho Reco



Kouhei Shikata
Digital Services Business Department

Yucho Reco is a PFM app that enables users to manage their financial assets and monthly income and expenditures. From now on, we will promote not only the household account book function but also a “Co-creation Platform Strategy” that connects the services of a variety of companies with customers, as we aim to remain an app that “together with our partners, supports ‘people in living life on their own terms.’”

The period from project launch to release was less than a year, so development progressed at a pace I had never before experienced. Also, on account of each member having their own thoughts and preferences about the app, and due to the repetitious trial and error involved, there were times when I thought that we might not be able to meet the schedule. However, in the end, we somehow managed to make it in time for the release by having all of the members bounce ideas of each other from the perspective of “what kind of apps are the Bank’s customers looking for?”

“I want to create a service that would have a special market presence.”

Before taking up my current position, I had experience working at our directly operated branch offices in Otsu and Kyoto as well as in corporate sales at headquarters. By coming into contact with many customers, regardless of whether they were individuals or corporations, I received a variety of feedback, such as on the Bank’s strongpoints and the areas that needed to be improved. Under such circumstances, on a routine basis I always maintained an awareness of any issues, asking myself questions such as—as a bank that is entrusted with ¥194 trillion of deposits from customers all over the country—what would be a better service for customers and what are JAPAN POST BANK’s strengths that set it apart from other banks? I would also wonder if there was more that we could do for our customers by taking advantage of those strengths.

After that, when I participated in the working groups for Yucho Reco and the Co-creation Platform Strategy, I thought that, if I were to be involved in a meaningful way, I should make use of the customer feedback I had seen and heard as well as my own experience. I had thus been working on an app development with the desire to create a service with a special market presence that only JAPAN POST BANK could provide.

I want to provide “value” that cannot be achieved by JAPAN POST BANK alone

Since the attributes of JAPAN POST BANK customers are diverse, I would like a wide range of customers, regardless of their ages or occupations, to use Yucho Reco to help them save money, engage in asset formation, and become more aware of their household finances. We initially released Yucho Reco as a simple PFM app, but from now on we will analyze customer preferences and needs by collaborating with partner companies. By providing new experience value that cannot be achieved by JAPAN POST BANK alone, such as guiding customers to optimum services, I would like to play a role in helping customers design abundant lifestyles in ways that are truly attuned to them.

With regard to what kind of functions to add in the future, rather than adding this and that from the provider’s point of view, I would like us to listen to the feedback from actual customers and provide functions that meet the needs of the times and are truly desired by customers. To that end, I would like to unearth latent needs by providing opportunities to actually receive opinions from customers, proceed with the project in a way that does not restrict us to existing values, play a role in the financial consulting provided by JAPAN POST BANK and thereby develop Yucho Reco into an even more attractive app.

2nd Engine: Market Business



Hideki Nakao
Managing Executive Officer



Masato Tamaki
Senior Managing Executive Officer

Business Mission

As one of the largest institutional investors in Japan, JAPAN POST BANK will work to both realize sound and profitable investments, and contribute to the realization of a sustainable society.

Main Business

We use the deposits entrusted to us by our customers as resources to invest in securities, etc., in domestic and overseas financial markets.

MARKET BUSINESS

Strategy Outline

Business Strengths

- One of the largest financial bases in Japan, resourced by highly stable individual deposits, etc.
- High level of financial soundness
- Specialized human resources (in-house training/ external recruitment)

Business Environment

- Domestic low interest rate environment ongoing, possibility of a shift in Bank of Japan's monetary policy
- Monetary tightening by the U.S. and European central banks in response to high inflation, growing concerns about a recession
- Growing uncertainties about financial systems in the U.S. and Europe
- Growing demands for a sustainable society, such as measures against climate change

Basic Policies

- Strengthening of portfolio's stress tolerance and improvement of return relative to risk
- Further reinforcing risk management
- Implementation of investments based on ESG investment policy
- Recruitment/training of market specialized human resources

Value Creation



Customers

- Stable management of entrusted deposits



Shareholders/Investors

- Securing of stable core revenue



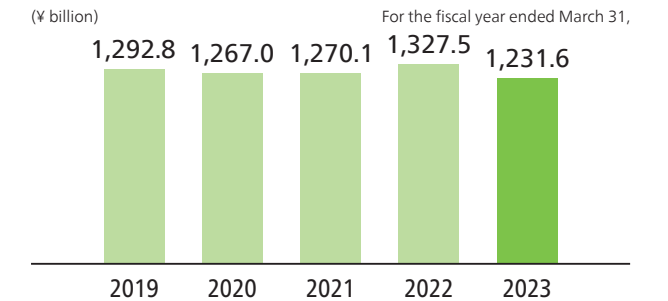
Environment

- Contributions to realization of a sustainable society through ESG investments

FY2023/3 Performance

The actual results for FY2023/3 net interest income, etc., which are mainly equivalent to market business revenues, were ¥1,231.6 billion. Earnings from strategic investment areas such as private equity funds steadily increased by approximately ¥146 billion year on year, but overall net interest income, etc., decreased by ¥95.9 billion from the previous fiscal year due to the increase in foreign currency funding costs brought about by the rise in overseas interest rates.

Net interest income, etc. (Consolidated)



FY2023/3 Results and Future Initiatives

Further deepening market operations —Continuation of investments to risk assets and restructuring of yen interest rate portfolio—

We are working to increase the balance of risk assets (assets other than yen interest rate [Japanese government bonds, etc.]) to strengthen the stress tolerance of our portfolio and improve return relative to risk. Among its risk assets, the Bank is focusing in particular on investments such as private equity funds, which are positioned as strategic investment areas.

In FY2023/3, we expanded our balances mainly of overseas credit assets (corporate bonds, etc.) in the

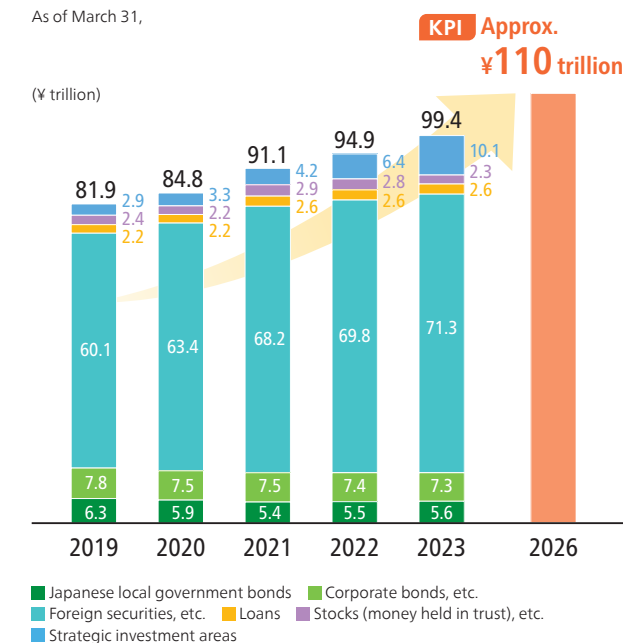
investment grade area, and the balance of risk assets had increased to ¥99.4 trillion as of the end of FY2023/3. The Bank has built up the balance to ¥10.1 trillion in the area of strategic investments through selective investment in quality deals.

In addition to expanding the balance of our risk assets, going forward we will continue to selectively invest in quality funds from a medium- to long-term perspective in the strategic investment areas.

In anticipation of the possibility that domestic interest rates, which have remained low for a long time, may start to rise again, we will also flexibly rebuild our yen interest rate portfolio.

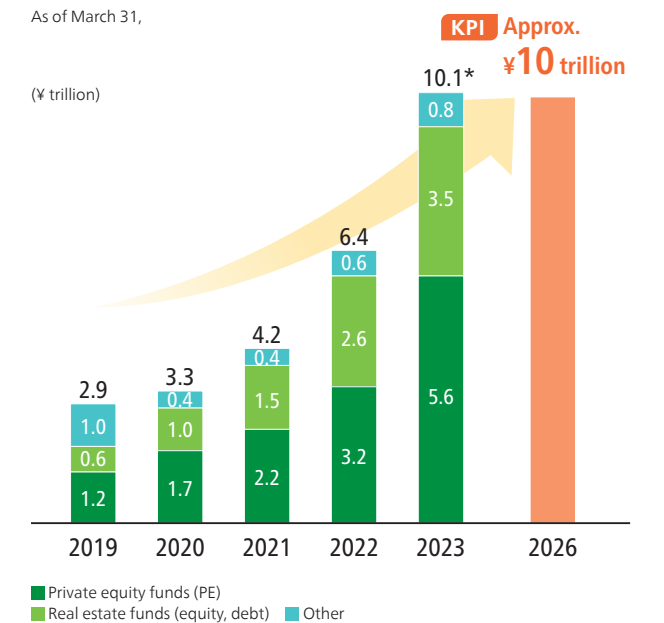
Balance of risk assets

As of March 31,



Balance of strategic investment areas (among risk assets)

As of March 31,



Strategic investment areas: private equity funds, real estate funds (equity, debt), direct lending funds, infrastructure debt funds, etc.

* Following application of the Implementation Guidance on Accounting Standard for Fair Value Measurement (revised in 2021), from FY2023/3 the balance of private equity funds and real estate funds will, with the exception of some assets, be based on market value.

2nd Engine: Market Business

Further reinforcing risk management

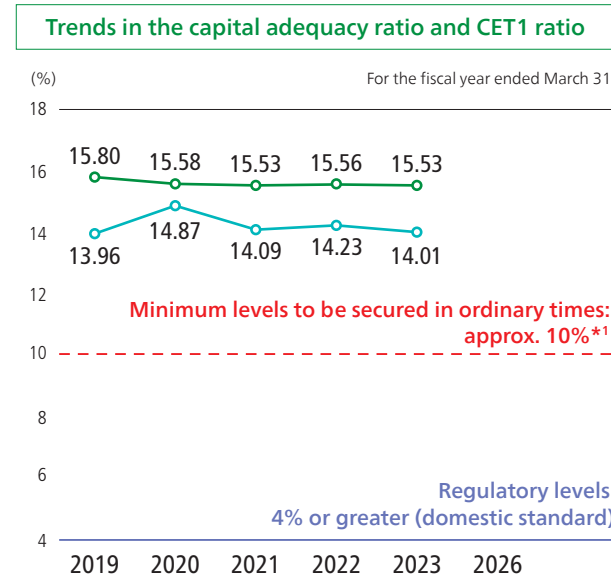
Under the current Medium-term Management Plan, in addition to capital adequacy ratio (domestic standard), the Bank has set and manages the minimum target level common equity tier1 (CET1) capital ratio (internationally unified standard, excluding valuation gains on available-for-sale securities)* of approximately 10% as the minimum level to be secured in ordinary times. We are also steadily promoting more advanced stress tests and stronger monitoring to further reinforce risk management.

As of the end of March 2023, the capital adequacy ratio (domestic standard) was 15.53% and the CET1 ratio was 14.01%, exceeding the minimum target level (approximately 10%) that should be secured in ordinary times.

We will also proceed with the putting in place of a compliance system in response to the full implementation of Basel III.

* Although a domestic standard bank, JAPAN POST BANK sets and manages targets for the CET1 ratio, which is an internationally unified standard, while taking into consideration such factors as the increased importance of international finance systems that come along with the proliferation of global asset allocations.

For more details on risk management, please see pages 78 and 90.



○ Capital adequacy ratio (domestic standard)
○ CET1 ratio*2 (international standards/excluding unrealized gains on available-for-sale securities)

*1 FY2026/3 based on full implementation of Basel III.
*2 Some calculation items simply calculated

Status of ESG investment and financing

JAPAN POST BANK put in place the ESG Investment and Financing Policy. Guided by this policy, the Bank is undertaking investments that take into consideration environmental and other issues as well as such factors as various international agreements.

In addition to appropriately managing climate change risks, JAPAN POST BANK is engaging in initiatives that expand new opportunities brought about through climate change, specifically financing for renewable energy and other businesses and increasing its investments in green bonds, etc.

As of March 31, 2023, the balance of ESG-themed investments* had increased to ¥3.2 trillion, and we were making steady progress toward achieving the target amount (¥4 trillion) for the ESG-themed investment balance set under the current Medium-term Management Plan. In the years to come, we will continue to promote ESG investment and financing while contributing to the realization of a more sustainable society.

* ESG bonds (green bonds, social bonds, sustainability bonds, etc.), loans to the renewable energy sector, and regional vitalization funds, etc.

Recruitment/training of market specialized human resources

In addition to promoting the expansion of human resources in market-related departments to both strengthen the market business system, including risk management, and develop the infrastructure, we are actively recruiting and training market specialized human resources.

Specifically, in addition to appointing investment division officers from outside and continuously hiring human resources specializing in the market, including risk management, we are implementing, on an ongoing basis, basic and applied training programs conducted by professionals for our younger human resources.

VOICE Market human resources who play active roles

To contribute to stable earnings

Having joined JAPAN POST BANK as a new graduate working in a general service job in 2013, I was transferred to the Global Fund Investment Department (currently the Global Credit Investment Department following a departmental integration) in 2018. After my transfer, I was involved in the launch of a new investment strategy called direct lending fund investments and have been working hard to get its operational management on track.

Positioned as one of the Bank's strategic investment areas, direct lending is an investment in which the funds make loans directly to medium-sized companies in the United States and Europe. Currently working as the investment team's group leader, from now on I would like to further enhance expertise as a team through human resource development and contribute to the acquisition of stable earnings.



Takayuki Nakamura
Global Credit Investment Department



Nao Sakakibara
Real Estate Investment Department

Steadily bringing about portfolio growth

In 2018, I had been moved to JAPAN POST BANK as one of a number of professional human resources in the Investment Division. Utilizing the skills I have cultivated up to now in my career, I am currently in charge of overseas real estate debt management. From the launch of the management program to the present time, I have been aiming to create an organization in which the front and middle offices grow together. I believe that sharing and discussing market information and investment products with young employees and related departments will lead to the development of specialized human resources. In the years to come, I would like to steadily bring about the growth of our portfolio while sincerely facing the challenges of a rapidly changing market.

Building up self-improvement, contributing to market operations

Having joined JAPAN POST BANK as a new graduate working in a general service job in 2018, since 2020 I have been involved in the planning and management of the bank's asset management portfolio, which is the largest in Japan, in the ALM Planning Department, to which I am currently assigned. Specifically, I am utilizing the optimization method for the calculation of efficient investment asset allocations, and based on this, formulating plans for future BS, PL, and risk amounts and working on budget management. In addition to receiving training from overseas financial institutions and via the OJT system, after having been assigned to the ALM Planning Department I have worked to improve my market-related skills while gaining qualifications. Going forward, I will continue to be involved in market operations such as asset liability management at the Bank while making additional self-improvement efforts.



Kengo Suzuki
ALM Planning Department

2nd Engine: Market Business

Special Feature

An operational structure that brings together investment professionals with advanced expertise and knowledge.



The Bank's Investment Division comprises of eight departments and one office. The eight departments either specialize in directing investments in a certain asset class or in providing support functions that enable the Bank's investment program to operate smoothly. The Managing Directors who lead the departments are seasoned specialists in each of their respective fields, all of whom report to the CIO who is the dedicated executive officer in charge of the Division.

Hideki Nakao
Managing Executive Officer

Rates and FX Investment Department (11 people)



We invest mainly in Japanese and foreign government bonds. Through appropriate control of interest rate and foreign exchange risks, we are promoting the maximization of JAPAN POST BANK's income and strengthening the durability of its portfolio.

Managing Director:
Taro Matsuura
Main career: MUFG Bank

Equity Investment Department (Nine people)



We mainly manage listed stocks utilizing money held in trust and investment trusts. As a stock investor, we possess a high level of expertise that enables us to play an active role globally, while promoting improvements in JAPAN POST BANK's income.

Executive Managing Director:
David Sancho Shimizu
Main career: Mizuho Securities

Global Credit Investment Department (58 people)



Executive Managing Director:
Kazutoshi Rokushima
Main career: Deutsche Securities

By maximizing the use of in-house and outsourced operation resources, we are promoting global credit investment. By securing stable earnings, we are contributing to the Bank's profitability and soundness.



Executive Managing Director:
Shunsuke Sone
Main career: Mizuho Securities

Private Equity Investment Department (25 people)



We are also striving to contribute to society through our investment activities and the construction of a private equity investment portfolio that produces excellent returns relative to risk over the long term.

Executive Managing Director:
Hideya Sadanaga
Main career: Nippon Life

Real Estate Investment Department (18 people)



Executive Managing Director:
Kazunari Yaguchi
Main career: Development Bank of Japan

Expecting to contribute to JAPAN POST BANK's stable earnings in the future, we are promoting investments (equity and debt investments) in commercial real estate around the world for which outsourced management is utilized.



Managing Director:
Hiroyuki Tanaka
Main career: Phoenix Property Investors

CIO Office (45 people)



Managing Director:
Tatsuo Ichikawa
Main career: Morgan Stanley MUFG Securities

We undertake the planning and management of the Divisions' operations, including the formulation of investment allocation policies and the monitoring of overall performance. We also provide IT support for market-related operations, as well as position management and quantitative analysis of the portfolio and investments.

Treasury Department (20 people)



Managing Director:
Kazuhiro Adachi
Main career: Mizuho Bank

We undertake the overall cash management of JAPAN POST BANK, including the funding of yen and foreign currencies. We also manage the foreign currency liquidity risk appropriately, which is becoming increasingly important, and contribute to ensuring the soundness of management.

Treasury Administration Department (55 people)



Managing Director:
Mari Ishikawa
Main career: HSBC Securities

As the support hub of the investment division, we play a pivotal role as the driving force, ensuring seamless securities and funds settlement, expert asset management, and precise financial reporting. Our unwavering commitment in effective control and enhanced productivity empowers us to deliver essential, efficient operational excellence in investment management.

Interview with Management



Takayuki Kasama
Director and Representative Executive Vice President

In November 2015, Takayuki Kasama was appointed Managing Director of the Bank's Investment Division. Since then, he has held management positions in the Bank's Investment Division. From June 20, 2023, he has held the position of Director and Representative Executive Vice President of the Bank.

Q1. Looking back on the current Medium-term Management Plan, please tell us about your reactions and initiatives.

In the two years since the start of the current Medium-term Management Plan (FY2022/3 through FY2026/3), as the global economy reversed from the COVID-19 crisis, the conduct of monetary policy, particularly in developed countries, changed significantly, but uncertainties about the future cannot be said to have been dispelled. In the midst of such a difficult investment environment, JAPAN POST BANK has been accumulating balances of risk assets with consideration given to credit quality and of strategic investment areas through selective investment in quality funds. I believe that we have made steady progress in sowing seeds in fields that are expected to become core revenue sources for the future.

Q2. What kinds of areas will you be focusing on in the coming years?

While continuing to work on increasing the sophistication and diversification of operations, which we have been addressing, and paying close attention to markets that change from moment to moment, we will strive to further reinforce market operations and risk management with an awareness of stress tolerance. We will also secure opportunities for bond investment profits by appropriately

ascertaining domestic and overseas interest rate trends and outlooks and, in the medium to long term, pursue optimal internationally diversified investments, including JPY fixed income assets.

Q3. How have you been promoting the maintenance of the operational system and the development of specialized human resources?

As a paradigm shift in investment under the prolonged domestic low interest rate environment, in promoting diversification of investment targets, regions, and strategies, we have made steady progress after confirming that an adequate risk management system is in place. In expanding our investment assets, we have created a professional group by recruiting mid-career external experts with extensive management experience in each asset class, including alternative asset classes such as private equity and real estate, and appointed internal human resources to specialist positions. We have also introduced a new performance-linked compensation system and worked to improve our competitiveness in securing specialized human resources. We will work to position the securing and strengthening of specialized human resources as a pressing issue.

Q4. What do you think about the mission of the Bank's investment operations?

JAPAN POST BANK's market operations are a business that uses as its resources the deposits entrusted by each and every customer and that are thus proof of trust. While managing risk in an appropriate manner, I believe that our mission is to conduct portfolio management that can secure stable earnings, which in turn contributes to improvements in shareholder value.

As one of the world's largest institutional investors, we will also make constant efforts to enhance our investment and risk management capabilities.

Q5. In what ways are you using your career experience and knowledge at JAPAN POST BANK?

Throughout my career in the financial markets, I have experienced both the sell side and the buy side and been witness to financial crises and market turmoil of various magnitudes. I have been drawing on these invaluable experiences in the Bank's market operations, starting with our rapid responses to emergencies, such as financial crises, and efforts to foresee their signs and risks.

3rd Engine: Σ Business (Regional Vitalization)



Kenji Aono
Executive Officer

Business Mission

Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, communities using various frameworks.

Main Business

By building and strengthening relationships with regional financial institutions, etc., we are promoting our role as a regional financial platform, for example in investments in regional vitalization funds, ATM collaborations, and the aggregation of operational processes.

By promoting the Σ business, supplying equity funds, using the Bank's own network for deal sourcing, and engaging in marketing support for investee companies even after investment, we will contribute to the further development of local economies by supporting the growth of local companies and solving problems in local communities.

Σ BUSINESS

Strategy Outline

Business Strengths

- Excellent management resources built up through retail business/market business
 - Our unique nationwide network
 - Database of approx. 120 million accounts
 - Human resources developed through secondment to companies that engage in GP operations, etc.
- Investment business base centered on Japan Post Investment Corporation
- Know-how cultivated through investments in regional vitalization funds, etc.

Business Environment

- Various government initiatives for regional vitalization
 - The Vision for Digital Garden City Nation
 - Regional vitalization SDGs/ Concept of "Future City" initiative
 - Society 5.0 regional vitalization promotion model, etc.
- Relaxation of duties such as regional vitalization by revision of the Banking Act
- Lack of equity funds in the regions
- Population decline, acceleration of declining birthrate and aging population
- Realization of a sustainable society in regions in the post-COVID era
- Social demand for consideration of the global environment

Basic Policies

- Utilizing excellent and useful management resources (financial strength, human resources, information, etc.), making investments that contribute to solving problems in local communities, strengthening profitability, and realizing ESG management

Value Creation



Regions/Society

- Vitalization of regional economies through the supply of equity funds to regions



Shareholders/Investors

- Sustained growth of the Bank through active contributions to quantitative/qualitative regional vitalization
- Acquisition of new revenue sources through domestic GP business, etc.



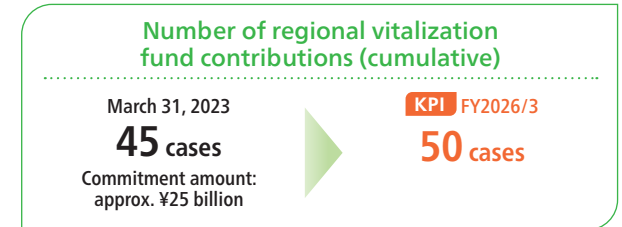
Environment

- Contribution to the realization of a sustainable society through ESG investment and financing

FY2023/3 Results and Future Initiatives

Investment in regional vitalization funds

To circulate the flow of our customers' precious funds around the regions, we are promoting participation in regional vitalization funds through cooperation with regional financial institutions. In FY2023/3, we participated in six new regional vitalization funds, including the Japan Post Investment Regional Development and Impact Fund I, ILP established by our consolidated subsidiary Japan Post Investment Corporation. We will continue to actively facilitate the flow of funds to local communities.



Utilization of ATM network and aggregation of operational processes

Working with regional financial institutions, JAPAN POST BANK responds to regional financial needs as a regional financial platform.

Utilizing its nationwide ATM network, the Bank commenced ATM cooperation (partially free) with The Yamanashi Chuo Bank and The Hokkaido Bank in

FY2023/3.

We are also implementing an "operational process aggregation" project, in which the Bank insources some of the work from each regional financial institution. Through these efforts, we will provide multifaceted support for regional vitalization throughout Japan in our capacity as a regional financial platform.

Σ Business

The Bank initiated a preparation period for Σ business, its new corporate banking business, to run for two years from September 2022. In this new corporate banking business, we will not only provide the capital strength necessary for local companies and support them through investment means, but we are also committed

to the marketing support and even management aspects of investee companies, while contributing to the vitalization and development of local communities and economies. While deepening its ties with local communities, the Bank will create new business models and aim for further development.

Three Elements of Σ Business

① GP Business (Investment Business)

Previously, the Bank had been engaging in a variety of investment activities by means of investing in funds, for instance for regional companies. Leveraging the knowledge and know-how that the Bank has cultivated to date, the Bank will make a full-scale entry into GP (General Partner) Business, providing capital to companies with growth potential in Japan and bringing about their accelerated growth.

In FY2023/3, having invested in Japan Post Investment Corporation's JP Investment Regional Impact No. 1 Fund, we supported the growth of companies that contribute to the vitalization of local economies and the creation of the social impact needed to achieve the SDGs. In a joint venture with regional financial institutions we also invested in Frontier Capital Inc. and contributed to the efforts the company makes to resolve the various management issues with which regional core companies are beset from a long-term perspective. By facilitating the flow of equity in the form of capital funds in a quantitative and qualitative manner, the Bank will underpin the vitalization of local economies while continuing to contribute to the development of entire local communities.

② Deal sourcing business

While utilizing its own network and cooperating with regional financial institutions, the Bank will source potential investment targets on a nationwide basis.

To build a sourcing system, we will develop the human resources and put in place systems as well as expand our contact points with regional companies during the Σ business preparation period.

③ Marketing support business for investee companies

From the convenient products and services of venture companies and other investees, the Bank will select those products that will contribute to regional vitalization. Through our own network, we will introduce and mediate (market) those products all over the country, thereby supporting the growth of venture companies and other investees.

As part of our marketing support operations, having concluded a business partnership agreement with Pie Systems Japan Co., Ltd., which provides simple, smartphone-based electronic services for tax exemption procedures for foreign visitors to Japan, we have launched a member store development business.

3rd Engine: Σ Business (Regional Vitalization)

Fostering a corporate culture/developing human resources toward full-scale launch of Σ business

Concerning the fostering of a corporate culture and the development of human resources, which will be important in promoting the Σ business, we believe that it is necessary to build sustainable systems. As a human resource development measure also included in the two-year preparation period, we have compiled a Σ Business Booklet, which covers the significance of and the Bank's aims for the Σ business as well as basic knowledge about investment operations. During that period, we are also fostering a corporate culture and developing human resources by means of employee training programs for each year of their employment and e-learning.

In addition, as part of the development of professional human resources related to investment operations, we are

advancing preparations toward full-scale GP operations by having young employees gain experience in financing operations such as fund investment by dispatching them to companies that conduct GP operations.

Also including marketing support and sourcing operations, the Σ business has the regions as its major theme, and thus it will be important to develop human resources who have close associations with those regions. Serving as forums where employees can realize their desire to contribute to the regions, we are utilizing the "Career Challenge" system, which is our internal recruitment system, while employees at directly operated branch offices and the regional headquarters in each region are also actively participating in the Σ business.

Through these efforts, all employees are working together as one to contribute to regional communities, which represent the raison d'être of the Σ business.

VOICE Initiatives geared toward regional vitalization

I want to help solve the problems of people living in the regions by facilitating the flow of funds into those regions.



Ichiro Kobayashi

Regional Vitalization and New-Growth Business Development Department
(Currently seconded to Japan Post Investment Corporation)

Investing in a venture company engaged in resolving regional transportation issues

After working in the Bank's Investment Division and Regional Relations Division, I am currently seconded to Japan Post Investment, where I am mainly involved with activities relating to investments in unlisted companies.

