

An abstract graphic composed of many thin, flowing lines that create a sense of movement. The lines start in the top right, curve around the top, then flow down the left side, and finally curve around the bottom. The color transitions from red at the top, through green in the middle, to blue at the bottom.

# ANNUAL REPORT 2024

Year ended March 31, 2024



**JAPAN POST BANK**





PURPOSE

We aim for the happiness of customers and employees, and will contribute to the development of society and the region.

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ANNUAL REPORT 2024 3 key points

1 Management Message  
The Message from the President illustrates the President's thoughts on being appointed to the position and details on sustainability management. The chairs of the Nomination, Compensation, and Audit committees also comment on discussions during meetings of independent outside directors and each committee.

2 Review of Business Strategies  
In addition to conditions leading up to the review, a detailed explanation of the three business strategies following revisions to the Medium-term Management Plan.

3 Focus on Human Resources—the Source of JAPAN POST BANK's Competitiveness and Value Creation  
Details of employee initiatives geared toward realizing the Bank's purpose along with employees who have excelled in each business. Roundtable discussion special feature between outside directors and employees regarding women's participation and advancement in the workplace.



## PURPOSE

We aim for the happiness of customers and employees, and will contribute to the development of society and the region.

## MANAGEMENT PHILOSOPHY

We aim to become “the most accessible and trustworthy bank in Japan,” guided by the needs and expectations of our customers.

TRUST	We comply with laws, regulations, and other standards of behavior and value trusted relationships with customers, markets, shareholders, and employees and consistently serve as a responsible corporate citizen.
INNOVATION	We work sincerely to improve our management and business operations in response to requests from customers and changes in the business environment.
EFFICIENCY	We pursue improvements in speed and efficiency of our management and business operations in order to provide customer-oriented financial instruments and services.
EXPERTISE	We continually strive to strengthen our expertise for the aim of services meeting the expectations of our customers.

## MISSION

- ▶ Providing “reliable and thorough” financial services “safely and securely” to anyone and everyone throughout Japan.
- ▶ Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, communities using various frameworks.
- ▶ As one of the largest institutional investors in Japan, JAPAN POST BANK will work to both realize sound and profitable operations, and contribute to the realization of a sustainable society.

Realizing both the enhancement of corporate value, and contributing to the solution of social issues such as SDGs (ESG management)



Cover  
Hamasaka

**JAPAN POST BANK**  
**マチオモイカレンダー**  
Machiomoi Calendar

JAPAN POST BANK has teamed up with “my home town,” an exhibition in which creators from around Japan portray their home towns as well as the towns that are important to them, to publish the JAPAN POST BANK Machiomoi Calendar. This calendar illustrates scenery from around Japan and the feelings of the creators toward each town.

The Bank has continuously produced this calendar since 2013, and has received comments from customers about how it has helped them feel the warmth of their communities, and come to feel closer to JAPAN POST BANK.

We aim to be “the most familiar and trusted bank” for our customers.  
We infuse this aspiration into each calendar, which we deliver to customers around Japan.

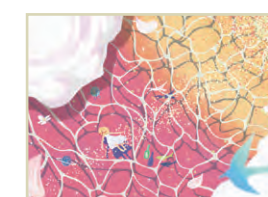
[More information](#)  
JAPAN POST BANK Machiomoi Calendar



January  
Motomachi Street



February  
Nakanokiri



March  
Kumejima



April  
Bunsui



May  
Mikuni



June  
Takeo



July  
Ibukijima



August  
Asagaya



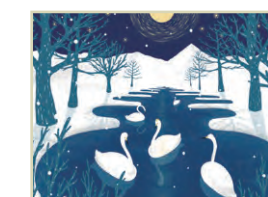
September  
Kofu



October  
Toyako



November  
Omiya



December  
Yuzawa

\* Machiomoi® is a registered trademark of the “my home town production committee.”



# Employee Initiatives for Realizing the Bank's Purpose

Head Office

I provide safe, secure services to our customers as part of an organization specialized in cybersecurity.

Honoka Yamaguchi  
Cybersecurity Department



Yokohama Branch

I value every customer, regardless of age, gender or nationality.

Tomoko Ibata  
Corporate Services Department



Fukaya Branch

I stand in our customers' shoes and propose products tailored to their needs.

Rino Takahashi  
Financial Services Department



Head Office

I am passionately engaged in realizing the  $\Sigma$  Business as a corporate business for creating futures for societies and local communities.

Naoya Takagi  
Regional Relations Management Department



Aiming to be "the most accessible and trustworthy bank in Japan"

We are pleased to present the contributions of our dedicated employees, who have worked tirelessly to make our bank "the most accessible and trustworthy bank in Japan" for customers, and "to contribute to the development of society and the region," which remains the Bank's purpose.

Matsuyama Branch Office

Thinking about what I would suggest if they were my parent or siblings, I carefully consider the needs and preferences of our customers when developing recommendations.

Maki Tatsukawa  
Loan Service Department



Nerima Branch

I build trusted relationships by always having more mental energy than our customers and by serving them with passion and energy.

Ren Negishi  
Financial Services Department



Fukuoka East Branch

I take the initiative and seek to be closer to our customers.

Miki Kajihara  
Financial Services Department



Ishikawa Administration Service Center

I will offer help desk support with a smile and a cheerful voice from the other person's point of view.

Misa Shintani  
Administration Service Office



Tsuzuki Branch

I create added value that can only be provided in person.

Akiko Narita  
Financial Services Department



Hiroshima Operation Support Center

I tenderly keep step with our customers.

Takafumi Ueda  
Deposits Management Office



Nagoya Operation Support Center

I take a positive approach to changes, such as the introduction of new systems and services, and deliver reliable services to our customers.

Kazuhisa Kimura  
Operations Planning Office



Sakai Branch

I propose the best plans for our customers.

Yuichi Takimoto  
Loan Service Department



\* Please note that affiliated branch and department names are current as of April 1, 2024.



## Message from the President



**Strengthen the company to where all employees have the opportunity to reach their full potential and aim to become a unique bank by fully utilizing its strengths.**

*T. Kasama*

**Takayuki Kasama**

Director, President and  
Representative Executive Officer  
JAPAN POST BANK Co., Ltd.

My name is Takayuki Kasama and I was appointed President and Representative Executive Officer of JAPAN POST BANK ("Bank") in April 2024.

First of all, I would like to express my deepest sympathy to the victims, their families, and all those affected by the Noto Peninsula Earthquake of 2024.

The Bank has been providing support to those affected by the disaster including emergency processing of deposits and free remittance of disaster relief donations. We would like to express our respect and gratitude to all those involved in the ongoing support of medical and reconstruction efforts.

The environment surrounding the Bank has changed significantly over the years, and we feel there is an increasing need from the society for us to solve social problems through our businesses. As President, I will do my utmost to create a new "JAPAN POST BANK" that contributes to the development of society and local communities.

### Appointment as President

Since joining the Bank in 2015, I have endeavored to improve profitability of our Markets business as well as to strengthen the various teams including operations, credit analysis team, and to speed up the overall decision making processes.

From June 2023, I was in a position to assist the former President, Norito Ikeda, as Representative Executive Vice President and at the same time was also appointed as a Director of the Bank which allowed me to participate in discussions at Board of Directors' meetings. I have been actively involved in laying the foundations for the Σ (Sigma) business which is a corporate business that creates the future for society and local communities through investment that former President Ikeda had enthusiastically promoted. In addition, I have also devoted my effort in reforming the Bank's culture, and have been seeking to advance the "uniqueness" of the

Bank while enhancing its corporate value.

When I was officially asked to assume the role of President and Representative Executive Officer in February 2024, my thoughts turned to the Bank's employees, their families, and our stakeholders, and I felt humbled by the weight of the responsibility I would be carrying. At the same time, I felt that I had been given an opportunity to further advance what I had been working on up until that time and considered it a great honor.

As the Bank enters its next stage of its growth, my mission as President is broad, varied, and deep. I will work tirelessly to align the direction of management with that of the Board of Directors and under their appropriate supervision, I will always lead the way as captain to steer the Bank toward a brighter future.

### Cherish Connections with People

Since assuming the role of the President, I have had the opportunity to meet with numerous individuals to extend my greetings. Once again, I was reminded of the diversity of the Bank's stakeholders and the high expectations they have of us. Having a long history dating back more than 150 years since the founding of the postal business, Japan Post Group operates a nationwide network of around 24,000 post offices, with approximately 366,000 employees. When I think about the customers beyond that, I feel we are connected to everyone in Japan, and that the services that JAPAN POST BANK provides form part of that connection.

Even before joining the Bank, I have always valued the relationships I have built with people. I have been fortunate to meet many wonderful people who have influenced not only my career, but also my leadership and management style.

My first encounter with the Bank was through a call from an old colleague who was working on reforming the Bank's Markets business. At the time I was involved in a markets business and based in Singapore. The deciding factor that made me join the Bank was the motivational and rewarding prospect of being involved

in operational reforms at the Bank, which is one of Japan's leading institutional investors with an overwhelming amount of capital. I remember my boss at my previous job telling me, "From now on, it will be a time for large, capital-rich banks and investment management companies to evolve beyond what they are now." I didn't pay much attention to what my boss said at the time, but having witnessed the evolution of the Bank's business strategy—including the dynamic shift into global investments in its Markets business, the transformation of its Retail business through complementarity between physical and digital channels, and the launch of the Σ business, the new corporate business through investment—those words have come to make sense to me.

Since assuming the role of the President, I have had more opportunity to engage in direct communication with employees. I have gained valuable insights into the strengths of our employees, while also learning new things. As Chairman of the Service Improvement Committee, I engage in direct and open dialogue with younger employees to discuss various matters. Additionally, I continue to hold town hall meetings,



one-on-one meetings with employees, and enhancement of internal communication efforts through the company's internal web-based newsletter. Furthermore, as President, I initiated a nationwide tour with the objective of gaining firsthand insight into our company's operations across the country. I would like to interact directly with employees across the country and observe firsthand how the Bank will evolve in the ever-changing environment.

The strength of the Bank's organizational culture lies in the sincere attitude of each and every employee working closely with customers and striving to contribute to local communities and society as a whole. This is a culture that we are proud to have fostered over many years since our days as a government-owned bank. We believe it is the foundation of the trust that the Bank enjoys from its customers. However, the sincerity of our employees' attitudes toward their work can unintentionally narrow their perspective. As a result, they may act as if they only have to deal with their own area of expertise. We recognize the need to strengthen collaboration within the Bank. It is essential to establish an open and inclusive work environment where diversity is embraced and ideas can be freely exchanged. To achieve this, fostering vertical, horizontal, and diagonal communication is crucial.

To address this challenge, the Service Improvement Committee has been reorganized into the "Voice of Customers" sub-committee and the "Voice of Employees" sub-committee. This restructuring reflects our

commitment to accelerate cultural reforms, including enhancing inter-organizational communication based on direct employee feedback. The committee will strengthen the way in which the voices of customers and employees are reflected in the way we manage the company. Additionally, four project teams have been established under the subcommittees: "New Business Creation," "Existing Business Inspection," "Culture Reform," and "Productivity Improvement." By optimizing the functionality of these teams, we aim to cultivate an organization that is conducive to productivity, value creation, and a rewarding work environment for employees.



