

Message from an Outside Member of the Board of Directors



Governance supporting the long-term enhancement of Japan Post Bank's corporate value

Keiji Nakazawa

Outside Member of the Board of Directors
Member of the Audit Committee, Member of the Compensation Committee, and Chair of the Meeting of Independent Outside Directors

PROFILE

- 2003 Chief Financial Officer, Home Network Company of Sony Corporation
- 2004 Group Executive Officer of Sony Corporation, and Representative Director and Chief Financial Officer of S-LCD Corporation
- 2010 Executive Officer, Senior Vice President of Sony Corporation
- 2017 Vice President of McDonald's Company (Japan), Ltd.
- 2022 Member of the Board of Directors of JAPAN POST BANK Co., Ltd. (current position)

Governance framework of Japan Post Bank

A majority of the members of Japan Post Bank's Board of Directors are outside directors, and the Board engages in active discussions among members who possess extensive knowledge, experience, and insight, including those with corporate management experience.

We Outside Members of the Board of Directors engage in dialogue with executive officers and other senior management to deepen our understanding of the challenges they face today and may face in the future, as well as their approaches to organizational management and business operations. We also visit frontline locations, including directly operated branches and post offices throughout Japan, and provide advice on management from a multifaceted perspective. As a Member of the Board of Directors, Member of the Audit Committee, and Member of the Compensation Committee, I support the strengthening of the governance framework from the perspectives of accounting, finance, auditing, internal controls, and risk management. At the same time, I place great importance on the voices of employees who interact directly with customers, regardless of the positivity or negativity of the information, and have proposed monitoring mechanisms that incorporate those frontline perspectives.

In addition, Japan Post Bank has established the Meeting of Independent Outside Directors, which is composed exclusively of Independent Outside Members of the Board of Directors and serves as a forum for exchanging information and sharing perspectives on important management issues, including governance.

As Chair since fiscal 2024, I have worked to deepen understanding of Japan Post Bank's history and the background to its privatization. Depending on the topic, I actively engage in discussions not only with outside directors but also with internal directors on practical matters, including how management can take on new business challenges and create added value in light of the business environment.

I have a strong sense that the various views expressed by outside directors are being fully reflected in Japan Post Bank's management and lead to an increase in corporate value in the most effective manner possible.

Strengthening risk management

Based on my experience with the Sony Group Risk Office, I believe that changes in the business environment and technological innovation inevitably bring about significant shifts in a company's competitive advantages, and that a company's strength lies in how effectively it responds to those changes.

Japan Post Bank's risk management framework functions effectively under the oversight of the Board of Directors, supported by the Nomination Committee, Compensation Committee, and Audit Committee, each of which is composed of a majority of outside directors. In addition, the Bank has established a Risk Committee, which is operated by three directors, including two outside directors, together with external experts in finance and IT. The Committee supports effective portfolio management that appropriately balances risk-taking and financial soundness, while ensuring sound management of risks related to IT and systems, which form the foundation of the Bank's operations.

Japan Post Bank is required to manage risks in its market operations and asset management businesses, which account for the majority of its earnings, and to address a wide range of other risks, including major earthquakes and natural disasters, cybersecurity threats, infectious diseases, and risks associated with social media and AI. In unforeseen situations that cannot be addressed through manuals alone, sound judgment and swift action on the part of frontline employees may be required. At the same time, the Bank is committed to developing its human capital through initiatives that include fostering strong communication and cooperation between head office and the frontline, as well as personnel exchanges.

Growth strategy for enhancing corporate value over the medium to long term

Based on Japan Post Bank's vision of where it aims to be 15 years from now, the Board of Directors spent two years discussing a wide range of topics before deciding on a new Medium-term Management Plan. Among those discussions, the area that attracted my particular attention was growth strategy. The execution of management strategies and business plans always involves uncertainty. If risks materialize along the way, strategies and plans must be revised accordingly. With this in mind, I provided opinions and recommendations based on my own experience and insights, believing that the Medium-term Management Plan should fully incorporate changes in the operating environment to ensure the achievement of its objectives.