In March 2023, we invested in Tokushima-based venture company dennokotsu Inc., a company that is working to resolve regional transportation issues through the digital transformation of taxi operations and related means. In addition to providing a cloud-based taxi dispatch system with excellent user interface/user experience (UI/UX) design features requiring only a small upfront investment affordable by small- and medium-sized local taxi companies, dennokotsu is a company that provides support for introducing local on-demand transportation services (shared taxis, etc.). By contributing to the improved profitability of taxi companies which represent essential transportation infrastructure in areas where public transportation is in decline, and alleviating human resource shortages, the business plays a major role in securing regional transportation infrastructure and contributes to regional vitalization, which is one of the Bank's key strategic goals. Following the investment, I have been participating as an observer at board of directors' meetings. I

would like to contribute to the growth of dennokotsu in collaboration with the management team.

Toward core human resources responsible for "regional vitalization" x "investment"

There are many people who think that the intersection of "regional vitalization" and "investment" is not profitable. This belief causes insufficient capital circulating in the regions, leading to declines in the number of companies and population, resulting in a vicious cycle of further decline. However, I believe that there is plenty of potential as there are many hidden but attractive companies in the regions, and furthermore there are businesses like dennokotsu that can be expected to grow precisely because they address regional issues. By steadily accumulating an investment track record that contributes to regional vitalization and evidence of solid financial returns, I want to create a positive cycle that attracts funds, companies, and people to the regions.

Leveraging the experience I have gained from my secondment to Japan Post Investment relating to investment screening and execution, post-investment monitoring and support, in the future I would like to play a central role in promoting Σ business operations, working with the Bank's regional headquarters and directly operated branch offices.

Regional bases of operation that support JAPAN POST BANK's businesses

The Bank has established 13 regional headquarters to serve as regional bases of operation for its retail services. In the Σ business, we are also planning to make these 13 regional headquarters into important bases that will play roles of collecting information on regional companies throughout Japan, and we are currently in the process of developing this structure.

List of Regional Bases

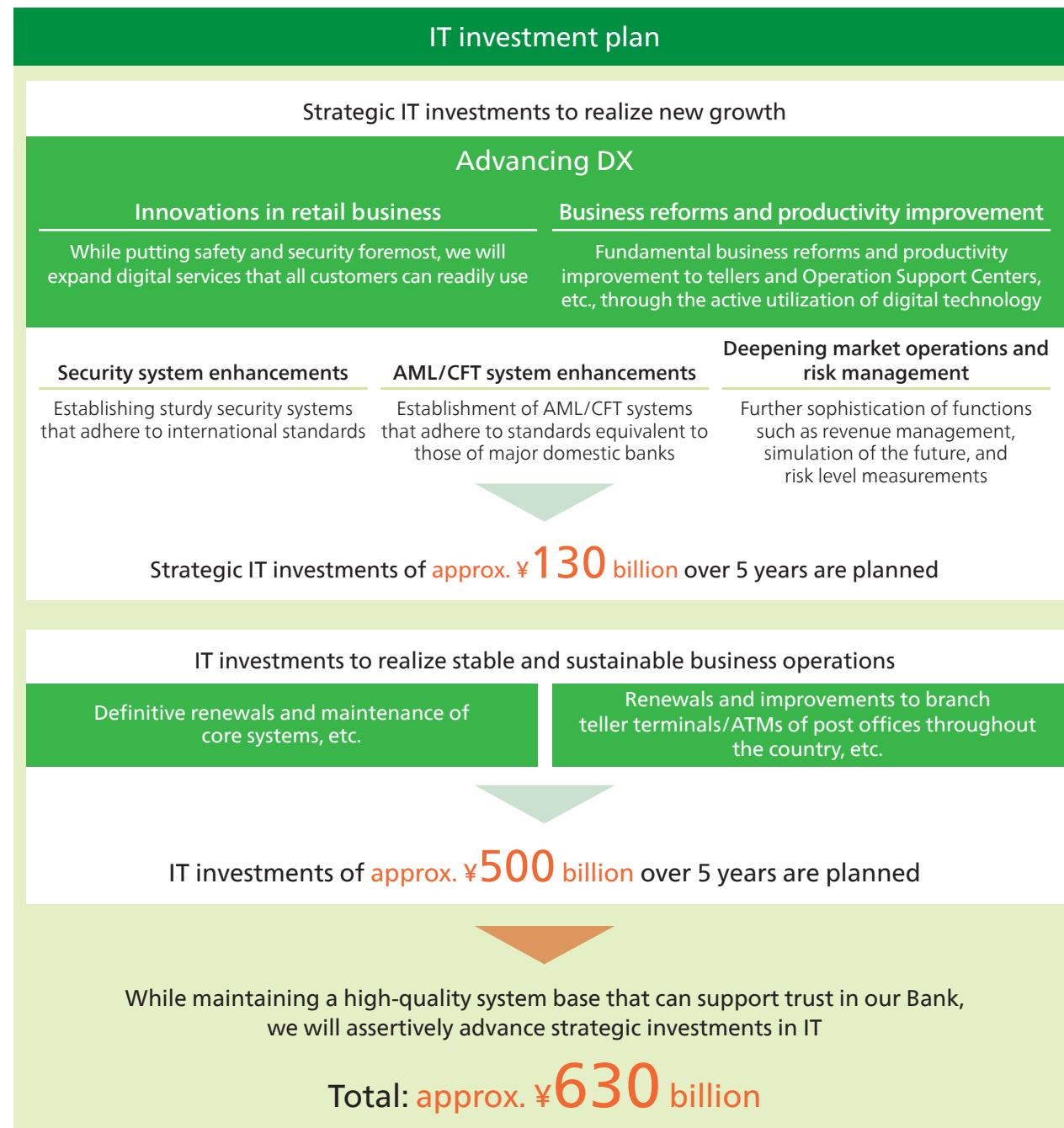
- Okinawa Regional Headquarters**
Katsunari Kinjo
Regional Headquarters Manager
- Hokkaido Regional Headquarters**
Kenji Sakamoto
Regional Headquarters Manager
- Hokuriku Regional Headquarters**
Kunimitsu Hori
Regional Headquarters Manager
- Tohoku Regional Headquarters**
Koji Sato
Regional Headquarters Manager
- Kinki Regional Headquarters**
Shuji Takahashi
Regional Headquarters Manager
- Shinetsu Regional Headquarters**
Masanori Ishioka
Regional Headquarters Manager
- Chugoku Regional Headquarters**
Kazuyoshi Katsuragi
Regional Headquarters Manager
- South Kanto Regional Headquarters**
Masaya Tsuma
Regional Headquarters Manager
- Kanto Regional Headquarters**
Takeo Tsukihara
Regional Headquarters Manager
- Shikoku Regional Headquarters**
Iwao Moriyama
Regional Headquarters Manager
- Tokai Regional Headquarters**
Hironobu Shiranaga
Regional Headquarters Manager
- Kyushu Regional Headquarters**
Yasumitsu Toyoda
Regional Headquarters Manager
- Tokyo Regional Headquarters**
Etsuko Kishi
Regional Headquarters Manager

Strengthening the management base to drive the three engines of growth

I Strengthening IT investments to accelerate the advancement of DX

The Bank believes the existence of high-quality system infrastructure is essential for advancing DX, as well as promoting our strategies which include innovating the retail business, undertaking business reforms and productivity improvements, etc., while deepening the trust of our customers. Under the Medium-term Management Plan, plans are in place to invest approximately ¥500 billion over five years as an IT investment for stable, sustainable business operations involving the

core system we have conventionally operated and an additional amount of approximately ¥130 billion as a strategic IT investment for new growth. In FY2023/3, the Bank invested in projects intended to expand digital channels, including introducing the Personal Financial Management (PFM) app Yucho Reco. Similarly, in May 2023 we implemented large-scale systems upgrades to ensure stable operations of core systems.



I Improving internal control systems

Enhancements to risk management systems

We formulate Policies for Handling Risk Management each fiscal year, under which important matters related to risk management are discussed or reported at the Risk Management Committee, etc. In particular, we report to the Risk Committee, which serves as an advisory body to the Board of Directors, regarding the risk management status of systems, including those for operations and cyber security. In addition, we are working to enhance each risk management system, for example through a subcommittee to deliberate on new products and services, and by organizing a subcommittee for the purpose of deepening debate and awareness sharing on system risks.

For more details on risk management, please see pages 78 and 90.

Enhancing measures against money laundering, terrorism financing, and proliferation financing

Incidents involving money laundering, terrorism financing, and proliferation financing; bank transfer fraud; transaction and unauthorized use of bank accounts; fraudulent refunds of deposits that target internet banking services; and other financial crimes that exploit financial institution services have shown no signs of decline, even as the techniques used by criminals only grow increasingly sophisticated and elaborate. Moreover, reflecting the fluid international situation, the UN, along with individual countries and regions, has implemented economic sanctions that place stringent reprisals on financial institutions that provide products and services to sanctioned individuals.

The Bank has prepared systems to comply with foreign and domestic laws and regulations in order to prevent any violation. Similarly, we have implemented customer management measures, taken action to detect and report suspicious transactions, revised products and services, and moved to address economic sanctions in an effort to strengthen money laundering, terrorism financing, and proliferation financing countermeasures.

In order to protect the deposits and assets of our customers, the Bank continues to engage in efforts to stave off and prevent the spread of financial crimes by analyzing past criminal techniques, enhancing systems, and organizing data.

Ensuring safety and security

We are endeavoring to ensure safety and security, including implementing sophisticated security measures and enhancing IT governance and security verification systems suited for emerging risks.

Meanwhile, we worked to strengthen our cyber security defenses, to guard against the rise of increasingly complex and sophisticated cyberattacks. This involved firmly implementing action plans that we formulated in accordance with the international standard.

For more details on cyber security, please see page 82.

Enhancements of compliance systems

Legal compliance is clearly stated in our management philosophy and management plans and basic rules on compliance are stipulated, in order to convey the importance of compliance, including customer protection structure, to employees through messages from the top management on a regular basis, as well as various training programs, etc. We formulate the compliance program each fiscal year while holding the Compliance Committee to verify the progress and discuss tasks on the subject. In addition, the Internal Control Committee discusses the most important matters relating to internal controls, such as compliance with laws and regulations.

Although we delegate bank agency services to JAPAN POST Co., Ltd., the Bank takes responsibility for efforts to strengthen the compliance system used by post offices. Specifically, we do so by organizing recurrence prevention measures, such as revising rules and strengthening control functions; and constructing systems for promoting these initiatives throughout the JAPAN POST GROUP.

For more details on compliance, please see page 84.

Building a framework for large-scale system upgrades

In moving toward the large-scale core system upgrades in May 2023, the Bank established a Group-wide promotion committee directly under the jurisdiction of the President and Representative Executive Officer. This move was intended to build a Group-wide framework while receiving advice from third-party organizations, thereby achieving seamless upgrades.

Human capital management



Takayuki Tanaka
Managing Executive Officer

“I will support the growth of autonomous employees who respect diversity.”

Having a nationwide network through which we supply financial services rooted in the community to our customers, the Bank sees our human resources as the source of competitiveness and value creation, and therefore as an asset. Under the belief that nurturing human resources and connecting this to growth is, more than anything else, an engine for enhancing corporate value, the Bank will advance Human Resources Strategies (HR Strategies) that link to our purpose, management philosophy,

mission, and management plans.

Specifically, through the combination of the three pillars of Improvement of motivation, knowledge and experience, Development of an environment for demonstrating abilities, and Respect for diversity, we aim to build a lively and exciting company that allows a diverse range of human resources to thrive, and to enhance our corporate value. For this purpose, we have formulated the Basic Approach to HR Strategies, and are engaged in promoting human capital management.

The Bank believes that the central component of each of these three pillars is the concept of every employee. We are therefore strongly committed to

working together with our employees to build a company in which every employee is able to thrive with a sense of motivation and satisfaction.

Centered on these three pillars, we have defined the five priority initiatives of Development of Autonomous Employees, Active Recruitment of Specialized Human Resources in Enhancement Areas, Strategic Human Resources Assignment, Improving Engagement, and Diversity Management. By advancing these initiatives and working to maximize corporate value through the growth of our employees, we will contribute to the happiness of our customers along with the development of society and the region.

Basic Approach to HR Strategies

We will nurture employees who develop themselves through challenges, and develop an environment in which their abilities can be maximized. Accordingly, we aim to work alongside our employees to build a lively and exciting company that allows diverse human resources to thrive, and to enhance our corporate value.

Three engines of growth | Medium-term Management Plan Key Strategies

R Retail

- Innovations in retail business
- Work reforms and productivity improvement
- Advancing DX
- Human Resources Vision
- Human resources who leverage digital technology to challenge innovations in service and work
- Human resources who can propose products and services ideally suited to the needs of customers

M Market

- Deepening market operations and risk management
- Expand the balance of risk assets and enhance ALM/risk management
- Human Resources Vision
- Human resources who can manage investments, ALM, and risk with a high level of specialization and knowledge

Σ (Sigma) Business

- Enhancing funds flow to regional communities and the regional relationship functions
- Σ (Sigma) Business (GP, Marketing, Sourcing)
- Human Resources Vision
- Human resources who can challenge the Σ Business and who can contribute to the vitalization of regions
- Human resources who invest in a way that helps solve problems faced by regional communities, and who can contribute to the sustainable growth of the Bank

Management base for supporting the three engines of growth

- Strengthening the management base
- AML/CFT/CPF, cyber security, system fortification, etc.
- Human Resources Vision
- Human resources with a high level of specialization and knowledge who can strengthen the management base to ensure the Bank earns a greater level of trust



Three pillars of the Basic Approach to HR Strategies

Encourage Growth
<Improve motivation, knowledge and experience>

Support each and every employee as they grow and improve their expertise through challenges based on their passions and capabilities

Discover Abilities
<Development of an environment for demonstrating abilities>

Enhance job satisfaction by providing opportunities and environments where every employee can demonstrate their abilities

Effectively Utilize Diversity
<Respect for diversity>

Respect for diverse values of each and every employee and build a culture that recognizes these values as a strength of the organization

Human resources strategy priority issues and KPI

	FY2021/3 (Results)	FY2022/3 (Results)	FY2023/3 (Results)	FY2026/3 (Plan)
Development of Autonomous Employees				
● Develop professional human resources who can consider their own careers, chart growth, provide customer-oriented services, and challenge enhancement areas				
● Focus on developing human resources that will support regions in consideration of the unique characteristics of the Bank, which operates nationwide				
Active Recruitment of Professionals in Enhancement Areas				
● Actively recruit specialized human resources that can support the enhancement areas of management				
Strategic Human Resources Assignments				
● Visualize the skills and experience of employees to assign the right person to the right place, as well as the right number of employees at the right time.				
Improving Engagement				
● Improve workplace environments, systems, and benefits programs that make it easy to work and allow for satisfaction				
Diversity Management				
● Ensure diversity toward the execution of strategies and initiatives that reflect a wide range of opinions				
Number of market operations professionals	56 <small>* As of April 1, 2020</small>	70 <small>* As of April 1, 2021</small>	86 <small>* As of April 1, 2022</small>	105 <small>* As of April 1, 2025</small>
Dispatched to other companies (in relation to the Σ (Sigma) Business)	17	23	19	Approx. 30
Dispatched to other companies (other)	67	64	68	Approx. 80
IT passport acquisition ratio for the head office <small>* Includes the Information Technology Engineer Examination</small>	—	—	10.6%	100%
DX training attendance ratio (head office)	—	—	95.6%	100%
Number of Career Challenge applicants	114	141	193	100 or more
Class FP2 and above acquisition ratio (branch consultant)	—	—	71.2%	80%
Overall employee satisfaction level	64.9%	68.7%	67.4%	70% or more
Health Management (ratio of high-risk employees)	1.11%	0.94%	0.62%	0.9% or less
Health Management (Rate of employees who no longer require specified health counseling)	23.2%	23.7%	25.1%	24% or more
Health management event participation rate	—	—	14.9%	30%
Ratio of women in managerial positions	15.7% <small>(April 2021)</small>	16.6% <small>(April 2022)</small>	17.5% <small>(April 2023)</small>	20% <small>(April 2026)</small>
Ratio of employees with disabilities	2.74%	2.71%	2.72%	2.7% or more
Ratio of employees taking childcare leave	99.5%	100.0%	100.0%	100%
Ratio of male employees taking childcare leave (4 weeks or longer)	30.1%	33.6%	59.1%	50% or more

Human capital management

Encourage Growth—Improve Motivation, Knowledge and Experience—

Amid the dramatic shifts taking place in the social conditions and economic environment in which the Bank is situated, employees must precisely address the increasingly complex needs of our customers. For this purpose, every employee must consider their own careers and take action of their own accord. Under the belief that the very growth of a diverse range of human resources is a source of competitiveness, the Bank provides active support for career development.

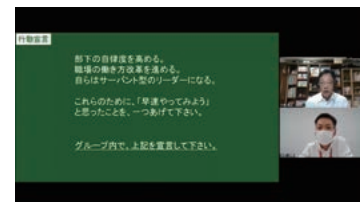
In addition, from the dual approach of recruitment and developing existing human resources for the enhancement areas in the Medium-term Management Plan, the Bank strives to secure human resources in specialized fields, and is advancing active recruitment of outside human resources along with the acquisition of knowledge and know-how in specialized fields.

Development of Autonomous Employees

The Bank provides opportunities for employees to gain awareness and learn in order for them to consider a vision for their future selves, and to execute plans to achieve this vision of their own accord. Along with revising the existing management stance and shifting to a servant leadership style that draws out the capabilities of employees based on relationships of trust, the Bank has introduced 1-on-1 meetings for the purpose of deepening communication. The Bank has also prepared a career design guidebook as a form of support for considering careers. We also administer the Career Challenge System and internships within Group companies as mechanisms for individuals to challenge the careers they have considered.

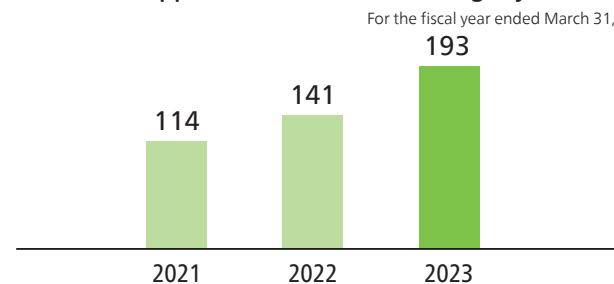


Career design guidebook



Ikuboss Training Session

Number of applicants for Career Challenge system



Active Recruitment of Professionals in Enhancement Areas

In an effort to secure and develop professionals as early as possible in the market operations, digital, and other fields, the Bank introduced course-specific recruitment for new-graduate hires. Similarly, the Bank is focused on recruiting students that possess advanced specializations.

In market operations, risk management, and other fields that require advanced specialization, the Bank engages in mid-career recruitment leveraging direct recruiting and alumni networks.

VOICE Career Challenge System



Keisuke Yamashita
Assistant Manager
Financial Institutions Department,
Regional Relations Division

My strong desire to Contribute to regional communities has remained unchanged since I first joined the company. I applied for the Career Challenge System because I felt the environment of the Financial Institutions Department allows me to embody the mission of Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, communities using various frameworks. Although I spend my days studying given changes in the environment and my work now requires specialized knowledge, I take on the challenge of various duties each day with the positive desire to absorb everything I don't understand.

With the addition of Mr. Yamashita, our team gained his bright atmosphere and a mood of taking on challenges. From the position of providing support, I naturally offer training, OJT, and other options, yet I take an uncompromising stance on putting together an open environment that makes it easy to undertake challenges and ask about anything, with the entire department cooperating on the basis of close-knit communication.



Ryu Kawamura
Senior Manager
Financial Institutions Department
Regional Relations Division

The Investment Division, in particular, introduced and has applied a performance-linked compensation plan for employees with advanced, specialized knowledge since April 2016. Since this time, it has worked to actively secure professionals and strengthen the organizational framework.

Dispatch to other companies

The Bank actively seconds employees to other companies and engages in human resources exchanges from the standpoint of deepening the understanding of different businesses and organizational cultures, as well as of helping employees acquire specialized knowledge. This

effort is also taken from the standpoint of building networks with a diverse range of human resources.

Among these initiatives, the Bank dispatches loaned employees to affiliated companies (GP, etc.) and focuses on human resources development as part of our efforts to strengthen the Σ (Sigma) Business, a Key Strategy of the Medium-term Management Plan.

These initiatives serve as opportunities for employees to gain a new awareness, as well as opportunities to reexamine themselves from a different standpoint than in the past. In this way, they function to support the career development and growth of our employees.

Discover Abilities—Development of an Environment for Demonstrating Abilities—

The Bank believes that maximizing the ability of employees to demonstrate their acquired knowledge and experience, without question, requires the fostering of a corporate culture and climate that allows employees to be themselves and to work vibrantly and in health. Likewise, the Bank is working to improve motivation and satisfaction through the development of environments that enable employees to maintain and improve their mental and physical health, and ones that allow working styles to match different life stages.

Moreover, the Bank is promoting strategic human resources assignments through the active promotion of young employees, human resources exchanges between organizations, and visualization of human resources using a talent management system.

Strategic Human Resources Assignments

Along with advancing human resources assignments that place the right person in the right position based on the Key Strategies of the Medium-term Management Plan, the Bank engages in initiatives that actively promote young employees, as well as that exchange human resources between related departments and between the head office and front-line organizations, for the purpose of vitalizing internal organizations. At the same time, the Bank employs the in-house newsletter, for example, to introduce thriving young employees who work with vitality in an effort to enhance satisfaction and motivation. (In-house newsletter initiatives are listed on page 55)

Moreover, the Bank is working to visualize employee skills and experiences via the introduction of a talent management system. Through this effort, we are advancing strategic human resources placements that connect to the continued growth of employees.

Health management initiatives

Under the belief that maintaining and improving the mental and physical health of employees will create a vigorous organization that will serve as the source of

growth, the Bank established and has focused on administering the Japan Post Bank Health Management System.

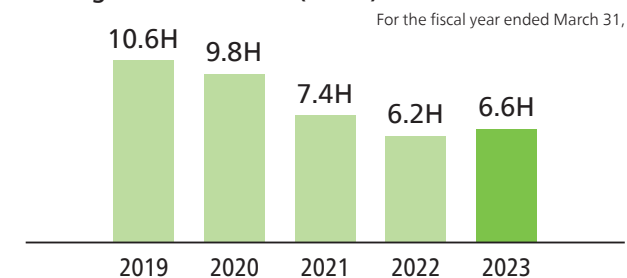
Specifically, the Bank reduces long working hours, promotes the use of paid leave, and reviews working hours in other ways in order to balance work and lifestyles. We provide feedback on the status of such efforts each month at the departmental level.

Moreover, we work with industrial health staff to recommend exams that should be received at medical institutions and provide health guidance in an effort to prevent and mitigate the impacts of lifestyle diseases. We also hold walking events to foster the habit of exercise on a regular basis.

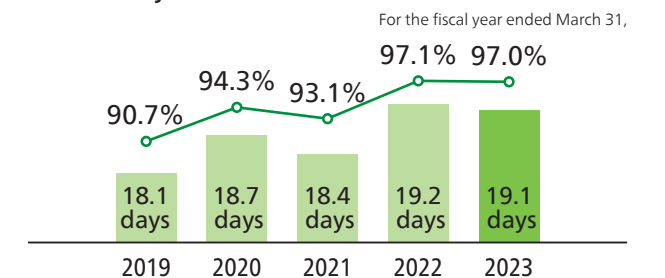
As a mental health care initiative, the Bank offers occupation-specific e-learning seminars, and assigns in-house support staff at our Regional Headquarters around Japan. Through consultations with employees, this latter effort seeks to prevent and address mental and physical disorders at an early stage.

In recognition of these efforts, in 2023 we received White 500 status under the Certified Health & Productivity Management Outstanding Organizations Recognition Program for the second year in a row.

Average overtime work (hours)



Paid holiday utilization rate



* The paid holiday utilization rate is the ratio of the number of paid holiday days used to the number of days granted each year

Human capital management

COLUMN Holding the Walking Festival

The Bank held the Walking Festival targeting all employees for the purpose of raising health improvement awareness, fostering the habit of exercise on a regular basis, and vitalizing communication. (October to November 2022)

In addition to team competitions and area-specific competitions, we planned events that helped employees to easily participate and enjoy exercising. In one such example, we aimed to have the total distance walked by all participating employees equal the distance from the earth to the moon. In the end, nearly 2,300 individuals participated from around Japan.



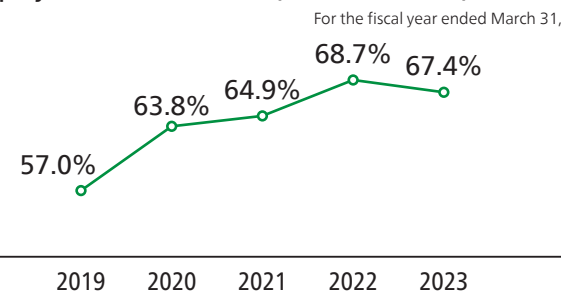
Walking Festival participants

Improving employee satisfaction levels

JAPAN POST BANK conducts an Employee Satisfaction Survey of every employee each year. The results of the FY2023/3 survey revealed an overall satisfaction level of 67%.

Items identified as issues are reported to management, while the Bank is working to further raise the level of satisfaction, including by making efforts to improve work motivation and the working environment.

Employee satisfaction level (satisfaction rate)



Going forward, the Bank will visualize the employee engagement situation over the medium to long term, and will revise the survey details in a way that leads to a better working environment.

Flexible work styles

For the purpose of harmonizing work and lifestyles, as well as of enabling employees at different life stages to continuously demonstrate their abilities, the Bank is seeking to improve the environment in a way that allows employees to flexibly select their own working style.

In response to COVID-19, the Bank expanded telework, introduced a flextime system, switched training programs and meetings, including those of the Executive Committee, to an online format, and strongly promoted other efforts to develop telecommuting environments.

Starting in FY2024/3, the Bank will further promote flexible working style related initiatives for the post-COVID-19 world. These efforts will include expanding the full flextime system, which does not include a core time, for some organizations.

Effectively Utilize Diversity—Respect for Diversity—

In order to address the needs of various stakeholders, the Bank believes it is essential to secure human resources that are rich in diversity. We therefore promote Diversity Management in aims of building a culture that respects the diverse value sets of every employee, and that recognizes this diversity as a strength of the organization.

Diversity Management

In order to advance diversity and realize greater value for the Company, the Bank established the Diversity and Inclusion Department in FY2017/3 given our sense of crisis regarding the need to change the way all employees think, including management, and to further improve the environment. Since this time, we have advanced related initiatives.

The Bank engages in various efforts intended to create workplaces that enable all employees, including women, as well as those in child-rearing generations, long-term care generations, mid-career hires, senior employees, and those with disabilities, among others, to work in comfort and to grow together with a sense of satisfaction.