"Voice of Employees" sub-committee gathering

## Active Discussion at Board of Directors Meetings

Our Nomination Committee framework ensures that Outside Directors with diverse skills, knowledge, and experience constitute the majority of the Board of Directors. This structure prevents decisions from being made based solely on internal logic. Outside Directors who are responsible for protecting the interests of minority shareholders often provide critical feedback to the business side of the company. This demonstrates that we have a governance system that is conscious of minority shareholders. Furthermore, the Board of

Directors engages in comprehensive deliberations on matters crucial for enhancing corporate value over the medium to long term of the Bank. When I initially attended a Board of Directors meeting, I was genuinely impressed by the depth and breadth of the discussions. Last year, the discussion focused on the review of our Medium-term Management Plan. Additionally, there are active discussions on group governance and human capital management.

## Medium-term Management Plan Review (FY2021 to FY2025)

In FY2023, the third year of the Medium-term Management Plan, which was formulated in FY2021 and runs through FY2025, the Bank posted record high consolidated net income of 356.1 billion yen since its listing on the stock exchange. This achievement was made ahead of schedule, having reached the FY2025 plan level.

At the same time, the business environment in which the Bank operates is changing dramatically. For instance, the financial landscape has shifted considerably since the Plan's formation such as the sharp global interest rate rise, the rapid yen depreciation, and the upward shift of the domestic interest rates due to the Bank of Japan's change in its monetary policy. As exemplified

by generative AI, the digitalization of society is also progressing at a faster pace than expected, and competition is intensifying as companies from other industries enter the banking business, making it even more urgent for banks to transform. In addition, internally, a secondary offering of the Bank's common stock was carried out in March 2023. As a result, the proportion of shares held by general shareholders has increased significantly, and coupled with the Tokyo Stock Exchange's requirement that companies "take action to implement management that is conscious of cost of capital and stock price," we felt that calls for the Bank to increase its corporate value were growing

louder by the day. Thus, fully aware of the major changes in the environment surrounding the Bank, we instead took these changes as an opportunity to further evolve the Bank and recently reviewed our Medium-term Management Plan.

I would like to take this opportunity to reiterate that the Bank has a unique business model. The revised Medium-term Management Plan has three core business strategies: Retail business, Markets business, and  $\Sigma$  business. These strategies are designed to leverage the bank's unique strengths, including the customer base of approximately 120 million, a network of approximately 24,000 post offices located throughout Japan, and a deposit base of over 190 trillion yen.

### Accelerate "Physical and Digital Complementary Strategy" in Retail Business

First, we will further accelerate the complementarity between physical and digital strategies outlined in our Medium-term Management Plan. We will leverage our nationwide post office network to promote the convenient Yucho Bankbook App service by providing detailed guidance to customers and aim to expand the number of accounts from 10.4 million as of the end of March 2024 to 16 million by the end of FY2025 and to 25 million by the end of FY2028. On that basis, we will fully launch a co-creation platform strategy by which we will collaborate with a variety of businesses and introduce products and services that go beyond the framework of banking through push notifications on the Yucho Bankbook App. In addition, as part of the promotion of products and services, we will also encourage people to visit post office events, creating a virtuous cycle between the physical and the digital world. Similarly, in the asset formation business, post offices across the country will be remotely connected to financial contact centers, making it possible to accept investment trust and NISA applications from customers at approximately 20,000 nearby post office locations. This is an opportunity to leverage our nationwide network of post offices and the large customer base in Japan.

### Building an Optimal Portfolio in the Markets Business

In the Markets Business, we had dynamically shifted our investments from Japanese Government Bonds (JGB) to risk assets, mainly foreign securities, in response to the prolonged ultra-low interest rate environment in Japan which we called a "Paradigm Shift in Investment." Conversely, in view of the upward trend in domestic interest rates resulting from the Bank of Japan's monetary policy shift, we intend to proactively invest in JGBs with a view to rebuilding our yen interest rate portfolio. The outstanding balance of JGBs has already begun to increase having reached the

lowest at the end of March 2023. Therefore, with the convergence of the "two wheels" of "yen interest rate assets" and "risk assets," our objective is to increase net interest income and other income through the optimization of the overall investment portfolio. The Markets business is supported by a fund base of over 190 trillion yen, which is comprised of the valuable savings of our esteemed customer deposits. Effective risk return management is of paramount importance. This is my area of expertise, and I will continue to build on the company's strengths under my leadership.

### The Promotion of Our Unique GP\* Business through $\Sigma$ (Sigma) Business

Launched in FY 2022, we have been working on establishing the structure of our  $\Sigma$  Business, and from FY2024, it will be fully launched as a "corporate business that creates the future of society and local communities through GP\* operations that are unique to JAPAN POST BANK." Its four features are: co-creation with regional financial institutions, effective use of its nationwide network to identify client funding needs, providing medium- to long-term capital, and to assist and support their growth. With the Bank's wholly owned subsidiary JAPAN POST BANK CAPITAL PARTNERS Co., Ltd., which was established in May 2024 at its core, we will work in cooperation with regional financial institutions and business partners to provide capital to businesses across the country that are eager to grow. Due to the nature of this business as a private equity investment, we are also not expecting to see immediate revenue impact. Looking ahead, we will continue to make steady progress in order for it to become a major revenue base along with our Retail and Markets business. Additionally,  $\Sigma$  Business is expected to provide not only economic returns but also other benefits, such as contributing to the revitalization of the local economy and contributing to the promotion of sustainability including the reduction of GHG emissions.

\* "General Partner": Fund management entity responsible for selecting and deciding investments.

### Continuous Enhancement of Corporate Value

Under the revised Medium-term Management Plan, profits are expected to continue to improve through FY2025. Consolidated net income for FY2023 was 356.1 billion yen, with plans for FY2024 to be more than 365 billion yen and FY2025 to be more than 400 billion yen, marking the third consecutive year of new record profits since the Bank's public listing, and with the aim for FY2025 to be our highest profit-making year since privatization.



## Listening to Stakeholder Feedback

In reviewing our Medium-term Management Plan, we incorporated as many requests and opinions as possible which we received through our Investor Relations activities. The dialogue with shareholders and investors is a very valuable opportunity to learn how stakeholders view the Bank. When discussing matters at the Board of Directors' meetings and Executive Committee meetings, I review the records of all activities and endeavor to incorporate feedback from shareholders and investors into our decision-making.

For example, with regard to our shareholder return policy, in response to the strong expectations for growth in dividends per share (DPS) in line with our medium- to long-term profit growth, we have decided to maintain our basic policy of a dividend payout ratio of around 50%, while indicating a policy of increasing dividends in line with profit growth, along with specific numerical targets and strategies. In terms of

ROE, we have set a goal of achieving an ROE of 4% or more by FY2025 and 5% or more, which exceeds the cost of shareholders' equity, early in the next Medium-term Management Plan starting in FY2026. Furthermore, we have clearly stated the priorities and thinking behind capital utilization to improve ROE.

Our price book-value ratio (PBR) is currently less than 1x which we consider as one of our major issues at the management level. At first, I would like to devote all our efforts to steadily increasing ROE and to increase PBR, it is imperative to improve the expected growth rate. As President, I will continue to carefully explain to shareholders and investors the content of our revised Medium-term Management Plan and our growth strategy, listen sincerely to their opinions, and further refine our strategies and information disclosure with the goal of enhancing the Bank's corporate value.

## Employee Diversity is the Source of Value Creation

An important mission in my capacity as President is to create an environment in which each and every employee possesses a high degree of motivation as part of "Team Yucho" and can demonstrate their abilities to the fullest extent. The value that has been cultivated over our long history—that "employees across the country fulfill their roles in their respective locations and support local customers"—is the very purpose of the Bank, and we must continue to hand down this value with pride to future generations. I am convinced that the profitability of JAPAN POST BANK is indisputably supported by the efforts and output of each and every employee. I am confident that if we can inspire our employees to work at an even higher level of motivation, we will be able to generate great strength. The Bank has approximately 120 million ordinary deposit customers, which is equivalent to the total population of Japan. To understand and to meet the diverse needs of our ordinary deposit customers, we must leverage the diversity of our employees.

Currently, approximately half of our new graduate hires and just over 40% of all employees are female, and the ratio of female managers reached 18.4% in April 2024. Our immediate goal is to have 20% of all managers to be female by April 2026 but we also aim to improve on that figure. To that end, we will not limit our efforts to the various diversity trainings but will also make effective use of one-on-one meetings and small

roundtable discussions to build a network and pipeline of female leaders. This initiative aims to increase the number of autonomous employees who engage in dialogue, exchange opinions with their peers, and foster a diverse culture. This year, we also convened a roundtable with two female outside directors to discuss the future development of female leaders. The women's advancement initiative has also fostered a culture of respect for diversity in all its forms. Triggered by our efforts to promote women's participation and advancement in the workplace, such move also gave rise to build a culture that values all forms of diversity.

As the saying goes, "two heads are better than one," and combining the diversity of wisdom, experience, emotions, and thoughts of employees with diverse backgrounds and values will give rise to innovation from which businesses will evolve. I believe that the strengths of each and every one of our diverse employees are the source of our value creation. I am expecting the leaders of each business to adapt to change, to build teams that recognize the new challenges that employees are facing, and to maximize their organizational capabilities. I will share my experiences with our employees and promote management that demonstrates awareness of Diversity, Equity, and Inclusion (DE&I). Our goal is to remain a bank where all employees feel motivated to work and can experience a sense of well-being.

## Our Sustainability Management Goals

The Bank's mission is to provide "safe and secure" financial services to everyone throughout Japan and to ensure that no one is left behind even in the ever-changing financial services industry. This mission not only forms the foundation of our "JAPAN POST BANK-ness" but also serves as the basis for our sustainability management. The Bank is firmly standing on the core belief of striving to enhance the well-being of our customers and employees, while fostering the growth of society and local communities. Our business model is inherently aligned with the principles of sustainability and we believe that we are a company that can offer a distinctive value proposition to society.

In our Markets Business, we also place importance on sustainability. For example, as one of the largest institutional investors in Japan, the Bank aims to increase its ESG bond investments to 7 trillion yen by the end of FY2025. This amount does not include origination and underwriting; it is purely an investment amount which is one of the largest for a single financial institution in Japan. In addition to funding projects that contribute to reducing GHG emissions and water usage through our green bond investments, we also contribute to infrastructure conservation, medical care, and employment through investments in social bonds which are providing positive impact to the environmental and social challenges.

Another key aspect of the Bank's sustainability management is the challenge of revitalizing local economies and creating new corporate value through our  $\Sigma$  business. By collaborating with regional financial institutions and other stakeholders to drive societal and regional development, and by addressing regional challenges from a long-term perspective, we aim to create a positive impact on the environment and society while also enhancing our own corporate value. In Japan, capital funding and the creation of ecosystems for start-ups and other companies are still in their infancy. The backcasting approach is the foundation of our  $\Sigma$  business strategy. We believe this approach is equally important in our corporate management, investments, and sustainability initiatives.

I am committed to building an organization in which each employee can demonstrate his or her capabilities to the fullest extent and at the same time, take pride in themselves and the Bank. All of our employees will continue to work together to face new challenges so that we can be recognized by our stakeholders as the one and only bank that is closest and most trusted.

In grateful anticipation, I would like to ask for your continued kind support and cooperation in these efforts over the coming years.



