

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

JAPAN POST BANK Co., Ltd.

Date of last update: Nov 12, 2021
JAPAN POST BANK Co., Ltd.

Norito Ikeda, Director, President and Representative Executive Officer

Inquiries: Business Planning Unit 03-3477-1605

Security code: 7182

<https://www.jp-bank.japanpost.jp/>

The Company's corporate governance status is described in the following.

I Basic Stance on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Stance

With a view to its sustainable growth along with improvement of its corporate value over the medium and long terms, Japan Post Bank establishes 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 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.

[Reason for not implementing each principle of Corporate Governance Code]

Based on the Code subsequent to its revision in June 2021, contents directed toward the prime market are included.
The Bank has entirely implemented each principle of the Corporate Governance Code.

[Disclosure based on each principle of Corporate Governance Code]

[Principle 1-4]

The Bank does not hold listed shares as cross-shareholdings.

[Principle 1-7]

In regard to the framework of procedures in the case of conducting transactions with related parties, the Bank has prescribed the following in the "Composition and role of the Board of Directors" in the "Basic Policy on Corporate Governance".

- If transactions involving a conflict of interest arise between the Bank and the Bank's directors and executive officers, the Board of Directors shall respond appropriately in accordance with the Companies Act. Moreover, with regard to important transactions between the Bank and Group companies as well as atypical transactions between the Bank and the Bank's major shareholders, the Board of Directors shall conduct surveillance to ensure that the interests of the Bank or the joint interests of shareholders are not harmed by approving such transactions based on investigations at a meeting of the Board of Directors.

[Principle 2-4-1]

The Bank has disclosed its stance of ensuring diversity in the hiring and promotion of core personnel, as well as its voluntary, measurable goals and progress with regard to ensuring diversity, as follows.

<Stance of ensuring diversity in the hiring and promotion of core personnel>

Due to the nature of its business, the Bank has not set goals for hiring or promoting foreign nationals. However, we have long had a policy of promoting people to managerial positions according to capability and aptitude, regardless of gender or nationality, or whether new graduate or mid-career hires.

Moreover, in line with the stance set forth in our Basic Policy on Diversity Management, we will increase diversity in our corporate culture, and create lively, employee-friendly working environments where each individual employee can demonstrate their full potential, as a way to promote behavioral change among employees. We will increase diversity in our corporate culture, and create lively, employee-friendly working environments where each individual employee can demonstrate their full potential, as a way to promote behavioral change among employees.

<Voluntary, measurable goals and progress with regard to ensuring diversity>

The Bank's Medium-term Management Plan calls for the ratio of women in managerial positions, which was 15.7% as of April 2021, to be increased to 20% by April 2026.

As of April 2021, mid-career hires account for 11.2% of all managerial positions. Going forward, we will continue to promote mid-career hires to managerial positions, primarily in specialized fields.

*Reference: Ratio of mid-career hires in managerial positions to all mid-career hires: 39.0% (as of April 2021)

*Reference: Statistics related to ensuring diversity are disclosed on our website ("Society" section on the ESG and CSR Data page).

(https://www.jp-bank.japanpost.jp/en/csr/dtgd/en_csr_dtgd_dt.html#Employee_Management)

The Bank has also disclosed its policy of fostering human resources to ensure diversity, the status of implementation of this policy, and the status of improvements to the internal environment.

Regardless of gender or nationality, or whether new graduate or mid-career hires, we are working to foster human resources and improve the internal environment to enable employees to maximize their performance and grow and take on challenges independently and with initiative.

In particular, the key initiatives for the Bank's human resource strategy and diversity management include: promoting a diverse workforce and the empowerment of women, fostering an inclusive corporate culture, promoting work-life balance, and supporting career development.

* Details of diversity management and various other initiatives are disclosed on our website.

(https://www.jp-bank.japanpost.jp/en/csr/esg/social/en_csr_esg_scl_index.html)

[Principle 2-6]

The Bank does not conduct corporate pension fund management.

[Principle 3-1]

(i) The Bank has disclosed its management philosophy and Medium-term Management Plan on the Bank's website and through other media..

- Management philosophy

(https://www.jp-bank.japanpost.jp/en/aboutus/company/en_abt_cmp_management.html)

- Medium-term Management Plan

(https://www.jp-bank.japanpost.jp/en/aboutus/company/en_abt_cmp_strategy.html)

(ii) The Bank has stated its basic stance on corporate governance in "I.1 Basic Stance" in this report and also prescribed them in "Basic Stance on Corporate Governance" in the "Basic Policy on Corporate Governance". In addition, the Bank has disclosed the "Basic Policy on Corporate Governance" on the Bank's website.

(<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/policy.pdf>)

(iii) The Bank has described the policy and procedures for determining the compensation of executive officers and directors in "II. 1.

[Director and Executive Officer Compensation] Details of disclosure of policy for determining amount of compensation or its calculation method" in this report, and has disclosed the "Policy for determining the details of individual compensation for directors and executive officers" on the Bank's website.

(<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/compensation.pdf>)

(iv) In regard to the policy and procedures for electing executive officers and nominating director candidates, the Bank has disclosed "Criteria for Election or dismissal of Executive Officers" and "Criteria for Nomination of Director Candidates" on the Bank's website.

- Criteria for Election or dismissal of Executive Officers

(<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/criteriaelection.pdf>)

- Criteria for Nomination of Director Candidates

(<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/criterionomination.pdf>)

(v) The Bank has disclosed reasons for nominating director candidates and reasons for electing executive officers on its website.

- Reasons for the Nomination as Candidate for Director

(<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/reasonsnomination.pdf>)

- Reasons for Electing of Executive Officers

(<https://www.jp-bank.japanpost.jp/en/aboutus/ccompany/pdf/reasonselecting.pdf>)

[Principle 3-1-3]

• Sustainability initiatives are disclosed on the website.

(https://www.jp-bank.japanpost.jp/en/csr/en_csr_index.html)

• Investment in human capital and other matters are discussed in the Medium-term Management Plan.

(https://www.jp-bank.japanpost.jp/en/aboutus/company/en_abt_cmp_strategy.html)

• The bank has disclosed our compliance with the TCFD Recommendations, such as risks related to climate change risk, on our website.

(https://www.jp-bank.japanpost.jp/en/csr/esg/env/en_csr_esg_env_tcf.html)

[Principle 4-1-1]

The Bank has prescribed the scope of delegation to executive officers as follows in "Composition and role of the Board of Directors" in the "Basic Policy on Corporate Governance" and disclosed the "Regulations of the Board of Directors" on the Bank's website.

- The Board of Directors shall encourage swift management decision-making by entrusting all decisions regarding the Bank's business execution to executive officers, except matters to be exclusively decided by the Board of Directors on a legal basis and particularly important decisions on business execution. In addition, the Board of Directors shall receive reports regarding such business execution from executive officers in a timely and appropriate manner, and shall develop a system to supervise such business execution.

(<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/regulations.pdf>)

[Principle 4-8]

The Bank has prescribed the action policy to appoint independent directors to at least one third of the positions on the Board of Directors as follows in the "Composition and role of the Board of Directors" in the "Basic Policy on Corporate Governance".

- The Board of Directors shall comprise diverse directors with extensive knowledge and experience coupled with deep insight. Moreover, the number of directors shall be an appropriate number that does not exceed 20, as prescribed by the Articles of Incorporation, and the majority shall comprise independent directors.

