

Medium-term Management Plan

KEY STRATEGIES ⑤

Strengthening the management base to become a more trusted bank

ACTION Organizational culture reforms

Service Improvement Committee system

For the purpose of further promoting and putting into practice customer-oriented business operations, we established the "Service Improvement Committee" as an expert committee chaired by the President and Represent-

tative Executive Officer. Management teams lead the Committee in utilizing "customer feedback" and "employee feedback" in efforts to improve and enhance products and services.

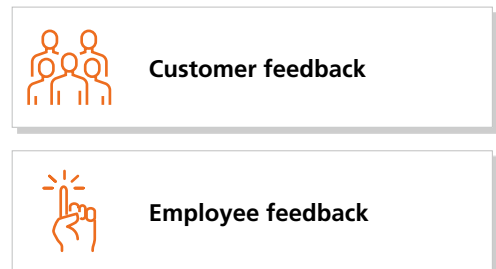
Service Improvement Committee

Chairperson: President Ikeda

Organizational Culture Reform Subcommittee

The purpose of the "Organizational Culture Reform Subcommittee" is to "enhance organizational capabilities" towards improving "customer-oriented" services. This Subcommittee is engaged in sustained organizational culture reforms that allow each individual employee to practice "customer-oriented business operations" as part of their daily work and activities.

- Teller Service, Digitalization, and Administrative Efficiency Subcommittee
- Products and Services Reform Subcommittee



Abstract areas

Enhancements to communications within and between organizations

- ▶ We will ensure internal dissemination of our customer-oriented management philosophy through enhanced communications between the front lines and management, among other efforts
- ▶ We will promote interactions between personnel between organizations internal to the Bank, and businesses both within and without the Group

Concrete areas

Reviews of organizations, rules, and personnel evaluations, etc.

- ▶ We will reflect customer-oriented thinking in our organizations and evaluation systems, etc.

Reviewed sales targets and personnel evaluation systems



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





Norito Ikeda
Director, President and Representative Executive Officer


Aiming to become a trusted bank

Under the slogan of “Deepening trust, and taking on the challenge for financial innovations,” we aim to serve as a trusted bank in which all of our employees realize customer-oriented business operations, and are therefore engaged in sustained organizational culture reforms and internal control systems reinforcement. In particular, organizational culture reforms as led by the Service Improvement Committee under the direct jurisdiction of the president are intended to ensure information sharing within the organization and instill a culture that conducts business from the standpoint of our customers.

Moreover, in September 2020 we set up the “President’s Direct-line Opinion Box” to promote communication with all employees. I read every opinion sent to me through this opinion box and publish video messages to all of our employees as my response. We also made a fundamental review of our sales targets and human resources targets in a way that places a greater priority on “sales quality” over “sales results” and on “customer-oriented perspectives” over “product-oriented perspectives.” We aim to serve as a trusted bank through these types of efforts.

Systems for incorporating customer and employee feedback

- Regularly broadcasting president and executive officer video messages
- Holding front line meetings (measure to enhance communication with management teams)
- Installing the “JAPAN POST BANK President’s Direct-line Opinion Box”
- Reorganizing the Customer Satisfaction Department

 See page 52 for details



Filming an executive officer’s video message (Executive Vice President, Yoshinori Hagino)



Holding a front line meeting

Establishing the Diversity Committee and its activities

In working to solve the different challenges faced by each organization and region, we deploy Diversity Committee activities within all organizations in the Head Office, Regional Headquarters, and Operation Support Centers. This Committee is led by the President and Representative Executive Officer and is composed of members from each organization with various backgrounds and careers. In addition to investigating and determining diversity management promotion policies and programs for each organization, the Committee provides suggestions in line with the challenges and situations based on employee feedback.

We hold the Japan Post Bank Diversity Forum to deepen recognition of diversity and create company-wide

awareness that leads to action for the future. We held the Forum online for the first time during FY2021/3, during which approximately 240 employees from all across Japan of every age, position, and gender participated. The Forum served as a location for dialogue where the President as head of the company and employees from all over Japan were able to directly share their understanding and thoughts on promoting diversity in real-time.

Unlike the Service Improvement Committee Organizational Culture Reform Subcommittee, which has a top-down structure, the Diversity Committee has a bottom-up structure, allowing us to promote diversity through a dual set of activities that enable synergies.



