

Message from an Outside Director



Kenzo Yamamoto
Outside Director

We will continue to do our utmost to remain “the most accessible and trustworthy bank in Japan”

Work to increase ROE by diversifying revenue streams

I was appointed as an Outside Director of the JAPAN POST BANK in June 2020. I worked at the Bank of Japan, central bank of Japan, for 36 years, where I was involved in the planning and formulation of monetary policy and market operations, and there spent almost the last 10 years in charge of financial systems, financial and settlement systems, and business continuity, as well as responding to the global financial crisis and the Great East Japan Earthquake.

JAPAN POST BANK has adopted a company with a Nomination Committee, etc., structure in accordance with Japan’s Companies Act. As such, the Bank has three statutory committees under the Board of Directors (Nomination Committee, Compensation Committee, and Audit Committee) and Risk Committee as a voluntary committee. In addition, we established a Meetings of Independent Outside Directors three years ago. I am currently the chairperson of the Risk Committee and a member of the Audit Committee, and chaired Meetings of the Independent Outside Directors for approximately two and a half years until June 2024.

As a Company with a Nomination Committee, etc., the execution of business operations is delegated to the President and other Executive Directors, and the Board of Directors is responsible for supervising them and

making decisions on important matters concerning the management of JAPAN POST BANK. The Board of Directors consists of 14 directors, five of whom are women. Nine of them are Independent Outside Directors, and they engage in active discussions based on their wide range of knowledge and experience from their respective backgrounds in industry, finance, law, IT, and customer service. Outside Directors are neither advisors nor consultants, but rather decision-makers on important management matters, participating in decisions from a broad perspective and supervising the execution of those decisions.

In the course of reviewing the Medium-term Management Plan (FY2021 to FY2025), the Board of Directors in FY2023 actively discussed how to increase ROE (return on equity), especially to improve PBR (price book-value ratio).

When JAPAN POST BANK’s predecessor was run by the government, most of the postal savings deposited by customers were transferred to the government’s fiscal investment and loan program through the Fund Management Department. During the subsequent Japan Post Corporation period, most funds were channeled toward Japanese government bonds (JGBs). Following the privatization of Japan Post Corporation, JAPAN POST BANK has undergone a significant diversification of its portfolio (asset composition) with the aim of improving

and is now poised to deliver dividends to shareholders. I appreciate the efforts of management to date.

JAPAN POST BANK, however, still has a long way to go before it can say that its current ROE is more than sufficient to meet the expectations of shareholders. While one reason for this is undeniably the severe financial environment with long-standing ultra-low interest rates, another issue is JAPAN POST BANK’s revenue sources being weighted toward investment in securities.

Banks have a responsibility to protect the deposits and savings entrusted to them by their customers. Diversification of revenue sources is essential to pursue stable and high ROE while taking all possible risk management measures to achieve this goal. In addition to expanding the Retail Business, JAPAN POST BANK intends to steadily develop “a corporate business for creating futures for societies and local communities through investment” (Σ Business) while striving to build well-balanced banking services.

Risk Committee focuses on market operations and IT systems-related issues

The role of the Risk Committee is to discuss important matters related to the management of risks facing JAPAN POST BANK, as well as to report and advise the Board of Directors. The Committee continues to hold active discussions with outside experts, focusing on market and Asset Liability Management (ALM)- and IT system-related topics that are considered to pose significant underlying risk to JAPAN POST BANK.

With no overseas branches, JAPAN POST BANK is a “domestic bank” in terms of administrative supervision but manages risk in accordance with the more stringent standards that apply to an “internationally active bank.” For example, the Bank regularly checks the status of

various risk controls, including capital adequacy, and the adequacy of management plans based on the results of stress tests.

In the arena of IT-related issues, the Risk Committee confirmed the status of preparations and implementation of crisis response drills in case of any upgrade malfunction prior to the large-scale system upgrades in May 2023. In addition, it regularly obtains updates on the status of cybersecurity measures.

All of the topics were discussed in depth by the committee members who have expertise, and the Risk Committee deemed supervisory functions to be even stronger than before.

The Meetings of Independent Outside Directors was established in 2021 as a forum for them to freely exchange information and make each other aware of mainly important matters related to governance. To date, we have shared a variety of information on Board resolutions and reports, leading to subsequent Board discussions.

In addition, we have begun to take a close look at JAPAN POST BANK’s approach toward governance following the sale of its shares by JAPAN POST HOLDINGS. Under the Postal Service Privatization Act that was partially amended in 2012, JAPAN POST HOLDINGS aims to dispose of all its shares in JAPAN POST BANK and JAPAN POST INSURANCE. Of course, even after all JAPAN POST BANK’s shares have been sold, JAPAN POST HOLDINGS and JAPAN POST Co., Ltd. will remain the most important partners of the Bank. To this end, I will give deep consideration to what contribution I can make in my role as an Independent Outside Director.

Toward becoming “the most accessible and trustworthy bank in Japan”

JAPAN POST BANK’s management philosophy is as follows: We aim to be “the most accessible and trustworthy bank in Japan” by using customer feedback as our compass for tomorrow. The first step is to strive to make our customers feel truly served by providing high quality services.

Time flies, and even the meaning of “high quality service” is constantly changing. It has recently become essential to actively incorporate digital customer service and digital technology to improve the quality and possibility of face-to-face service at the retail premises to reflect actual frontline conditions. I believe that contributions to shareholders will be steadily fulfilled in the process of strengthening the trust of customers.

We will do our utmost to remain “the most accessible and trustworthy bank in Japan.”