[Principle 4-9]

The " Independent Director Appointment Standards " prescribed by the Bank are described in "II. 1. [Independent directors] Other matters regarding independent directors" in this report, and the " Independent Director Appointment Standards " have been disclosed on the Bank's website.

(<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/independent.pdf>)

[Principle 4-10-1]

Since the Bank is a company with three statutory committees, it is not subject to this Supplementary Principle.

[Principle 4-11-1]

The "Criteria for Nomination of Director Candidates", which prescribe viewpoints regarding a balance between knowledge, experience and

ability, as well as diversity and size of the Board of Directors as a whole, along with the qualification conditions for the Board of Directors that the Bank requires, have been disclosed on the Bank's website.

(<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/criterionomination.pdf>)

The skill matrix, which summarizes the knowledge, experience, and abilities of each director, is also disclosed on our website.

(<https://www.jp-bank.japanpost.jp/sustainability/governance/system/#anchor04>)

[Principle 4-11-2]

The status of concurrent positions held by directors has been disclosed on the Bank's website.

(https://www.jp-bank.japanpost.jp/en/aboutus/company/en_abt_cmp_executives.html)

[Principle 4-11-3]

A summary of the results of the evaluation of the effectiveness of the Bank's Board of Directors has been disclosed on the Bank's website.

(https://www.jp-bank.japanpost.jp/en/csr/esg/governance/en_csr_esg_gns_report.html#cgreport)

[Principle 4-14-2]

The basic policy on training for directors and other personnel has been prescribed as follows in "Acquisition of information and information sharing by outside directors" and "Education of corporate officers" in the "Basic Policy on Corporate Governance".

- To enable outside directors to appropriately fulfill the roles and obligations expected of them, the Bank shall create opportunities for them to deepen their understanding and acquire necessary knowledge regarding the Bank's business activities, challenges, management strategy, and the like. These opportunities shall include implementing measures such as inspections of the Bank's facilities, etc.
- To enable corporate officers, including newly appointed executive officers, to appropriately fulfill the roles and obligations expected of them, the Bank shall regularly provide opportunities where they can deepen understanding of their roles and obligations and acquire necessary knowledge.

[Principle 5-1]

The system and measures to promote constructive dialogue with shareholders have been prescribed as follows in "Dialogue with shareholders" in the "Basic Policy on Corporate Governance".

- The Bank shall engage in constructive dialogue with shareholders to contribute to the enhancement of the Bank's sustainable growth and medium- to long-term corporate value.
- The framework and measures to promote constructive dialogue with shareholders shall be as follows.
 - (1) Directors and others shall handle dialogue with shareholders to a reasonable extent.
 - (2) The executive officer in charge of the IR Department shall oversee dialogue with shareholders and strive to encourage constructive dialogue.
 - (3) In the case of dialogue with shareholders, the IR Department and relevant departments shall cooperate organically in providing assistance.
 - (4) The Bank shall strive to provide means for dialogue such as investor briefings.
 - (5) Opinions of shareholders that are obtained through dialogue shall be reported regularly to the Board of Directors, etc.
 - (6) When conducting dialogue, the Bank shall appropriately control insider information in accordance with company regulations.

2. Capital structure

Foreign stock ownership ratio

Less than 10%

[Major shareholders]

Name	Number of shares held	Ratio (%)
Japan Post Holdings Co., Ltd.	3,337,032,700	88.99
The Master Trust Bank of Japan, Ltd. (Trust Account)	51,795,900	1.38
Japan Post Bank Employee Shareholding Association	11,006,900	0.29
STATE STREET BANK WEST CLIENT - TREATY 505234	10,566,200	0.28
STATE STREET BANK AND TRUST COMPANY 505103	7,346,220	0.19
Custody Bank of Japan, Ltd.(Trust Account)	6,861,900	0.18
JP MORGAN CHASE BANK 385781	5,373,944	0.14
SSBTC CLIENT OMNIBUS ACCOUNT	4,914,336	0.13
Custody Bank of Japan, Ltd. (Trust Account 7)	4,711,000	0.12
THE BANK OF NEW YORK MELLON 140044	3,847,820	0.10

Controlling shareholders (excluding parent company)

—

Parent company

Japan Post Holdings Co., Ltd. (listed on Tokyo Stock Exchange) (Code) 6178

Supplementary explanation

Based on the Postal Service Privatization Act, it was stipulated that JAPAN POST HOLDINGS Co., Ltd., the parent company of JAPAN POST BANK, would dispose of the shares of the Bank and JAPAN POST INSURANCE Co., Ltd. (hereinafter the “two finance companies”) as soon as possible in order to dispose of all their shares while taking into account the impact on the management status of the two finance companies and ensuring universal services.

Moreover, JAPAN POST HOLDINGS Co., Ltd. announced a policy of aiming to reduce the ratio of its shareholdings in the two finance companies to 50% or less as soon as possible during the period of the Medium-term Management Plan (FY2022/3 to FY2026/3). The Bank will steadily promote the privatization process in line with this policy.

※The percentage of shares held is calculated excluding treasury stock (70, 000shares) and is rounded down to the second decimal place.

※The above "Major shareholders" are as of September 30, 2021.

3. Corporate attributes

Stock exchange listing and market classification	Tokyo First Section
Fiscal year-end	March
Sector	Banking
Number of employees at end of most recent fiscal year (consolidated basis)	1,000 or more
Sales for the most recent fiscal year (consolidated)	1 trillion yen or more
Number of consolidated subsidiaries at end of most recent fiscal year	Less than ten companies

4. Policy regarding measures to protect minority shareholders when conducting transactions, etc. with controlling shareholders

We have concluded agreements, and are conducting transactions with members of Japan Post Group which is comprised of the parent company, Japan Post Holdings, and its subsidiaries and affiliates. At the time of conclusion and revision of the agreements, we check their purpose and necessity, appropriateness of the transaction terms (in accordance with arm’s-length rule set out under the Banking Act), and establish a framework to appropriately manage the transactions conducted within the Japan Post Group. Moreover, with regard to important transactions between the Bank and Japan Post Group companies as well as atypical transactions between the Bank and the Bank's major shareholders, the Board of Directors conducts surveillance to ensure that the interests of the Bank or the joint interests of shareholders are not harmed by approving such transactions based on discussions at meetings of the Board of Directors.

5. Other special circumstances that could have a significant impact on corporate governance

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. (referred to as "Japan Post Group" hereafter).

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.

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 Post Group Agreement aimed at contributing to smooth Group operations.

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.