**We will continue to engage with our shareholders and reflect it to increase our corporate value as well as to enhance transparency.**

”



## Financial and Capital Strategies



### Aiming to enhance corporate value through sustained ROE growth

We will steadily implement the Medium-term Management Plan and work to enhance corporate value with improved ROE as the key driver.

**Makoto Shimura**  
Senior Managing Executive Officer

### Review of the first three years of the Medium-term Management Plan (FY2021 to FY2025)

Three years have passed since we first launched the Medium-term Management Plan in FY2021, during which time the financial conditions in Japan and abroad have changed significantly. In response to rising inflation triggered by the recovery from COVID-19, countries around the world have broadly increased policy rates.

In Japan, however, currency depreciation and resulting price hikes along with a trend toward improving corporate earnings and wage growth have raised the prospect of a world with positive interest rates, including adjustments to financial policies for the first time in years.

Amid these major changes in financial conditions, JAPAN POST BANK has been steadily investing in foreign securities and private equity funds while properly managing the various risks such as interest rate, foreign exchange, credit, and other types of risks. Moreover, in FY2023, we were one of the first banks to

begin the move away from the low-profitable BOJ deposit, etc. into Japanese government bonds which have seen significant yield improvements.

On the other hand, we have also made IT investments in the digital field. From it, we have steadily reduced general and administrative expenses through improved operational efficiency using digital technologies while at the same time ensuring steady revenue from market operations. This approach has in turn allowed us to achieve a consolidated net income of 356.1 billion yen during FY2023, the third year of the Medium-term Management Plan, which was our strongest performance since first listing on the stock exchange. This outcome has allowed us to achieve our financial targets for net income, ROE, OHR, and other indicators two years ahead of schedule.

Moreover, after many years of holding our dividend at 50 yen per share, we were able to increase it to 51

#### Status of achieving financial targets and revisions

	FY2023 Actual	FY2023 Targets (before revision)	FY2024 Target	FY2025 Targets (after revision)	FY2025 Targets (before revision)
Net income* <sup>1</sup>	¥356.1 billion	¥280.0 billion or more	¥365.0 billion or more	¥400.0 billion or more	¥350.0 billion or more
ROE* <sup>1</sup>	3.74%	3.0% or more	3.77% or more	4.0% or more	3.6% or more
OHR* <sup>1</sup>	65.39%	72% or less	65% or less	62% or less	66% or less
CET1 (Common Equity Tier 1 Capital) ratio (International standards)* <sup>1*2</sup>	13.23%	Approximately 10% (Target level in normal times)	Approximately 10% (Target level in normal times)	Approximately 10%* <sup>3</sup> (Target level in normal times)	Approximately 10%* <sup>3</sup> (Target level in normal times)

\*<sup>1</sup> Consolidated basis; ROE is based on shareholders' equity; OHR includes gains (losses) from money held in trust, etc.

\*<sup>2</sup> Excluding unrealized gains on available-for-sale securities.

\*<sup>3</sup> Basel III endgame fully applied basis.

yen per share in FY2023 for the first time since the Bank was listed on the stock exchange. Although this increase was relatively small, we believe it was a major

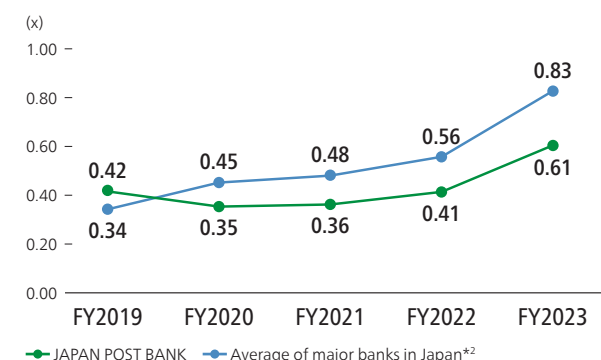
step toward the future for us to adopt the dividend payout ratio method and aspiring to increase returns to our shareholders in line with revenue growth.

### Toward further growth in corporate value

#### The revision of the Medium-term Management Plan (FY2021 through FY2025)

Although we have achieved the targets for the first three years under the Medium-term Management Plan ahead of schedule, we are faced with recent changes in the external environment and the need to implement management that is conscious of cost of capital and stock price as a member company of the Prime Market. In light of this, we recognize that our management improvements intended to enhance corporate value are

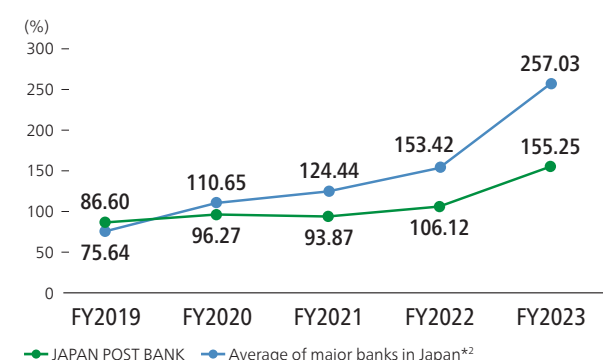
#### Price book ratio (PBR)\*<sup>1</sup> (Consolidated)



\*<sup>1</sup> Calculated based on the share price as of the end of each fiscal year and net assets per share.

\*<sup>2</sup> Simple average for the Mitsubishi UFJ Financial Group, Mizuho Financial Group, and SUMITOMO MITSUI FINANCIAL GROUP.

#### Total shareholder returns (TSR)

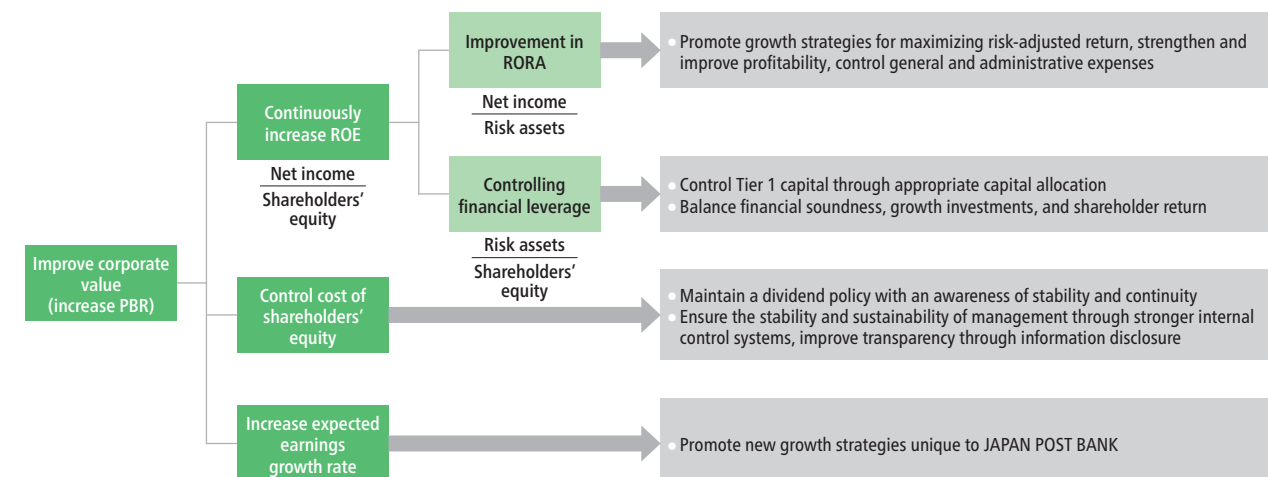


### Factor breakdown for improving corporate value (Logic tree)

JAPAN POST BANK has considered improvements to PBR by breaking these into three drivers, namely continuously increasing ROE, controlling the cost of shareholders' equity, and increasing the expected earnings growth rate. Moreover, by considering ROE

improvements under the two categories of Return on Risk Asset (RORA) improvement and financial leverage control, we will connect this approach to specific strategies for improving PBR. Among these, we believe the most important driver is improving ROE. The Bank strives to strengthen profitability by implementing growth strategies and to control general and administrative

#### Factor breakdown for PBR improvement (Logic tree)





expenses intended to maximize RORA as the return against acquired risk (risk assets). In addition, we will manage Tier 1 capital through appropriate capital allocation. Through these initiatives, we aim to sustainably improve ROE.

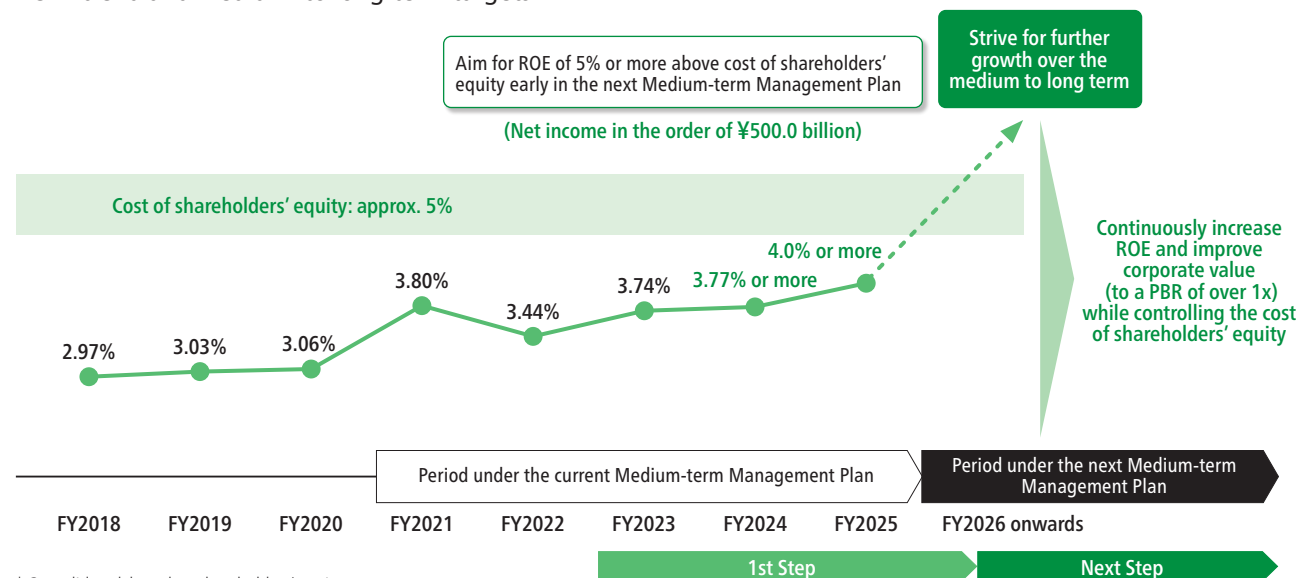
Specifically, our goal is to achieve ROE of more than 4% by March 2026 and 5%, exceeding the cost of shareholders' equity, at an early stage during the next Medium-term Management Plan (from FY2026). However, this is only the first step, and we aim to further improve ROE over the medium to long term in order to jump to the next stage.

JAPAN POST BANK will work to control the cost of shareholders' equity. Specifically, we will strive to maintain a dividend policy with an awareness of stability and continuity through stronger internal control systems. Moreover, we will enhance transparency through information disclosure.

Going forward, we will work to improve the expected earnings growth rate through new growth strategies that are unique to the Bank, including the Σ Business.

Through these strategies, we will lift the Bank's PBR and enhance corporate value.