Mikako Saito
General Manager of the Diversity and Inclusion Department

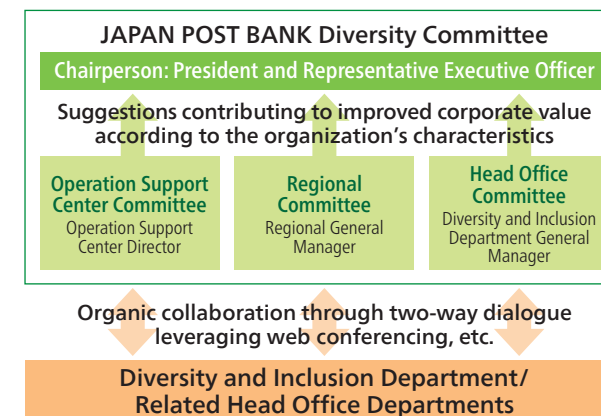
Diversity-related initiatives (Yearly)

2010	Established the ARIGATO Center (provides employment opportunities for those with disabilities)
2014	Dispatched employees to NPO J-win (Japan Women's Innovative Network)
2016	Established the Diversity and Inclusion Department; established the Diversity Committee; recruited in-house physiotherapists (health keepers who provide opportunities for those with disabilities to thrive); and endorsed the Declaration on Action by The Group of Male Leaders Who Will Create a Society in Which Women Shine
2017	The heads of each organization at JAPAN POST BANK, including the President and Representative Executive Officer, made the Ikuboss* Declaration; began diversity (Ikuboss) training; and started supporting artists with disabilities
2018	Expanded the scope of the Ikuboss Declaration to all managerial positions, and began Ikuboss certification
2019	Established the Service Improvement Committee and the Organizational Culture Reform Subcommittee; opened the Yutemachi Day Care Center workplace day care center at the head office building; and endorsed the Declaration of Full Childcare Leave for Male Employees made by WORK-LIFE BALANCE Co., Ltd.
2021	Began Live in Person town hall meetings between management and employees
2022	Began the D&I Dialogue follow-up initiative in cooperation with female employees possessing branch manager experience, and achieved 100% for the ratio of male employees taking childcare leave (continuously since FY2022/3)

* An Ikuboss (or New-era Boss) is a manager/an executive who (a) considers his/her staff's work-life balance and supports their career, (b) achieves his/her organization's business targets, and (c) enjoys his/her own life outside of work.

Diversity Committee (promotion framework)

Within the head office, regional headquarters, operation support centers, and other organizations, the Bank has established a Diversity Committee composed of members with various experiences and backgrounds. These committees plan and promote initiatives in line with the situation of each workplace.



In FY2023/3, the Bank held Male Employee Child Care Leave Seminars and Study Groups on Family Care in each region, as well as dialogue through which participants exchanged their respective value sets with each other, in an effort to vitalize communication. Similarly, more than 60 employees also participated in the Live in Person town hall meeting held in continuation from FY2022/3, during which they unreservedly shared their opinions with President Ikeda.

Promotion of Women's Participation and Advancement in the Workplace

In order to promote women's participation and advancement in the workplace, the Bank is improving workplace environments, encouraging the desire to be promoted, developing management candidates, and implementing various other initiatives. The goal of these initiatives is to achieve 20% for the ratio of women in managerial positions by April 2026.

In FY2023/3, the Bank conducted training to change the awareness of officers and managers, training for the purpose of encouraging the desire to be promoted among women, and dispatched employees to external female leader training programs, among others.

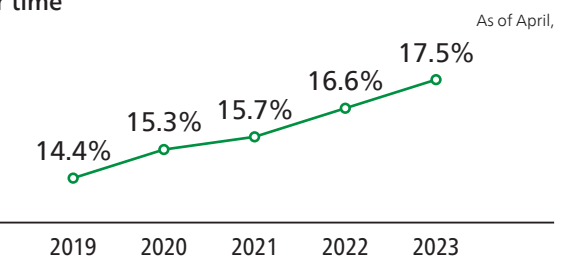
In addition, the Bank implemented diversity and inclusion (D&I) dialogue in collaboration with female employees possessing branch manager experience for female managers at directly operated branches and for future candidate employees. This effort was intended to alleviate promotion-related uneasiness, provide advice, and raise awareness of promotions.

As a result of these initiatives, the ratio of women in managerial positions stood at 17.5% as of April 2023.



Participant at a D&I Dialogue

Change in the ratio of women in managerial positions over time



VOICE Promotion of Women's Participation and Advancement in the Workplace



Chie Ishibashi
Matsuyama Branch Office Manager

I have worked as a branch manager at directly managed branches since 2015. In part because the first branch I was responsible for was outside the region where I was born, I was very worried that I wouldn't be able to perform my duties. Both being women, however, the General Manager and Assistant General Manager who received me gave me advice based on their own experience.

The following year, I shared information with female employees in different positions around the country as a member of the Diversity Committee. Moreover, during the D&I Dialogue launched in FY2023/3, the participants worked to communicate in a way that alleviates all manner of uncertainties and concerns. Our branches are home to many women who thrive in their respective duties. And I will support and encourage these women using my own experience in a way that allows them to shine with an awareness of the significance of women participating as branch managers and managers, and with a sense of themselves, all without becoming overly focused on the customs of the past.

Human capital management

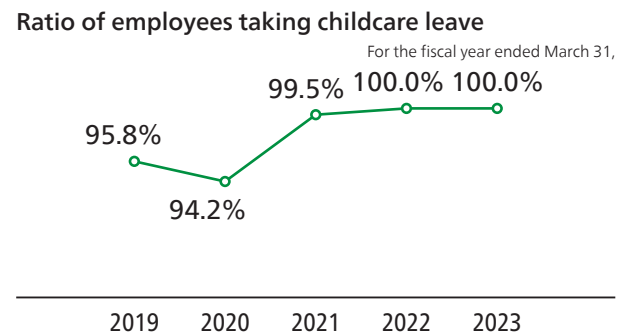
Promoting use of childcare leave among male employees

In order to enable men to actively participate in housework and childcare, the Bank has worked to create workplace environments that make it easy to use childcare leave, namely by distributing support books and providing e-learning to male employees and supervisors.

Since FY2023/3, the Bank has included articles in the In-house WEB Newsletter that introduce employees who have taken childcare leave. This effort has sought to create workplace cultures in which childcare leave is familiar and taken as a matter of course.

As a result, in FY2023/3 the Bank once again achieved 100% for the ratio of employees taking childcare leave. Consequently, we have also been seeing a steady increase in the number of childcare leave days taken by men.

In recognition of these efforts, the Bank was certified as Platinum Kurumin.



Moreover, we help employees with disabilities gain a higher level of motivation to work and remain in their positions by conveying our appreciation through letters.



General view of the ARIGATO Center operation



Thank you card from a branch to the ARIGATO Center

Employing senior human resources

As Japan's working-age population contracts due to a declining birthrate and aging population, the Bank is striving to expand duties that allow older employees to exhibit their potential by leveraging their knowledge and experience.

Moreover, in FY2022/3, the Bank raised the compulsory retirement age to 65, since which time we have been seeking to improve working environments that allow employees to work while maintaining their motivation into the future.

Promoting an understanding of LGBTQ+

In order to create workplace environments in which all employees can thrive with peace of mind, the Bank established the Diversity Awareness Month, holds workplace study meetings, distributes the Ally sticker as a symbol of understanding and support for the LGBTQ+ community, and sponsors Tokyo Rainbow Pride.

Moreover, the Bank now includes same sex partners in our definition of spouse for our various systems. This allows all employees to take advantage of marriage leave,

bereavement leave, dependent allowances, and company family housing, for example.

As a result of these initiatives, the Bank has received the highest gold evaluation on the PRIDE Index for five years running.

JAPAN POST GROUP Human Resources Policy

JAPAN POST GROUP formulated the Group Human Resources Policy to lay down the basic direction for realizing the management strategies and human resources strategies as based on the JAPAN POST GROUP Medium-term Management Plan, JP Vision 2025. The Vision identifies four elements as the items on which the Group must focus, including Pride and Motivation as the Group vision, along with the three pillars for achieving this, namely Accept Our Respective Differences, Enhance Capabilities, and Demonstrate Strengths. The Vision also organizes specific indicators and targets regarding each element.

Major indicators and targets

Major indicators and targets	FY2023/3 results
Quantitatively measure the "Pride and Motivation" of employees on a regular basis	—
Average number of childcare leave days taken by male employees: At least 1 month	63.3 days
Ratio of women in managerial positions at the head office: 30% (FY2031/3)	17.8%
New indicator for placing the right person in the right position	—
Average number of paid leave days taken: At least 18	19.1 days

* The Bank's results compared to Group targets

VOICE

Childcare leave use among male employees



Ryota Ogawa
Deputy Manager,
Financial Consulting
Hiroshima Branch Office
and his family



I took three months of childcare leave because I wanted to see my child grow up-close, and because I wanted to participate in childcare and housework with my wife. Initially, my wife seemed nervous about raising our child, but as we did so together, the word fun would come up, and we were able to relieve her uncertainties. So, I was glad I took childcare leave.

Although I was also concerned about being away from my workplace for so long, the broad support of my coworkers and their periodic reports on the situation at the branch even while I was away allowed me to pass the time with an idea of what it would be like after returning.

I wanted Deputy Manager Ogawa to go on childcare leave without worry, so I worked to create an overall team atmosphere in which the other employees wouldn't feel burdened while he was gone. After his return, everyone welcomed him back and he worked hard in response, so I feel we created a positive trend.

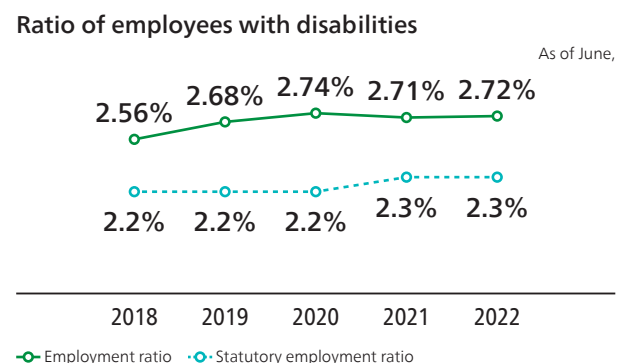


Takuya Uchida
General Manager,
Financial Consulting
Hiroshima Branch Office

Participation of a diverse range of employees Promoting the hiring of employees with disabilities

In 2010, JAPAN POST BANK established and began operating the JAPAN POST BANK ARIGATO Center for the purpose of providing people with disabilities who desire to work opportunities for new and continued employment so that they can live independent lives. Employees at the Center handle everything from bagging to shipping the candies handed out to customers at branches.

In addition, we actively employ those with disabilities, including having such individuals work as in-house physiotherapists (Health Keepers) at the head office and certain Operation Support Centers, and today employees with disabilities participate in organizations around Japan.



COLUMN Initiatives for realizing human capital management

—Investigations by the Board of Directors—

The Board of Directors also discusses human capital management as an important theme. The Board engages in human capital management based on the exchange of opinions from various perspectives regarding specific initiatives for realizing human capital management by the Bank.

—Holding training programs for management—

In order to deepen the understanding of ESG management in terms of financial institutions, the Bank held training programs for managers on the theme of human capital.

During these programs, experts provided lectures on social trends and important initiatives for the Bank, thereby raising awareness so that each workplace and the Bank as a whole can realize human capital management.

—Initiatives for realization—

As a Bank-wide initiative, the Bank formed project teams composed mainly of the Human Resources Department, Diversity and Inclusion Department, Public Relations Department, Corporate Planning Department, Investor Relations Department, and Financial Accounting Department. Based in part on the investigations by the Board of Directors, these project teams held repeated discussions over nine sessions, shared the issue awareness of each department, and advanced initiatives to realize and disclose human capital management.



Human capital management

Special Feature

Initiatives regarding respect for human rights

In aims of realizing our philosophy of becoming the most accessible and trustworthy bank in Japan, the Bank stands upon the awareness that respecting human rights is an important social responsibility. We therefore respect the human rights of every employee, customer, and partner company.

Moreover, we established the JAPAN POST BANK Human Rights Policy and are strengthening various initiatives in order to contribute to the realization of a safe, secure, and prosperous society. This effort relies specifically on promoting initiatives regarding respect for human rights through the business and social activities conducted by the Bank and the JAPAN POST GROUP.

[more info](#)
 JAPAN POST BANK Human Rights Policy
 Home > Social > Human Rights & Supply Chain
 > Respect for Human Rights > JAPAN POST BANK Human Rights Policy



Initiatives regarding human rights issues



Initiatives targeting employees

Preventative initiatives	Improve systems allowing for consultation with peace of mind
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- Preventative initiatives**
 - Issue message from the top management
 - Provide training and awareness raising opportunities
 - Training for executives, job-level based training, etc.
 - Raise awareness through informational publications (bimonthly)
 - Call for, select, and recommend human rights slogans for submission to the Japanese Bankers Association and other external organizations
- Improve systems allowing for consultation with peace of mind**
 - Assign harassment councilors (one male and one female for each business location)
 - Build a consultation network with third parties outside of business locations (support staff visit branches)
 - Establish a one-stop consultation and reporting platform (JAPAN POST GROUP)
 - Establish an external harassment hotline
 - Conduct harassment councilor training



Award ceremony for the winners of the Japanese Bankers Association Human Rights Awareness Slogan Campaign (36th competition)



Harassment councilor training materials



Initiatives targeting customers

The Bank implements money laundering countermeasures, and works to improve convenience for the elderly and persons with disabilities (stocking writing implements, improving accessibility, applying universal service design, etc.)



Initiatives targeting investment recipients

In order to conduct responsible investments as an institutional investor, in July 2022 the Bank revised our ESG Investment and Financing Policy to state our intention to properly engage with climate change and human rights. As part of the ESG Investment and Financing Policy, the Bank now stipulates that we will conduct investment and financing activities in a way that considers human rights, including prohibiting investments and financing for companies that engage in child and forced labor, and those that produce so-called inhumane weapons such as cluster bombs. Moreover, the Bank verifies the human rights due diligence implementation standing of companies receiving investment and financing during engagement (constructive dialogue).



Initiatives targeting suppliers

The Bank also requests business partners to consider environmental and social issues in an effort to realize the 10 principles defined in the UN Global Compact.* The JAPAN POST GROUP formulated and published the JAPAN POST GROUP CSR Procurement Guidelines, with which we ask all business partners to comply.

* The Bank has signed the UN Global Compact, and therefore engages in CSR Procurement activities to support the 10 principles in the four fields (human rights, labour standards, environment, and anti-corruption) defined therein.

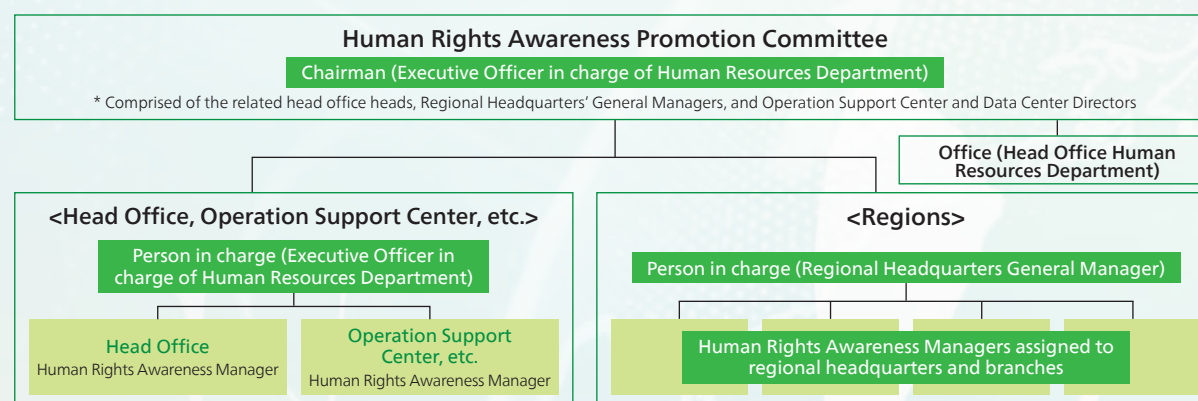
Human rights awareness promotion system

Chaired by the executive officer in charge of the Human Resources Department and consisting of the Regional Headquarter General Managers and the Operation Support Center Directors, among others, the Human Rights Awareness Promotion Committee leads the Bank's efforts to raise awareness of human rights throughout the Company.

Under the Committee's direction, the Bank has reviewed the related human rights issues and revised the human rights policy (April 2023) in relation to human

rights violations by investment recipients and suppliers. These reviews were also made in light of the expectation to avoid complicity, thereby going beyond simply addressing harassment, discrimination, and other human rights issues involving employees.

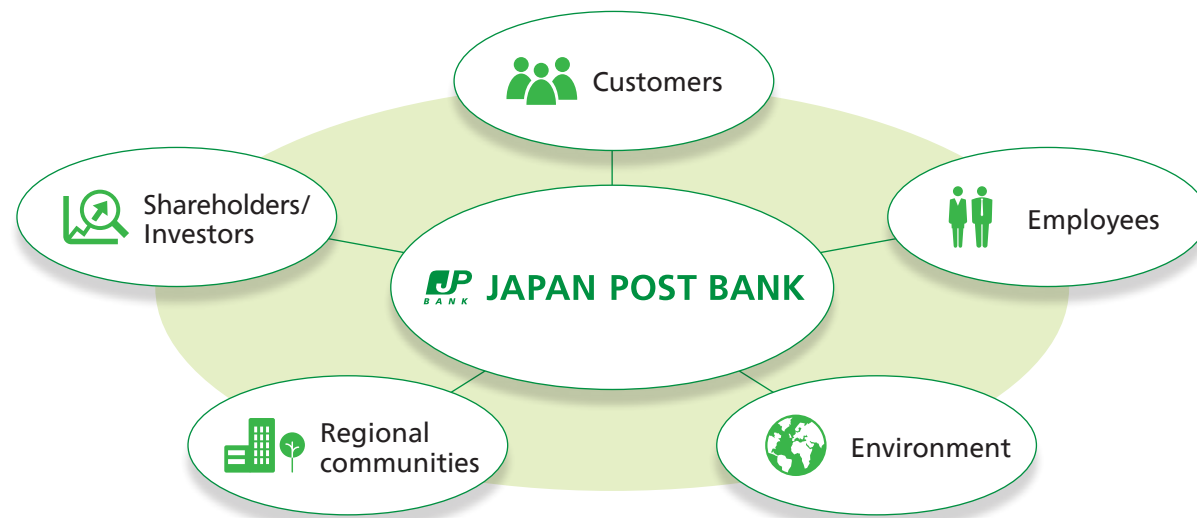
Going forward, the Bank will continue to enhance our various policies and human rights due diligence implementation frameworks while engaging in communication with stakeholders.



Major human rights issues involving the Bank

Stakeholder	Major Human Rights Issue	Stakeholder	Major Human Rights Issue
Employees	<ul style="list-style-type: none"> Prevent discrimination and harassment Improve working environments Respect the right to freedom of association and collective bargaining 	Investment recipients and suppliers	<ul style="list-style-type: none"> Prevent child labor and forced labor
Customers	<ul style="list-style-type: none"> Respect the privacy of customers Improve the environment for using financial services with peace of mind 	Others	<ul style="list-style-type: none"> Prevent money laundering, etc.

Stakeholder Communication



Communication with employees (internal communication reforms)

President's Direct-line Opinion Box

In September 2020, the Bank established the President's Direct-line Opinion Box, since which time we have worked to strengthen cooperation and vitalize communication between organizations. The candid opinions sent to the President's Direct-line Opinion Box are compiled, checked,

and analyzed by the Customer Satisfaction Department, and shared with management, which considers improvements, including improvement guidance provided by the President. In this way, the Box is used to improve products and services, as well as to create comfortable and friendly workplace environments.

VOICE Aiming to become a one-of-a-kind presence for customers



Junko Fujie
Executive Officer
General Manager,
Customer Satisfaction
Department

At the time the Bank was privatized, I was employed at the CS Office (currently the Customer Satisfaction Department). After the Bank was privatized and we began focusing on customer service, an anonymous postcard arrived from an elderly customer containing details that shocked me.

The postcard stated in earnest that other banks spoke kindly to the customer, but that JAPAN POST BANK had never done so. The note continued that they only put up with using the Bank because its branches were everywhere and it was convenient.

With a network of more than 23,000 locations throughout Japan, I wanted our customers to truly recognize the security, reliability, and convenience of this network. And in order to truly make this network a strength, I wanted our customers to feel that JAPAN POST BANK was the right choice. So, I earnestly felt that we needed to become a bank that would continue to be chosen among the countless financial institutions.

I wanted us to become a bank that encountered the smiles of as many of our customers as possible. And I strongly felt that I wanted to help our customers as a bank

that would escort them throughout their lives by sincerely seeing them as individuals, something that only we could do as a bank that is so accessible to our customers.

On the other hand, I also feel that in order to receive the smiles of our customers, we must increase the smiles of the actual employees that provide our products and services. The Bank is used by such a broad range of customers from different age groups and living environments, from children to the elderly, and those in cities and rural areas. In order to respond to the needs of this diverse range of customers, we must create environments in which employees who also possess a diverse range of values understand the significance of the Bank's presence, and can engage in their work with vitality and a sense of satisfaction. I myself practice two approaches to this every day, firstly valuing everyday conversations (dialogue) in order to understand the values of those with whom I work, and secondly creating egalitarian relationships so that members of our team can express their own thoughts, regardless of their position, and readily take on the challenge of new concepts without becoming overly focused on existing frameworks.

Through these efforts, at this point we have received a response of Satisfied from 70% of respondents on the Customer Satisfaction Survey. Yet there is no end to our efforts to improve customer satisfaction. We will therefore continue to proceed step by step in aims of becoming recognized by as many of our customers as possible as a one-of-a-kind presence by improving both customer satisfaction and employee satisfaction, and by expanding the circle of appreciation.

A platform for verbalizing the Uniqueness of JAPAN POST BANK as seen

by employees and for considering the "purpose of working for the Bank"

In-house WEB Newsletter **Life**

As part of further organizational culture innovation, all members of the Bank are communicating with each other on "Yucho Life" an in-house WEB newsletter for which President Ikeda serves as honorary editor-in-chief. During FY2023/3, the Bank introduced employees and organizations several times as part of contents that were informal and focused on "people", therefore, we streamed 147 articles, including videos.

While "Yucho Life" is a company platform, employees can freely "like" and "comment" on the site from their home PCs and cell phones. "Yucho Life" articles have led to multidirectional communication, such as keeping in touch with former colleagues and planning in-house workshops.

Moreover, the newsletter goes beyond mere personal introductions to share the values and aspirations that employees cherish in their work, reflecting on what "Uniqueness of JAPAN POST BANK" means to them. In an in-house survey, the majority of employees responded that the newsletter provided an opportunity to consider the "Uniqueness of JAPAN POST BANK". Similarly, we have received comments such as "I think it's great that the system allows Bank employees from all over the country to comment on each other's work".

The Bank will continue to facilitate multi-directional communication in "Yucho Life," vertically (between supervisors and subordinates, head office and regional organizations), horizontally (relationships with inter-branch, inter-department, and colleagues), and diagonally (relationships with supervisors and colleagues in other departments, and with colleagues and departments with whom we have little daily contact) to eliminate internal obstacles and improve engagement.



Videos of executive self-introductions



Contents introducing working mothers and fathers

"Uniqueness of JAPAN POST BANK" as seen by employees



Videos introducing employees

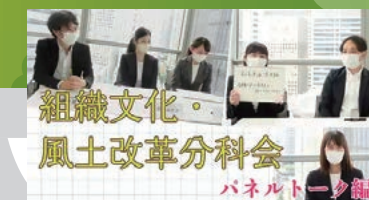
"The most accessible and trustworthy bank in Japan"
"Accessible" "Safe and secure" "A reliable presence"
"A bank that makes customers' dreams come true"
"Customer smiles" "Fusion of tradition and innovation"
"The fun of taking on new challenges"



Articles introducing organizations



Articles on the company entrance ceremony



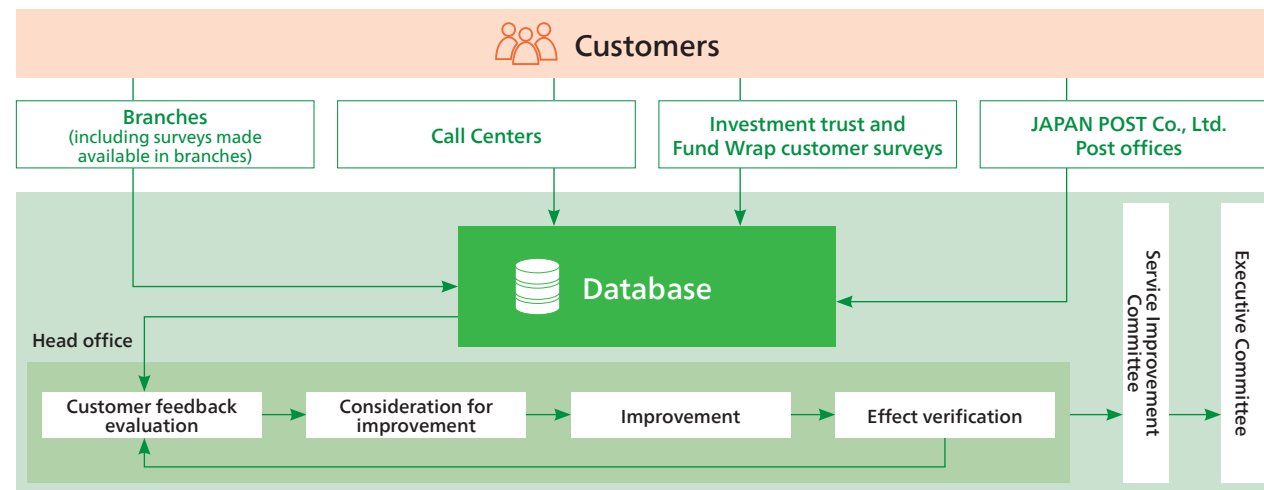
Articles introducing the Service Improvement Committee

Stakeholder Communication

Communication with Customers

Having centralized the management of all customer feedback received by our branches and call centers within the Head Office Customer Satisfaction Department, this feedback is also shared throughout the Bank and used to develop and improve our products and

services. The results of these improvements are also reported to the Service Improvement Committee, comprised of the President and Representative Executive Officer and other core members of the management team as well as to the Executive Committee.



Major Improvement Examples

Customer feedback	Outline of improvements
I would like to be able to readily acquire information on funds that is easy to understand when considering investment trust purchases.	We renewed the Investment Trust Search Page (list of available funds), including enhancing the fund search engine and adding a savings/return calculation simulation function.
Filling out application forms at service counters is difficult./The waiting period after reception is long.	In addition to eliminating the need to fill out paper application forms, we installed Madotab, self-service branch terminals, at Bank branches so that customers can handle formalities without having to wait.
I want to be able to open an account using my smartphone and without going to a service counter.	We released the JP Bank Account Opening App, which allows customers to open Yucho Direct+ (plus) (non-bankbook general account) accounts using their smartphones.
I want to be able to apply for account overdraft lending services without going to a service counter.	We have begun accepting applications for account overdraft lending services over the Internet (PC, smartphone, tablet).

Promoting organizational culture reforms with a view to practicing customer-oriented business operations

For the purpose of better promoting and putting into practice customer-oriented business operations, the Bank has established the Service Improvement Committee comprised of the President and Representative Executive Officer and other core members of the management team. Leveraging Customer Feedback gathered through the above scheme and Employee Feedback obtained through the President's Direct-line

Opinion Box mentioned earlier, the Committee works to improve products and services. Similarly, we are also strengthening multidirectional communication with employees via the In-house WEB Newsletter.

We will continue to reform our organizational culture with a view to practicing customer-oriented business operations, centered on the Service Improvement Committee chaired by the President, by strengthening internal communication through the use of videos by executives and others, internally sharing of examples of best practices at each branch, and other means.