II Status of Management Organization Relating to Management Decision-Making, Execution and Supervision, and Other

Corporate Governance Systems

1. Matters relating to composition of organizations and operation of organization

Form of organization	Company with three statutory committees
----------------------	---

[Directors]

Number of directors based on Articles of Incorporation	20
Term of office of directors based on Articles of Incorporation	1 year
Chairperson of Board of Directors	President
Number of directors	12

[Matters regarding outside directors]

Number of outside directors	8
Number of outside directors designated as independent directors	8

Relationship with the Company (1)

Name	Attributes	Relationship with the Company(※)										
		a	b	c	d	e	f	g	h	i	j	k
Katsuaki Ikeda	From another company											
Ryoji Chubachi	From another company											
Keisuke Takeuchi	From another company											
Makoto Kaiwa	From another company											
Risa Aihara	From another company											
Hiroshi Kawamura	Scholar											
Kenzo Yamamoto	From another company											
Shihoko Urushi	Other											

※ Items for selection regarding relationship with the Company

※ When the principal falls under "now or recently", 「○」 is shown, when "in the past" applies, 「△」 is shown

※ When a close relative falls under "now or recently", 「●」 is shown, when "in the past" applies, 「▲」 is shown

a A person who executes business in a listed company or a subsidiary of a listed company

b A person who executes business or a non-executive director in the parent company of a listed company

c A person who executes business in a sister company of a listed company

d A supplier of which a listed company is a major customer, or, if the supplier is a corporation, a person who executes business in the corporation

e A major customer of a listed company, or, if the customer is a corporation, a person who executes business in the corporation

f A consultant, professional accountant or lawyer who receives a large amount of money and other economic benefits other than officers' compensation from a listed company

g A major shareholder of a listed company (if the major shareholder is a corporation, a person who executes business in the corporation)

h A person who executes business (limited to the principal) in a corporation that is a customer of a listed company other than customers falling under any category of d, e and f above

i A person who executes business (limited to the principal) in a corporation at which an outside officer of the Company concurrently has a position of outside officer

j A person who executes business (limited to the principal) in a corporation to which a listed company offers a donation

k Other

Relationship with the Company (2)

Name	Affiliated committee	Independent
------	----------------------	-------------

	Nomination Committee	Compensation Committee	Audit Committee	officer	Supplementary explanation to corresponding item	Reason for appointment
Katsuaki Ikeda		○	○	○	Significant concurrent positions: None	<p>Mr. Katsuaki Ikeda has been involved in management of financial organizations for a long time, and has deep insights as a specialist of corporate management gained through his career as well as professional knowledge on finance and accounting. As such Japan Post Bank expects that with his abundant experience and insights, he will sufficiently fulfill his role in enhancing the decision making function and supervision function of the Board of Directors.</p> <p>In addition, the Bank designated him as an Independent Officer because it believes he is an Outside Director who entails no risk of causing conflicts of interest with general shareholders, as he has not contravened the independence criteria prescribed by the Tokyo Stock Exchange and has fulfilled the independence judgment criteria prescribed by the Bank.</p>
Ryoji Chubachi	○	○		○	Significant concurrent positions: None	<p>Mr. Ryoji Chubachi has been involved in corporate management of a publicly traded company for a long time, and Japan Post Bank expects him to 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.</p> <p>In addition, the Bank designated him as an Independent Officer because it believes he is an Outside Director who entails no risk of causing conflicts of interest with general shareholders, as he has not contravened the independence criteria prescribed by the Tokyo Stock Exchange and has fulfilled the independence judgment criteria prescribed by the Bank.</p>
Keisuke Takeuchi	○	○		○	Significant concurrent positions: Outside Director of BROTHER INDUSTRIES, LTD. Outside Director of Japan Platform of Industrial Transformation, Inc.	<p>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 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.</p> <p>In addition, the Bank designated him as an Independent Officer because it believes he is an Outside Director who entails no risk of causing conflicts of interest with general shareholders, as he has not contravened the independence criteria prescribed by the Tokyo Stock Exchange and has fulfilled the independence judgment criteria prescribed by the Bank.</p>

Makoto Kaiwa	○			○	<p>Chairman Emeritus of Tohoku Electric Power Co., Inc. Chairman of TOHOKU ECONOMIC FEDERATION</p>	<p>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 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.</p> <p>In addition, the Bank designated him as an Independent Officer because it believes he is an Outside Director who entails no risk of causing conflicts of interest with general shareholders, as he has not contravened the independence criteria prescribed by the Tokyo Stock Exchange and has fulfilled the independence judgment criteria prescribed by the Bank.</p>
Risa Aihara				○	<p>Significant concurrent positions: Representative Director and President of Ai-LAND Co., Ltd.</p>	<p>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.</p> <p>In addition, the Bank designated her as an Independent Officer because it believes she is an Outside Director who entails no risk of causing conflicts of interest with general shareholders, as she has not contravened the independence criteria prescribed by the Tokyo Stock Exchange and has fulfilled the independence judgment criteria prescribed by the Bank.</p>
Hiroshi Kawamura			○	○	<p>Significant concurrent positions: Professor, Faculty of Law of Doshisha University Outside Director of ISHII IRON WORKS CO., LTD.</p>	<p>Mr. Hiroshi Kawamura has been in the legal profession for a long time, and Japan Post Bank expects him to 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 legal professional gained through his career.</p> <p>In addition, the Bank designated him as an Independent Officer because it believes he is an Outside Director who entails no risk of causing conflicts of interest with general shareholders, as he has not contravened the independence criteria prescribed by the Tokyo Stock Exchange and has fulfilled the independence judgment criteria prescribed by the Bank.</p>
Kenzo Yamamoto			○	○	<p>Significant concurrent positions: Representative of Office KY Initiative Member of the Board as Outside Director of Bridgestone Corporation Outside Director of SUMITOMO LIFE INSURANCE COMPANY</p>	<p>Mr. Kenzo Yamamoto successively held various important posts at the Bank of Japan, and Japan Post Bank expects him to 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.</p> <p>In addition, the Bank designated him as an Independent Officer because it believes he is an Outside Director who entails no risk of causing conflicts of interest with general shareholders, as he has not</p>

						contravened the independence criteria prescribed by the Tokyo Stock Exchange and has fulfilled the independence judgment criteria prescribed by the Bank.
Urushi Shihoko				○	<p>Significant concurrent positions:</p> <p>President of Shinagawa Joshi Gakuin</p> <p>Outside Director of Kewpie Corporation</p> <p>Outside Director of Culture Convenience Club Co., Ltd.</p> <p>Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd.</p>	<p>Ms. Urushi Shihoko has long served as president of an incorporated educational institution and a member of a government council, and has deep insight into school management, education and human resource development. 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 into these areas. Ms. URUSHI Shihoko previously has not been involved in corporate management except as outside officer. However, we have determined that she has the capabilities to appropriately execute duties as Outside Director due to the above reasons.</p>

[Various committees]

Composition of each committee and attributes of chairperson					
	All members (number)	Full-time members (number)	Internal directors (number)	Outside directors (number)	Head of committee (chairperson)
Nomination Committee	5	0	2	3	Outside director
Compensation Committee	4	0	1	3	Outside director
Audit Committee	4	1	1	3	Outside director

[Executive officers]

Number of executive officers	26
------------------------------	----

Status of concurrent positions

Name	Right of representation	Concurrent position as director			Concurrent position as employee
			Nomination Committee member	Compensation Committee member	
Norito Ikeda	Yes	Yes	○	×	No
Susumu Tanaka	Yes	Yes	×	×	No
Yoshinori Hagino	No	No	×	×	No
Kunio Tanigaki	No	No	×	×	No
Harumi Yano	No	No	×	×	No
Takayuki Kasama	No	No	×	×	No

Minoru Kotouda	No	No	×	×	No
Masato Tamaki	No	No	×	×	No
Toshiyuki Yazaki	No	No	×	×	No
Takayuki Tanaka	No	No	×	×	No
Makoto Shinmura	No	No	×	×	No
Nobuhiro Fukuoka	No	No	×	×	No
Kunihiko Amaha	No	No	×	×	No
Shinobu Nagura	No	No	×	×	No
Yoko Makino	No	No	×	×	No
Satoru Ogata	No	No	×	×	No
Toshiharu Ono	No	No	×	×	No
Ryotaro Yamada	No	No	×	×	No
Haruchika Tsukioka	No	No	×	×	No
Hideki Nakao	No	No	×	×	No
Etsuko Kishi	No	No	×	×	No
Koji Iimura	No	No	×	×	No
Masaya Touma	No	No	×	×	No
Akihiro Den	No	No	×	×	No
Katsuya Fukushima	No	No	×	×	No
Koji Hasukawa	No	No	×	×	No

[Audit system]

Directors and employees who should assist duties of Audit Committee

Yes

Matters regarding independence of these directors and employees from executive officers

In addition to establishing the Audit Committee Office as an organization to assist the work of the Audit Committee, the Bank has assigned specialist staff with the knowledge and ability required to assist the work of the Audit Committee.