#### ROE\* trend and medium- to long-term targets



### Promoting growth strategies to maximize risk-adjusted return

#### Initiatives for strengthening profitability and acquiring new growth opportunities

As part of the Markets Business, which supports the Bank's revenue, we will increase the investments into Japanese Government Bonds as the domestic interest rates rise due to the revision of the Bank of Japan's monetary policy. We will also build an optimal investment portfolio that includes foreign securities investments as well as alternative investments such as private equity in order to maximize our revenue.

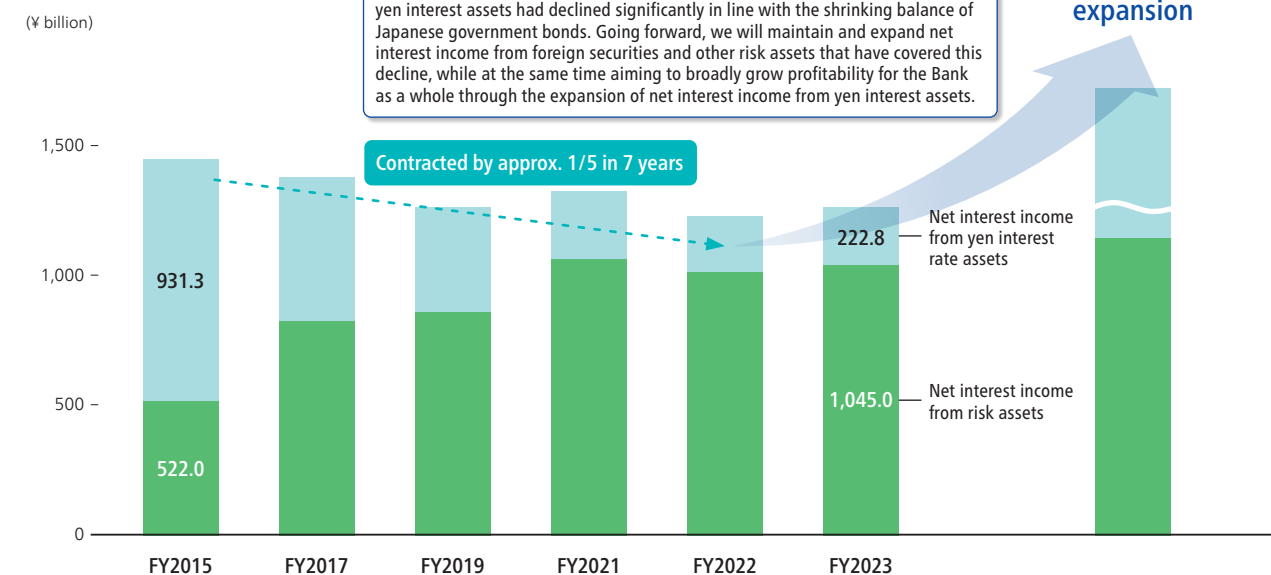
Meanwhile, the 190 trillion yen investment capital for the Markets Business comes primarily from the 120 million retail deposit accounts collected through the nationwide post office and our branch network (Retail Business). As part of the Retail Business, digital tools like the Yucho Bankbook App, a basic mobile banking app, will serve as a major strength. With more than 10 million registered accounts already, the Yucho Bankbook App has enhanced convenience for our customers while at

the same time becoming an important customer channel (digital channel). Likewise, we are collaborating with other companies within the Group and our partners as part of a so-called platform business, which through this digital channel delivers information on a diverse range of products and services that exceed the bounds of a bank. And we intend to connect these products and services to generate fee income for the Bank.

Moreover, we will promote complementarity between the physical and digital channels through digital channels, including efforts to attract customers to post offices around Japan, and develop new revenue opportunities.

We will also steadily advance toward future profitability for our domestic private equity investment services (Σ Business), which was launched as part of a corporate business for creating futures for societies and local communities through investment.

#### Net Interest Income, etc.



Note: Consolidated, management accounting basis (FY2015: non-consolidated, management accounting basis). "Risk assets" consist of Japanese local government bonds, corporate bonds, loans, stocks (money held in trust), foreign securities, and strategic investment areas, etc. Yen interest assets and risk assets include income and expenses related to internal fund transactions among portfolios.

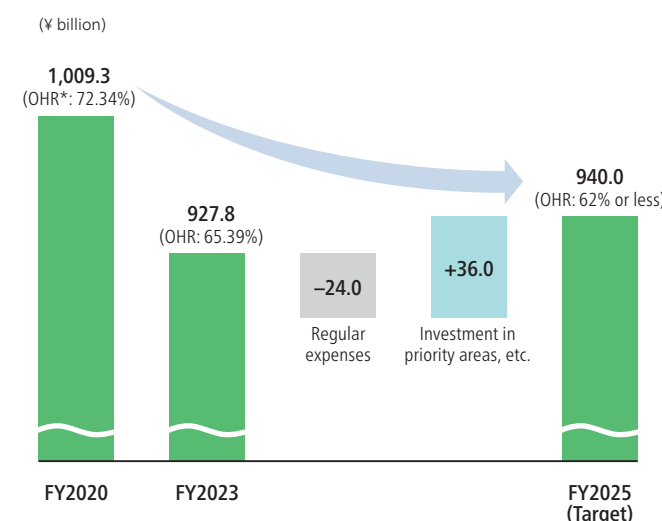
#### Controlling general and administrative expenses

Another key point regarding efforts to sustainably increase ROE is controlling general and administrative expenses. In this regard, we will continue reducing regular expenses as we advance investments into key areas, such as enhancing function to apps, promoting DX, engaging in AML/CFT/CPF\* activities, strengthening

cyber security, improving employee compensation, and increasing the number of employees in enhancement areas. As part of the revised Medium-term Management Plan, we have also updated efficiency-related financial targets (OHR) to improved figures.

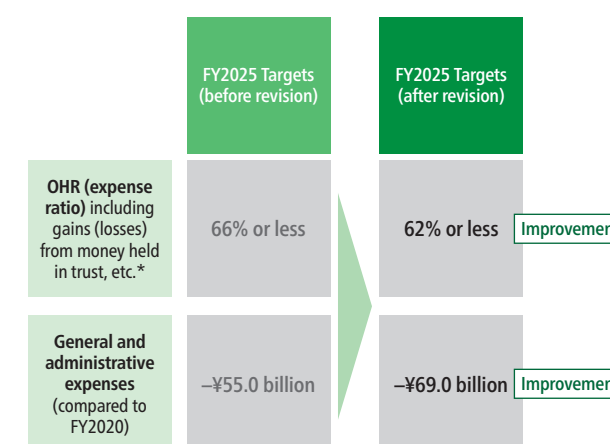
\* Anti-money laundering, countering the financing of terrorism, counter proliferation financing

#### Controlling general and administrative expenses (general and administrative expense trends) (consolidated)



\* Including gains (losses) from money held in trust, etc.

#### Comparison of general and administrative expenses and OHR before and after revision (consolidated)



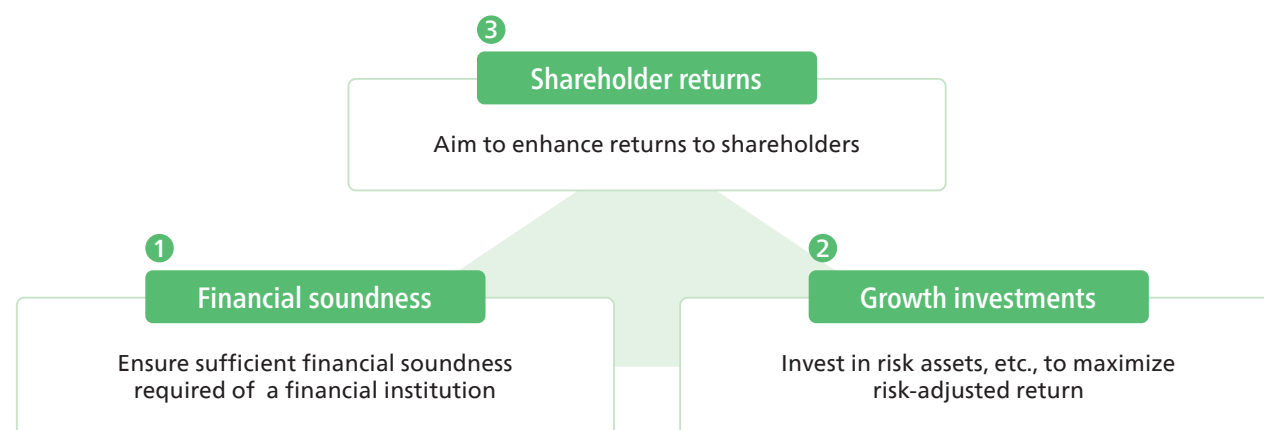
\* Considering that Japan Post Bank manages securities by using money held in trust of a considerable scope, the OHR is set as an indicator that includes investment gains (losses) related to money held in trust in the denominator. Calculated as general and administrative expenses ÷ (net interest income, etc. + net fees and commissions). Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales etc.).



## Controlling Tier 1 capital through appropriate capital allocation

### Basic approach

The Bank's capital policy is founded on a basic approach comprised of three parts, namely maintaining sufficient capital adequacy and ensuring financial soundness, strengthening profitability through growth investments that leverage capital, and aiming for greater shareholder returns.



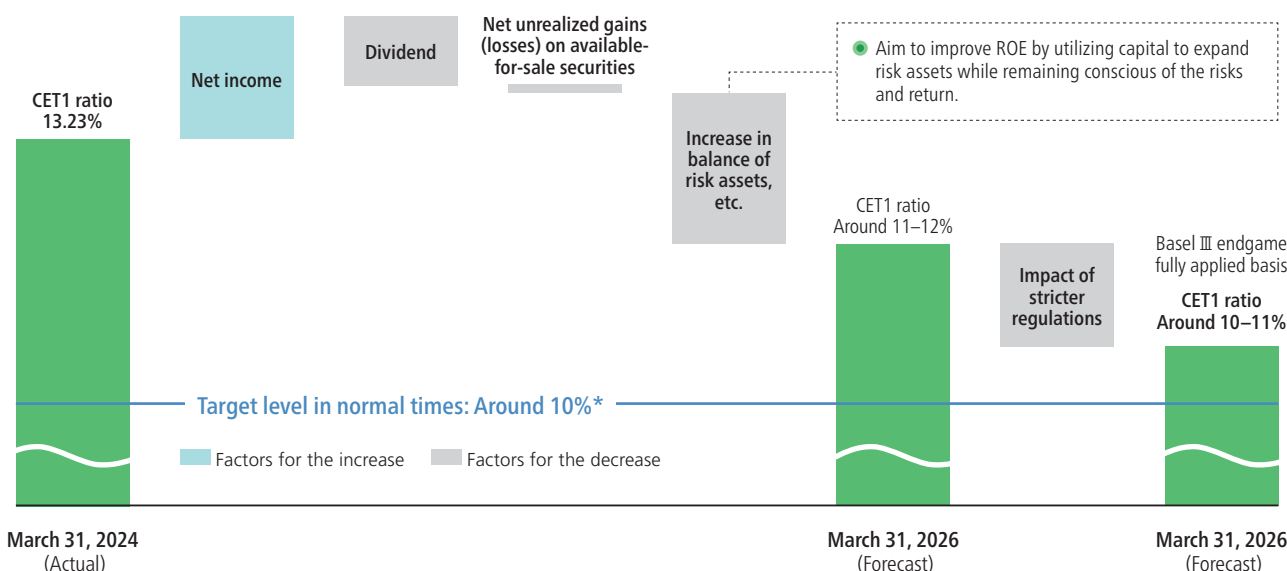
### Maintaining bolstered capital adequacy

Despite our position as a domestic standard bank (statutory capital adequacy ratio of 4% or more), JAPAN POST BANK maintains an extensive scope of risk assets as a result of foreign securities, private equity funds, and other securities management services, and therefore aims for the same level of capital management as major financial institutions in Japan. As such, we verify our capital adequacy based on the CET1 ratio (international standard). Currently, we have set a target level in normal times for this ratio of around 10%, and currently maintain a certain degree of cushion at 13.23% as of March 31, 2024.