I believe that economic value and social value are inseparable when it comes to enhancing Japan Post Bank's corporate value. From the perspective of economic value, I believe the Bank can achieve a double-digit return on equity (ROE) over the medium to long term. However, a company cannot thrive over the long run unless society and its customers are made better off. New businesses and initiatives that bring smiles to customers and local communities are beneficial from the standpoint of developing future management talent, and it is equally important to nurture such efforts from a long-term perspective.

Building on these two perspectives, I provide opinions and recommendations at meetings of the Board of Directors regarding business strategies aimed at enhancing corporate value and addressing social issues.

Enhancing human capital management to achieve sustainable growth and increase corporate value

As Japan Post Bank continues its transition from a public-sector institution to a private-sector company, it is expected to preserve the strengths traditionally associated with the public sector, such as fairness and a strong sense of responsibility, while also succeeding in an increasingly competitive business environment and achieving sustainable growth and enhancing corporate value.

Under President Kasama's leadership, I believe the Bank has built a strong team of highly capable senior executives. However, developing younger employees is essential to achieving sustainable growth over the medium to long term. It is important to provide entrepreneurial-minded individuals—those who think creatively about how Japan Post Bank can continue to grow in the future and who are willing to learn from setbacks—with a wide range of experiences. This belief is based on my own experience at Sony, where the knowledge and experience gained through the 1982 project to introduce microcomputers to the United States contributed significantly to the successful entry of personal computers into the U.S. IT market in 1995.

On the other hand, with respect to the veteran employees who have long supported the Bank, I believe it is necessary to further improve the working environment, including reviewing evaluation methods and compensation systems, so that they can continue to apply their experience and skills

and remain active and engaged as they advance into the senior workforce. Even in an era of dramatic changes in the external environment, it is ultimately people who manage those changes. For this reason, I intend to place particular emphasis on these perspectives in supporting the further advancement of Japan Post Bank's human capital management.

Bringing smiles and happiness to all stakeholders

Japan Post Bank's management philosophy is to be "the most familiar and trusted bank." As a trusted brand, the Bank has received tremendous support from its stakeholders, including customers and shareholders. Through my experience at Sony and McDonald's Japan, I have learned firsthand that placing customers first and becoming a trusted company are essential. Only by establishing strong brand value founded on trust can a company earn customers' loyalty and provide services they can use with confidence.

Throughout Japan, the strong brand value enjoyed by the Japan Post Group and Japan Post Bank is a significant strength, and I believe that enhancing that value requires the steady accumulation of sincere efforts in all aspects of corporate activity.

The inappropriate handling of non-public financial information that came to light within the Japan Post Group in September 2024 resulted in damage to the brand value of the Group as a whole, and I take very seriously the Bank's responsibility as the organization that entrusts operations to post offices. As a Member of the Audit Committee, I recommended the establishment of mechanisms to appropriately manage the quality of sales activities and other operations at post offices, and in May 2025, Japan Post Bank established the Office for post office sales operations. The Audit Committee will continue to closely monitor the organization to ensure that it functions effectively and that Japan Post Bank fulfills its responsibilities in overseeing operations entrusted to post offices.

In addition, not only with respect to this incident but more broadly, I will regularly exchange information with the Audit Committees and Audit and Supervisory Board of Group companies and fulfill my responsibilities to help ensure that the brand value of the Japan Post Group as a whole is not impaired.

Japan Post Bank and post offices are located throughout Japan and play an important role in supporting regional financial infrastructure, even in areas where major banks do not have branches. For this reason, it is essential to continue to uphold the strong brands of Japan Post Bank and the post office network, together with the trust placed in them by customers.

I hope that Japan Post Bank will continue to be a bank that delivers smiles and happiness to all stakeholders, including customers and shareholders, and one that continues to earn their trust and support for years to come. To that end, I will continue to fulfill my responsibilities as an Outside Member of the Board of Directors and provide my full support.