Recruitment, transfers, personnel evaluation, and disciplinary action relating to staff of the Audit Committee Office are carried out after obtaining the approval of the Audit Committee or Audit Committee members selected by the Audit Committee.

Status of cooperation among Audit Committee, Accounting Auditor and Internal Audit Division

Regularly reporting to the Audit Committee on the implementation status and results of internal audits, the Internal Audit Division will promptly report important matters that may have a significant material impact on management to the members of the Audit Committee.

Receiving reports from the Internal Audit Division on a regular basis or when the occasion demands, the Audit Committee requests explanations or investigations when these are deemed necessary. Furthermore, having received an explanation of the audit plan from the accounting auditor in advance, in addition to receiving regular audit implementation reports the Audit Committee works on coordination by, for example, exchanging opinions as necessary to keep track of important points arising from accounting audits.

The Internal Audit Division, the Audit Committee and Accounting Auditor are striving to reinforce cooperation in order to conduct appropriate audits by exchanging information when necessary.

[Independent directors]

Number of independent directors

8

Other matters regarding independent directors

All outside directors that fulfill the qualification of independent directors have been designated as independent directors. The criteria for determining the independence of outside directors are as follows.

Japan Post Bank shall appoint Independent Directors stipulated by the Tokyo Stock Exchange from Outside Directors who do not fall under any of the following.

1. Those who have served as an Executive of the Japan Post Group in the past
2. Those who have served as a Director who is not an Executive of the parent company of Japan Post Bank in the past
3. Entities which hold Japan Post Bank as major client or an Executive thereof, etc.
4. Entities which are major clients of Japan Post Bank or an Executive thereof, etc.
5. Consultant, accounting expert or legal expert who acquire, or have acquired substantial money or other property from Japan Post Bank other than officers' compensation (in case of an organization including corporation, association, etc., those who are , or have been affiliated to such

- organization in the past)
6. Major shareholder of Japan Post Bank (in case of a corporation, an Executive thereof, etc.)
 7. Spouse or relative within the second degree of kinship of the following (excluding those without significance).
 - (1) Those listed in 1 to 6 above
 - (2) Executive of the Japan Post Group (excluding Japan Post Bank)
 - (3) Director who is not an Executive of the parent company of Japan Post Bank
 8. Those who execute business in a company in which those who execute business, etc. of Japan Post Bank serve as outside officer
 9. Those who receive a substantial amount of donation from Japan Post Bank (in case of an organization including corporation, association, etc., those who execute business, etc. thereof, or similar)

Appendix

1. The definitions of the terms in these Standards are as follows.

Japan Post Group	Japan Post Bank, its parent company, subsidiaries and fellow subsidiaries of the parent company
Executive	An executive stipulated in Article 2, Paragraph 3, Item 6 of the Ordinances for the Enforcement of the Companies Act
Executive, etc.	An Executive or those who have been an Executive in the past
Entities which hold Japan Post Bank as major client	An entity which the average annual cash amount paid from Japan Post Bank thereto in the past three fiscal years is over 2% of annual average consolidated total net sales thereof in the past three fiscal years
Entities which are major clients of Japan Post Bank	An entity which the average annual cash amount paid therefrom to Japan Post Bank in the past three fiscal years is over 2% of annual average consolidated ordinary income of Japan Post Bank in the past three fiscal years
Substantial money	Individuals: An average annual cash amount of over ¥10 million in the past three fiscal years Organizations: The average annual cash amount paid from Japan Post Bank to such entity in the past three fiscal years which is over 2% of annual average consolidated total net sales of such entity in the past three fiscal years
Major shareholders	Major shareholders stipulated in Article 163, Paragraph 1 of the Financial Instruments and Exchange Act
Substantial amount of donation	An average annual donation of over ¥10 million in the past three fiscal years

2. In case transactions or donations relating to the independent directors satisfy the following standards of immateriality, statement on the attribute information of independent directors will be omitted on the judgment that there are no effects on the independence of such independent directors.

- (1) Transactions

- 1) The average annual amount paid from Japan Post Bank to such entity in the past three fiscal years is less than 1% of annual average consolidated total net sales of such entity in the past three fiscal years
- 2) The average annual amount paid from such entity to Japan Post Bank in the past three fiscal years is less than 1% of annual average consolidated ordinary income of Japan Post Bank in the past three fiscal years

- (2) Donations

- An annual average donation from Japan Post Bank is less than ¥5 million in the past three fiscal years

[Incentives]

Status of implementation of measures regarding provision of incentives to directors and executive officers

Introduction of performance-linked remuneration system

Supplementary explanation to applicable item

At a meeting of the Bank's Compensation Committee held on December 24, 2015, it was decided to introduce a performance-linked stock compensation system for executive officer compensation. Details of this system are described in "[Director and Executive Officer Compensation] Details of disclosure of policy for determining amount of compensation or its calculation method".

Persons eligible for granting of stock options

[Director and Executive Officer Compensation]

Disclosure status (of individual director compensation)	Individual compensation has not been disclosed
Disclosure status (of individual executive officer compensation)	Individual compensation has not been disclosed

Supplementary explanation to applicable item

The number of persons and total amount has been disclosed based on internal officers (including executive officers) and outside officers.

Policy for determining amount of compensation or its calculation method	Yes
---	-----

Details of disclosure of policy for determining amount of compensation or its calculation method

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.
- (3) Compensation that executive officers of the Bank receive shall be paid in the form of a base salary (a fixed amount of compensation) and performance-linked stock compensation, and shall function as a sound incentive for sustainable growth.

2 Compensation for directors

Compensation for directors shall be paid as a certain level of a fixed amount of compensation corresponding to duties, in light of the main role of supervision of management, and the level shall be an appropriate one that takes into account the scale of duties as a director and the current situation of the Bank.

3 Compensation for executive officers

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

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

In regard to stock compensation, based on the viewpoint of a sound incentive for sustainable growth, points that are calculated by multiplying the sum of basic points corresponding to separately prescribed duties and evaluation points based on individual evaluation by a coefficient that varies according to the state of achievement of management targets shall be granted every year, and shares corresponding to the points accumulated at the time of retirement from office shall be provided. However, a certain percentage of this shall be paid in the form of money obtained by converting the shares into cash.

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 a base salary that refers to the level of compensation at other companies instead of compensation corresponding to duties.

[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) Accurate 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 meetings of the Board of Directors

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

2. Matters relating to functions such as business execution, audits, supervision, nomination and determination of compensation (summary of current status of corporate governance system)

1. Board of Directors and three statutory committees

The Board of Directors has 12 members. Two of the directors also serve concurrently as executive officers, and the other eight directors are outside directors. The Board has three statutory committees - the Nomination Committee, the Compensation Committee and the Audit

Committee. Outside directors comprise a majority of membership of these committees, which work together with the Board to oversee the Bank's operations.