All employees will work to realize customer-oriented business operations, and work to make JAPAN POST BANK an even more trusted bank among our customers

Communication with Shareholders and Investors

While aiming for sustainable growth and improvements in corporate value over the medium to long term, the Bank promotes the establishment of strong engagement with shareholders and investors.

Through these activities, we will deepen their understanding of the Bank's business, report their opinions and expectations to the management, and

reflect these in our management.

Based on the opinions we receive from our shareholders and investors, we will strive to enhance our disclosure in response to social demands and trends, and create IR opportunities led by the management and the heads of each business division.

IR Activity Results (FY2023/3)

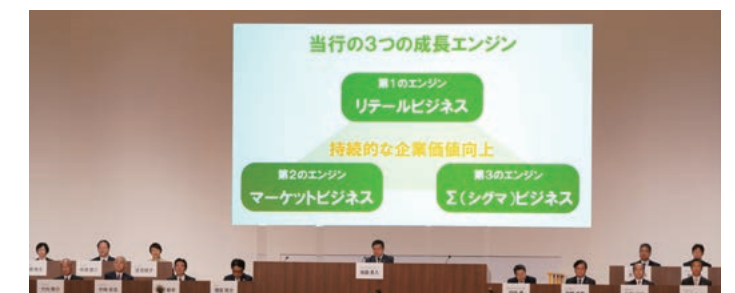
Activity	Outline
16th Ordinary General Meeting of Shareholders	Held on June 16, 2022
Briefings for individual investors	The Bank holds briefing sessions for individual investors several times a year led by the management. Number of sessions: 2, Participants: 326
Investor Meetings	The Director, President and Representative Executive Officer holds half-yearly meetings mainly for institutional investors and analysts. Number of sessions: 2, Participants: 230
Interviews with institutional investors and analysts	Led by Managing Executive Officer in charge of the IR Department, the management, including the Director, President and Representative Executive Officer, conducts individual interviews, etc., with institutional investors and analysts, both domestically and overseas. Companies met with: 374 (155 of which were overseas institutional investors)
Securities firms-sponsored conferences for institutional investors	The Bank participates in conferences hosted by securities firms, and the Managing Executive Officer in charge of the IR Department holds individual interviews with overseas institutional investors. Number of attended conferences: 3
Other IR events	The Bank holds briefing sessions for small groups of analysts and institutional investors regarding private equity investments, etc. These sessions are led by the Executive Officer in charge of the Investment Division and the investment representatives.
17th Ordinary General Meeting of Shareholders (FY2024/3)	Held on June 20, 2023

TOPICS Disclosure Examples Based on Shareholder and Investor Opinions

- Overview of private equity investments and real estate investments
- Impact of rising domestic interest rates on the Bank's financial statements
- HR strategies regarding human capital
- Measures for increasing PBR/ROE



FY2023/3 Investors Meeting (May 17, 2023)
Speakers: Norito Ikeda, Director, President and Representative Executive Officer (left)
Makoto Shinmura, Managing Executive Officer in charge of the IR Department (right)



17th Ordinary General Meeting of Shareholders (June 20, 2023)

Stakeholder Communication

Communication with Regional Communities

Financial Education

JAPAN POST BANK conducts financial education classes and other visiting lessons at elementary and junior high schools. Utilizing our proprietary teaching materials, we are helping children develop good financial sense by teaching them the importance of money and how to manage their money.

In light of the impact of COVID-19 infections, financial education classes were held online. At the same time, we uploaded the original teaching materials to our website so that everyone could print them off

and use them at home.

Moreover, given the increasing importance of financial education for high school students following the lowering of the legal age of adulthood in Japan, for example, the Bank has put in place the Mirai no Lesson (Lesson for the future) initiative, a proprietary set of teaching materials organized to teach high school students about life planning, household management and asset building, and financial troubles. Starting in FY2024/3, we will hold financial education classes for high school students using these proprietary teaching materials.

Teaching Materials for Elementary and Junior High School Students



Teaching Materials for High School Students



Visiting lessons

JAPAN POST's Piggy Bank Design Contest

Our children are the future leaders of society. The JAPAN POST BANK Piggy Bank Design Contest aims to encourage children to stretch their creative muscles and design piggy banks, generating greater interest in deposits. Started in 1975 to commemorate the 100th anniversary of the Bank, this competition enjoys a long and storied history.

Each year, elementary schools in Japan submit entries for the contest. After selections in each school, the competition conducts an initial judging (via photos) and a final judging (using actual works) before determining the winning entries. From FY2022/3, we commenced an individual application process for families.

For each entry, JAPAN POST BANK donates ¥10 to the Japan Committee for UNICEF, the Japan International Cooperation Agency (JICA), and JOICFP. The donations are used to support activities for children suffering from poverty and illness in developing countries.



Stakeholder Assessments (External Assessments)

Eruboshi (3 stars)

Certified by Japan's Ministry of Health, Labour and Welfare as "a company with excellent implementation status of efforts related to women's participation and advancement" in January 2022.



FTSE4Good Developed Index

JAPAN POST BANK has been selected as a constituent of the FTSE4Good Developed Index, a part of the FTSE4Good Index Series created and designed by FTSE Russell to measure the performance of companies demonstrating strong environmental, social, and governance (ESG) practices.



2023 Certified Health & Productivity Management Outstanding Organization Recognition Program (Large Enterprise Category "White 500")

Certified by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as a corporation that practices excellent health management. In addition, certified as a 2023 White 500 Health & Productivity Management Outstanding Organization, which is an acknowledgement given to the top 500 companies for their efforts in FY2024/3, for the second year in a row.



FTSE Blossom Japan Index

JAPAN POST BANK has been selected as a constituent of this index created and designed by FTSE Russell to measure the performance of Japanese companies demonstrating strong environmental, social, and governance (ESG) practices.



Platinum Kurumin

In recognition of activities of an even higher standard, certified by Japan's Ministry of Health, Labour and Welfare as a child rearing support company in February 2019.



FTSE Blossom Japan Sector Relative Index

Selected for inclusion in this index created by FTSE Russell that reflects the relative performance of Japanese companies demonstrating strong environmental, social, and governance (ESG) practices in their respective sectors.



Tomonin

Accredited by Japan's Ministry of Health, Labour and Welfare for activities as a company promoting the development of work environments that enable the balancing of work and nursing care.



Euronext Vigeo World 120 Index

An index developed by Netherlands-based Euronext and France-based Vigeo Eiris. It is composed of the world's top 120 companies from the standpoint of ESG.



PRIDE Index Gold

Awarded the highest gold evaluation for the fifth year in a row in the PRIDE Index with which "work with Pride" — an organization that respects the encouragement and establishment of diversity management for the LGBTQ+ community — evaluates the efforts of companies.



MSCI Japan Empowering Women Index (WIN)

Selected for inclusion in the MSCI Japan Empowering Women Index, an index of companies that are leading in gender diversity created by MSCI.



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Nikkei SDGs Management Survey

JAPAN POST BANK has been recognized as a 3.5-star entity under the 4th Nikkei SDGs Management Survey. The survey is a comprehensive examination of corporate attitudes towards solutions to environmental, social, and economic issues (contributions to the SDGs), as well as the details of SDGs-related businesses.



Bloomberg Gender-Equality Index

As a company superior in information disclosure about the gender and the approach to gender equality, our company has chosen for Bloomberg gender equality index*.



* 484 companies (including 15 Japanese companies) were chosen from 45 countries and areas in 2023.

Nikkei Smart Work Management Survey

During the 6th Nikkei Smart Work Management Survey, which selects companies leading advances in productivity innovation through work style reforms, JAPAN POST BANK received 3.5 stars.



S&P/JPX Carbon Efficient Index

JAPAN POST BANK has been included as a constituent of the S&P/JPX Carbon Efficient Index selected by S&P. The index focuses on the disclosure of environmental data and the level of carbon efficiency (carbon emissions per unit of revenue).



Environment

Recognizing that responding to climate change, which has a major impact on the environment, society and business activities, is an important issue, JAPAN POST BANK announced its agreement with the TCFD*1 Recommendations in April 2019. Since then, the Bank has incorporated various initiatives into its management strategies, increasing the level of its response to climate change. Details of our climate change response that accords with the TCFD Recommendations are outlined below.

*1 Abbreviation of Task Force on Climate-related Financial Disclosures. An organization established at the proposal of the Financial Stability Board for the purpose of thoroughly realizing corporate information disclosure pertaining to climate change, in which the representatives of the central banks and financial supervisory authorities, etc., of key nations participate.



Governance

- The JAPAN POST BANK governance system is constructed in such a way that, under the leadership of the Sustainability Management Office, Corporate Planning Department, the Bank debates and reports on climate change action policies and initiative statuses to the Sustainability Committee, Executive Committee, and the Board of Directors, through which the Board of Directors supervises the Bank's standing in our response to climate change risks and opportunities.
- Along with establishing priority issues (materiality) and target KPI regarding climate change in the Medium-term Management Plan (FY2022/3 to FY2026/3), the Bank has stated as part of the Plan our intention to address climate change in unison with the management strategies.
- JAPAN POST BANK has incorporated the status of ESG management promotion, which includes addressing

- climate change, as an evaluation indicator for executive compensation.
- The Bank conducts various training activities in an effort to ensure that each employee understands and practices initiatives intended to promote sustainability in accordance with their individual duties.
- To contribute to a sustainable society and achieve net zero, we participate in various international initiatives and focus on strengthening our collaboration with stakeholders.



Strategy

JAPAN POST BANK has identified the risks and opportunities related to climate change as follows.

Risks and Opportunities	Details	Period*2	Financial Impact*3
Physical Risks	• Damage to the Bank's assets such as ATMs due to natural disasters, etc., and an increase in the credit risk of investee companies.	Short term	Small
Transition Risks	• Securities holdings of the companies in which JAPAN POST BANK is investing (companies that are greatly affected by environmental regulations) will suffer a decline in value due to a tightening of regulations.	Medium to long term	Medium
Opportunities	• Improvements in capital markets and society's evaluations owing to steps by the Bank to take appropriate measures and make disclosures related to climate-related issues. • Financing opportunities for renewable energy businesses and green bond investment opportunities will increase.	Short to long term	Medium

*2 The period until the relevant risks and opportunities occur or manifest. Short-term: Less than 1 year, Medium-term: 1 year to less than 3 years, Long-term: 3 years or more
*3 Financial Impact on B/S and P/L: Small: Less than ¥1 billion per year, Medium: ¥1 billion to less than ¥10 billion per year, Large: ¥10 billion or more per year

- In order to quantitatively understand the climate change risk of loans belonging to sectors that are highly impacted by climate change, we aggregate, manage, and monitor carbon-related assets quarterly based on TCFD recommendations.
- In our ESG Investment and Financing Policy, we have stipulated, with respect to investments in, and financ-

ing of, coal-fired power generation projects, which are said to have a large impact on the environment, that we will not invest in, or finance for, construction of new, or expansion of existing, coal-fired power plant facilities. Furthermore, as of the end of March 2023, we had no balances for financing projects that involve the construction of coal-fired power plants.

- Scenario analysis has been employed on a regular basis to ascertain the impact on management strategies and the Bank's finance portfolio, for example. For details, see the JAPAN POST BANK Sustainability Site*4 and the TCFD Report.

*4 <https://www.jp-bank.jp/post/en/sustainability/environment/climate/tcfd/>



Risk Management

- JAPAN POST BANK has introduced a Risk Appetite Framework (RAF) and positions risks related to climate change, etc., as one of the top risks facing the Bank. These risks are reflected in the Bank's management plans, and the Sustainability Management Office which has been established in the Corporate Planning Department acts as necessary following regular checks of the status of control.
- JAPAN POST BANK is advancing global asset allocations based on its ESG Investment and Financing Policy, which is based on sectors with a high level of importance for climate change and various international agreements, etc. In the years to come, the Bank

will consider enhancing this policy in order to fulfill our social responsibilities with regard to climate change as an institutional investor.

Details on the Risk Appetite Framework are provided on P. 80.

- JAPAN POST BANK is accelerating its efforts to support the reduction of greenhouse gas (GHG) emissions throughout society and to achieve net zero by 2050 through engagements with investment and financing recipient companies that have a large impact on climate change response. Examples of these engagements are described below.

Company	Main content of dialogue
Electricity sector Company A	Efforts are being made to achieve established GHG emission reduction targets. As a part of these efforts, steps are being taken to develop mixed combustion and other technologies with the aim of restarting nuclear power plants while garnering the understanding of local residents.

Engagement Implementation Status and the Number of Representative Themes Implemented (As of the End of March 2023)

Number of companies with which engagements have been implemented	Environment (climate change)	Social (respect for human rights)	Governance (Percentage of female managers)
18	18	13	4

To fulfill its social responsibility to address environmental and social issues as an institutional investor going forward as well, JAPAN POST BANK will continue dialogue to support corporate efforts to decarbonize through engagements for continuously checking on the progress and disclosure status of corporate transition

plans and strategies. We will also continue looking for ways to enhance the content of our engagements and reflect the results thereof in our policies, etc., with the goal of helping to reduce GHG emissions across communities even more.

Metrics and Targets

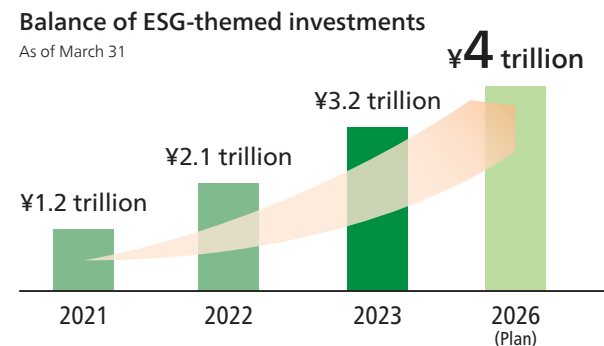
- JAPAN POST BANK announced the JAPAN POST BANK Net Zero GHG Emissions Declaration in March 2022, through which we asserted our goal of achieving net zero GHG emissions for the Bank as well as our finance portfolio by 2050. In addition, in March 2023 we established and increased our medium-term targets for GHG emissions for FY2031/3.

Classification	FY2031/3 Medium-term Target	2050 Target
Emissions for the Bank	-60% (FY2020/3 comparison) (increased from -46% (FY2020/3 comparison))	Net Zero
Emissions from the finance portfolio	Power Generation Sector Emissions Intensity 165-213 gCO ₂ e/kWh	

Environment

- JAPAN POST BANK set a balance of ESG-themed investments*5 of ¥4 trillion by FY2026/3 as a target KPI under its Medium-term Management Plan.

*5 ESG bonds (green bonds, social bonds, sustainability bonds, etc.) and loans to the renewable energy sector, regional vitalization funds, etc.



Roadmap to Decarbonization

	- FY2023/3	FY2024/3	...	FY2026/3	...	FY2031/3	...	2050
Net zero GHG emissions for the Bank (Scope 1, Scope 2)	FY2020/3 results approx. 48kt-CO ₂ Complete shift to renewable electricity in all our sites	Switching our car fleet to EVs, Shifting to renewable electricity, and more				UP vs. FY2020/3 -46% → -60%		Net Zero
Net zero GHG emissions from the finance portfolio (Scope3 Category 15)	FY2022/3 results approx. 27mn t-CO ₂	Set interim targets for FY2031/3 to help achieve economy wide reductions in GHG emissions						
Interim Target for Power Generation Sector (Emission Intensity)	FY2022/3 results 346gCO ₂ e/kWh	Support the sector to shift through engagement				NEW 165-213g CO ₂ e/kWh		
Interim Target for Other Sectors		Calculate results / set interim targets	Support the sector to shift through engagement			TBD		
Decarbonization through Financial Services	Contribute to solve social issues through ESG investment and financing							
Target KPI for the Balance of ESG-themed investments	FY2023/3 JPY 3.2tn	Investment and Financing		FY2026/3 JPY 4tn				
Zero-credit Balance for Coal-fired Power Generation (Project Finance)	Net Zero							

Note: Results and targets are subject to change in the future due to the upgrade and expansion of data on emissions from companies and data vendors as well as increasingly sophisticated estimation.

Concrete steps toward decarbonization

Environmental consideration in procurement

In our contract processes, we have made the following consideration for the environment declaration: We shall conduct procurement activities with consideration for conservation of the global and regional environment and effective use of resources, and so conduct environmentally friendly procurement. In addition, steps were taken to review the JAPAN POST GROUP's approach to procurement activities (procurement policy) in December 2018. While working to realize the 10 principles in the four fields (human rights, labour, environment and anti-corruption) defined in the UN Global Compact, we ask that our business partners give consideration toward environmental and social issues. In July 2019, we formulated and published the JAPAN POST GROUP's CSR Procurement Guidelines. We have asked all business partners to comply with these guidelines since December 2020.

Utilizing EV and HV vehicles

JAPAN POST BANK will gradually replace its four-wheeled vehicles (gasoline-powered vehicles) employed for business activities with EV/HV and other environmentally friendly vehicles from FY2024/3. The Bank recognizes that working to reduce environmental impact through the use of clean energy will help reduce CO₂ emissions.

Yucho volunteer deposits

Part of the interest received from customers is used as a donation for environmental conservation in developing countries. (Cumulative total from the launch of transactions until March 31, 2023: ¥35.75 million)

Yucho Direct+ (plus) Non-Passbook General Account

With no issuing of a passbook, this service enables customers to use their cash cards for cash deposit and withdrawal enquiries, while current balances are obtained via "Yucho Direct". Instead of issuing passbooks, details of deposits and withdrawals can be confirmed for up to a maximum period of 20 years*6. Since the paper used for both conventional passbooks and for the various notifications sent to customers is unnecessary, this leads to a reduction in paper usage.

*6 For deposits and withdrawals from March 2021. (Deposits and withdrawals made prior to March 2021 can be confirmed up to a maximum period of 15 months)



Online service for viewing transfer receipt / payment notifications

This is a service that enables customers to check transfer receipt/payment notifications and payment handling slips from 9:00 a.m. the day after the account update on an office computer, home computer or smartphone. The feedback we have received from customers has included comments like Being able to confirm transfer receipt/payment notifications via the internet is convenient, No longer needing to store hard copies of transfer receipt/payment notifications has made life easier.

Since transactions are confirmed via an online screen instead of informing customers in writing, this is also leading to a reduction in paper usage.

COLUMN Promoting sustainability



Corporate Planning Department Sustainability Management Office

JAPAN POST BANK established the Sustainability Management Office within the Corporate Planning Department in FY2021/3.

In addition to promoting a deeper understanding of sustainability within the Bank through various measures, including study sessions for Board members as well as employee training programs that utilize information magazines and e-learning, we have also made efforts to develop a governance framework for sustainability and such new initiatives as engagement with investment recipients.

All of the Bank's branches throughout Japan formulated SDGs declarations from FY2023/3. Through various measures, including efforts to carry out each declaration, the Bank's understanding of sustainability is leading to concrete actions.

In promoting sustainability, the goal is for each and every employee to go about their work with an awareness toward the need to solve social issues with the aim of realizing the basic principle of the SDGs of leaving no one behind. This in turn is expected to help create a virtuous cycle on a continuous basis and contribute to the realization of a sustainable society.

Moving forward, JAPAN POST BANK will work in unison to promote sustainability while constantly considering what is needed to achieve its goals.

COLUMN Yucho Eco-Communication

The Bank contributes to organizations engaged in activities that protect endangered species and conserve the environment, as well as to initiatives and awareness-raising activities related to preserving the biodiversity of tree planting as one example. Specifically, we donate a portion of the cost savings associated with reduced paper usage through Yucho Eco-Communication to certified non-profit and

other organizations throughout Japan that work with local communities on promoting environmental conservation. (Cumulative total from the start of initiatives to March 31, 2023: ¥32.5 million)



Donguri-Mongori Japan (Aichi Prefecture), tree-planting activities

Message from an Outside Director



Board of Directors' meetings free of conjecture and reticence

As outside directors, we attend Board of Directors' meetings with an awareness toward strictly supervising the management of the Bank as representatives of its stakeholders, including its shareholders. Outside directors are appointed from candidates with wide ranging backgrounds, and their perspectives and opinions are rich in diversity. At every Board of Directors' meeting, extremely lively discussions take place in an atmosphere

that is free from conjecture and reticence. In addition, the management team and officers responsible for the executive function take our opinions seriously and operate in such a way that the recommendations of outside directors are utilized in management. This includes reviewing measures and making course corrections in certain cases. For that reason, I always feel that we have a significant role to play and bear a huge responsibility.

Drawing on my experience to contribute to the management of JAPAN POST BANK

At a foreign securities firm where I worked in the past, I had the opportunity to learn in depth about bank management when developing and underwriting the various capital securities of Japanese banks relating to their compliance with the Basel regulations. After that, I worked in the investor relations department at a private equity fund, where I learned about the complex mechanisms and management methods of funds through fundraising and investor relations. While I was working in the financial industry, the 9/11 terrorist attacks on the United States and the Lehman Brothers bankruptcy occurred, and I was faced with a state of emergency in the international financial markets. Witnessing volatility that

went far beyond the bounds of expectations during normal times, I gained a strong impression of the importance of corporate risk management.

Currently, as an associate professor, I specialize in lectures on cross-cultural management as well as international marketing theory. I am also advancing research into how the different cultures and values of each country affect ESG investment and SDGs initiatives.

Based on this kind of bank management knowledge, my experience in the fund business, and my academic research, I would like to proactively put forward proposals that will lead to the success of the Bank's current strategies.

The Bank's strengths and challenges as seen from outside the Company

My feeling is that the Bank's strengths lie in its excellent employees who possess high degrees of expertise at various levels within the organization. I also feel that there is a corporate culture that sympathizes with the Bank's purpose while endeavoring to embody its principles and intent. In particular, since the Bank plays a public role in providing universal services, the organizational sharing of the correct corporate culture is extremely

important. I believe that this leads to building strong relationships of trust with the Bank's customers.

I consider further improvements in customer trust, the promotion of contributions to resolving social issues in ways unique to the Bank, the securing of stable sources of income and the achievement of sustainable growth to be among the Bank's tasks for the future. These matters are also the subjects of constant discus-

sions at Board of Directors' meetings. Currently, interest income accounts form a large proportion of the Bank's profit structure, but it may fluctuate significantly depending on market changes. Increasing the earnings of other businesses, including the newly launched Σ (sigma) business, is expected to lead to sustainable growth and contribute to regional revitalization. At the same time, in anticipation of the ever-accelerating digital society, I think we should consider promoting DX strategies such as establishing a position in the fintech field. If such efforts are successful, I believe that they will lead to

further enhancement of the Bank's corporate value.

Another factor of importance is collaboration across departments within an organization. The Bank, in which highly specialized departments are concentrated, tends to operate vertically. Valuable information and resources are to be found in other departments, and these may serve as useful hints. As innovation often arises from serendipitous discoveries, I hope to see increasing opportunities for cross-departmental communication and training in the years to come.

Response by the Risk Committee in the first year of its launch

The Risk Committee was newly established in June 2022 as an advisory body to the Board of Directors for the purpose of supervising risk management in accordance with the Bank's management strategies and risk characteristics. In 2022, central banks around the world tightened their monetary policies, and interest rates rose sharply in a short period of time. Furthermore, at the beginning of 2023, global financial markets were in turmoil brought about by factors that included the bankruptcies of regional banks in the United States and credit instability at prominent European banks. There was also a significant impact on valuation gains and losses on the Bank's assets under management. In response, the Risk Committee conducted thorough verifications and inspections by engaging external experts in the process. This included whether the Bank's

ALM Committee was responding appropriately and promptly, whether the various risk management standards were being adhered to in market operations, and whether risk management measures were being implemented in a reliable manner.

In May 2023, the Bank underwent a large-scale system renewal, and the Risk Committee closely monitored whether this endeavor could be completed safely and without incident from the preparation stage right up to when the renewed system actually came on line. From the first fiscal year following its establishment, there have been major financial market disruptions and talking points, but even under those circumstances, I believe that the Risk Committee has been able to perform its functions in a satisfactory manner.

I expect the Bank to continue taking on challenges to realize its purpose

In March 2023, JAPAN POST HOLDINGS Co., Ltd. conducted an offering and sale of the Bank's common stock. I understand that the Japanese government's goal of privatizing the postal services is currently in progress. Over and above meetings of the Board of

Directors, we hold regular meetings of independent outside directors to discuss major themes, such as what the Bank's long-term strategy should be. We will continue to exchange opinions with the management team and officers responsible for the executive function to realize sustainable growth and improve the Bank's corporate value while considering the relationship between the Bank and the JAPAN POST GROUP.

The Bank's unwavering purpose (*raison d'être*) is to contribute to the development of society and the region by providing universal services and sustainable financial infrastructure to its customers throughout Japan. To this end, the Bank expects its employees to maintain high ethical standards, engage in their tasks with a sense of purpose, and take on the challenges of pioneering new fields and innovation. I believe that one of the extremely important roles of management-level human resources, including myself, is to firmly establish environments capable of supporting these kinds of challenges.



Message from Outside Directors

We will ensure that the Board of Directors fulfills its responsibilities while working toward improvements in the Bank's corporate value. At the same time, we will mobilize the strengths of the Bank's outside directors, who offer a diverse range of skills and expertise.



Keisuke Takeuchi
Outside Director

Aiming for further growth of the Bank through Σ business growth

Currently, the Bank has promoted its third-engine the Σ business, as one of its important businesses, and is working on a key strategy to enhance related regional relation functions. I possess 50 years of experience in executing construction projects and business investments in a wide range of fields, including energy infrastructure and life sciences. Based on the knowledge thereby gained, I will strive to contribute to the revitalization of the regional economy and the growth of the Bank, including the Σ business.



Makoto Kaiwa
Outside Director

Balancing regional revitalization with the Bank's sustainable growth

Possessing a nationwide network, the Bank is expected to fulfill functions that support regional revitalization. In addition, in the years to come the Bank will develop, in cooperation with regional financial institutions, the Σ business that supports the growth of regional businesses as a third growth engine. Drawing on the experience I have gained thus far in the management of local electric power companies and economic organizations, and based on the trust of the Bank's customers, I will truly revitalize the local economy while contributing to the Bank's sustainable growth.



Risa Aihara
Outside Director

Service evolution that leads to customer happiness

The Bank's stated goal is: "While putting safety and security foremost, we will expand digital services that all customers can readily use." Amid the spread of cashless payments and the establishment of an environment in which customers can access financial services anytime and from anywhere, the evolution of AI and other technologies will spur innovation in the digital field. Drawing on my many years of IT business management experience, I will contribute to the promotion of DX in line with the Bank's purpose.



Hiroshi Kawamura
Outside Director

Aiming for a JAPAN POST BANK that contributes to happiness

In an ever-evolving society, JAPAN POST BANK is endeavoring to become the most accessible and trustworthy bank in Japan. To this end, the Bank provides a variety of necessary services that are safe and secure in a bid to contribute to the development of society and the region. On a personal note, while drawing on the experience I have gained up to now, I would like to help the Bank realize its ideal form through which it can fulfill its important role. By focusing especially on such areas as compliance, I hope to further boost the Bank's profile and trust as it grows in concert with society.



Kenzo Yamamoto
Outside Director

Monitoring and strictly managing various risks

Having long been involved in the work of ensuring the soundness of the financial systems at the Bank of Japan, I also dealt with crises such as the Lehman Brothers bankruptcy and the Great East Japan Earthquake. The risks faced by financial institutions today are diversifying. Serious risks have emerged across the world, such as the conflict between Russia and Ukraine, an increase in cyberattacks, and the rising interest rates in Western markets. To continue protecting the precious deposits entrusted to the Bank, I will monitor various risks and strive to strictly manage them.