### Leveraging capital for stronger profitability

—Ongoing investments that achieve a high risk-adjusted return—  
During the period covered by the Medium-term Management Plan, our policy is to keep a close eye on RORA while aiming to increase ROE through efforts to expand risk assets that connect to a greater risk-adjusted return. Meanwhile, in light of the impacts of Basel III and other new, stronger financial regulations, we will leverage capital with a good degree of balance.

### CET1 ratio forecast (capital allocation) (consolidated)



\* Excluding unrealized gains on available-for-sale securities. In light of the finalization of Basel III regulations (full implementation) at the end of FY2028, the goal is to secure capital requirements equivalent to a fully applied basis from the end of FY2025 onward. If the amount temporarily falls below the target level due to an increase in unrealized losses on available-for-sale securities, we will aim to replenish capital to the target level by adjusting assets under management, etc. Although the Bank is a domestic bank (required to maintain a capital adequacy ratio of 4% or more), due to the size of its overseas credit exposure and other factors, the Bank has set a target CET1 ratio of approximately 10% in normal times, based on the idea of aiming for the same level of capital management as large domestic financial institutions.

### Enhancing shareholder returns

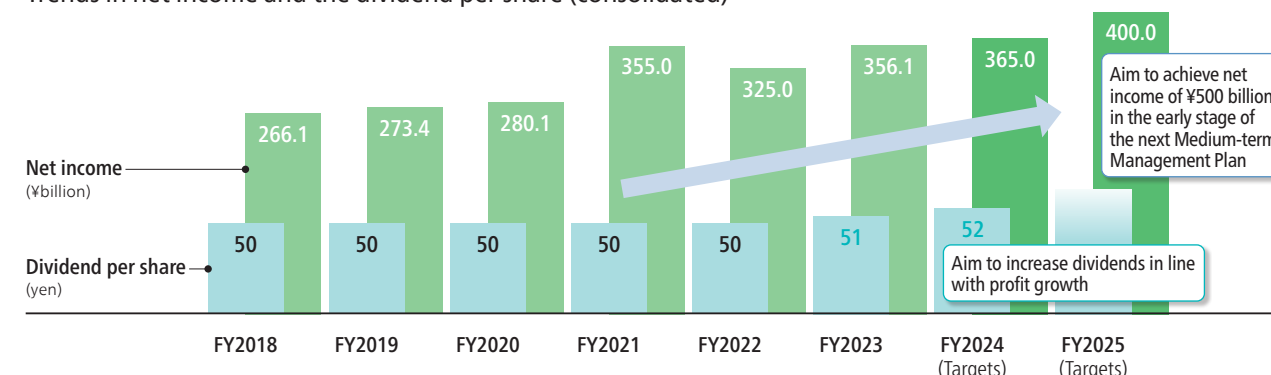
Shareholder returns are one of the most pressing themes for our capital policy. Based on the basic policy illustrated earlier, dividends will serve as the foundation upon which we strive to bolster shareholder returns. When we launched the current Medium-term Management Plan, we shifted from the fixed payout method to the dividend payout ratio method. This move was made for the express purpose of expanding dividends through greater revenue.

Specifically, considering the balance between financial soundness and investments for growth, we

established a policy for a dividend payout ratio of approximately 50%. Moreover, we seek to increase the dividend per share from the level of the annual dividends forecast for FY2024.

In addition, we will consider share repurchases based on market conditions, business performance, retained earnings, opportunities for investment in growth, and the Japan Post Group's policy for holding the Bank's shares. During March through April 2023 in which Japan Post Holdings Co., Ltd. executed the sale of our Bank shares, we repurchased a total of 150 billion yen of shares.

### Trends in net income and the dividend per share (consolidated)



## Controlling the cost of shareholders' equity

### Basic approach

According to the Capital Asset Pricing Model (CAPM) method, the cost of shareholders' equity of the Bank has been calculated at around 5%, but we see this as just a reference. We believe it is more important for us to manage the business in a stable and transparent way in order to better control the cost of capital while continuing to have dialogues with our investors.

With the additional aim to maintain a dividend policy that considers stability, continuity, and growth potential, for this purpose we will strengthen internal control systems that control risk, promote human capital management, and strengthen other aspects of the management base. At the same time, we intend to engage in appropriate information disclosure, including IR activities.

### Connecting to enhanced corporate value through repeated dialogue with stakeholders

The offer and sale of shares of the Bank in March 2023 significantly expanded the number of the Bank's shareholders. Having served as just a convenient bank around the corner, we are now being recognized also as an investment target.

Meanwhile, JAPAN POST BANK is unable to directly lend to corporate customers because regulations have placed restrictions on some of its operations. And in some respects, these restrictions have made the details of our operations slightly more difficult to understand

than those of other banks. The Bank therefore believes the most important action we can take is clearly disclose our strategies and business details, such as this Annual Report.

In FY2023, we held briefings and interviews with a broad range of interested parties, including individual investors, domestic and foreign institutional investors, and analysts, and held briefings focused narrowly on themes such as real estate investing or ESG initiatives. Our outside directors also took the stage as part of a new attempt to communicate about the Bank from a perspective that differs from management.

For more than just the fact that transparent, proactive disclosures help reduce the cost of capital, we intend to share our aspirations, our approach to expanding upon our strengths, our thoughts on methods for solving problems, and other topics with our shareholders and other stakeholders, to faithfully acknowledge the realizations and teachings that can be acquired from the opinions we receive, and to fully reflect these in management.

Based on the revised Medium-term Management Plan, the Bank will apply the higher ROE achieved through steady revenue growth as the leading driver for engaging in sustainable management that seeks to balance enhanced corporate value with solutions to society's challenges. I would therefore like to humbly ask for your great understanding and support as our stakeholders.



## Message from an Outside Director



### 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.”





## Messages from the Chairpersons of the Nomination, Compensation, and Audit Committees



Nomination  
Committee

### Ensure objectivity in the selection of Director candidates

Chairperson of  
Nomination Committee

**Makoto Kaiwa**

Outside director

The main role of the Bank's Nomination Committee is to determine the criteria for selecting and dismissing Directors and the content of proposals to be submitted to the General Meetings of Shareholders regarding Director selection and dismissal. The Committee also supervises succession plans as appropriate, mainly for the President and Representative Executive Officer.

Specifically, in light of the Bank's operating conditions, the Committee discusses the ideal composition of the Board of Directors, with a view to ensuring a variety of skills and diversity and keeping transparency and independence of corporate governance in mind. In addition, the Committee has established criteria for selecting and dismissing Directors, including the qualities and abilities required of Directors, and selects candidates to be proposed at General Meetings of Shareholders after screening and interviewing a broad pool of internal and external candidates.

In selecting the successor to the President and Representative

Executive Officer, the Nomination Committee works to offer proper oversight by deliberating on the ideal profile for the position, setting objective evaluation criteria, being involved in executive officer development plans for internal candidates, and searching for suitable external candidates.

Recognizing that, more than ever, the sustainable development of the Bank requires taking into account the viewpoints of minority (general) shareholders, the Nomination Committee works to operate out of a keen awareness of its independence from the executive function. Specifically, the Committee is chaired by and mostly made up of Independent Outside Directors, and it sets selection criteria in advance to ensure objectivity in the selection of Director candidates.

In FY2023, the Nomination Committee held discussions focusing on the succession of the President and Representative Executive Officer, and proposed Mr. Takayuki Kasama as the Bank's first-ever internal candidate. Hoping also to see a younger, more motivated management team, the Nomination Committee will continue to follow up and be actively involved in the development plan for the next generation of Director candidates.

With JAPAN POST BANK in the process of full privatization, difficult management challenges, including the need to transform the business, lie ahead. President Kasama has a deep understanding of the Bank's purpose and is expected to provide leadership toward achieving the Medium-term Management Plan, including taking on the challenge of creating innovative business models such as the Σ Business. I will do everything in my power to support him in meeting these challenges.



Audit  
Committee

### "Behind the scenes" of the governance system

Chairperson of  
Audit Committee

**Hiroshi Kawamura**

Outside Director

To achieve the purpose set forth by the Bank, it is extremely important to ensure compliance and to supervise the proper implementation of business strategies for sustainable growth while guarding the interests of shareholders. To this end, the Audit Committee not only appropriately conducts audits to ensure compliance with relevant rules and key management policies, but also offers suggestions and advice on future issues and the vision for the Bank based on the knowledge and experience of each Committee member. In addition, each member is also dispatched to regional headquarters, directly operated branches, and post offices in various regions in an effort to ascertain actual circumstances and issues facing branches.

In FY2023, the Committee focused particularly on preventing internal crime, enhancing the Retail Business, contributing

to local economic development, and promoting human capital management. To provide essential services to customers nationwide, I believe it is critical to strengthen the Bank's crisis management framework, to develop systems to ensure operational resilience, and to manage risks in the Market Business. We work closely with the Risk Committee to this end, including the participation of Audit Committee members who are not members of the Risk Committee in the Risk Committee's meetings, to prevent duplicating investigative activities and to conduct efficient audit activities based on the valuable suggestions and opinions of Risk Committee members.

As for measures to prevent the recurrence of misconduct cases, the Bank exchanges opinions with the Audit Committee of JAPAN POST HOLDINGS and the Audit and Supervisory Board of JAPAN POST, working to ensure that ongoing measures are undertaken cooperatively group-wide. We also make sure to communicate adequately with the Bank's internal Audit Division and the independent auditor. Beyond the double-reporting system, the Audit Committee may give direct instructions, particularly to the internal Audit Division, about investigations depending on the case.

To realize the purpose of JAPAN POST BANK, the Audit Committee will continue to fulfill its role of further enhancing its audit activities and supporting the Bank's governance system as a "behind-the-scenes" player.



Compensation  
Committee

### Continue to review the compensation system for Executives

Chairperson of  
Compensation Committee

**Keisuke Takeuchi**

Outside Director

I recognize that the role and mission of JAPAN POST BANK's Outside Directors, including myself, are to provide advice and suggestions on the Bank's management policies and facilitate improvement based on our knowledge and experience from the perspective of promoting the Bank's sustainable growth and enhancing its corporate value over the medium to long term. We also supervise management by means of key decision-making by the Board of Directors.

I currently chair the Compensation Committee. The role of the Compensation Committee is to study, stipulate, and implement a compensation system for Directors and Executive Officers that is desirable for realizing the Bank's vision. Specifically, the Bank determines the details of compensation for each Individual Director and Executive Officer in accordance with the relevant policy. In this process, the Bank takes steps to conduct both a quantitative evaluation based on the degree to which financial indicators and other

specified KPIs have been achieved, and a qualitative evaluation based on non-financial indicators that help enhance corporate value in a transparent manner while focusing on ensuring objectivity and fairness. Compensation for Directors and Executive Officers is a critical element to ensure the growth of the Bank.