[Nomination Committee]

This committee determines the criteria regarding the appointment and dismissal of directors. In addition, it determines the content of proposals regarding the appointment and dismissal of directors that are submitted to general meetings of shareholders.

[Compensation Committee]

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.

[Audit Committee]

This committee prepares audits and audit reports on the execution of the duties of executive officers and directors. In addition, it decides the content of proposals regarding the appointment, dismissal and non-reappointment of the accounting auditor that are submitted to general meetings of shareholders.

Going forward, the Bank will establish a Risk Committee as a voluntary advisory committee under the Board of Directors and are exploring ways of achieving more sophisticated risk management by the Board of Directors.

Meetings of independent outside directors are held regularly. The purpose of these meetings is for independent outside directors to exchange information and share viewpoints on key management issues and key governance matters of the Bank from an independent and objective standpoint.

At the meetings of independent outside directors, one independent outside director is chosen by the members to contact and coordinate with executive officers.

2. Executive officers, Executive Committee, Internal Control Committee, special committees, and managing directors

Executive officers are elected by the Board of Directors and fulfill the business execution function of management.

The President and Representative Executive Officer executes business that adequately reflects the authority and responsibility delegated by the Board of Directors. In addition to the Board of Directors and the three statutory committees established in relation to corporate governance, the Executive Committee and Internal Control Committee have been established as consultative bodies to the President and Representative Executive Officer to ensure rationality and appropriateness in decision making in business execution. The Executive Committee discusses important matters related to business execution, and the Internal Control Committee discusses the most important matters regarding internal controls, such as compliance with laws and regulations. Matters that require specialized debate are discussed in special committees, namely, the Compliance Committee, the Risk Management Committee, the ALM Committee, the Sustainability Committee, the Information Disclosure Committee and Service Improvement Committee, which are consultative bodies to the Executive Committee.

Furthermore, the Bank has established a system under which certain employees execute business operations by using their expertise as managing directors.

[Compliance Committee]

This committee formulates the compliance program and discusses and reports its state of progress and other matters.

[Risk Management Committee]

In terms of matters related to the framework of risk management, this committee formulates the risk management system and operation policy, and discusses and reports the state of risk management and other matters.

[ALM Committee]

This committee formulates basic plans and operation policy for ALM, establishes management items and discusses and reports their state of progress and other matters.

[Sustainability Committee]

This committee formulates the basic policy and activity plans for sustainability, and discusses and reports their state of progress and other matters.

[Information Disclosure Committee]

To ensure the appropriateness and effectiveness of information disclosure, this committee formulates the basic policy relating to information disclosure and discusses and reports on the content of disclosure and the implementation status of disclosure.

[Service Improvement Committee]

This 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.

3. Summary of contracts for limitation of liability

Based on the provisions of Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation, in relation to liability in Article 423, Paragraph 1 of the Act, the Bank has entered into contracts to limit liability to the minimum amount prescribed in Article 425, Paragraph 1 of the Act when directors (excluding those who are executive directors (gyomu sikko torisimariyaku)) perform their duties in good faith and without gross negligence.

3. Reasons for selecting current corporate governance system

The Bank has adopted the system of a company with three statutory committees to speed up decision-making and enhance the transparency of management. By establishing the Nomination Committee, Compensation Committee and Audit Committee, the system enables the Board of Directors and three committees to reliably check management.

III Status of Implementation of Measures Related to Shareholders and Other Interested Parties

1. Status of initiatives to invigorate general meetings of shareholders and facilitate exercise of voting rights

	Supplementary explanation
Rapid dispatch of notices of general meetings of shareholders	The Bank sent out the convocation notice for the 15th Ordinary General Meeting of Shareholders held on June 17, 2021, on May 31. Prior to that, from May 21, the Bank had also uploaded the convocation notice to the Bank's website and published the notice on TDnet (Tokyo Stock Exchange) and the electronic voting platform operated by ICJ, Inc.
Holding general meetings of shareholders on days that avoid conflict with other shareholders' meetings	The Bank strives to hold general meetings of shareholder on a day that is easy for many shareholders to attend. 15th Ordinary General Meeting of Shareholders: Held on June 17, 2021
Electronic exercise of voting rights	With a view to improving the environment for exercising shareholders' voting rights, the Bank enables voting via the Internet on voting sites designated by the Bank.
Participation in electronic voting platform and other initiatives to improve environment for exercise of voting rights of institutional investors	The Bank uses the electronic voting platform operated by ICJ, Inc.
Provision of (summarized) convocation notices in English	The Bank prepares English translations of convocation notices and publishes them on TDnet (Tokyo Stock Exchange) and the electronic voting platform operated by ICJ, Inc.
Others	The Bank strives to manage general meetings of shareholders in ways that are easy for shareholders to understand, such as by presenting business reports in visual form. To prevent the spread of COVID-19 infections at the 15th Ordinary General Meeting of Shareholders, the Bank delivered the information live online and accepted questions in advance via the Bank's website. Extraordinary reports on the results of exercising voting rights are posted on the Bank's website.

2. Status of IR related activities

	Supplementary explanation	Explanation by representatives themselves
Preparation and announcement of disclosure policy	The Bank discloses its "Disclosure Policy" on its website.	
Holding regular briefings for individual investors	The Bank holds briefing sessions for individual investors several times a year so that they can gain an understanding of, for example, the Bank's characteristics, business strategies and shareholder returns. In FY2021/3, the event was held in a format without face-to-face contact from the viewpoint of preventing the spread of COVID-19 infections.	Yes
Holding regular briefings for analysts and institutional investors	Mainly for domestic analysts and institutional investors, management provides explanations on financial conditions, etc. through telephone conferences after quarterly financial results announcements and semi-annual investor briefings. From the viewpoint of preventing the spread of COVID-19 infections, the FY2021/3 investor briefings were held in a format without face-to-face contact that utilized online video distribution in conjunction with telephone conference call Q&A sessions.	Yes
Holding regular briefings for overseas investors	In addition to conducting interviews with domestic analysts and institutional investors, several times a year the Bank also holds interviews with overseas institutional investors by participating in conferences for institutional investors sponsored by securities companies and conducting overseas IR by management. In FY2021/3, from the viewpoint of preventing COVID-19 infection, the Bank held meetings in non-face-to-face formats, such as telephone conference calls and web conferences.	Yes
Publication of IR materials on website	URL : https://www.jp-bank.japanpost.jp/en/ir/en_ir_index.html On its website the Bank posts financial information, such as financial statements, timely disclosure materials other than financial information, securities reports and quarterly reports, the status of corporate governance, convocation notices for general meetings of shareholders, and materials for briefing sessions for investors.	
Establishment of IR-related unit (person in charge)	Officer in charge: Makoto Shinmura, Managing Executive Officer Unit in charge: IR Department, Corporate Administration Division	

3. Status of initiatives relating to respect for standpoint of stakeholders

	Supplementary explanation
Provisions regarding respect for the positions of stakeholders based on company regulations, etc.	These are prescribed in the Bank's management philosophy and the Japan Post Group's Group Charter of Corporate Conduct.