Keiji Nakazawa
Outside Director

Sustainable improvement of corporate value and contributions to local communities

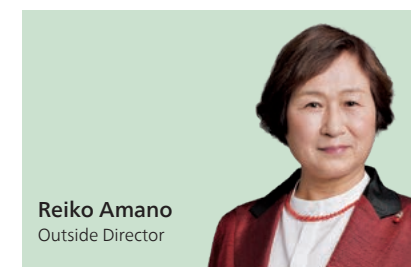
The Bank contributes to the development of local communities by providing safe, secure, convenient, and reliable financial services to its customers, shareholders, and other stakeholders. In addition to conducting sound management designed to improve the Bank's social and economic value over the medium to long term, I will fulfill my duties as an independent outside director by disclosing appropriate information.



Atsuko Sato
Outside Director

Independent and multifaceted monitoring of risk management efforts

One of JAPAN POST BANK's missions is to contribute to the realization of a sustainable society while conducting sound and profitable investment as one of Japan's largest institutional investors. I am committed to monitoring and providing advice from a global and multifaceted perspective to ensure that appropriate risk management is being carried out. I am also committed to enhancing the corporate value of JAPAN POST BANK, while keeping in mind the perspectives of our stakeholders, including customers and shareholders.



Reiko Amano
Outside Director

Aiming for regional revitalization

In realizing the Bank's purpose—"We aim for the happiness of customers and employees, and will contribute to the development of society and the region"—promoting regional revitalization remains important. In order to revitalize Japanese society, which is suffering from a declining birthrate, an aging population, aging infrastructure facilities, and shrinking regional economies, I would like to make efforts to contribute to the revitalization of the region by drawing on my experience working for a construction company and supporting independent administrative agencies, especially national R&D agencies, to help people live better lives.



Akane Kato
Outside Director

Promoting human capital management to realize the Bank's purpose

In these times of uncertainty when predictions are impossible, the Bank finds itself in a transitional period of changes and challenges to strengthen its sustainable earnings base. For that very reason, what is essential are human resources and the fostering of a resilient organizational culture. Maximizing the potential of human capital that creates tangible assets, I will utilize my expertise and play a role from a variety of perspectives so that the growth of the Bank will bring about the revitalization of society and the region and lead to the development of the Japanese economy.

Corporate Governance

Basic Stance on Corporate Governance

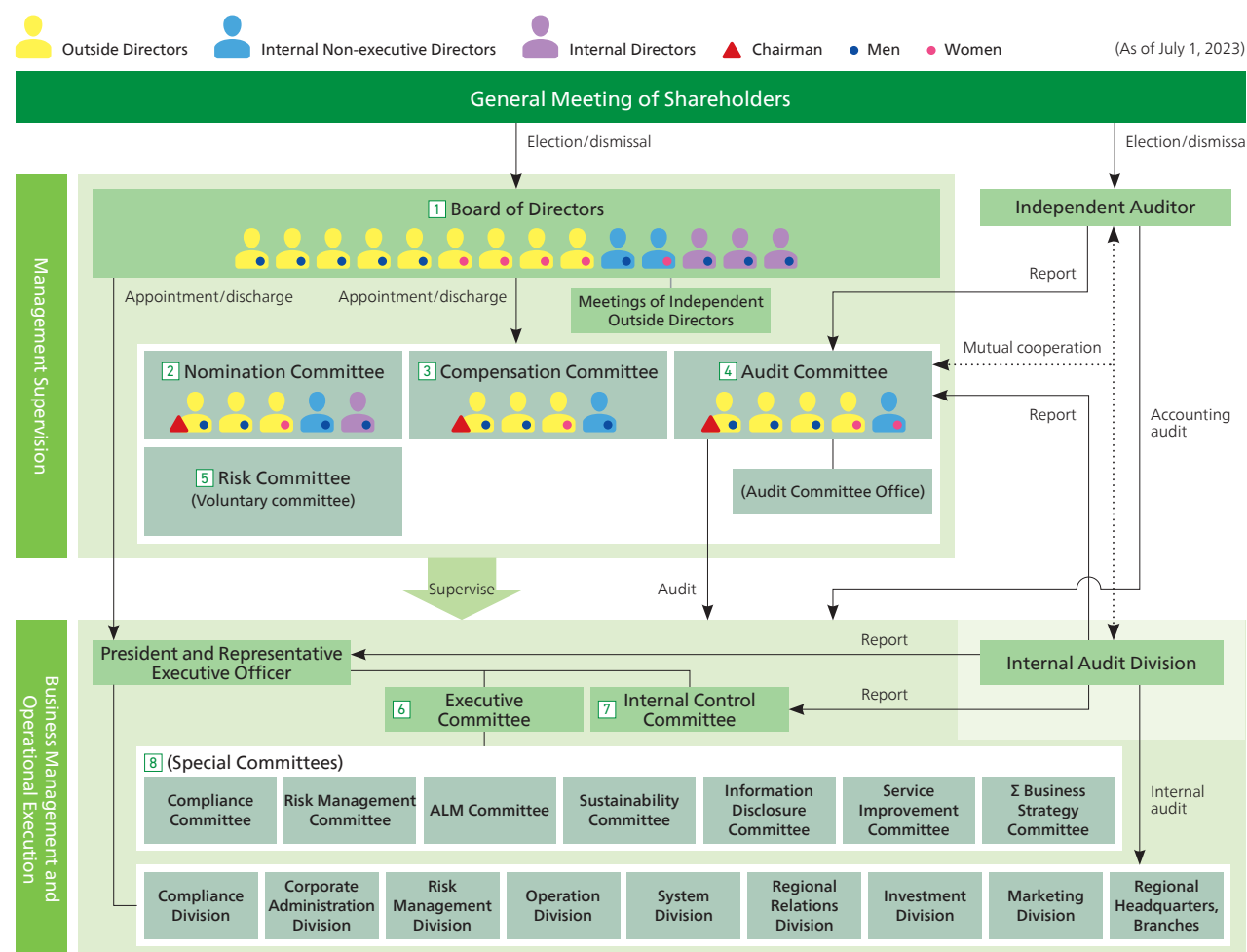
With a view to its sustainable growth along with improvement of its corporate value over the medium to long term, JAPAN POST BANK attaches great importance to relationships with its all stakeholders, including shareholders, and will maintain its corporate governance system based on the following stance.

- 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).

Corporate Governance

Board of Directors

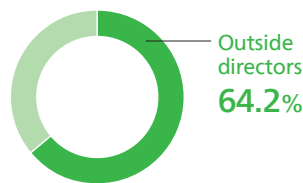
The Board of Directors is comprised of diverse directors with extensive knowledge and experience coupled with deep insight.

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)

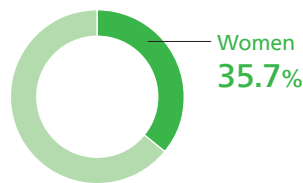
Outside directors
9/14



Ratio of Men to Women

(As of July 1, 2023)

Women
5/14



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

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		●								●			★	
Outside Directors				●	●					●			●	★
Kenzo Yamamoto				●	●					●			●	★
Keiji Nakazawa		●	●							●		●	●	
Atsuko Sato				●	●		●			●				●
Reiko Amano					●		●			●	●			
Akane Kato	●						●			●			●	
Internal Nonexecutive Directors	●			●			●	●		●	●	●		●
Hiroya Masuda	●			●			●	●		●	●	●		●
Katsuyo Yamazaki				●			●	●		●			●	●
Norito Ikeda	●			●		●		●		●	●			
Internal Directors			●	●					●	●				
Susumu Tanaka			●	●					●	●				
Takayuki Kasama				●	●					●				
External experts														
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.

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.

Corporate Governance

Board of Directors, Executive Officers and Managing Directors (As of July 1, 2023)

Outside Directors*



Keisuke Takeuchi

Status of attendance at the meetings of:
Board of Directors
 100% (13/13 meetings)
Nomination Committee
 100% (13/13 meetings)
Compensation Committee
 100% (4/4 meetings)

Biography

Apr. 1970 Joined Japan Gasoline Co., Ltd. (current JGC HOLDINGS CORPORATION) Jun. 2000 Director of JGC CORPORATION (current JGC HOLDINGS CORPORATION) Jun. 2001 Managing Director of JGC CORPORATION Jun. 2002 Senior Managing Director of JGC CORPORATION Jun. 2006 Director and Vice President of JGC CORPORATION Mar. 2007 President and Representative Director of JGC CORPORATION Jun. 2009 Chairman and Representative Director of JGC CORPORATION Jun. 2014 Principal Corporate Advisor of JGC CORPORATION Jun. 2019 Director of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Mr. Keisuke Takeuchi has been involved in corporate management of a publicly traded company for a long time, and JAPAN POST BANK expects him to sufficiently fulfill his role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on his abundant experience and insights as a specialist of corporate management gained through his career.



Makoto Kaiwa

Status of attendance at the meetings of:
Board of Directors
 100% (13/13 meetings)
Nomination Committee
 100% (13/13 meetings)

Biography

Apr. 1973 Joined Tohoku Electric Power Co., Inc. Jun. 2005 Director and General Manager of Corporate Planning Dept. of Tohoku Electric Power Co., Inc. Jun. 2007 Senior Executive Officer and General Manager of Niigata Branch Office of Tohoku Electric Power Co., Inc. Jun. 2009 Representative Director & Executive Vice President in charge of Investor Relations of Tohoku Electric Power Co., Inc. Jun. 2010 Representative Director & President of Tohoku Electric Power Co., Inc. Jun. 2015 Representative Director & Chairman of the Board of Tohoku Electric Power Co., Inc. Jun. 2019 Director of JAPAN POST BANK Co., Ltd. (current position) Apr. 2021 Director & Chairman Emeritus of Tohoku Electric Power Co., Inc. Jun. 2022 Special Advisor of Tohoku Electric Power Co., Inc. (current position)

Reason for Election

Mr. Makoto Kaiwa has been involved in corporate management of a publicly traded company for a long time, and JAPAN POST BANK expects him to sufficiently fulfill his role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on his abundant experience and insights as a specialist of corporate management gained through his career.



Risa Aihara

Status of attendance at the meetings of:
Board of Directors
 100% (13/13 meetings)

Biography

Apr. 1996 Joined Nippon Telegraph and Telephone Corporation (current NTT Communications Corporation) May. 2000 Joined Recruit Co., Ltd. Jan. 2003 Representative Director and President of AiLAND Co., Ltd. (current position) Jun. 2019 Director of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Ms. Risa Aihara has been involved in corporate management of Internet service businesses for a long time and has deep insights into Internet marketing. As such JAPAN POST BANK expects that with her abundant experience and insights, she will sufficiently fulfill her role in enhancing the decision-making function and supervision function of the Board of Directors.

Directors



Norito Ikeda

Status of attendance at the meetings of:
Board of Directors
 100% (13/13 meetings)
Nomination Committee
 100% (13/13 meetings)

Biography

Apr. 1970 Joined The Bank of Yokohama, Ltd. Jun. 1996 Director and General Manager, Credit Management Department of The Bank of Yokohama, Ltd. Jun. 1997 Director and General Manager, General Planning Department of The Bank of Yokohama, Ltd. Apr. 2001 Representative Director, Chief Financial Officer (CFO) of The Bank of Yokohama, Ltd. Apr. 2002 Representative Director, Chief Personnel Officer (CPO) of The Bank of Yokohama, Ltd. Jun. 2003 Director of The Bank of Yokohama, Ltd., Representative Director and Chairman of Yokohama Capital Co., Ltd. Dec. 2003 President and Representative Director of The Ashikaga Bank, Ltd. Jun. 2004 President and Chief Executive Officer (CEO) of The Ashikaga Bank, Ltd. Sept. 2008 Special Advisor of A.T. Kearney K.K. Feb. 2012 President & CEO of The Corporation of Revitalizing Earthquake affected Business Apr. 2016 President and Representative Executive Officer of JAPAN POST BANK Co., Ltd. Jun. 2016 Director, President and Representative Executive Officer of JAPAN POST BANK Co., Ltd. (current position), Director of JAPAN POST HOLDINGS Co., Ltd. (current position)

Reason for Election

Mr. Norito Ikeda successively held various posts including Director of The Bank of Yokohama, Ltd. and President of The Ashikaga Bank, Ltd., and has been responsible for the management of JAPAN POST BANK as President and Representative Executive Officer, and as such JAPAN POST BANK expects that, with his abundant experience and achievements, he will sufficiently fulfill his role in enhancing the decision-making function and supervision function of the Board of Directors.



Susumu Tanaka

Status of attendance at the meetings of:
Board of Directors
 100% (13/13 meetings)

Biography

Apr. 1982 Joined the Ministry of Posts and Telecommunications Jul. 2000 General Manager of International Affairs Section, Postal Bureau of the Ministry of Posts and Telecommunications Jan. 2001 General Manager of International Planning Office, Postal Planning Section, Postal Services Planning Bureau of the Ministry of Internal Affairs and Communications Jul. 2001 General Manager of Savings and Management Planning Section, Postal Services Planning Bureau of the Ministry of Internal Affairs and Communications Jan. 2003 General Manager of Fund Management, Savings Department of Postal Services Agency Apr. 2003 General Manager of Business Planning Division, Postal Savings Business Headquarters of Japan Post Corporation Jun. 2004 Director of Preparatory Office for Privatization of Postal Services of the Cabinet Secretariat Sept. 2004 General Manager of Business Planning Division, Postal Savings Business Headquarters, Financial Business Headquarters of Japan Post Corporation Oct. 2007 Executive Officer of JAPAN POST BANK Co., Ltd. Jun. 2009 Managing Executive Officer of JAPAN POST BANK Co., Ltd. Oct. 2010 Managing Executive Officer of JAPAN POST HOLDINGS Co., Ltd. (current position) Apr. 2012 Senior Managing Executive Officer of JAPAN POST BANK Co., Ltd. Jun. 2013 Director and Executive Vice President of JAPAN POST BANK Co., Ltd. Mar. 2015 Director and Representative Executive Vice President of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Mr. Susumu Tanaka successively held various important posts at our Corporate Administration Division and others, and has been responsible for the management of JAPAN POST BANK as Representative Executive Vice President, and as such JAPAN POST BANK expects that, with his abundant experience and achievements, he will sufficiently fulfill his role in enhancing the decision-making function and supervision function of the Board of Directors.



Takayuki Kasama

Biography

Apr. 1996 Joined The Long-Term Credit Bank of Japan, Limited (current SBI Shinsei Bank, Limited) Dec. 1998 Joined IBI Securities Co., Ltd. (current Mizuho Securities Co., Ltd.) Oct. 2000 Joined Goldman Sachs (Japan) Ltd. Jan. 2010 Managing Director, Goldman Sachs (Japan) Ltd. Jan. 2011 Managing Director, Head of Credit Trading, Goldman Sachs (Japan) Ltd. Jul. 2013 CEO, Senior Portfolio Manager, GOLVIS INVESTMENT PTE. LTD. Nov. 2015 Managing Director (in charge of credit investments), Investment Division of JAPAN POST BANK Co., Ltd. Jun. 2016 Managing Director, General Manager of Global Credit Investment Department, Investment Division of JAPAN POST BANK Co., Ltd. May 2018 Senior Managing Director, General Manager of Global Credit Investment Department, Investment Division of JAPAN POST BANK Co., Ltd. Jul. 2019 Concurrently serving as General Manager of Global Fund Investment Department, Investment Division of JAPAN POST BANK Co., Ltd. Apr. 2020 Executive Managing Director (supervising bonds and credit), Investment Division of JAPAN POST BANK Co., Ltd. Concurrently serving as General Manager of Rates and FX Investment Department, Investment Division of JAPAN POST BANK Co., Ltd. Jun. 2020 Senior Managing Executive Officer of JAPAN POST BANK Co., Ltd. Jun. 2023 Director and Representative Executive Vice President of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Mr. Takayuki Kasama successively held various important posts at our Investment Division and others, and has experiences in the management of JAPAN POST BANK as Senior Managing Executive Officer, and as such JAPAN POST BANK expects that, with his abundant experience and achievements, he will sufficiently fulfill his role in enhancing the decision-making function and supervision function of the Board of Directors.



Hiroshi Kawamura

Status of attendance at the meetings of:
Board of Directors
 100% (13/13 meetings)
Audit Committee
 100% (14/14 meetings)

Biography

Apr. 1977 Appointed as Public Prosecutor of Tokyo District Prosecutors Office Jul. 2008 Director-General, Trial Department of Supreme Public Prosecutors Office Jan. 2009 Chief Prosecutor of Chiba District Public Prosecutors Office Apr. 2010 Chief Prosecutor of Yokohama District Public Prosecutors Office Jan. 2012 Superintending Prosecutor of Sapporo High Public Prosecutors Office Jan. 2014 Superintending Prosecutor of Nagoya High Prosecutors Office Mar. 2015 Outside Corporate Auditor of Asahi Glass, Limited. (current AGC Inc.) Apr. 2015 Professor, Faculty of Law of Doshisha University Jun. 2015 Outside Auditor of ISHII IRON WORKS CO., LTD. Jun. 2016 Outside Director of ISHII IRON WORKS CO., LTD. (current position) Jun. 2020 Director of JAPAN POST BANK Co., Ltd. (current position) Apr. 2022 Registered as Attorney-at-law (current position)

Reason for Election

Mr. Hiroshi Kawamura has been in the legal profession for a long time, and JAPAN POST BANK expects him to sufficiently fulfill his role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on his abundant experience and insights gained through his career as a legal professional.



Kenzo Yamamoto

Status of attendance at the meetings of:
Board of Directors
 92% (12/13 meetings)
Audit Committee
 100% (14/14 meetings)
Risk Committee
 100% (5/5 meetings)

Biography

Apr. 1976 Joined the Bank of Japan Feb. 2002 Director-General, Financial Markets Department of the Bank of Japan May. 2003 Associate Director-General, Representative Office in New York of the Bank of Japan Dec. 2003 General Manager for the Americas and Chief Representative in New York of the Bank of Japan Jul. 2005 Director-General, Payment and Settlements Department of the Bank of Japan Jul. 2006 Director-General, Financial System and Bank Examination Department of the Bank of Japan May. 2008 Executive Director of the Bank of Japan Jun. 2012 Chairman of NTT Data Institute of Management Consulting, Inc. Mar. 2016 Member of the Board as Outside Director of Bridgestone Corporation (current position) Jun. 2018 Representative of Office KY Initiative (current position) Feb. 2019 Director of TOMIYAMA CLUB FOUNDATION (current position) Jul. 2019 Outside Director of SUMITOMO LIFE INSURANCE COMPANY (current position) Jun. 2020 Director of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Mr. Kenzo Yamamoto successively held various important posts at the Bank of Japan, and JAPAN POST BANK expects him to sufficiently fulfill his role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on his abundant experience and insights in the financial market and financial system gained through his career.



Keiji Nakazawa

Status of attendance at the meetings of:
Board of Directors
 100% (11/11 meetings)
Audit Committee
 100% (10/10 meetings)

Biography

Apr. 1978 Joined Sony Corporation Apr. 2000 General Manager of Corporate Planning Department, Electronics Headquarters of Sony Corporation Apr. 2003 Chief Financial Officer, Home Network Company of Sony Corporation Jun. 2004 Group Executive Officer of Sony Corporation, and Representative Director and Chief Financial Officer of S-LCD Corporation Jun. 2010 Executive Officer, Senior Vice President of Sony Corporation Apr. 2015 Executive Officer of Sun Frontier Fudoushan Co., Ltd. Oct. 2015 Senior Adviser of McDonald's Company (Japan), Ltd. Aug. 2017 Vice President of McDonald's Company (Japan), Ltd. Jun. 2022 Director of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Mr. Keiji Nakazawa successively held various important posts at publicly traded companies for a long time, and JAPAN POST BANK expects him to sufficiently fulfill his role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on his abundant experience and insights in finance and accounting gained through his career.



Hiroya Masuda

Status of attendance at the meetings of:
Board of Directors
 100% (13/13 meetings)
Nomination Committee
 100% (13/13 meetings)
Compensation Committee
 75% (3/4 meetings)

Biography

Apr. 1977 Joined the Ministry of Construction Jul. 1994 Director for Construction Disputes Settlement, Construction Industry Division, Economic Affairs Bureau, Ministry of Construction Apr. 1995 Governor of Iwate Prefecture Aug. 2007 Minister for Internal Affairs and Communications Minister of State for Special Missions Apr. 2009 Advisor of Nomura Research Institute, Ltd., Visiting Professor of Graduate School of Public Policy, The University of Tokyo Jan. 2020 Representative Executive Officer, President & CEO of JAPAN POST HOLDINGS Co., Ltd. Jun. 2020 Director of JAPAN POST BANK Co., Ltd. (current position), Director and Representative Executive Officer, President & CEO of JAPAN POST CO., LTD. (current position), Director of JAPAN POST INSURANCE Co., Ltd. (current position)

Reason for Election

Mr. Hiroya Masuda successively held various important posts in government administration, including Governor of Iwate Prefecture and Minister for Internal Affairs and Communications, as well as serving as Chairman of the Postal Service Privatization Committee, and has sufficient knowledge about JAPAN POST Group. In addition, he has been responsible for the management of overall JAPAN POST Group as Director and Representative Executive Officer, President & CEO of the parent company, JAPAN POST HOLDINGS Co., Ltd., and as such JAPAN POST BANK expects that, with his abundant experience and achievements, he will sufficiently fulfill his role in enhancing the decision-making function and supervision function of the Board of Directors.



Katsuyo Yamazaki

Biography

Apr. 1986 Joined the Ministry of Posts and Telecommunications Aug. 2003 Senior Manager, Business Marketing and Solutions Planning, Business Marketing and Solutions Division, Postal Business Headquarters of Japan Post Corporation Apr. 2005 Senior Manager, Domestic Business Division (Letter-post, Special Services, SASSHI-Parcels), Mail Business Department, Marketing Department, Postal Business Headquarters of Japan Post Corporation Jul. 2006 General Manager, The First Mail Business Division (Letter-post, Special Services, SASSHI-Parcels), Mail Business Department, Marketing Department, Postal Business Headquarters of Japan Post Corporation Oct. 2007 General Manager, Mail Business Division, Mail Business Headquarters, Domestic Marketing and Sales Management Headquarters of JAPAN POST SERVICE Co., Ltd. Feb. 2012 President, Minami Kanto Regional Office of JAPAN POST SERVICE Co., Ltd. Oct. 2012 Vice President, Minami Kanto Regional Office of JAPAN POST Co., Ltd. Apr. 2013 General Manager, Corporate Management Division, Postal Business Headquarters of JAPAN POST Co., Ltd. Apr. 2016 Executive Officer of JAPAN POST Co., Ltd. Apr. 2017 Executive Officer, President of Tokyo Regional Office of JAPAN POST Co., Ltd. Feb. 2019 Executive Officer, General Manager, Financial Operations Division of JAPAN POST Co., Ltd. Apr. 2021 Senior Executive Officer of JAPAN POST Co., Ltd. Jun. 2022 Managing Executive Officer of JAPAN POST BANK Co., Ltd. Jun. 2023 Director of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Ms. Katsuyo Yamazaki successively held various important posts at JAPAN POST Co., Ltd., and has experience in the management of JAPAN POST BANK as Managing Executive Officer, and as such JAPAN POST BANK expects that, with her abundant experience and achievements, she will sufficiently fulfill her role in enhancing the decision-making function and supervision function of the Board of Directors.



Atsuko Sato

Status of attendance at the meetings of:
Board of Directors
 100% (11/11 meetings)
Risk Committee
 100% (5/5 meetings)

Biography

Apr. 1989 Joined Goldman Sachs (Japan) Ltd. Dec. 2000 Managing Director, Goldman Sachs (Japan) Ltd. Feb. 2002 Managing Director and Head of Capital Markets Division, Goldman Sachs (Japan) Ltd. Jul. 2005 Founded Ciel Bleu Co., Ltd. and became Representative Director and President Aug. 2007 Director, Investor Relations, Unison Capital Inc. Sep. 2013 Professor, School of Hospitality & Tourism Management of Meikai University Apr. 2017 Associate Professor, Department of International Studies, Faculty of Economics of Takasaki City University of Economics (current position) Apr. 2018 Adjunct Faculty, National Graduate Institute for Policy Studies Jun. 2019 Outside Corporate Auditor of DeNA Co., Ltd. (current position) Feb. 2022 Outside Director of Japan Management Succession Support Co. Ltd. Jun. 2022 Director of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Ms. Atsuko Sato successively held various important posts at Goldman Sachs (Japan) Ltd. and positions as university professor, and JAPAN POST BANK expects her to sufficiently fulfill her role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on her abundant experience and insights in market operations, risk management and human resource development gained through her career.



Reiko Amano

Biography

Apr. 1980 Joined KAJIIMA CORPORATION Mar. 2004 Visiting Professor of International Center for Urban Safety Engineering, Institute of Industrial Science, The University of Tokyo Apr. 2005 Senior Manager, Civil Engineering Technology Department, Civil Engineering Management Division of KAJIIMA CORPORATION Apr. 2011 General Manager, Intellectual Property and License Department of KAJIIMA CORPORATION Feb. 2014 Divisional Advisor, Intellectual Property and License Department of KAJIIMA CORPORATION Oct. 2014 Executive Director, Research Center for Reinforcement of Resilience Function, Independent Administrative Agency National Research Institute for Earth Science and Disaster Resilience (current National Research Institute for Earth Science and Disaster Resilience) Apr. 2015 Auditor of the National Institute for Environmental Studies Apr. 2016 Executive Director of the National Research Institute for Earth Science and Disaster Resilience Jun. 2016 Outside Director of East Japan Railway Company (current position) Sept. 2019 Auditor of Japan Atomic Energy Agency Jun. 2021 Outside Director of Yokozawa Bridge Holdings Corp. (current position) Jun. 2023 Director of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Ms. Reiko Amano successively held various important posts at publicly traded companies and national research and development agencies for a long time, and JAPAN POST BANK expects her to sufficiently fulfill her role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on her abundant experience and insights in risk management gained through her career.



Akane Kato

Biography

Nov. 1984 Joined ALL NIPPON AIRWAYS CO., LTD. Jul. 1994 Instructor, Inflight Services Training Department, Inflight Services Center of ALL NIPPON AIRWAYS CO., LTD. Jul. 2007 Chief, Training Division of ANA Learning Co., Ltd. (current ANA Services Solutions Co., Ltd.) Apr. 2012 Manager of VIP Service Department, Tokyo Airport Branch of ALL NIPPON AIRWAYS CO., LTD. (current ANA AIRPORT SERVICES CO., LTD.) Jul. 2014 Representative Director of AKANE IDENTITIES INC. (current position) Jun. 2016 Outside Director of SAN-EI CORPORATION Apr. 2018 Part-time Lecturer of Toho College of Music Aug. 2019 Registered as a Career Consultant NIPON AIRWAYS CO., LTD. (current position) Jun. 2023 Director of JAPAN POST BANK Co., Ltd. (current position)

Reason for Election

Ms. Akane Kato worked as a human resources development consultant for a long time, and JAPAN POST BANK expects her to sufficiently fulfill her role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on her abundant experience and insights in human resources development gained through her career.