Holding the JAPAN POST BANK Diversity Forum online



Employees from the Kyushu Area received an award as an organization that performs good practices



President and Representative Executive Officer (left) and General Manager of Diversity and Inclusion Department (right)

Value Creation

Medium-term Management Plan KEY STRATEGIES ⑤

Strengthening the management base to become a more trusted bank

ACTION Improving internal control systems

Enhancements to risk management systems

We will work to strengthen the risk management system, including making enhancements to the voluntary management of the 1st line (Marketing Division, Operation Division) and making internally cross-sectional enhancements to control systems in the 2nd line (Management Division) and 3rd line (Internal Audit Division) pertaining to the 1st line.

Ensuring safety and security

We will strive to “ensure safety and security,” including implementing sophisticated security measures and enhancing IT governance and security verification systems suited for emerging risks.

Details on other initiatives

- We will provide prompt compensation whenever damages arise.
- We will enhance risk sensitivity via enhanced human resource development and personnel exchanges within and between the 1st, 2nd, and 3rd lines and share aggregated risk-related information organizationally.
- We will disclose information at appropriate times and to appropriate degrees.

Managing Cyber Security*

JAPAN POST BANK regards the risk of cyber attacks as one of the top risks in management and works to continuously improve cyber security through management leadership.

The Bank has put in place a dedicated department for cyber security and assigned a CISO (Chief Information Security Officer) while maintaining multilayered

defenses and detection measures. In addition to assigning human resources with expertise, the Bank is working to provide customers with safe and secure services continuously by analyzing new attack methods and taking countermeasures in cooperation with external specialized organizations.

* To make sure that no problems arise, including the leakage or tampering of electronic data or failure of IT and control systems to perform their expected functions.

Sophistication of “anti-money laundering” and “combating the financing of terrorism” will be enhanced

In accordance with the Financial Services Agency’s “Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism”, JAPAN POST BANK establishes the basic policy with regard to the measures against money laundering and financing of terrorism and is implementing the management-driven measures as this is the most important management agenda.

Specifically, from the standpoint of preventing the Bank’s products and services from being misused, the Bank identifies and evaluates the money laundering and financing of terrorism risks in terms of the characteristics

of business, relevant laws and regulations, etc., and takes appropriate measures to effectively mitigate these risks.

The management is proactively taking the leading role for implementing the measures against money laundering and financing of terrorism with support of the relevant outside professionals. The Bank nominates the senior management and senior manager who are responsible for this mission and clarifies the roles and responsibilities of all the managers and employees, and implements the countermeasures.

Enhancements of compliance systems

In the midst of the Group’s concerted efforts to restore trust in our business operations, we take seriously the increasing number of internal crimes, including the case of long-term and high-value cash fraud at the post office in Nagasaki Prefecture announced on April 6, 2021. In each of these cases, we will compensate the affected customers, and we are working with JAPAN POST Co., Ltd. to analyze

the causes of the incidents and consider measures to prevent recurrence, pushing ahead toward the elimination of scandals through thorough and stricter compliance.

In addition, we have worked to ensure appropriate sales of asset management products and to improve our internal reporting system.

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ACTION Planning future IT investments

We believe the existence of high-quality system infrastructure is essential for deepening the trust of our customers. Under the Medium-term Management Plan, we propose 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. In addition, we will invest approximately ¥130 billion as a “strategic IT investment for new growth” and promote DX.

IT investment plan

Strategic IT investments to realize new growth

Advancing DX

Innovations in retail business

While putting safety and security foremost, we will expand digital services that all customers can readily use

Work reforms and productivity improvement

Fundamental business reforms and productivity improvement to tellers and Operation Support Centers, etc., through the active utilization of digital technology

Security system enhancements

Establishing sturdy security systems that adhere to international standards

AML/CFT system enhancements

Establishment of AML/CFT systems that adhere to standards equivalent to those of major domestic banks

Deepening market operations and risk management

Further sophistication of functions such as revenue management, simulation of the future, and risk level measurements

Strategic IT investments of approx. **¥130 billion** over 5 years are planned

IT investments to realize stable and sustainable business operations

Definitive renewals and maintenance of core systems, etc.

Renewals and improvements to branch teller terminals/ATMs of post offices throughout the country, etc.

IT investments of approx. **¥500 billion** over 5 years are planned

While maintaining a high-quality system base that can support trust in our Bank, we will assertively advance strategic investments in IT

Total: approx. ¥630 billion