<p>Implementation of environmental conservation activities and CSR activities, etc.</p>	<p>Based on such global trends as efforts to achieve the Sustainable Development Goals (SDGs) aligned closely with management and business operations and to adhere to the Task Force on Climate-related Financial Disclosures (TCFD), the bank is working to help resolve a wide range of social issues through its business activities.</p> <p>Moreover, taking into consideration the critical and intrinsic role the corporate and financial sectors play in society, the Bank has positioned the promotion of sustainability as one its most important management measures. Recognizing that sustainability activities form an integral part of its business and operations, the Bank has formulated the Basic Sustainability Policy and is acting accordingly.</p> <ul style="list-style-type: none"> • Basic Sustainability Policy <p>(https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/sustainability.pdf)</p> <p>In the Medium-term Management Plan, the planning period for which runs from FY2022/3 through FY2026/3, the Bank has positioned ESG management as one of its basic policies for improving corporate value and solving social issues.</p> <p>As issues that should be prioritized in promoting ESG management, the Bank has specified four priority issues (materialities): providing safe and secure financial services to anyone and everyone throughout Japan; contributing to regional economic expansion; reducing environmental impact; and advancement of work style reforms and sophistication of governance. The Bank is working to connect the four materialities to management strategies and specific initiatives and to advance ESG management after setting KPIs.</p> <p>In addition to posting specific details in integrated reports, the Bank also posts a variety of data on its website and engages in information disclosure</p>
<p>Formulation of policy relating to provision of information to stakeholders</p>	<p>The Japan Post Group's Group Charter of Corporate Conduct stipulates the following.</p> <p>" We fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner"</p>

1. Basic viewpoints regarding the internal control system and its development status

The Bank determined the Basic Policies for the Internal Control System in the Board of Directors. The details of this policy are as follows.

1 System for Ensuring That the Execution of Duties by Executive Officers and Employees Complies with Laws and Regulations and Our Articles of Incorporation **We are required to do the following:**

- (1) Establish basic policies regarding the management, such as our management philosophy and management plans, to ensure that our Executive Officers and employees are thoroughly informed of and will comply with laws and regulations in all areas of our business activities. Furthermore, we must establish rules regarding compliance and maintain a compliance framework.
- (2) Periodically hold meetings of the Internal Control Committee, comprised of Executive Officers appointed by the President and Representative Executive Officer, to discuss the most important matters relating to internal controls, such as compliance with laws and regulations.
- (3) Promote compliance through means such as establishing a department that manages compliance, formulating compliance programs each year as specific plans for ensuring compliance and periodically reviewing developments of such programs, and establish a committee for compliance to discuss specific practices and address various issues regarding compliance and to report the results to the Internal Control Committee, the Executive Committee and Audit Committee.
- (4) Ensure compliance through (i) formulating a compliance manual which states specific guidelines of the matters with which Executive Officers and employees must comply and the explanations for laws and regulations relating to our corporate activities and (ii) conducting training regarding laws and regulations as well as internal rules with which Executive Officers and employees must comply.
- (5) Take measures necessary to guide and manage Japan Post Co., which is our authorized agent, in order to ensure that its compliance system and operational management are sound, through means such as (a) establishing liaison conferences with Japan Post Co., comprised of officers such as the President and Representative Executive Officer, to discuss matters relating to strengthening and enhancing the internal control system with respect to compliance, (b) providing operational instructions and conducting training to promote compliance and (c) monitoring the operations of Japan Post Co.
- (6) With respect to anti-social forces that pose a threat to the social order and sound corporate activities, (a) establish our corporate policy on the relationship with them through “rules regarding anti-social forces” and other internal rules and manuals and (b) avoid involvement at all times with illegal and anti-social activities through close cooperation with external specialists, such as the police, to cut any ties and prevent any interaction with any anti-social forces.
- (7) Mindful that there exists the possibility that the products and services that we provide could be used fraudulently, we have stipulated our policies and regulations and have in place systems to guard against money laundering and the financing of terrorism.
- (8) Formulate rules regarding internal control over financial reporting and maintain a framework for valuation and reporting of internal controls over financial reporting, to ensure the appropriateness of the documents regarding our financial, accounting and other information.
- (9) Create a whistle-blowing rule for reporting violations or suspected violations of laws and regulations or internal rules, establish contact offices for whistle-blowing, inside and outside the company, and ensure that our Executive Officers and employees are thoroughly informed of it.
- (10) To ensure thorough customer-oriented business operations, we have in place systems to provide high-quality, customer-oriented financial services through, for example, the establishment of basic policies, the formulation of promotion plans, and the conducting of training for executives and employees.
- (11) Establish our internal audit system by formulating rules regarding internal audits and others. Further, an Internal Audit Division, which is independent from the divisions that it audits, conducts effective internal audit regarding the appropriateness of general corporate activities including compliance with laws and regulations and reports the status of internal audit and the internal audit system to the Internal Control Committee, the Executive Committee and Audit Committee.

2 System for Storing and Managing Information Relating to the Execution of the Duties of Our Executive Officers

We establish rules relating to document management that clarify the system and methods for storing and managing information relating to the execution of the duties of Executive Officers, such as minutes of the Executive Committee and circulated draft approvals. In addition, we allow the Audit Committee and Internal Audit Division to inspect or copy requested documents.

3 Rules and System Related to the Risk Management of Losses

- (1) We manage risks by establishing risk management rules and by creating a risk management system.
- (2) We establish a department to supervise risk management and to understand, analyze and manage risks, as well as to review and revise our corrective actions and risk-handling methods. We also establish a Risk Management Committee, whose role is to discuss our operational and organizational risk management system and procedures and to report any important issues to the Executive Committee and Audit Committee.
- (3) We establish a crisis management system and countermeasures against crises, including internal rules for crisis management, so that we can take quick and appropriate action and corrective measures in the event that a risk that could seriously impact our business is actualized.

4 System for Ensuring That the Duties of Executive Officers are Executed Effectively

- (1) We establish an Executive Committee, comprised of Executive Officers appointed by the President and Representative Executive Officer, that meets regularly and discusses matters to be resolved by the Board of Directors, matters to be resolved by the President and Representative Executive Officer or other matters deemed necessary by the President and Representative Executive Officer. Also, if necessary, a specialized subcommittee is established to act as an advisory body to the Executive Committee.
- (2) By establishing rules relating to organizational structure and professional duties, we clarify the division of duties, administrative authority and responsibilities of Executive Officers in order to increase the efficiency of the execution of their duties.

5 System for Ensuring Appropriate Operations among the Japan Post Group

- (1) We have entered into the Japan Post Group agreement with Japan Post Holdings, Japan Post Co. and Japan Post Insurance, as well as the contract concerning the operation of the Japan Post Group and the memorandum of understanding on rules concerning the operation of the Japan Post Group with Japan Post Holdings, thereby we discuss in advance and report any matters necessary for appropriate and smooth operations.
- (2) We establish rules that govern the management of our affiliates, and create a system for correctly managing the business operations.
- (3) We establish internal rules that govern intragroup transactions, and engage in these transactions appropriately.

6 Matters Regarding Employees that Support the Duties of the Audit Committee

We establish an Audit Committee Office, which supports the Audit Committee in performing its duties, and is staffed with employees with the requisite knowledge and skills to provide such support.

7 Matters Regarding the Independence of Employees that Support the Duties of the Audit Committee from Our Executive Officers

The hiring, transferring, evaluating and disciplining of employees of the Audit Committee Office must first be approved by the Audit Committee or its member(s) appointed by the Audit Committee.