Executive Officers

President and Representative Executive Officer
Norito Ikeda
 Representative Executive Vice President
Susumu Tanaka
 Representative Executive Vice President
Takayuki Kasama
 Executive Vice President
Harumi Yano
 Executive Vice President
Kenji Ogata
 Senior Managing Executive Officer
Minoru Kotouda
 Senior Managing Executive Officer
Masato Tamaki

Senior Managing Executive Officer
Hisashi Matsunaga
 Managing Executive Officer
Takayuki Tanaka
 Managing Executive Officer
Makoto Shinmura
 Managing Executive Officer
Shinobu Nagura
 Managing Executive Officer
Satoru Ogata
 Senior Managing Executive Officer
Hideki Nakao
 Managing Executive Officer
Koji Iimura

Executive Officer
Etsuko Kishi
 Executive Officer
Masaya Touma
 Executive Officer
Akihiro Den
 Executive Officer
Katsuya Fukushima
 Executive Officer
Koji Hasukawa
 Executive Officer
Koichiro Yoshida
 Executive Officer
Hisanori Kato

Executive Officer
Jun Yamamoto
 Executive Officer
Yasumitsu Toyoda
 Executive Officer
Junko Fujie
 Executive Officer
Hiroshi Ueda
 Executive Officer
Kenji Aono

* Attendance at Board of Directors meetings and committees in fiscal 2022.
 * Keisuke Takeuchi, Makoto Kaiwa, Risa Aihara, Hiroshi Kawamura, Kenzo Yamamoto, Keiji Nakazawa, Atsuko Sato, Reiko Amano and Akane Kato are Outside Directors as set forth under Article 2.15 of Japan's Companies Act.

Corporate Governance

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.

Corporate Governance

(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.

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.

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.

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.

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

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.	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.

Concerning the JAPAN POST GROUP Agreement

JAPAN POST HOLDINGS Co., Ltd. is the parent company of the Bank, and the Bank is the only bank in the corporate group of JAPAN POST HOLDINGS Co., Ltd. corporate group (JAPAN POST GROUP).

POST GROUP Agreement aimed at contributing to smooth Group operations.

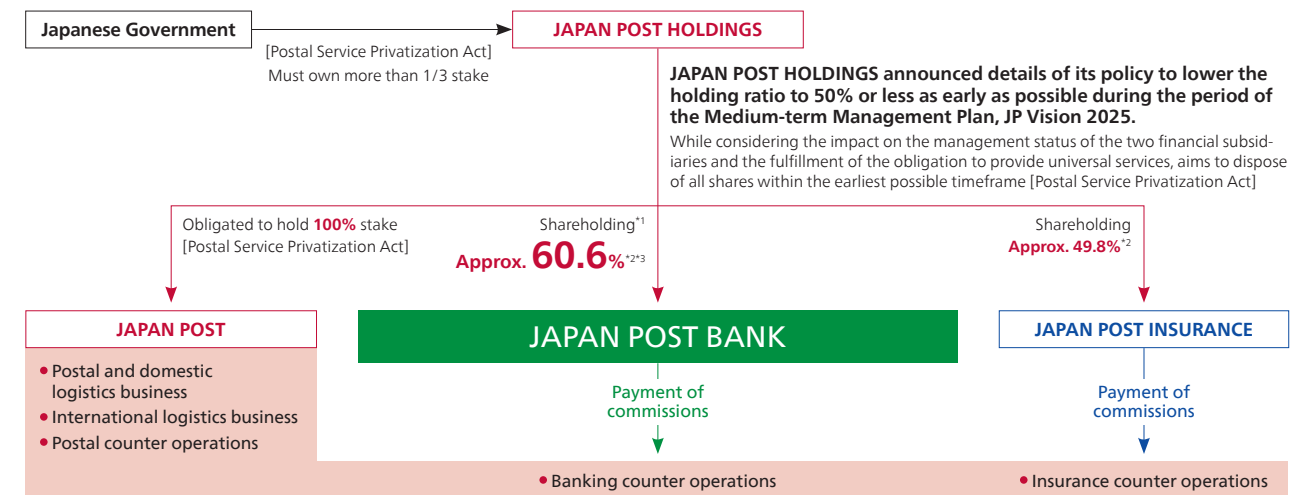
The Bank has close personal, capital and other relationships with JAPAN POST HOLDINGS Co., Ltd., but it makes decisions based on the Bank's responsibility and conducts management and business operations independently.

Following this agreement, the Bank has entered into contracts regarding JAPAN POST GROUP operations with JAPAN POST HOLDINGS Co., Ltd. and these contracts decide important matters for Group operations that will be discussed in advance with and reported to JAPAN POST HOLDINGS Co., Ltd. but specify that JAPAN POST HOLDINGS Co., Ltd. will not hinder or restrain the decision-making of the Bank. Furthermore, the above agreement stipulates that the operating subsidiaries of JAPAN POST HOLDINGS, including the Bank, will take advantage of the fact that it belongs to the JAPAN POST GROUP and carry out independent and autonomous management.

With a view to displaying the effects of mutual collaboration, cooperation and synergies in the JAPAN POST GROUP between JAPAN POST HOLDINGS Co., Ltd., JAPAN POST Co., Ltd. and JAPAN POST INSURANCE Co., Ltd. As well as increasing the value of Group companies and, in turn, that of the entire JAPAN POST GROUP, the Bank has prescribed fundamental matters relating to Group management such as principles and policies common to the Group, and has concluded the JAPAN

[More information](#)
JAPAN POST GROUP Agreement
Home > English Home > Japan Post Group > Group Governance

Current JAPAN POST GROUP Structure (As of March 31, 2023)



*1 Shareholding of JAPAN POST HOLDINGS more than 50% → New services: licensing system
Shareholding of JAPAN POST HOLDINGS 50% or less → New services: notification system
*2 Shareholding relating to total outstanding shares excluding treasury stock
*3 Under JP Vision 2025, the JAPAN POST HOLDINGS aims to dispose of their equity interests in JAPAN POST BANK to lower the holding ratio to 50% or less as early as possible. In March 2023, the secondary 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 were implemented. The percentage of voting rights of Japan Post Bank held by JAPAN POST HOLDINGS became approximately 60.6%. JAPAN POST BANK will make every effort to create an environment in which it is easy for JAPAN POST HOLDINGS to implement the relevant policies (increase profits and increase corporate value).

Risk Management

We place a high priority on risk management and are taking steps to refine our sophisticated framework for risk management, including the identification and control of the risks associated with our operational activities.

Our basic policy is to appropriately manage risks in view of our management strategies and risk characteristics and most effectively utilize our capital. By doing so, we are able to increase enterprise value while maintaining sound finances and appropriate operations.

Risk Categories and Definitions

We define our risks and classify them into the following categories, and manage these risks based on the unique characteristics of each type of risk.

Risk Category	Risk Definition
Market risk	Market risk is the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of loss resulting from changes in earnings generated from assets and liabilities.
Market liquidity risk	Market liquidity risk is the risk that a financial institution will incur losses because it is unable to conduct market transactions or is forced to conduct transactions at far more unfavorable prices than under normal conditions due to a market crisis and the like.
Funding liquidity risk	Funding liquidity risk is the risk that a financial institution will incur losses because it finds it difficult to secure the necessary funds or is forced to obtain funds at far higher interest rates than under normal conditions due to a mismatch between the maturities of assets and liabilities or an unexpected outflow of funds.
Credit risk	Credit risk is the risk that a financial institution will incur losses from the decline or elimination of the value of assets (including off-balance sheet assets) due to deterioration in the financial condition of an entity to which credit is provided.
Operational risk	Operational risk is the risk of loss resulting from inadequate operation processes, inadequate activities by officers and employees and inadequate systems or from external events.

Risk Management System

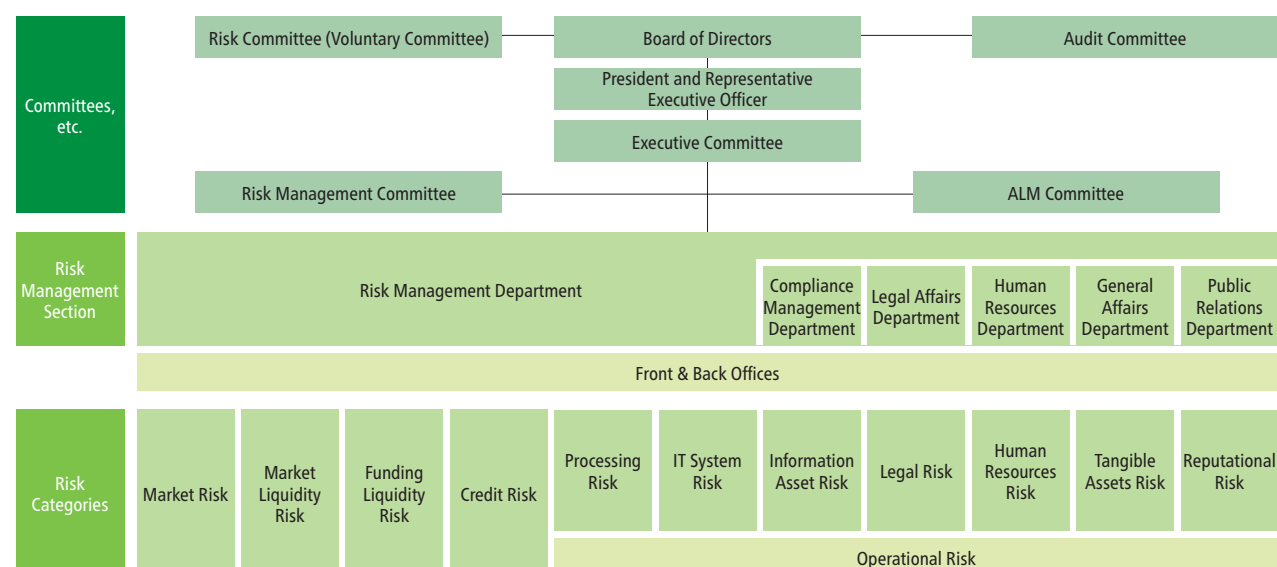
The Bank has identified certain risk categories outlined in the table below. Various entities have been established to manage each risk category. In addition, we have put in place the Risk Management Department, which is responsible for monitoring each risk category in an integrated manner in order to ensure the effectiveness

of our comprehensive risk management. The Risk Management Department operates independently from other departments.

We have established special advisory committees to the Executive Committee to handle risk management responsibilities: the Risk Management Committee and

Risk Management System

(As of July 1, 2023)



the ALM Committee. These advisory committees submit risk management reports based on risk characteristics and hold discussions about risk management policies and systems. Meanwhile, officers in charge of the Risk Management sections also report on such matters as the status of risk management to the Board of Directors,

the Audit Committee and the Risk Committee on a periodic and as-needed basis.

Prior to launching new products, services, or businesses, we assess potential risks and select appropriate methods to measure risks.

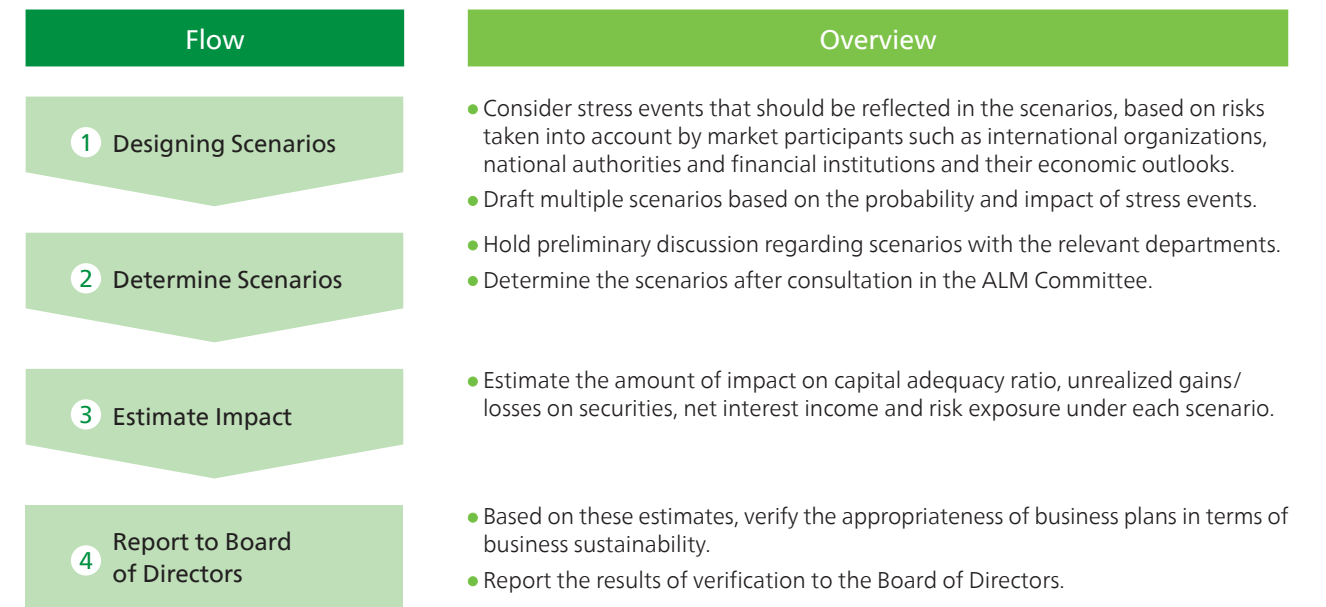
Integrated Risk Management

We broadly classify and define risks into five categories and manage risk by using both quantitative and qualitative approaches.

In our quantitative approach, we have introduced integrated risk management that quantifies and controls risk. Specifically, we establish in advance a total amount of equity capital that is available to take on risk, or risk capital. Risk capital is then allocated to each business (allocation of risk capital) in accordance with the type of expected risk and nature of the business activities. To quantify market risk and credit risk and control risk

exposure, we use value at risk ("VaR") techniques. VaR is a statistical method used to compute the maximum expected loss based on assets and liabilities held at given probabilities and for given periods of time. In addition, we perform stress tests based on multiple stress scenarios that assume deterioration in macroeconomic conditions to assess the impact on our financial condition and capital adequacy ratio, for the purpose of verifying the appropriateness of business plans from the forward-looking standpoint of business sustainability.

Performing Stress Tests



In our qualitative approach, which is used in conjunction with the quantitative methodology, we assess the nature of the risks. For instance, for operational risk we have established a plan, do, check, action ("PDCA") cycle that recognizes, evaluates, manages, and mitigates risk across our business activities.

Subject to the total amount of allocated capital approved by the Board of Directors, the allocation of risk capital is determined by the President and Representative Executive Officer following discussions in the ALM Committee and the Executive Committee.

Related pages
The Risk Capital Allocation chart is on page 91.

Risk Management

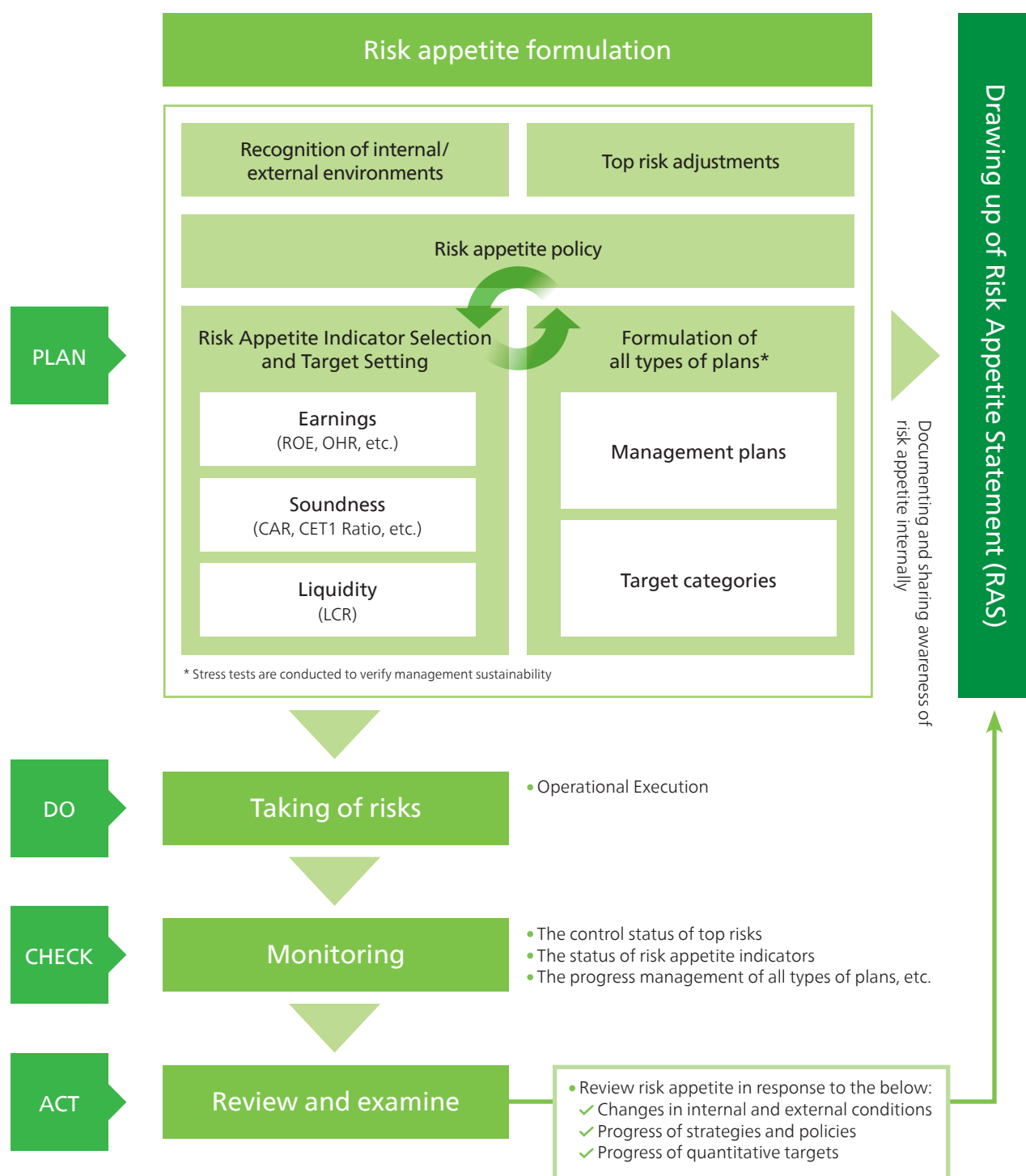
Risk Appetite Framework*

The Bank introduced a Risk Appetite Framework (RAF) to ensure profitability over the medium to long term and financial soundness. Based on the RAF, risk appetite policies and indicators as well as top risks are discussed in conjunction with the formulation of management plans.

* A business management framework used as common language between banks pertaining to all aspects of risk-taking policies, including the capital distribution and profit maximization of risk appetites (the type and total quantity of risks a company should willingly take on to fulfil its business plans after taking into account the unique aspects of the company's own business model).

Risk Appetite Framework Management Process

Words in parentheses are the main risk appetite indicators



Selecting Top Risks

Within the RAF framework, JAPAN POST BANK selects the top risks that we recognize as potentially having a particularly significant impact on our business, performance, and financial position. These risks are selected following deliberation by the Board of Directors and Executive Committee and in consideration of their

degree of impact and probability.

Moreover, we reflect the actions we take against the selected risks in our management plans, and take additional action as necessary following regular checks of the control status.

	Top risk	Main measures
Financial Risks	Market/Credit/Liquidity Risk, etc. Stronger Financial Regulations	<ul style="list-style-type: none"> Continuation of Portfolio risk tolerance enhancements More advanced stress tests and stronger monitoring Enhancement of expert human resources for market operations and risk management Improve management systems from the standpoint of being an internationally active bank
	Cyberattacks	<ul style="list-style-type: none"> Implement and establish cyber-security action plans, and continue measures against phishing fraud, etc.
	System Disruptions	<ul style="list-style-type: none"> Support for renewals of core systems Stable systems operation-oriented appropriate management resource distribution
Non-Financial Risks	Major Disasters, Pandemics	<ul style="list-style-type: none"> Strengthening of facilities and equipment Establishment of remote work environments
	Delayed Response to DX, Productivity Improvements, etc.	<ul style="list-style-type: none"> Steady advancement of DX as set forth in the Mid-term Plan
	Incidence of Compliance Violations	<ul style="list-style-type: none"> Using past examples of the Bank and examples from other companies' scandals to develop recurrence prevention measures, and ensure measures to prevent personal information leaks and losses are more thorough
	Insufficient Customer-oriented Business Operations	<ul style="list-style-type: none"> Quality controls for customer-oriented business operations Improved second-line*1 functions Deeper discussions in Special Committees Double tracking of information transmission, etc.
	Deficiencies in Preparations Against Money Laundering / Terrorism Financing and Proliferation Financing	<ul style="list-style-type: none"> Money laundering response structure establishment, etc. Joint AML*2 / CFT*3 organization participation
	Inhibited Execution of Strategies due to Insufficient Human Resources	<ul style="list-style-type: none"> Promoting human capital strategy and human capital investment linked to management strategy
	Climate Change Risks, etc.	<ul style="list-style-type: none"> Advanced measures corresponding to changes in the outside environment, implemented monitoring, and provided disclosures as appropriate based on the basic sustainability policy

*1 Management divisions such as the Risk Management and Compliance Division, etc.
 *2 "Anti-money Laundering" abbreviation. Referring to money laundering prevention.
 *3 "Combating the Financing of Terrorism" abbreviation. Referring to terrorism funding prevention measures.

Cybersecurity

While transactions using the Internet and smartphones have increased with the remarkable development of digital technology in recent years, the Bank has been working to expanded services that rely on digital channels.

On the other hand, the advance in sophistication and skill in methods of cyberattacks has brought increasing risk to financial institutions.

JAPAN POST BANK has therefore committed to the JAPAN POST GROUP Executive Declaration on Cybersecurity, regards the risk of cyberattacks as one of the top risks for management, and works to continuously strengthen the cybersecurity system through management leadership in an effort to deliver safer, more secure services to our customers.

Governance System

In order to strengthen the cybersecurity system through management leadership, JAPAN POST BANK has established an organization dedicated to cybersecurity (the IT Strategy Department's Cyber Defense Office) under the President and Representative Executive Officer and the Chief Information Security Officer (CISO). By providing reports on a regular and ad hoc basis to the

Board of Directors and the Executive Committee, the Bank has developed a governance system that allows for timely, appropriate management decisions in accordance with changes in the environment.

Through these efforts, the Bank endeavors to promote appropriate cybersecurity system enhancements and to prevent cyberattacks.

Management System

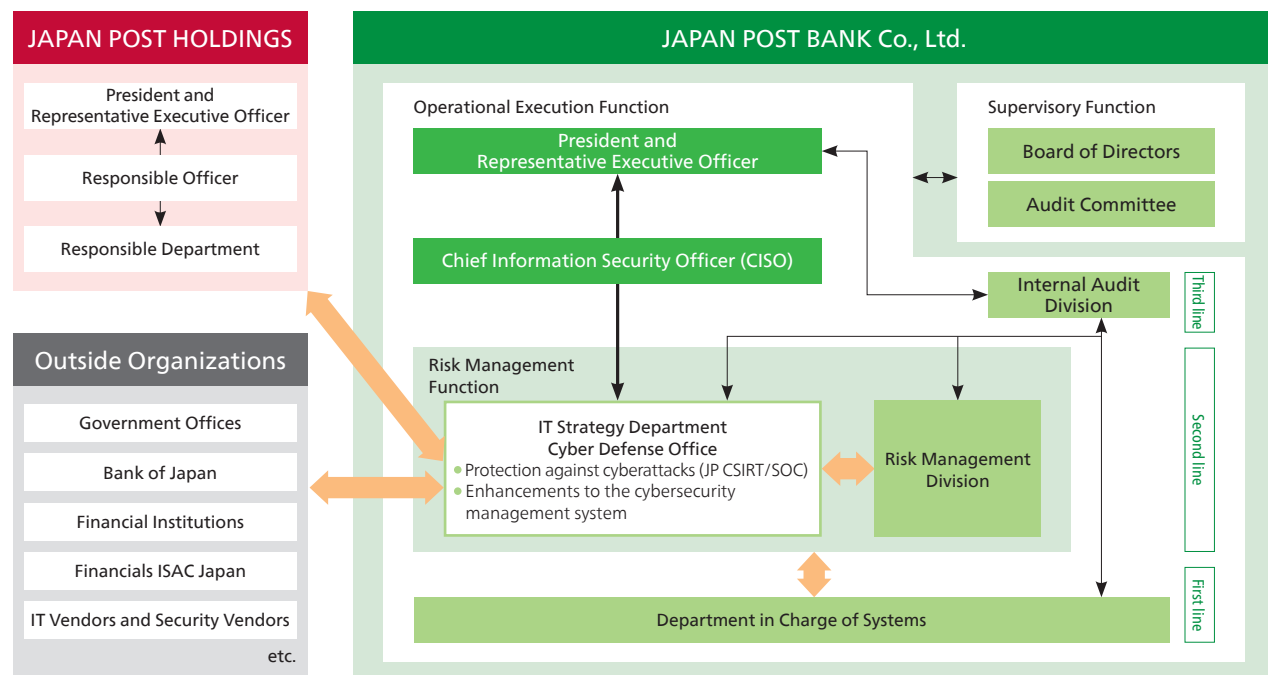
JAPAN POST BANK has established several professional cybersecurity organizations, including JPBANK CSIRT*1, which serves to prevent cyber incidents and respond in the event one actually occurs, and JPBANK SOC*2, which monitors logs from security devices, network equipments, and other sources to detect and analyze any indications of cyber incidents, as part of our ongoing efforts to protect against cyberattacks.

In order to ensure that we can precisely and rapidly

engage in information sharing, decision making, public relations, and countermeasures in the event of an incident, the Bank conducts regular drills and exercises. We also actively participate in outside activities, including drills and exercises organized by the Financial Services Agency of Japan and the Metropolitan Police Department.

Moreover, the Bank works to strengthen its cybersecurity system in accordance with third party assessments and recommendations based on the FFIEC-CAT*3, which

Cybersecurity Management System



is used internationally as a tool to evaluate the management systems of financial institutions.

In addition, the Bank has prepared multilayer detection and defense measures, including analysis of and countermeasures against new modes of attack,

through cooperation with government offices, other companies in the industry, and related associations.

*1 Computer Security Incident Response Team
*2 Security Operation Center
*3 Federal Financial Institutions Examination Council – Cybersecurity Assessment Tool

Major Cybersecurity Initiatives

Digital Channel Security Measures

In order to enable our customers to use services provided through digital channels with a greater level of safety and security, JAPAN POST BANK is advancing efforts to enhance our cybersecurity system and to protect

against cyberattacks on a daily basis. These efforts include strengthening identity verification and authentication processes, anti-virus measures, vulnerability responses, threat trend analyses, cyberattack detection, and fraudulent transaction monitoring.

- **Strengthening Identify Verification**
Introduced eKYC*4 to prevent fraudulent registration impersonating customers
- **Strengthening Identify Authentication**
Introduced an authentication app that complies with FIDO*5 to further strengthen authentication during important transactions, such as money transfers, and introduced Token, a device for generating passwords that can only be used once (one-time passwords)
- **Anti-virus Measures**
Free distribution of PhishWall Premium, a software designed to prevent fraudulent money transfers by detect-

- ing attacks that defraud customers of their personal identification numbers, etc.
- **Vulnerability Countermeasures**
Collect and act on information regarding daily cyberattack threats and vulnerabilities
- **Fraudulent Transaction Monitoring**
Monitor unauthorized access to Internet banking systems and prevent damage from fraudulent money transfers, etc.

*4 electronic Know Your Customer: A technology that compares smart cards from personal identification documents with facial information photographed at the time of registration to complete identity verification entirely online.
*5 Fast Identity Online: international standards for online authentication.

