

ON FOCUS Formulation Process for the Medium-term Management Plan (FY2022/3 through FY2026/3)

— Deepening trust, and taking on the challenge for financial innovations

Incorporating suggestions from the outside directors

During FY2021/3, the JAPAN POST BANK Board of Directors held discussions over an extended period in working to formulate the Medium-term Management Plan. The outside directors presented a multitude of suggestions and questions, and the results of these discussions were reflected in the Medium-term Management plan through repeated dialogue between the internal directors and the executive officers.



Holding remote Board of Directors' meetings

In consideration of the spread of COVID-19, JAPAN POST BANK currently holds the Board of Directors' meetings remotely. The chairman leads the deliberation of proposals upon verifying that the attendees are able to assemble as

well as share their opinions in a timely, precise manner via a conference system that immediately conveys the audio of the attendees to each other.

Discussions regarding the Medium-term Management Plan



Major suggestions from the outside directors

- ▶ Within the Medium-term Management Plan, we ask the Bank to promote the significance of its existence in terms of how it contributes as part of society.
- ▶ JAPAN POST BANK must consider initiatives that are unique to the Bank. Because the Bank's business model differs from that of other banks, it must promote its unique initiatives, such as regional vitalization.
- ▶ The Medium-term Management Plan must be considered from the two standpoints of "profitability" and the Bank's "public nature." In terms of profitability, we ask that the Bank clarifies its growth strategy as the basis of the Plan. The Bank's public nature is also important, and the Bank must fulfill its unique social mission as a bank with a nationwide network.
- ▶ Amid today's harsh business conditions, improving corporate strength and business operations, as well as strengthening the sustainability of business, will likely connect to recognition from outside.
- ▶ The greatest challenge for the Bank is increasing profitability, so we ask that the Bank focuses on sales activities after reinforcing business management systems that rely on a customer-oriented standpoint. Moreover, we ask that the Bank delve more deeply into approaches to enhancing its market investment capabilities as its core business.
- ▶ The Bank must continuously consider strategies that leverage its many channels and branches, particularly in local areas, and ways of merging its digital and physical channels.
- ▶ Introducing digital tools that are easy to use, even for customers that are unfamiliar with digital services, and support for digital services through physical channels are important as factors that will set the Bank apart from other banks.
- ▶ We ask that the Bank works to increase transaction fee and commission income by expanding new transaction fee and commission options in the retail business.
- ▶ From the perspective of consistently providing safe, secure services to a broad range of customers, the Bank must also work on revising its various transaction fee and commission rates.
- ▶ Given the expansion of investments in risk assets as a means of increasing income amid today's harsh business conditions, which are due to ongoing low interest rates, the Bank must expand capital in a way that considers the results of stress tests.
- ▶ Amid a social and economic environment that present an uncertain outlook, the Bank must build an organizational structure that can move agilely, even in the event of contingencies.
- ▶ Descriptions of ESG Management must mention specific initiatives. In particular, we ask that the Bank expand upon entries regarding Environment.
- ▶ The Bank must consider medium- to long-term hiring strategies, including how to hire necessary expert human resources, and what to aim for in terms of human resources composition.
- ▶ Proposing an excessive number of numerical targets may instead obscure the Bank's primary targets, so we ask that the Bank fully investigates what it should establish as management targets.