8 Matters Regarding the Ensuring of Effective Instructions to the Employees that Support the Duties of the Audit Committee

When an employee of the Audit Committee Office is supporting the duties of the Audit Committee, he or she must work only at the direction or order of the Audit Committee.

9 System of Reporting to the Audit Committee

- (1) Our Executive Officers report to the Audit Committee, on a regular basis, the status of the execution of our Executive Officers' duties.
- (2) Directors (excluding Directors who concurrently serve as the member of the Audit Committee), Executive Officers and employees must promptly report to the members of the Audit Committee any important matters that could have a material impact on the management of our business.
- (3) At the request of the Audit Committee, Executive Officers and employees, along with the Directors, Corporate Auditors and employees of subsidiaries, must report to it the status of the execution of their duties.
- (4) Anyone who reports to the Audit Committee cannot be treated unfavorably because of such reporting.

10 Matters Regarding the Procedures Relating to the Pre-payment and Compensation of Costs that Arise during the Execution of the Audit Committee's Duties and Policies Related to Settlement of Other Costs and Liabilities that Arise during the Execution of these Duties

If a member of the Audit Committee requests payment for costs necessary to execute his or her duties, then such request cannot be denied unless it is found that such cost was not necessary.

11 Other Steps to Ensure That the Audit Committee's Audit is Performed Effectively

- (1) The President and Representative Executive Officer makes an effort to deepen mutual understanding between him or her and the Audit Committee, by having regular informational sessions with the committee about matters important to management, such as basic management policies, issues to be addressed, the status of functions of the internal control system and other matters.
- (2) In formulating its internal audit plans, the Internal Audit Division obtains both the consent of the Audit Committee and the approval of the President and Representative Executive Officer. Regularly reporting the status and results of internal audits to the Audit Committee, the Internal Audit Division also promptly reports to the members of the Audit Committee any important matters that could have a material impact on the management of our business.
- (3) Changes to the executive officer in charge of the Internal Audit Division and the head of the Internal Audit Planning Department shall be made upon obtaining the consent of the Audit Committee or an Audit Committee member selected by the Audit Committee.
- (4) The Audit Committee receives an explanation from the independent auditor in advance of the financial audit plan and regularly receives status updates of the financial audits, as well as communicates with the independent auditor as necessary, so that they are aware of all important issues regarding financial audit at all times.
- (5) When performing its duties, the Audit Committee strives to coordinate with the audit committee of Japan Post Holdings, such as through regularly exchanging opinions and ideas.

2. Basic viewpoints and development status relating to exclusion of antisocial forces

1. Basic viewpoints relating to exclusion of antisocial forces

In relation to antisocial forecasts that threaten social order and sound corporate activities, the basic policy of the Bank, as an organization in general, is to avoid any kind of involvement in illegal behavior and antisocial behavior and to isolate itself from and exclude relationships with antisocial forces while cooperating with external specialist organizations such as the police under normal circumstances.

2. Development status relating to exclusion of antisocial forces

(1) Status of development of company rules

The Bank has prescribed specific provisions in the company rules in accordance with the basic policy above.

(2) Department overseeing action and persons in charge of preventing unjust claims

The Bank has prescribed a department to oversee actions to isolate the Bank from relationships with antisocial forces, and it is engaged in planning and administration related to handling antisocial forces. The Bank has also assigned persons in charge of preventing unjust claims at the head office and branches, and they will address any unjust claims from antisocial forces.

(3) Cooperation with external specialist organizations

At the Bank, branches aim to cooperate with the police and other organizations under normal circumstances through participation in the Center for Removal of Criminal Organizations and are responding to social forces while cooperating with external specialist organizations, which includes notifying the police and consulting lawyers, as necessary, in emergency situations.

(4) Status of collection and management of information regarding antisocial forces

At the Bank, a department overseeing action against antisocial forces compiles information regarding antisocial forces and has established systems to manage this information in an integrated manner.

(5) Status of development of response manual

The Bank has prescribed a manual for a specific response system for taking action against antisocial forces and conducts measures designed to ensure organized and integrated responses.

(6) Status of training activities

The Bank regards taking action against antisocial forces as a major item of compliance, and ensures this through compliance training, etc.

1. Introduction of anti-takeover defense measures

Introduction of anti-takeover defense measures	Not introduced
--	----------------

Supplementary explanation to applicable item

The Bank has stipulated in the Articles of Incorporation that it will be possible to adopt a resolution regarding the introduction of anti-takeover defense measures to prevent the corporate value of the Bank being unfairly damaged.

However, based on the provisions of the Banking Act, a party that holds more than 5% of the voting rights of the Bank is required to file a "Written Notice of Holding Bank's Voting Rights" to the Prime Minister. Furthermore, based on this Act, a party that could end up holding 20% or more of the total voting rights of the Bank or a party that could become a holding company of which the Bank is a subsidiary must receive the approval of the Prime Minister in advance.

2. Other matters regarding corporate governance system

Summary of timely disclosure system

1. Basic viewpoints

The "Japan Post Group Charter of Corporate Conduct" stipulates that the Group should fulfill its corporate accountability and ensure trust through highly transparent business operations and fair disclosure. To realize this, the Bank is striving to ensure prompt, accurate and impartial disclosure of information to customers, shareholders, investors and other parties.

Moreover, the Bank has enacted a "Disclosure Policy" that clearly specifies the Bank's basic policy relating to information disclosure, and has published it on its website. In addition, the Bank has enacted its "Disclosure Rules" to ensure accurate, impartial and appropriate information disclosure based on this policy. As another measure, executives have determined company rules to make the Bank's officers and employees aware of and understand these rules and prevent insider trading, and they are striving to foster a corporate culture that emphasizes timely disclosure.

2. Internal system relating to timely disclosure**(1) Information Disclosure Officer**

To oversee disclosure, the Bank has appointed the executive officer in charge of the Financial Accounting Department, the executive officer in charge of the Public Relations Department and the executive officer in charge of IR Department as Information Disclosure Officers, and the executive officer in charge of the Public Relations Department is the "Information Handling Officer" prescribed in the listing regulations of the Tokyo Stock Exchange.

(2) Managers of departments responsible for information disclosure

In relation to disclosure, the Bank has appointed the heads of the divisions and departments in charge of disclosure matters as managers of departments responsible for information disclosure. The managers of departments responsible for information disclosure develop and manage internal control relating to information disclosure in relevant divisions and departments.