Developing Human Resources to Support Cybersecurity

In today's world where use of cloud services, AI, and other digital technologies only continues to increase, taking actions with an awareness of cybersecurity risks in all manner of situations as part of business activities has become essential.

In order to strengthen the management base to become a more trusted bank, JAPAN POST BANK assigns professional cybersecurity experts. Similarly, we systematically organize the required skills, promote human resources development in a planned manner in line with the responsible duties and skills, and enhance the expertise of human resources for this purpose.

Moreover, the Bank is fostering an awareness of cybersecurity among every employee, including those involved in management, and actively provides the basic knowledge required to implement countermeasures.

Moreover, the Bank actively participates in outside initiatives, including the Financials ISAC Japan, an organization established to share information among the financial sector, as well as various training programs organized by the Financial Services Agency of Japan and the Metropolitan Police Department. Through these endeavors, we accumulate professional knowledge and experience in order to strengthen our implementation frameworks.

Cybersecurity Education

In order to chart a greater awareness of and provide more in-depth basic knowledge on cybersecurity, JAPAN POST BANK conducts cybersecurity training for managements as well as targeted e-mail attack drills for all employees.

In addition, the Bank publishes an internal informational magazine in an effort to raise awareness of cyberattacks and to inform employees of countermeasures. We also provide e-learning contents designed to teach everything from basic knowledge to the latest expert-level knowledge, in an effort to educate employees.



Employees engaged in JPBANK SOC duties

Developing Professional Cybersecurity Experts

In order to promote cybersecurity system enhancements and put protections against cyberattacks into practice, JAPAN POST BANK formulates training plans based on the required professional knowledge and experience, provides skills training courses and assistance for acquiring certifications, and conducts incident response drills.

Compliance

Basic Stance

For JAPAN POST BANK, compliance comprises adherence not only to laws and regulations but also to internal rules, social standards of behavior, and corporate ethics by all directors and employees. We are

striving to be the most trustworthy bank in Japan, and consequently we view compliance as an important management issue. Accordingly, we conduct rigorous compliance activities.

Compliance System

The Bank has established the Compliance Committee, which is composed of Executive Officers responsible for compliance-related issues. The committee holds discussions on important compliance-related matters once a month and reports on their progress regularly to the Internal Control Committee, the board of directors, and the Audit Committee. In addition, the Bank has established the Compliance Management Department under the leadership of the Executive Managing Officer responsible for compliance. The department formulates compliance promotion plans and manages their progress. We have also appointed compliance officers in departments such as sales, who monitor the progress of compliance-related measures, as well as compliance

managers in each department, who are responsible for mentoring employees and promoting compliance.

Furthermore, in the event that an employee encounters a compliance or other related issue, or an act that could lead to a compliance issue, he/she must report the matter to a superior, to our Compliance Line, or to whistleblower systems that have been put in place both within and outside of the Bank. In this way, the Bank is striving to prevent the occurrence and expansion of problems concerning compliance and quickly solve issues should they occur.

 **More information**
Compliance System
Home > Sustainability > Governance > Compliance System

Compliance Initiatives

Every year the Bank formulates a Compliance Program, which serves as a detailed action plan for the promotion of compliance. On the basis of this program, the Bank strives to promote compliance through addressing important matters and regularly checking their progress. The Bank also uses methods to strongly encourage compliance such as conducting training sessions for its employees and officers.

Outline of Main Measures


- Prevention of fraud
- Countering money laundering, financing of terrorism, and proliferation financing
- Response to Antisocial Forces
- Customer-oriented business operations and customer protection
- Creating employee-friendly working environments

Moreover, the Bank formulated a Compliance Manual, which brings together the Bank's approach to compliance and important action items as well as the management of conflict of interest transactions, the prevention of corruption such as bribery of public officials and money laundering, and other laws and regulations to be complied with. The Compliance Handbook, which contains the most important items from the Compliance Manual is distributed to all directors and employees and is used in compliance training sessions to ensure that all employees are thoroughly familiar with its contents and to raise compliance awareness.

Privacy Protection Measures

JAPAN POST BANK has established the following privacy policy and conducts business operations based on this policy. We recognize that protecting personal data, including specific personal information and Individual Number (hereinafter 'personal data'), is vital

to offering services that can achieve a high degree of customer satisfaction.

 **More information**
Privacy Policy
Home > Privacy Policy

Measures against Countering Money Laundering, Financing of Terrorism, and Proliferation Financing

The importance of combating international money laundering, the financing of terrorism and proliferation financing is growing with each passing year. Financial and related institutions are being called upon to enhance the preventive measures toward their money laundering and related management systems in response to changes in money laundering and related risks.

Recognizing that the need to combat international money laundering, the financing of terrorism and proliferation financing is one of the major priorities for management, JAPAN POST BANK formulated the basic policy to address each of these issues in accordance with the "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism" set forth by Japan's Financial Services Agency. The Bank has also clarified the roles and responsibilities of all managers and employees involved in addressing international money laundering, the financing of terrorism and proliferation financing including the appointment of the

dedicated executive officer in charge of the Compliance Division as the officer in charge of overall oversight for each of these issues. In doing so, JAPAN POST BANK is implementing management-driven measures.


Specifically, from the standpoint of preventing the Bank's products and services from being abused for the purpose of international money laundering, the financing of terrorism and proliferation financing, the Bank identifies the relevant risks and evaluates and takes appropriate measures to effectively mitigate these risks.

In recent years, the incidence of various financial crimes has become increasingly frequent with the methods used more cunning and sophisticated. In order to safeguard customers' deposits and assets, JAPAN POST BANK will engage in efforts to prevent financial crimes from occurring and their further proliferation through a variety of measures. This includes analyzing past criminal typologies, enhancing the Bank's systems, and consolidating data.

Measures against Antisocial Forces

The Bank as an organization combats against Antisocial Forces that threaten the sound social order and corporate activities. The Bank is never involved in any illegal or antisocial behavior associated with antisocial forces. The Bank blocks and excludes relationships with

antisocial forces by cooperating with relevant external organizations such as the police, etc.

 **More information**
Basic Policy for Combating against Antisocial Forces
Home > Sustainability > Governance > Compliance System
> Basic Policy for Combating against Antisocial Forces

Measures against Managing Conflicts of Interest

The JAPAN POST GROUP has released the Japan Post Group Conflicts of Interest Management Policy. This Policy governs the management of conflicts of interest transactions by our Group as a whole in order to prevent our customers' interests from being unduly harmed.

In line with this Policy, JAPAN POST BANK has put in place a system for the proper management of transactions that have the potential to create conflicts of

interest and to prevent customer interests from being unduly harmed. Among a host of initiatives, the Bank has set up the Compliance Management Department to assume responsibility for managing and controlling conflicts of interest.

 **More information**
Conflicts of Interest Management Policy
Home > Sustainability > Governance > Compliance System
> Conflicts of Interest Management Policy

Internal Auditing

Internal Audit System

The Internal Audit Division is independent from operating divisions in the head office. The division contributes to the sound and proper conduct of the Bank's operations by inspecting and assessing the Bank's operational execution and internal control systems. In this way, the Bank collects important information about the operations of audited divisions in a timely and appropriate manner.

The Internal Audit Division formulates the Internal Audit Plan based on the Bank's Basic Policy on Internal Auditing*. During formulation of the Plan, the Division must first provide an explanation to the Audit Committee regarding the Internal Audit Plan draft, the risk assessment that serves as the basis for this proposal, the core audit items, and the human resources plan. Following this, it must obtain consent for the Internal Audit Plan from the Committee before receiving the approval of the President and Representative Executive Officer and reporting to the Board of Directors.

Moreover, in accordance with the Internal Audit Plan, the Internal Audit Division conducts audits of the head office divisions, Regional Headquarters, Branches, Administration Service Centers, Operation Support Centers, Seal Card Management Center, ATM Management Centers, Data Centers, Credit Card Collection Service Center and other work sites. Through these

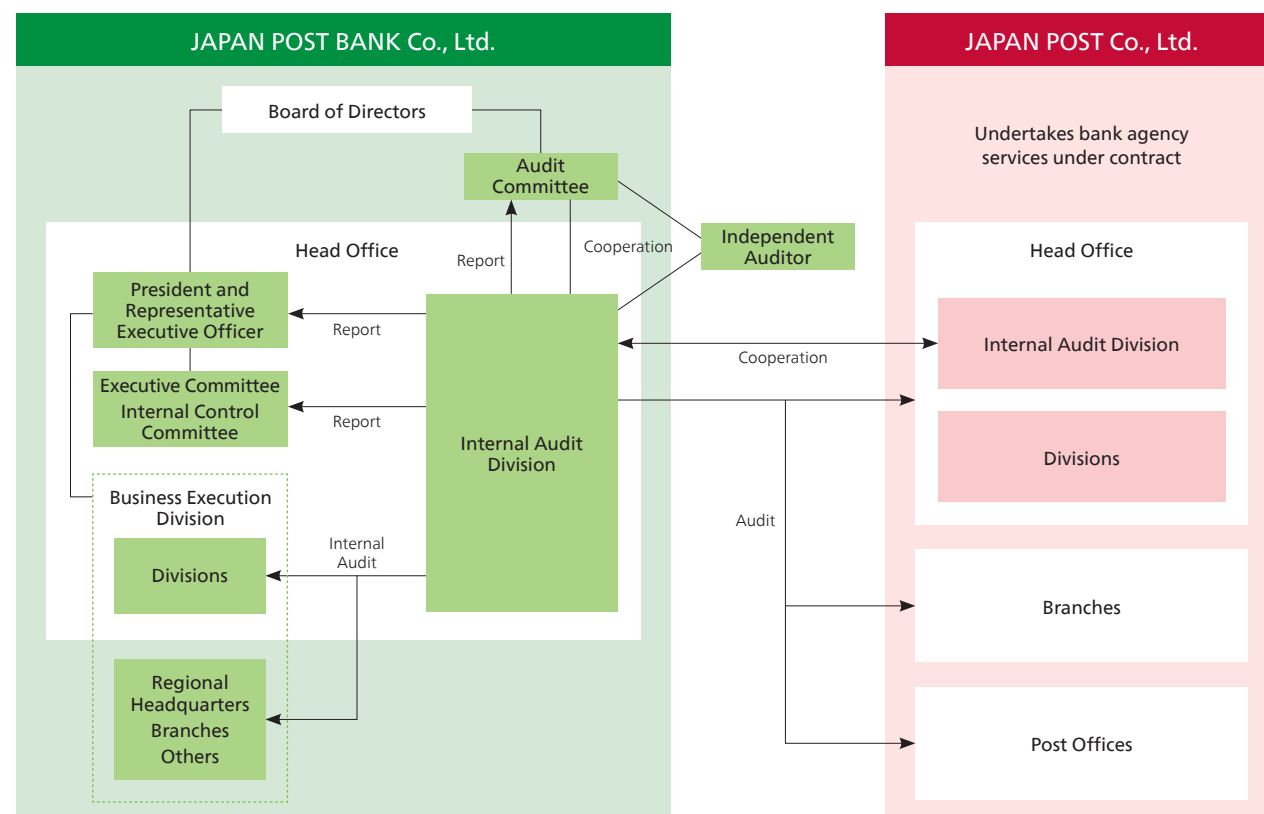
audits, the division verifies the appropriateness and effectiveness of operational execution and internal control systems, including compliance and risk management. In addition, the Internal Audit Division audits JAPAN POST, which undertakes bank agency services under contract. In these audits, the Internal Audit Division verifies the appropriateness of the internal control systems that are related to bank agency operations, including compliance and risk management.

In regard to major issues that are found in an audit, the Division offers recommendations for correction and improvement. At the same time, the Division directly reports on the status of internal audit progress, the results of audits, and the progress of improvements regarding the audit results to the President and Representative Executive Officer, the Board of Directors, and the Audit Committee.

In order to strengthen its independency and objectivity, the Internal Audit Division obtains consent for important human resources changes from the Audit Committee. The status of improvements to, as well as operation of, internal audit abilities is reviewed and assessed by the Audit Committee.

* The standards for the professional practice of internal auditing under the Bank's Basic Policy on Internal Auditing comply with the basic concept of the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors (IIA).

Internal Audit System



Appendix/Corporate Data

- 88 Financial and Economic Environment
- 89 Financial and Non-financial Data
- 90 Risk Management (details)
- 96 Corporate Data

Financial and Economic Environment

Looking back on the economic situation for the fiscal year ended March 31, 2023, the global economy continued to slow down mainly due to full-scale monetary tightening by the U.S. and European central banks in an effort to curb high inflation. The U.S. economy slowed due to sharp interest rate hikes by the Federal Reserve Board, but maintained positive growth on the back of a firm job market. In the Eurozone, meanwhile, economic conditions showed a stronger trend toward stagflation, in which economic stagnation and inflation coincide. The Japanese economy, although affected by the overseas economic slowdown, continued to pick up, mainly buoyed by domestic demand. The Chinese economy continued to slow due to the zero-COVID policy and the property market slump. However, after a sharp easing of the zero-COVID policy in December, it began to recover.

In the financial and capital markets, the yield on 10-year U.S. government bonds continued to rise on the assumption that the Fed would accelerate interest rate hikes and raise the interest rate endpoint (terminal rate) to curb high inflation. However, the collapse of a certain bank in the U.S. in March somewhat dampened market expectations of a rate hike, bringing the rate down to the mid-3% range. The yield on 10-year Japanese government bonds, which had been in the vicinity of 0.25%, soared to the 0.4% range in late December as the Bank

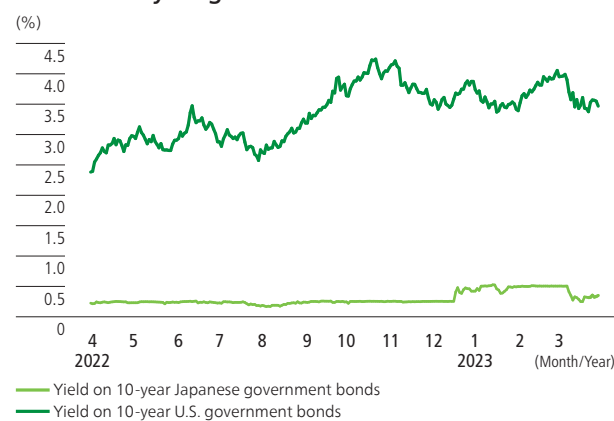
of Japan reviewed its operation of yield curve control ("YCC"), widening the range of long-term interest rates from $\pm 0.25\%$ to $\pm 0.5\%$. However, the yield fell sharply to the midpoint of the 0.2% range temporarily in March following the bank collapse in the U.S.

In addition, overseas credit spreads continued to widen in response to the outlook of higher interest rates and concerns about an economic slowdown, with a period of sharp widening in March.

In the foreign exchange market, reflecting differences in monetary policy direction between Japan, the U.S. and Europe, as well as the widening of Japan's trade deficit, the yen plunged to the ¥150 range against the dollar in late October, and the authorities in Japan carried out a currency intervention. After that, due to the Bank of Japan's review of YCC's operations, the yen remained strong at appropriately ¥130. The yen continued to weaken against the euro, falling from appropriately ¥135 at the start of April to appropriately ¥144 at the end of March.

The S&P 500 Index was buffeted by speculation over the Fed's monetary policy, resulting in a lackluster, see-saw pattern. The Nikkei Stock Average was firm compared to overseas stock prices, remaining in the range of roughly ¥26,000 to ¥28,000.

Yield on 10-year government bonds



Nikkei Stock Average



Foreign exchange



S&P 500 index



Financial and Non-financial Data

Financial Data (Consolidated)

(Millions of yen)

	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3
Ordinary income	1,845,413	1,799,544	1,946,728	1,977,640	2,064,251
Net ordinary income	373,978	379,137	394,221	490,891	455,566
Net income attributable to owners of parent	266,189	273,435	280,130	355,070	325,070
Comprehensive income (loss)	23,376	(2,177,244)	2,470,383	(910,994)	(364,552)
Net assets	11,362,365	9,003,256	11,394,827	10,302,261	9,651,874
Total assets	208,974,134	210,910,882	223,870,673	232,954,480	229,582,232
Net assets per share (yen)	3,029.61	2,398.98	3,033.03	2,739.60	2,621.17
Net income per share (yen)	71.00	72.94	74.72	94.71	86.84
Capital adequacy ratio (%)	5.43	4.26	5.07	4.40	4.18
Capital adequacy ratio (domestic standard) (%)	15.80	15.58	15.53	15.56	15.53
ROE (%)	2.32	2.68	2.75	3.28	3.26
ROE (based on shareholders' equity) (%)	-	-	3.06	3.80	3.44
PER (times)	17.02	13.66	14.23	10.39	12.47

Notes: 1. The Bank having established a stock benefit trust, the shares of the Bank held by the trust are recorded as treasury stock in the consolidated financial statements. Accordingly, the Bank's shares held by the stock benefit trust are included in the number of treasury shares to be deducted from the number of common shares issued at the end of the fiscal year when calculating net assets per share. In addition, when calculating net income per share, the Bank's shares held by the stock benefit trust are included in the number of treasury shares that are deducted from the calculation of the average number of shares of common stock during the period.
2. As there are no stock acquisition rights or share award rights, Capital adequacy ratio is calculated by dividing Total net assets at the end of the period - Non-controlling interests at the end of the period by Total assets at the end of the period.
3. The consolidated capital adequacy ratio (domestic standard) is defined as criteria for judging whether a bank's own capital is sufficient in light of the assets held, etc., under the provisions of Article 14-2 of the Banking Law (Financial Services Agency Notification No. 19 of 2006).
4. ROE is calculated by dividing net income attributable to owners of parent by the average consolidated net assets for the period after having deducted non-controlling interests.

Non-financial Data (Non-consolidated)

	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3
Total energy consumption (GJ)	1,042,490	982,219	990,125	949,073	-
CO ₂ emissions Scope 1 (t-CO ₂)	5,867	5,584	4,877	4,412	-
CO ₂ emissions Scope 2 (t-CO ₂)	47,866	42,347	39,124	38,783	-
CO ₂ emissions Scope 1+2 (t-CO ₂)	53,733	47,931	44,002	43,195	-
Number of employees	12,800	12,477	12,408	12,169	11,742
Average years of employment	19.2	19.5	19.9	20.4	20.5
New hires (total)	404	234	230	147	141
[Of whom, ratio of women (%)]	[64.9%]	[61.1%]	[62.2%]	[63.9%]	[53.9%]
Number of mid-career hires (total)	9	11	17	45	17
[Of whom, ratio of women (%)]	[11.1%]	[45.5%]	[23.5%]	[26.7%]	[41.2%]
Ratio of mid-career hires (percentage of all hires (%))	2.2	4.5	6.9	23.4	10.8
Ratio of women in managerial positions (%)	14.4	15.3	15.7	16.6	17.5
Ratio of men taking childcare leave	91.2	87.0	98.8	100	100
Gender wage disparity (all employees) (%)	-	-	-	-	64.1
Of whom regular employees (%)	-	-	-	-	63.1
Of whom non-regular employees (%)	-	-	-	-	67.1
Of whom in managerial positions (%)	-	-	-	-	89.8
Of whom on major career track (%)	-	-	-	-	89.3
Of whom on area key position track (%)	-	-	-	-	86.2
Training cost per person / Course hours	-	-	-	-	¥43,000 / 75 hours
Overall employee satisfaction level	57.0	63.8	64.9	68.7	67.4
Ratio of employees with disabilities (%)	2.56	2.68	2.74	2.71	2.72
Directors (people)	11	13	12	12	13
Outside directors (people)	7	9	8	8	9
Female directors (people)	2	3	3	3	3
Average attendance rate at Board of Directors' meetings (%)	98.6	97.3	99.4	100	99.4

Notes: 1. Energy consumption and CO₂ emissions for FY2023/3 were being tabulated at the time this report was compiled.
2. The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figure does not include part-time employees (including the indefinite-term employees (associates) based on the indefinite-term employment conversion system).
3. The percentage of female managers is the figure as of April 1 of the following fiscal year.
4. Based on payroll, gender wage disparity is described as being the ratio of the average pay of female employees to the average pay of male employees during the fiscal year under review (average annual pay = total pay / number of employees). Retirement allowances are excluded from total pay, and those on leave/leave of absence are excluded from the number of employees. Based on the indefinite-term conversion system, indefinite-term employees (associates) are included in regular employees. (Wage disparity for regular employees excluding the said employees is 75.7%.)
At JAPAN POST BANK there is no difference between men and women in terms of their pay systems, the operation of their promotions and pay raises, and the hiring standards. Currently, there is an imbalance in the ratio of men and women in terms of the age structure, resulting in the pay differential. Therefore, we are working to foster an organizational culture in which young and female employees can more actively participate. We will also work to improve engagement and reduce wage disparity by promoting appointments to more senior positions, including managerial positions.
5. The employment rate for people with disabilities is the figure as of June 1 of each fiscal year.
6. The figures for the number of directors, the number of outside directors, and the number of female directors are as of July 1 of each fiscal year.
7. The average attendance rate of Board of Directors' meetings is determined by the sum for the full fiscal year (April 1-March 31) and dividing the sum by the number of meetings held (rounded to the second decimal place).

Risk Management (Details)

Advances in financial globalization and information technology have led to rapid growth in the diversity and complexity of banking operations, making risk management at financial institutions increasingly important. We place a high priority on risk management and are taking steps to refine our sophisticated framework for risk management, including the identification and control of the risks associated with our operational activities.

Our basic policy is to appropriately manage risks in view of our management strategies and risk characteristics and most effectively utilize our capital. By doing so, we are able to increase enterprise value while maintaining sound finances and appropriate operations.

The authorities and responsibilities of organizational entities and of directors and employees involved in risk management are assigned so that conflicts of interest do not arise. In addition, we have established a system that provides for appropriate cross-checks.

Risk Categories and Definitions

We define our risks and classify them into the following categories, and manage these risks based on the unique characteristics of each type of risk.

Risk Category	Risk Definition
Market risk	Market risk is the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of loss resulting from changes in earnings generated from assets and liabilities.
Market liquidity risk	Market liquidity risk is the risk that a financial institution will incur losses because it is unable to conduct market transactions or is forced to conduct transactions at far more unfavorable prices than under normal conditions due to a market crisis and the like.
Funding liquidity risk	Funding liquidity risk is the risk that a financial institution will incur losses because it finds it difficult to secure the necessary funds or is forced to obtain funds at far higher interest rates than under normal conditions due to a mismatch between the maturities of assets and liabilities or an unexpected outflow of funds.
Credit risk	Credit risk is the risk that a financial institution will incur losses from the decline or elimination of the value of assets (including off-balance sheet assets) due to deterioration in the financial condition of an entity to which credit is provided.
Operational risk	Operational risk is the risk of loss resulting from inadequate operation processes, inadequate activities by officers and employees and inadequate systems or from external events.
Processing risk	Processing risk is the risk of a financial institution incurring a loss from the neglect by officers and employees to conduct administrative work properly, accidents caused by them and violation of Laws conducted by them in the course of the administrative work process. The management of events that constitute processing risk also includes matters relating to administrative work that occur as a result of external impropriety.
IT system risk	IT system risk is the risk that a financial institution will incur loss because of a breakdown or malfunctioning of computer systems or other computer system inadequacies, or because of improper use of computer systems.
Information asset risk	The risk of losses arising from the loss, falsification, inappropriate use, or external leakage of information due to IT system damage or inappropriate processing.
Legal risk	The risk of losses arising from compensation for damages, penalties, or surcharges, or a decline in customer trust, due to an inability to rigorously comply with laws (including laws, ordinances, internal regulations, and processing procedures, etc.).
Human resources risk	The risk of losses arising from discriminatory acts in human resources administration.
Tangible assets risk	The risk of losses arising from damages to tangible assets resulting from natural disasters or other events.
Reputational risk	The risk of losses arising from the spread among the public, or a certain segment of the public, of false information about us, causing a loss of the Bank's credibility, damage to our image, and as a result, a loss of customers or fund-raising counterparties, or causing a worsening of transaction conditions.

Risk Management System

The Bank has identified certain risk categories. Various departments have been established to manage each risk category. In addition, we have put in place the Risk Management Department, which is responsible for monitoring each risk category in an integrated manner in order to ensure the effectiveness of our comprehensive risk management. The Risk Management Department operates independently from other departments.

We have established special advisory committees to the Executive Committee to handle risk management responsibilities: the Risk Management Committee and

the Asset Liability Management (ALM) Committee. These advisory committees submit risk management reports based on risk characteristics and hold discussions about risk management policies and systems. Meanwhile, officers in charge of the Risk Management sections also reports on such matters as the status of risk management to the Board of Directors, the Audit Committee and the Risk Committee on a periodic and as-needed basis.

Prior to launching new products, services, or businesses, we assess potential risks and select appropriate methods to measure risks.

Note: See page 78 for a diagram of the risk management system.

Compliance with Basel Regulations

The Basel Committee on Banking Supervision has developed the Basel III global regulatory framework to ensure more resilient banks, including regulations for capital adequacy ratio, leverage ratio and liquidity. We have taken an appropriate response based on domestic standards.

Under Basel regulations, banks are required to conform to Pillar 1 (minimum requirements) including minimum capital requirements, Pillar 2 (Supervisory Review Process), which examines the adequacy of risk-based capital required for our banking business by the management of major risks including those not covered in Pillar 1, such as interest rate risk in the banking book, and

credit concentration risks, and Pillar 3 (market discipline), which improve the effectiveness of market discipline through sufficient disclosures.

As of March 31, 2023, our capital adequacy ratio was 15.53% (consolidated), above the regulatory level (4%, domestic standard).

In calculating our capital adequacy ratio, we have adopted the Standardized Approach for credit risk-weighted assets, and the Basic Indicator Approach for operational risk equivalent. We have adopted the special exemption from inclusion for the calculation of market risk equivalent.

Integrated Risk Management

We broadly classify and define risks into five categories: market, market liquidity, funding liquidity, credit, and operational risks. We manage these risks using both quantitative and qualitative approaches.

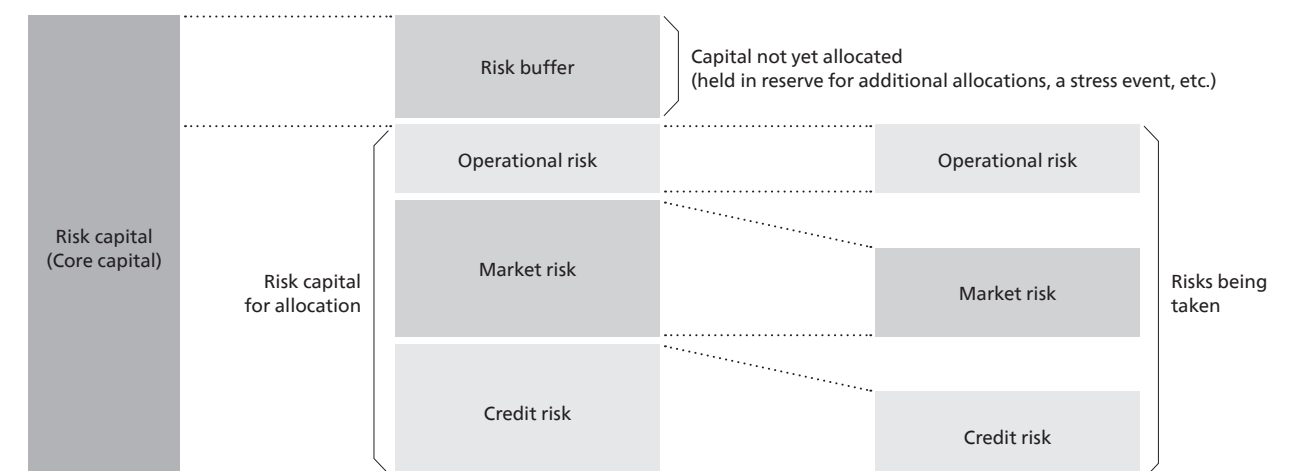
In our quantitative approach, we have introduced integrated risk management that quantifies and controls risk. Specifically, we establish in advance a total amount of equity capital that is available to take on risk, or risk capital. Risk capital is then allocated to each business (allocation of risk capital) in accordance with the type of expected risk and nature of the business activities. To quantify market risk and credit risk and control risk exposure, we use value at risk ("VaR") techniques. VaR is a statistical method used to compute the maximum expected loss based on assets and liabilities held at given probabilities and for given periods of time. In addition, we perform stress tests

based on multiple stress scenarios that assume deterioration in macroeconomic conditions to assess the impact on our financial condition and capital adequacy ratio, for the purpose of verifying the appropriateness of business plans from the forward-looking standpoint of business sustainability.