For sustainable growth, it is necessary to secure experienced and talented human resources. From this perspective, establishing an acceptable compensation system is a key theme.

In FY2024, we will continue to deepen internal understanding and implement the current compensation system, which had many discussions in the second half of last year and revised early this year. However, I believe we need to continuously revise the executive compensation system in accordance with changes in external conditions. Going forward, we will continue to investigate and discuss issues such as what the executive compensation system should look like to ensure the Bank's continued growth, whether current compensation levels are adequate, and whether the current compensation is appropriately linked to the improvement of corporate value and growth.

Another important role and mission of the Compensation Committee is to make needed revisions to compensation levels through these processes. With this in mind, I will make every effort to move the Bank in a new direction by discussing these matters with Committee members.

## As a part of the succession planning COLUMN

### Roundtable discussion with an Outside Director



Keisuke Takeuchi, Outside Director

As part of our efforts to develop human resources with a view to nurturing future managers and executives, we held a roundtable discussion between

an Outside Director and the Bank's management. Based on his experience as a manager, Outside Director Keisuke Takeuchi spoke about his own management style, his approach to managing subordinates, and the importance of ongoing human resource development.

“To be a leader requires having the ability to attract others—in other words, having people skills. It is therefore crucial to communicate on a daily basis and gain the trust of other employees. I would like you to share your own thoughts on human resource development with employees.”

A lively exchange of opinions followed the roundtable discussion, providing an opportunity for the Bank's management to reaffirm the importance of human resource development and management for sustainable growth.

JAPAN POST BANK will continue to actively cultivate successors of upper management by communicating with Outside Directors who have diverse skills and knowledge.



Roundtable discussion



## A Story of Value Creation

Working to become “the most accessible and trustworthy bank in Japan,” and “a one-of-a-kind bank that fully utilizes its strengths.”

Japan's postal service was founded by Hisoka Maejima roughly 150 years ago.

The origins of the JAPAN POST GROUP lie in supporting its customers and regional communities and in creating a form of social infrastructure that is equitable and accessible by all.

First bankbooks created at birth.

When young children receive a New Year's gift and go to the counter to make a deposit, they learn about the importance of money. Even when they move away from their parental homes and go on to higher education or find employment, they can still receive their living expenses and are impressed when their first salary is remitted to that very same JAPAN POST BANK bankbook. As an indispensable presence in people's lives, we have worked to contribute in a variety of ways, including the change from bankbooks to bankbook apps, increasing ATM and online transactions, and offering consultations not only for deposits but also for investments.

Our services may have moved with the times, but our support for the daily lives of our customers—by means of safe and secure financial services that are equitable and readily accessible to all, everywhere in Japan—has remained constant.

We will continue to support all our customers in Japan by means of physical channels throughout the country and a range of digital products and services.



Enhance corporate value and resolve social issues through business expansion that leverages the Bank's strengths (competitive advantage)

### External environment and social issues surrounding JAPAN POST BANK

- Declining birthrate, shrinking and aging population
- Local economic downturns
- Entry into different industries
- Growing trend toward digitalization
- Price hikes (inflation)
- Growing demand to engage in management that is conscious of the cost of capital and stock price
- Increase in domestic interest rates, fluctuations on overseas interest rates
- Growing demand to engage in sustainability and human capital management

### Scale

Overwhelming network of branches and ATMs and an extensive customer base in Japan

### Deposit / Capital Bases

Stable deposit / capital bases

### Trusted Brand

The most accessible bank to anyone and everyone throughout Japan

### Diverse Human Resources

Diverse human resources play active roles

## Value provided to stakeholders

### Customers

- Provide safe and secure financial services that are accessible to all customers
- Provide new service opportunities through complementarity between physical and digital channels
- Support customers in their shift from savings to investment
- Stably manage the deposits and saving entrusted to the Bank by its customers
- Provide universal services

### Shareholders and investors

- Ensure the Bank's continued growth through the practice of sustainable management
- Increase ROE, the Bank's share prices, and shareholder returns through various measures, including strengthening revenue in the three businesses and operational reforms

### Regional communities

- Vitalization of regional economies through the supply of equity funds to regions
- Contribution to regional communities through ESG investments and loans

### Employees

- A workplace environment in which each and every employee is able to thrive and work comfortably and with a sense of motivation and satisfaction
- Continuous human capital investment

### Environment

- Reduction of paper consumption through non-bankbook general accounts and various digital services
- Contribution to the global environment through ESG investments and loans

We aim for the happiness of customers and employees, and will contribute to the development of society and the region.



Value Creation Process

JAPAN POST BANK aims to maximize the value it provides to its stakeholders by increasing the value created through its business activities, while at the same time enhancing its corporate value and contributing to the development of society and the region.

We aim for the happiness of customers and employees, and will contribute to the development of society and the region.

INPUT

(As of March 31, 2024)

Financial Capital

- Japan's largest deposit balance  
¥192.8 trillion  
(Retail deposit ratio: Approximately 97%)
- Shareholders' equity  
¥9.5 trillion

Human Capital

- Number of employees  
11,345
- Diverse Specialized Human Resources
- Number of market operations professionals (As of April 1, 2024)  
97
- Training costs  
Approx. ¥440 million

Intellectual Capital

- Skills and expertise in each business
- IT investment  
Approx. ¥675.0 billion  
(Cumulative total over the period of the Medium-term Management Plan)
- Approx. ¥150.0 billion  
(FY2024/3)

Social and Relationship Capital

- Japan's largest customer base  
Approx. 120 million accounts
- Nationwide network  
23,557 branches
- Number of ATMs  
Approx. 31,200
- Trusted brand

Natural Capital

- Energy consumption (Scope1, 2)  
947,280GJ  
(FY2023/3)

BUSINESS

Materiality



Providing "safe and secure" financial services to anyone and everyone throughout Japan



Contributing to regional economic expansion

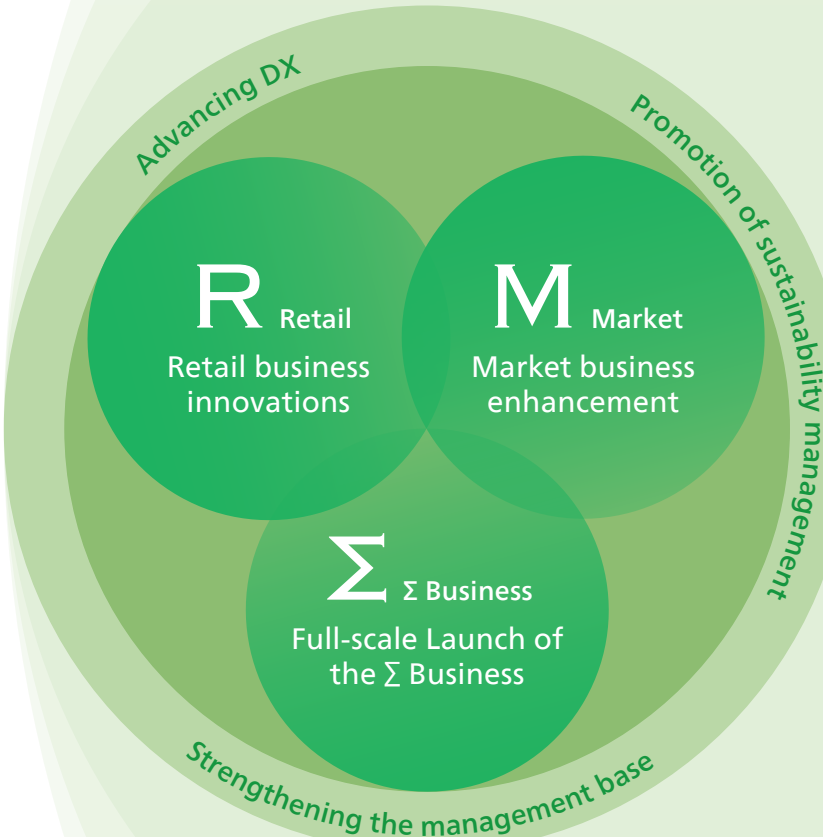


Reducing environmental impact



Diversity promotion of human resources and sophistication of governance

Strategies (Medium-term Management Plan)



OUTPUT

(As of March 31, 2024)

R (Retail business)  
Yucho Bankbook App

- Number of registered accounts  
Approx. 10.4 million accounts

Asset Formation

- Number of NISA Accounts  
Approx. 730 thousand accounts

M (Market business)  
Pursue diversified investment in foreign assets

- Balance of risk assets  
¥107.4 trillion
- Balance of strategic investment areas  
¥12.1 trillion

Σ (Σ Business)  
Flow of funds to regional communities

- GP business-related investments (based on investment commitments)  
¥48.9 billion

OUTCOME

(Results: FY2024/3 ▶ Targets: FY2026/3)

Financial Capital (Consolidated Basis)

- Net income (attributable to owners of parent):  
¥356.1 billion ▶ ¥400 billion or higher
- ROE (based on shareholders' equity): 3.74% ▶ 4.0% or higher
- Capital adequacy ratio (Domestic standards): 15.01% ▶ Approx. 10%\*2 (Target level in normal times)
- CET1 (Common Equity Tier 1 Capital) ratio: 13.23% (International standards)\*1 ▶ Approx. 10%\*2 (Target level in normal times)
- Dividend payout ratio: 51.8% ▶ A basic policy for approx. 50%
- OHR\*3: 65.39% ▶ 62% or lower
- General and administrative expenses: -¥81.5 billion (Compared with FY2021/3) ▶ -¥69.0 billion (Compared with FY2021/3)

\*1 Based on excluding unrealized gains on available-for-sale securities, reflects Basel III finalization  
\*2 Basel III endgame fully applied basis  
\*3 Based on including gains (losses) on money held in trust

Human Capital

- Overall employee satisfaction rate: 67.3% ▶ 70% or more
- Number of Career Challenge applicants: 206 ▶ 100 or more
- Ratio of women in managerial positions: 18.4% (As of April 1, 2024) ▶ 20% (April 1, 2026)

Intellectual Capital

Maintain a high-quality system base that can support trust in JAPAN POST BANK  
Assertively advance strategic investments in IT