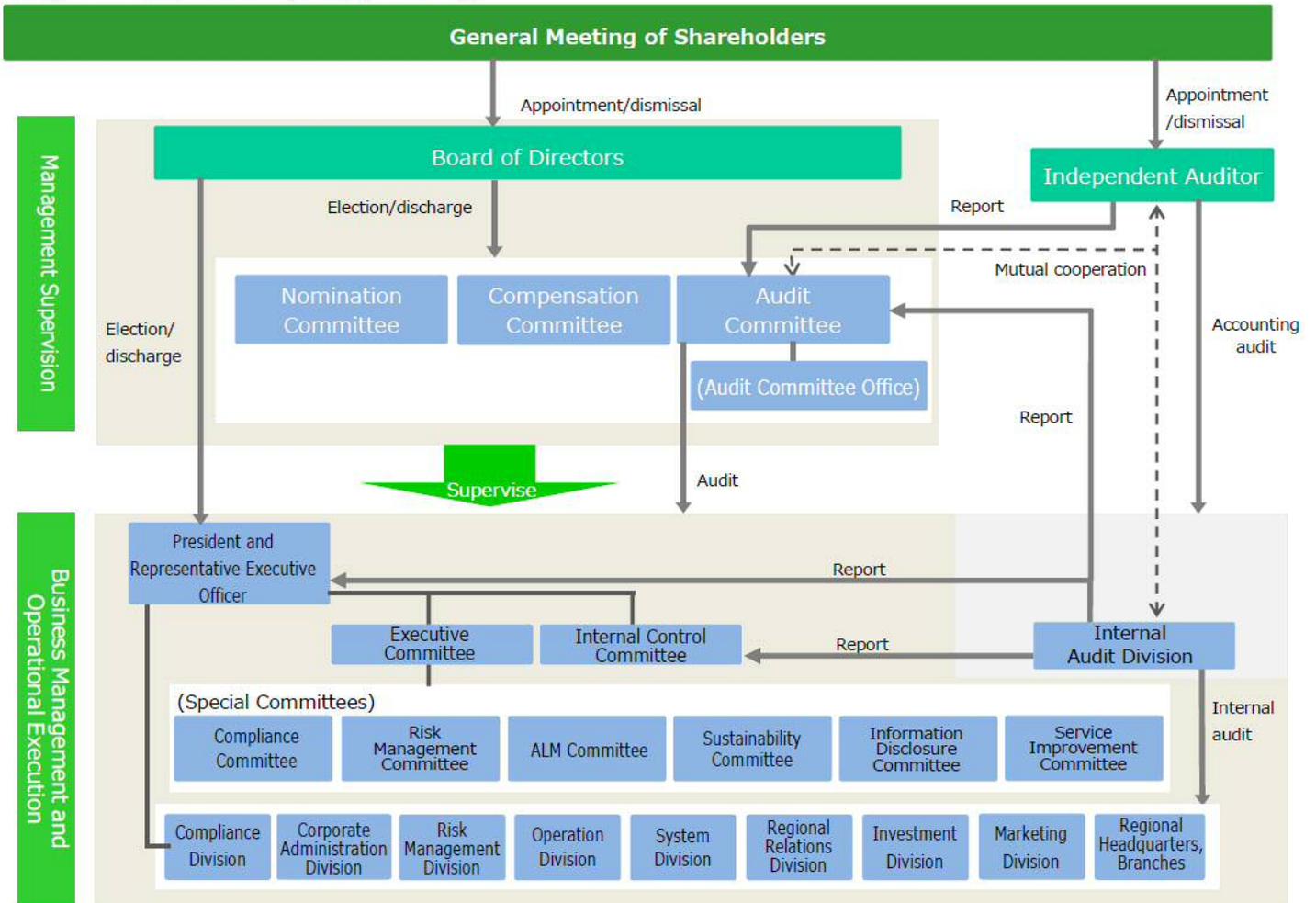
(3) Information Disclosure Committee

To ensure the appropriateness and effectiveness of information disclosure, this committee formulates the basic policy relating to information disclosure and discusses and reports on the content of disclosure and the implementation status of disclosure.

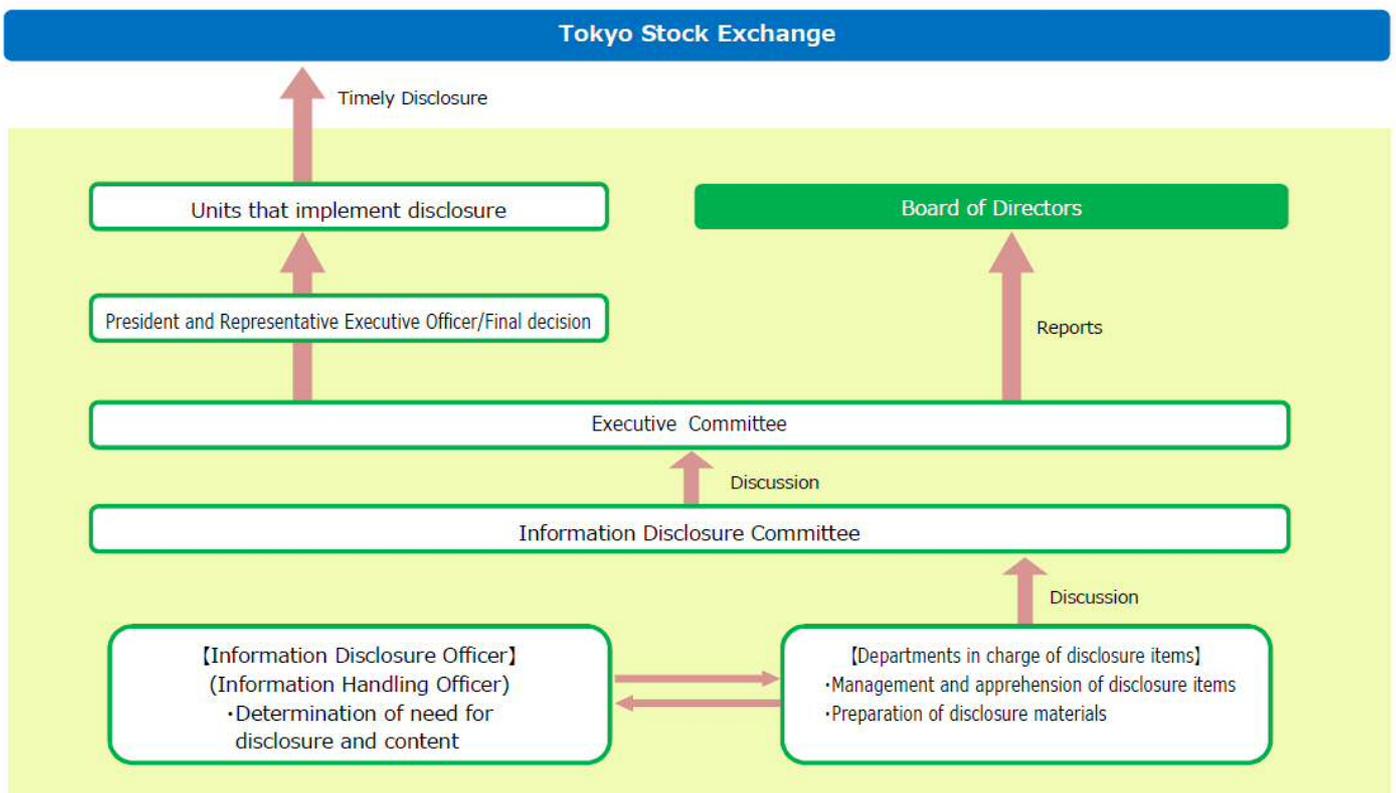
(4) Disclosure implementation and audit departments

The Public Relations Department is responsible for handling disclosure and media reports based on methods prescribed by the Financial Instruments and Exchange Act of Japan and the Regulations of the Tokyo Stock Exchange, as well as by means of press releases and the Bank's website. The Internal Audit Planning Department conducts audits on the information disclosure system and provides reports to the Audit Committee.

[Corporate Governance System (Outline)]



[Summary of Timely Disclosure System (Schematic Diagram)]



※ The Internal Audit Planning Department conducts audits on the information disclosure system and provides reports to the Audit Committee.