In our qualitative approach, which is used in conjunction with the quantitative methodology, we assess the nature of the risks. For instance, for operational risk we have established a plan, do, check, action ("PDCA") cycle that recognizes, evaluates, manages, and mitigates risk across our business activities.

Subject to the total amount of allocated capital approved by the Board of Directors, the allocation of risk capital is determined by the President and Representative Executive Officer following discussions in the ALM Committee and the Executive Committee.

Risk Capital Allocation



Risk Management (Details)

Market Risk Management / Market Liquidity Risk Management

Market Risk Management System

We manage market risk in a way that reflects the characteristics of our assets, which are principally marketable securities, and our liabilities, which are principally deposits. Through the following methods, we aim to achieve a stable income flow while appropriately controlling market risk.

We use the VaR statistical method to quantify market risk. We adjust our market risk frameworks and loss limits in order to ensure that market risk does not exceed risk capital allocated for this purpose. We conduct risk monitoring and management on an on going basis, and also carry out stress testing to account for extreme market fluctuations that might exceed our statistical estimates.

Moreover, we fully recognize the importance of interest rate risk on our business. In addition to monitoring interest rate risk on a daily basis using a 10 basis point value (10BPV) which denotes the change of present value given 10 basis points rise in the interest rates, we have established a framework to grasp interest rate risk in a multifaceted and proper manner.

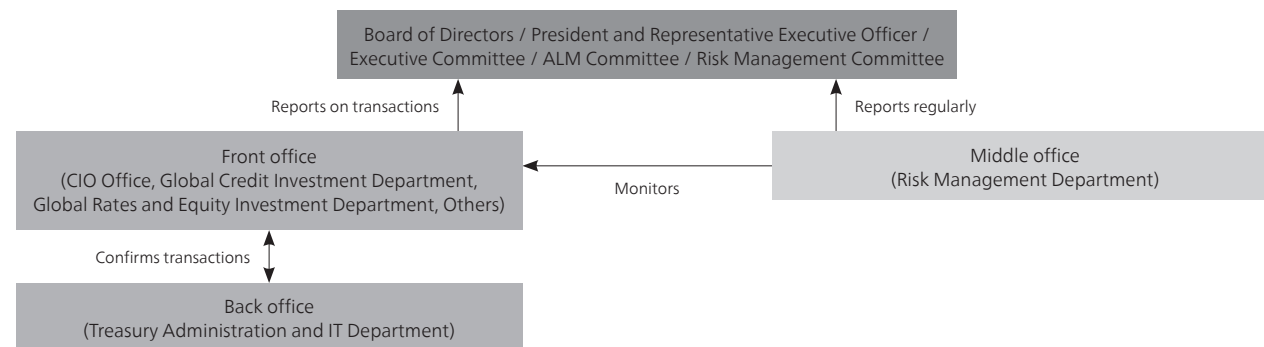
This included profit and loss simulations based on a variety of scenarios.

As far as the management of 10BPV is concerned, we not only make changes to the balances of assets and liabilities as well as the structure of maturities, but also employ such hedging methods as interest rate swaps.

To provide a system of cross checks and balances in market risk management, we have set up the Risk Management Department as a “middle office” that is independent from our front and back offices. Matters concerning the establishment and operation of a market risk management system and implementation of market risk management are decided through discussions in the Risk Management Committee, the ALM Committee and the Executive Committee.

Daily reports concerning our VaR, market risk limits and loss limits are made directly to management, allowing management to respond rapidly to developments. Risk analyses based on backtesting and stress testing are conducted regularly with reports made to the Executive Committee.

Market Risk Management System



Market Risk Measurement Model

Our VaR risk management model measures market risk based on a historical simulation method. The VaR model is based on a one-tailed confidence interval of 99%, a holding period of 240 business days (i.e., one year), and an observation period of 1,200 business days (i.e., five years).

To measure market risk relating to liquid deposits, the Bank has applied an internal model to allocate the estimated balance and termination dates of liquid deposits that have remained on deposit in the Bank for a long term without being withdrawn (so-called “core deposits”) and calculates the interest rate risk amount for them. Market risk relating to TEIGAKU deposits is calculated based on an estimated future cash flow model.

Stress Tests

VaR models statistically calculate maximum losses at a certain probability, based on historical data. Accordingly, VaR models do not appropriately measure risks in the event of extreme market fluctuations or in the event that historical assumptions do not hold. We periodically perform stress tests to shed light on risks associated with an unexpected worsening in factors unique to our portfolio as well as events in the past that regular risk assessments failed to identify. The findings are reported to the Executive Committee.

Market Liquidity Risk Management

Our basic approach to market liquidity risk management is to monitor portfolio assets and market conditions so that we are able to take appropriate actions in line with market liquidity conditions. The Risk Management Department monitors market liquidity risk as well as market risk.

Market Risk Exposure

In the fiscal year ended March 31, 2023, our VaR was as follows:

Currently, we are engaged only in banking operations. We do not conduct trading operations.

VaR (From April 1, 2022 to March 31, 2023)

(Billions of yen)

	Year-end	Maximum	Minimum	Average
FY2023/3	4,722.6	4,934.9	3,491.5	4,125.3

Note: JAPAN POST BANK has revised its market value at risk (VaR) method more in line with the Bank's position from FY2023/3.

Funding Liquidity Risk Management

Our basic approach to funding liquidity risk management is to closely monitor our funding conditions and take timely and appropriate actions when necessary. In addition, we maintain appropriate liquidity reserves in preparation for unexpected fund outflows.

The Risk Management Department, which was originally established to manage funding liquidity risk, conducts monitoring and analysis of funding liquidity risk.

In managing funding liquidity risk, we establish,

monitor, and manage funding liquidity indicators to ensure stable liquidity management.

In accordance with funding liquidity and fundraising trends, we have categorized risk into three stages: “normal,” “concerned,” and “emergency.” We have determined the principal measures we will take in the event that funding liquidity risk reaches the “concerned” or “emergency” stages.

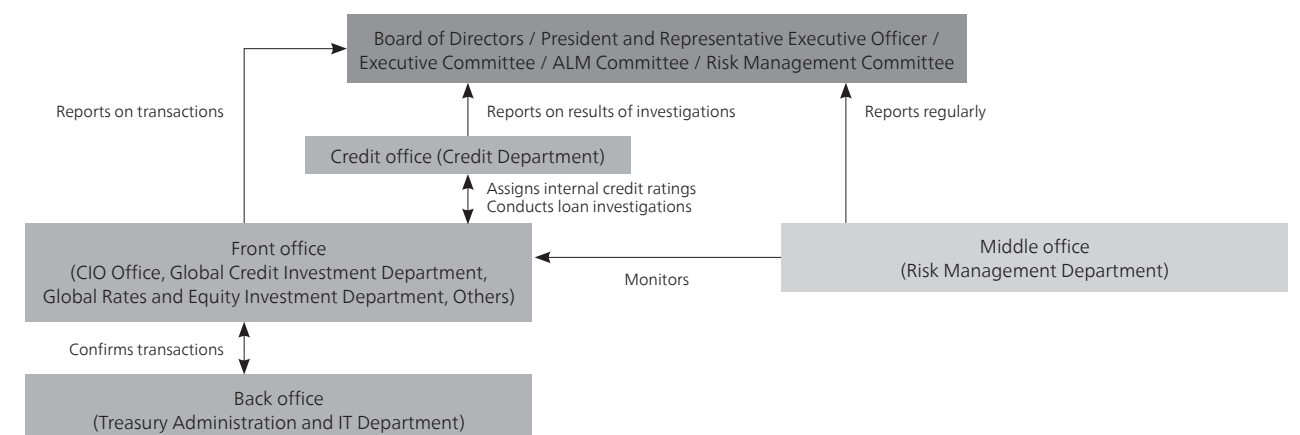
Credit Risk Management

Credit Risk Management System

The Risk Management Department provides a system of cross checks and balances in credit risk management, as a “middle office” that is independent from our front and back offices. The Risk Management Department oversees credit risk management, including credit risk measurement, credit concentration risk management, and the internal rating system. Matters concerning our credit risk management system are decided through regular discussions at the Executive Committee, the Risk Management Committee and the ALM Committee.

We use the VaR statistical method to quantify credit risk. We monitor our credit risk limit amounts on an ongoing basis in order to ensure that VaR does not exceed allocated risk capital. We also carry out stress testing to consider the possibility of credit risk due to large-scale economic fluctuations outside those in the VaR model. In addition, we set exposure limits for individual companies, corporate groups, countries and regions while engaging in a variety of activities including the monitoring and management of credit risk in order to control the concentration of credit.

Credit Risk Management System



Risk Management (Details)

We manage our credit risk using an internal credit rating system. Our Credit Department handles all credit investigations and assigns internal credit ratings to borrowers. In addition, it monitors borrowers.

Basic Principles of the Credit Code

The credit code establishes the basic philosophy and action guidelines for all our officers and employees to follow in the conduct of sound and proper credit business operations. The credit code has basic principles focusing on public welfare, soundness and profitability.

Measuring Credit Risk

To measure our credit risk amount (VaR), we use a model which adopts the Monte Carlo method using a one-tailed confidence interval of 99% and holding period of one year.

Stress Tests

VaR is a measurement of credit risk calculated using statistics based on certain probabilities derived from default rates and other data. It is therefore inadequate to measure any risks arising from a deterioration in creditworthiness caused by large-scale economic fluctuations. We periodically perform stress tests to shed light on risks associated with an unexpected worsening in

factors unique to our portfolio as well as events in the past that regular risk assessments failed to identify. The findings are reported to the Executive Committee.

Internal Credit Ratings

Internal credit ratings are used for various purposes such as in credit policies in daily credit management, credit risk measurement, appropriate pricing, management of the credit portfolio, initial self-assessments, and in making preparations related to write-offs and reserves. Accordingly, in accordance with their credit rating, borrowers are classified into the following 14 categories.

Self-assessments, Write-Offs, and Reserves

One key aspect of our credit risk management system is conducting self-assessments to classify our assets, based on degree of risk, by estimating the risk of non-recovery or loss in value. These self-assessments are the preparatory work for appropriate accounting treatment, including write-offs and reserves for possible loan losses. Detailed accounting standards for reserves for possible loan losses are as follows.

In accordance with predefined standards for write-offs and reserves, reserves for possible loan losses are provided for, as described below, in accordance with borrower categories stipulated in "Practical Guidance for

Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" (Japanese Institute of Certified Public Accountants, Special Committee for Audits of Banks, etc., Report No. 4). Operational divisions conduct assessments of all loans in accordance with our standards for loan self-assessments. The results of those assessments are audited by the Internal Audit Planning Department, which is independent from operational divisions. The reserve is provided for in accordance with those assessments.

- Loans to borrowers classified as normal or requiring caution are divided into groups, and the expected loss amount for each classification is reserved based

on the data provided by credit rating agencies.

- For loans to doubtful borrowers, we subtract from the loan balance both the estimated collectible amount from collateral and the estimated collectible amount from guarantees. We then make a provision at an amount equal to a portion of the resulting amount, based on our judgment.
- For loans to bankrupt borrowers and loans to substantially bankrupt borrowers, we subtract from the loan balance both the estimated collectible amount from collateral and the estimated collectible amount from guarantees. We then make a provision at an amount equal to the entire resulting amount.

Asset Classifications

Asset Category	Description
Unclassified (Type I)	Not classified as type II, III, or IV and deemed to have no problems in regard to recovery risk or damage to asset value.
Type II	Above-ordinary level of recovery risk due to failure to meet contractual obligations or to doubts about credit-related issues, etc.
Type III	Final recovery or asset value is very doubtful. There is a high risk of incurring a loss but it is difficult to rationally calculate the amount of that loss.
Type IV	Assessed as unrecoverable or worthless.

Management of Individual Borrowers

We regularly monitor borrowers' loan repayment status, financial conditions, and other matters that affect credit standing in order to respond to the credit risks of borrowers in a timely and appropriate manner. We also

more closely monitor certain borrowers depending on their business condition, such as borrowers subject to possible credit rating downgrades or experiencing sharp drop in stock price.

Operational Risk Management

Operational risk is the risk that losses will be incurred due to inadequate or failed internal processes, people and systems, or due to external events. We classify operational risk into seven categories: processing, IT system, information assets, legal, human resources, tangible assets, and reputational risks. Operational risk is managed in an integrated manner, by the Risk Management Department.

We identify, assess, control, monitor, and mitigate risk for each risk category to manage operational risk and to maintain the soundness of our operations.

The risk management process identifies risks associated with business operations and assesses these risks based on the occurrence frequency, and the degree of their impact on operations. Through the implementa-

tion of Risk & Control Self-Assessment ("RCSA"), operational risks and the control effectiveness for mitigating these risks are regularly assessed and examined. RCSA points out areas that require improvement and aspects of our risk management activities that need to be reinforced. Based on the results, we form improvement plans, establish measures to further mitigate risk exposure, and take the required actions.

We maintain an operational risk reporting system, which reports the occurrence of issues such as operational incidents and systemic issues. We analyze the contents of these reports to determine the causes of these incidents and problems and identify trends. This process yields fundamental data for formulating and executing effective countermeasures.

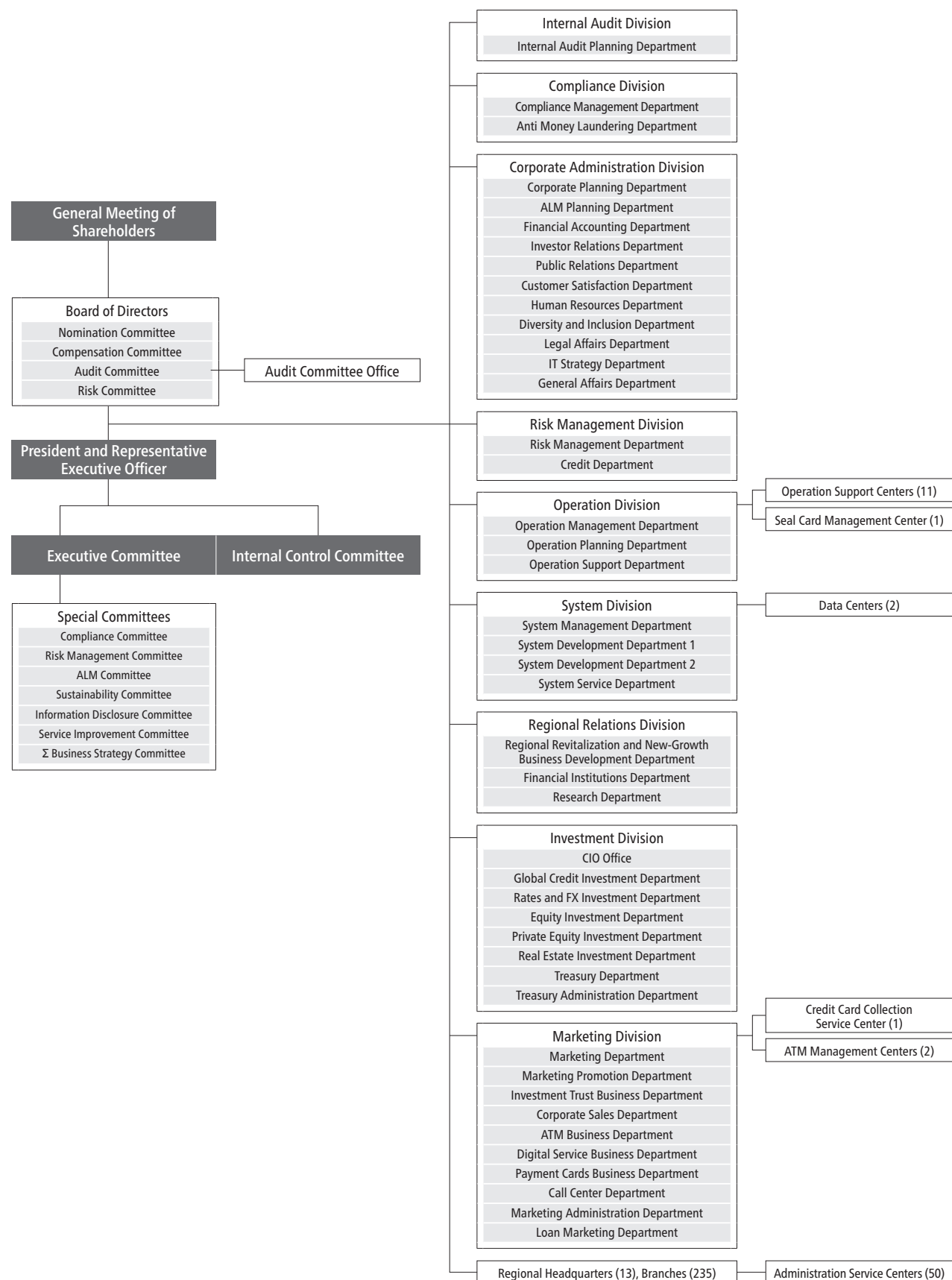
Internal Credit Rating System

Grades	Concept	Category
1	Has highest credit standing and many superior attributes.	Normal
2	Has exceedingly high credit standing and superior attributes.	
3	Has high credit standing and certain superior attributes.	
4	a Has sufficient credit standing but requires attention in case of significant changes in the environment. b	
5	a Has no problems with credit standing at this point but has attributes requiring attention in case of changes in the environment. b	
6	a Has no current problems with credit standing but has attributes requiring constant attention. b	
7	Has problems with loan conditions, such as by seeking interest rate reductions or rescheduling. Has problems with performance, such as overdue payments of principal or interest. Also has attributes requiring attention to management in the future, such as weak or unstable results or financial problems.	Borrowers requiring caution
8	Payment of principal or interest is past due three months or more calculated from the day following the scheduled payment date. Or, to facilitate the recovery of the loan, loan provisions have been eased to assist in the restructuring of the borrower or otherwise assisting the borrower. The borrower has fallen into business difficulties.	(Borrowers requiring monitoring)
9	Is not currently in bankruptcy but is having management problems. Progress with management improvement plan is not exceptional, and there is a high probability of bankruptcy in the future.	Doubtful borrowers
10	Is not yet legally bankrupt but is in serious financial difficulty. Deemed to have no prospects for restructuring. Effectively bankrupt.	Substantially bankrupt borrowers
11	Legally bankrupt.	Bankrupt borrowers

Corporate Data

Organization

(As of July 1, 2023)



Corporate Data

Overview of Major Businesses

1. Deposit business: Provides transfer deposit, ordinary deposit, ordinary savings deposit, time deposit, TEIGAKU deposit, and other deposit services
2. Lending business: Provides loans on deeds and overdraft services.
3. Securities investment business: Invests in Japanese government bonds, Japanese local government bonds, Japanese corporate bonds, and other securities for the purpose of reserves for deposits and fund management
4. Domestic exchange business: Provides money order, transfer, and direct deposit services
5. Foreign exchange business: Provides international remittance services
6. Major incidental businesses
 - (1) Agency services
 - ① Bank of Japan annual revenue agency and Bank of Japan government bond agency services
 - ② Japanese local government public fund handling services
 - ③ Contracted services for the Organization for Postal Savings, Postal Life Insurance and Post Office Network
 - ④ Mortgage intermediary services
 - (2) Japanese government bond, investment trust, and insurance product retail sales
 - (3) Credit card operations
 - (4) Defined contribution pension plan management and administrative services (exclusive to plans for individual-type pensions)

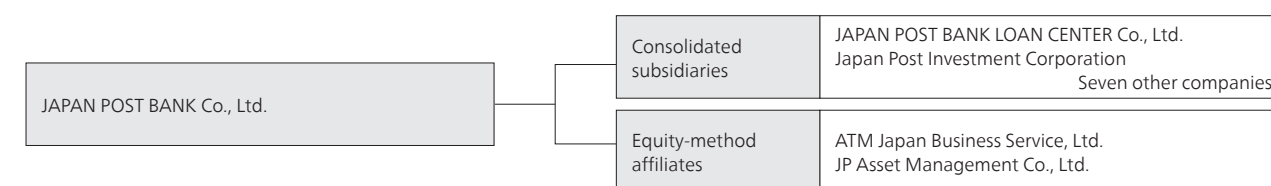
Affiliated Companies

(As of March 31, 2023)

	Name	Location	Issued capital (millions of yen)	Main business	Date of Establishment	Holding as percentage (%)
Consolidated subsidiaries	JAPAN POST BANK LOAN CENTER Co., Ltd.	Triton Square Tower X 43F, 8-10, Harumi 1-chome, Chuo-ku, Tokyo	2,000	Credit guarantee operations for account overdraft lending services of the Bank and administrative agency services	May 28, 1980	100.00
	Japan Post Investment Corporation	3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo	750	Investment management operations of securities and investment advisory business	February 9, 2018	50.00 [25.00]
	Seven other companies	—	—	—	—	—
Equity-method affiliates	ATM Japan Business Service, Ltd.	30-5, Hamamatsucho 1-chome, Minato-ku, Tokyo	100	Management of ATMs, for example cash loading and withdrawal	August 30, 2012	35.00
	JP Asset Management Co., Ltd.	1-11-2 Nihonbashi Ningyocho, Chuo-ku, Tokyo	500	Investment management business, type II financial instruments business	August 18, 2015	45.00

Notes: 1 JAPAN POST BANK LOAN CENTER Co., Ltd., relocated to 3-17-2 Kikukawa, Sumida-ku, Tokyo, on May 8, 2023.
 2 Data in parentheses in the "Holdings as percentage" column represent the ownership percentage (superscription) of persons who are found to exercise their voting rights in accordance with the wishes of the first Company, etc., due to a close relationship therewith in terms of investment, human resources, funds, technology, transactions or other matters or persons who have agreed to exercise their voting rights in accordance with the wishes of the first Company, etc.

Business organization chart: The Bank and its affiliated companies



Note: In addition to the above, there are two non-consolidated subsidiaries not accounted for by the equity method.

Corporate Data

Shares

(As of March 31, 2023)

Number of Shares

Total number of outstanding shares	3,690,021,220
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Major Shareholders

Rank	Name of shareholder	Number of shares held and percentage of shares held	
		Number of shares held	Percentage of shares held (%)
1	Japan Post Holdings Co., Ltd.	2,224,866,500	60.62
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	76,659,500	2.08
3	JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	30,418,700	0.82
4	STATE STREET BANK WEST CLIENT – TREATY 505234	29,273,600	0.79
5	Custody Bank of Japan, Ltd. (Trust Account)	18,239,200	0.49
6	SSBTC CLIENT OMNIBUS ACCOUNT	12,279,075	0.33
7	Japan Post Bank Employee Shareholding Association	11,874,000	0.32
8	JP MORGAN CHASE BANK 385770	11,719,614	0.31
9	STATE STREET BANK AND TRUST COMPANY 505103	10,595,079	0.28
10	JP MORGAN CHASE BANK 385765	9,018,224	0.24

Notes: 1 The percentage of shares held is calculated excluding treasury stock (20,347,703 shares) and is rounded down to the second decimal place.

2 The Bank holds 20,347,703 shares (the ratio of the number of shares held against the total number of shares issued is 0.55%) of treasury stock, which are not included in the above list of major shareholders. The treasury stock does not include the Bank's shares held by the stock benefit trust (1,436,900 shares).

Initiatives to Support Small and Medium-sized Enterprises

JAPAN POST BANK offers various remittance and settlement services, as well as online banking (Yucho Biz Direct) services, for corporations and business operators. Similarly, we are taking steps to support managers of small and medium-sized enterprises (SMEs) from the perspectives of increased business efficiency, speed and cost reductions. For this purpose, the Bank is striving to further enhance the marketability of its services that

leverage the nationwide JAPAN POST BANK, post office, and ATM networks, including regular payment and electronic transfer services that are convenient for receiving payment for goods and collecting accounts receivable, as well as employee payroll transfer services.

We do not provide management support through mutual loans to SMEs.

Corporate Data

JAPAN POST GROUP Charter of Corporate Conduct

1. Earn the trust of customers

- We earn the trust of customers by adopting their perspective and meeting their expectations.
- We protect and manage information strictly so that customers can use our services with peace of mind.
- We fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner.

2. Observe ethical standards

- We continue to conduct business activities with sincerity by complying with laws, regulations, social standards and internal rules.
- We stand firmly against antisocial forces and organizations that threaten the order and safety of civil society.
- We maintain workplace discipline by clearly defining responsibilities and authority and fairly evaluating performance and results.

3. Place priority on coexistence

- We actively promote environmental conservation and make a significant contribution to society through business activities.
- We aim for sustainable coexistence by placing importance on maintaining dialogues with diverse stakeholders.

- We respect human rights and provide safe and pleasant workplaces.

4. Create value

- We will create new convenience for customers and provide them with high-quality services.
- We will create stable value by providing universal services in our three core businesses through the JAPAN POST GROUP network.
- We will utilize teamwork and create corporate value for the JAPAN POST GROUP by promoting mutual understanding and cooperation among employees and encouraging each and every employee to fulfill their roles and responsibilities.

5. Be a source of change

- We will apply technological innovation and continually make innovative changes internally to provide stable services to our customers.
- We exercise our creativity from a broad viewpoint and lofty perspective to promote the Group's development.
- We aggressively take on the challenge of conducting global business activities.

Disclosure Document

	Financial information	Financial x Non-financial information	Non-financial information
Legal disclosure	Composition of Capital Disclosure	Securities Report Annual Report	—
Exchange system disclosure	Summary of Financial Results (Kessan Tanshin)	Timely disclosure	Corporate Governance Report
Voluntary disclosure	Selected Financial Information	IR information website	Sustainability website

Corporate Profile

Corporate name	JAPAN POST BANK Co., Ltd.	Total assets	¥229,545 billion
Date of establishment	September 1, 2006	Total net assets	¥9,608 billion
Director, President and Representative Executive Officer	Norito Ikeda	Capital	¥3,500 billion
Address of head office	2-3-1 Otemachi, Chiyoda-ku, Tokyo 100-8793, Japan	Number of employees*	11,742
		Securities identification code	7182 (Tokyo Stock Exchange Prime Market)

Credit Ratings (As of March 31, 2023)

	Long-term	Short-term
Moody's	A1	P-1
S&P	A	A-1

* The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figure does not include part-time employees (including the indefinite-term employees (associates) based on the indefinite-term employment conversion system).



JAPAN POST BANK Co., Ltd.

https://www.jp-bank.japanpost.jp/en_index.html