Social and Relationship Capital

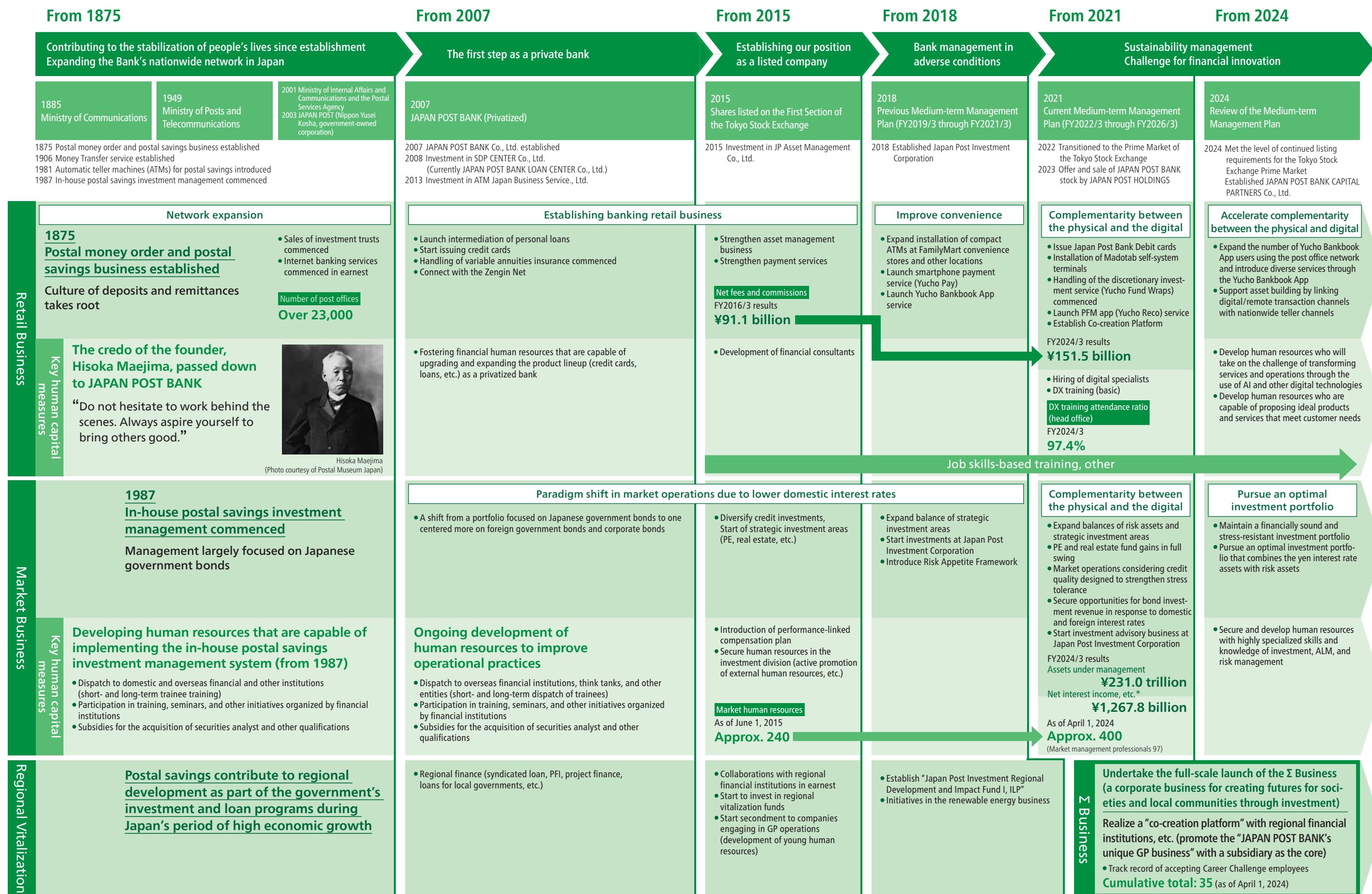
Maintain and improve the trust we have built with local communities throughout Japan  
Number of partner financial institutions where cards can be used at JAPAN POST BANK ATMs: Approx. 1,200 companies  
Holdings of the JAPAN POST BANK Piggy Bank Design Contest  
Conducting Financial Education

Natural Capital

- GHG emissions reduction rate: -50.8% ▶ -60% (Compared with FY2020/3, FY2031/3)
- ESG-themed investment and loan balance: ¥4.6 trillion ▶ ¥7 trillion



## The Path of Value Creation











\* Interest income – Interest expenses (including gains (losses) on sales etc.); consolidated data



## Priority Social Issues (Materiality) to be Addressed

Working through its Executive Committee and the Board of Directors, JAPAN POST BANK takes steps to examine the substance of material issues. In addition to linking the materialities identified to the Bank management strategies, energies are then directed toward promoting initiatives aimed at solving social issues through business activities. After deliberating on these initiatives, the status of progress is reported to the Sustainability Committee, the Executive Committee, and the Board of Directors on a regular basis.

Meanwhile, in line with the revision of the Medium-term Management Plan, the Bank undertook a review of materialities and specific initiatives in May 2024.

Materiality	Risks and Opportunities	Specific Initiatives	Target KPIs	Results (FY2024/3)	Targets (FY2026/3)
 <p>Providing “safe and secure” financial services to anyone and everyone throughout Japan</p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Decrease in transactions due to the declining birthrate, aging population, and inadequate response to changes in DX and customer needs</li> <li>Loss of social credibility due to such factors as cyber-attacks and system failures</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Enhancing the Bank's image through differentiation from other banks</li> <li>Increase in the number of users by providing services that are easy for everyone to use</li> <li>Increase in financial needs through financial literacy education</li> </ul>	<p><b>R Retail Business</b></p> <ul style="list-style-type: none"> <li>Provide services through the post office network and support the use of digital services (address the digital divide)</li> <li>Expand offerings of digital/remote services that are accessible and easy to use by all customers, with top priority placed on safety and security</li> <li>Support asset building such as with the new NISA investment program, etc. focusing on retail customers</li> </ul> <p><a href="#">P.36</a></p>	<p>Number of accounts registered in the Yucho Bankbook App</p> <p>Number of NISA accounts</p>	<p>10.4 million accounts</p> <p>730 thousand accounts</p>	<p>16.0 million accounts</p> <p>940 thousand accounts</p>
 <p>Contributing to regional economic expansion</p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Downturn in the market due to a decrease in the local population</li> <li>Reduced opportunities due to inadequate engagement with local communities</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Market expansion through revitalization of the local economy</li> <li>Upswing in opportunities through collaboration with diverse partners and efforts to address local equity needs</li> </ul>	<p><b>R Retail Business</b> <b>M Market Business</b> <b>Σ Business</b></p> <ul style="list-style-type: none"> <li>Realization of “co-creation platform” with regional financial institutions, etc.</li> <li>The challenge to revitalize local economies and create new corporate value through “JAPAN POST BANK's unique GP business”</li> <li>Flow of funds to regional communities via various frameworks</li> </ul> <p><a href="#">P.36, P.40, P.46</a></p>	<p>GP business-related investments (based on investment commitments)</p>	<p>¥48.9 billion</p>	<p>Approx. ¥400 billion</p>
 <p>Reducing environmental impact</p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Damage to the Bank's assets such as ATMs due to natural disasters, etc., and an increase in the credit risk of investee companies.</li> <li>Decrease in the value of marketable securities of companies held in market operations that have been significantly affected by stricter environmental regulations</li> <li>Decrease in corporate value in the event the response to environmental issues is assessed as inadequate</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Enhancement of evaluations of JAPAN POST BANK in capital markets and society through appropriate initiatives and disclosures on environmental issues</li> <li>More opportunities to invest in renewable energy projects and green bonds, etc.</li> </ul>	<p><b>R Retail Business</b> <b>M Market Business</b> <b>Σ Business</b></p> <ul style="list-style-type: none"> <li>Enhancing initiatives based on TCFD proposals</li> <li>Reduce GHG (greenhouse gas) emissions, promote shift to paperless operations</li> <li>Promote ESG investments and loans</li> </ul> <p><a href="#">P.36, P.40, P.46</a></p>	<p>GHG emissions reduction rate*<sup>1</sup>: (compared to FY2020/3 levels)</p> <p>Business forms usage reduction rate (compared to FY2021/3)</p> <p>ESG-themed investment and loan balance</p>	<p>-50.8%</p> <p>—</p> <p>¥4.6 trillion</p>	<p>-60%</p> <p>-20%</p> <p>¥7 trillion</p>
 <p>Diversity promotion of human resources and sophistication of governance</p> 	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>Inability to execute management strategies due to lack of human resources, etc.</li> <li>Low morale due to poor employee engagement</li> <li>Loss of social credibility due to such factors as misconduct, compliance violations, and inadequate measures against money laundering/financing of terrorism</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Creation of innovation by diverse human resources</li> <li>Organizational revitalization and an increase in corporate value through human capital investment and human capital strategies linked to management strategies</li> <li>Increased productivity through diverse work styles</li> </ul>	<p><b>Strengthening the management base</b></p> <ul style="list-style-type: none"> <li>Promote human capital management based on the principles of “Encourage growth” + “Discover abilities” + “Effectively utilize diversity”</li> <li>Further improve the effectiveness of the Board of Directors</li> </ul> <p><a href="#">P.54, P.74</a></p>	<p>Overall employee satisfaction rate</p> <p>Ratio of women in managerial positions*<sup>2</sup></p> <p>Rate of employees taking childcare leave (Regardless of gender)</p> <p>Rates of employees with disabilities*<sup>4</sup></p>	<p>67.3%</p> <p>18.4%</p> <p>100%</p> <p>2.94%</p>	<p>70% or higher</p> <p>20%*<sup>3</sup></p> <p>100%</p> <p>3.0% or higher</p>

\*1 FY 2023/3 Results, FY 2031/3 Targets

\*2 Results as of April 1, 2024, April 2026 Targets

\*3 The JAPAN POST GROUP is targeting a ratio of female managers of 30% at headquarters by April 1, 2031.

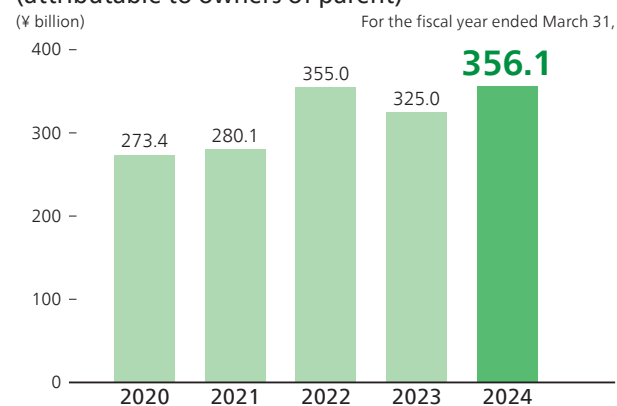
\*4 Results as of June 1, 2023, June 2025 Targets



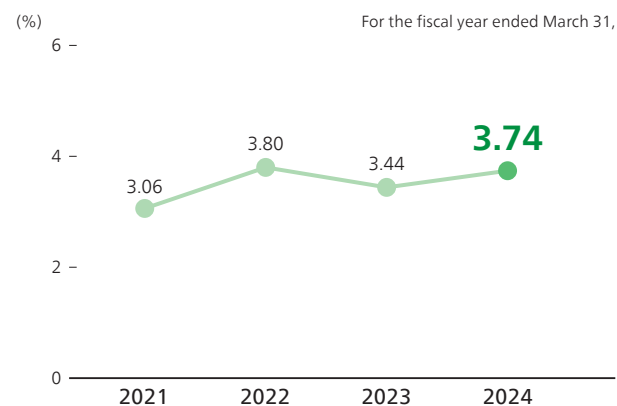
## Value Creation (Highlights)

## Financial Highlights

## Profitability

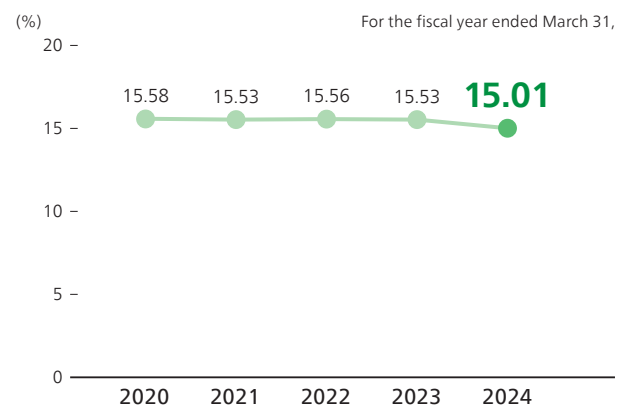
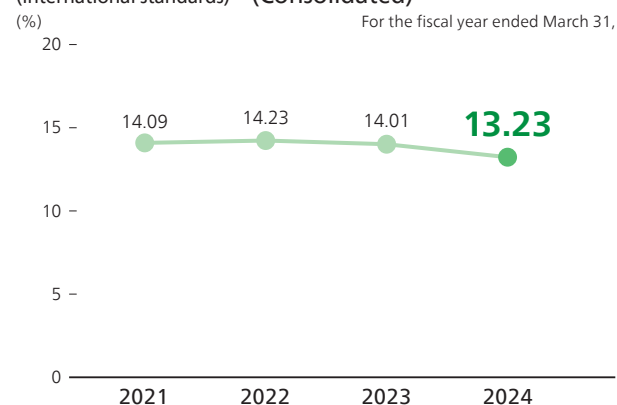
Consolidated net income  
(attributable to owners of parent)

## ROE (based on shareholders' equity) (Consolidated)



## Soundness

## Capital adequacy ratio (domestic standard) (Consolidated)

Common equity tier1 (CET1) capital ratio  
(international standards)\*1 (Consolidated)

## Efficiency

OHR (Basis including gains (losses) on money held in trust)\*2  
(Consolidated)  
FY2024/3

65.39%

General and administrative expenses  
(compared with FY2021/3)  
FY2024/3

¥-81.5 billion

## Shareholder Returns

## Dividend payout ratio (Consolidated)

FY2024/3

51.8%

## Total shareholder returns (TSR)

FY2024/3

155.25%

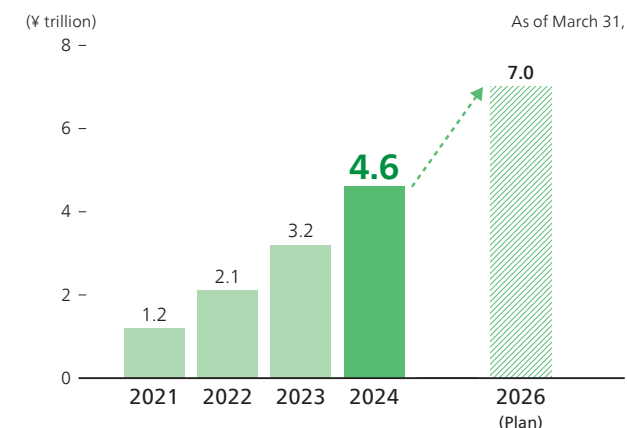
\*1 Based on excluding unrealized gains on available-for-sale securities (certain calculation items simply calculated); reflects Basel III finalization from the end of FY2024/3.

\*2 Considering that JAPAN POST BANK manages securities by using money held in trust of a considerable scope, the OHR is set as an indicator that includes investment gains (losses) related to money held in trust in the denominator. Calculated as general and administrative expenses ÷ (net interest income, etc. + net fees and commissions).  
Net interest income, etc. = Interest income – Interest expenses (including gains (losses) on sales etc.).

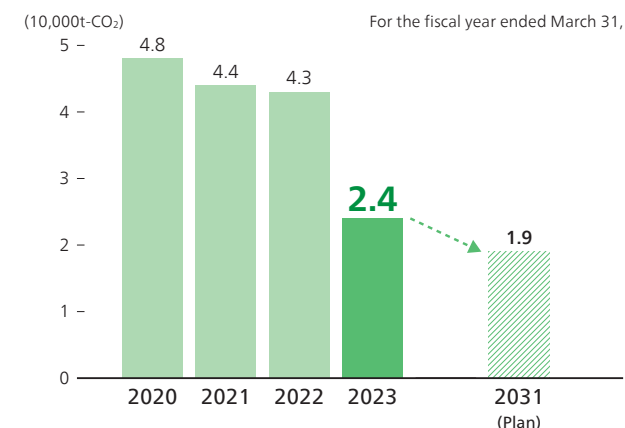
## Non-financial Highlights

## Environment- and Climate Change-related

## ESG-themed investment and loan balance



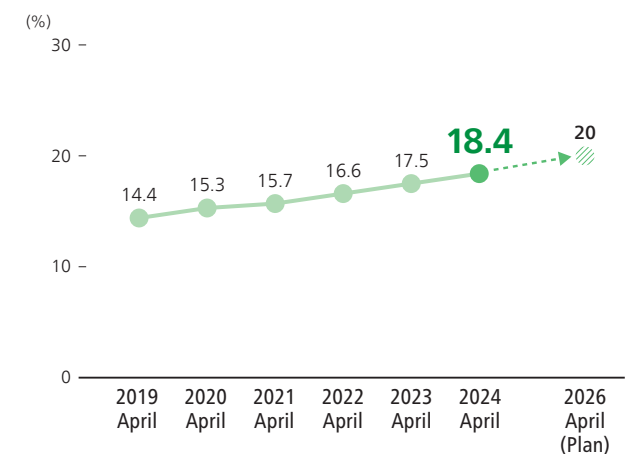
## GHG Emissions for the Bank (Scope 1, Scope 2)



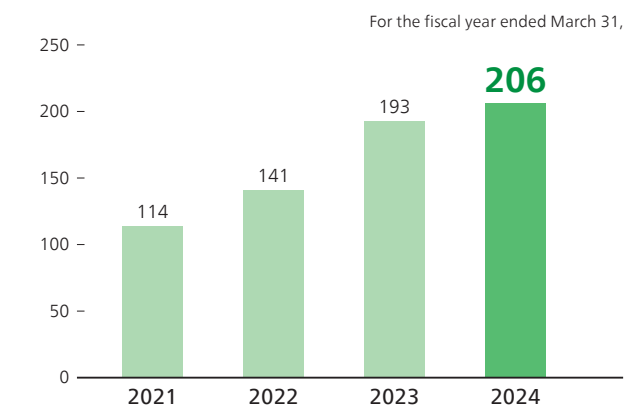
\* Rounded to the second decimal place.

## Human Capital-related

## Ratio of women in managerial positions



## Number of applicants for Career Challenge system

Ratio of employees taking childcare leave  
(regardless of gender)

FY2024/3

100%

KPI (FY2026/3) ▶ 100%

## Paid holiday utilization rate (Average)

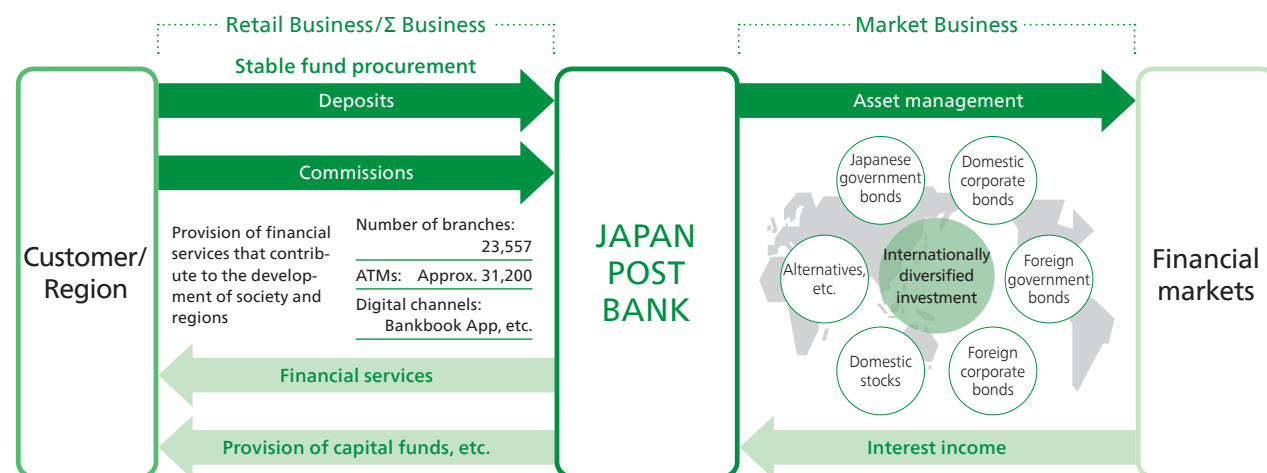
FY2024/3

19.3 days



## Business Model

In aiming to remain “the most familiar and trusted bank,” JAPAN POST BANK is developing three businesses: the Retail Business, which works to provide safe, secure and convenient products and services to a wide range of customers, from small children to the elderly, through its network of post offices; the Market Business, which aims to encourage increased investment sophistication and diversification while ensuring stable profits as one of Japan’s largest institutional investors; and the Σ (Sigma) Business, which is a corporate business for creating futures for societies and local communities through investment.

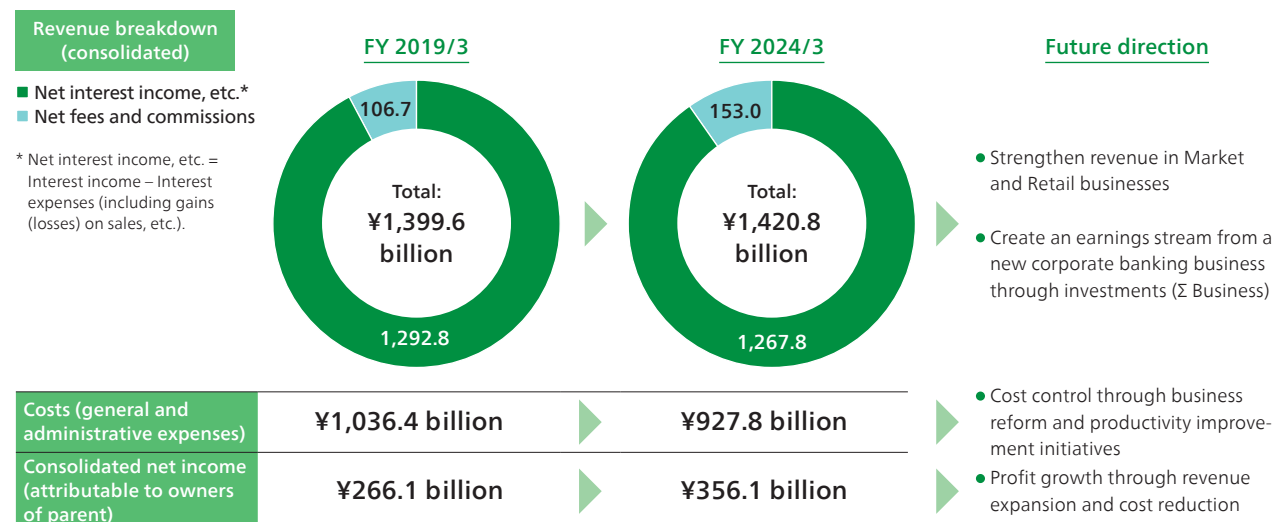


Business	Primary businesses
Retail Business	Financial services such as deposits, remittance/payment, salary/pension receipt, asset management, cashless services, and mortgage (intermediary)
Market Business	Investment of deposits into securities and other investments in domestic and foreign financial markets
Σ Business	Provision of capital funds to regional companies, deal sourcing for investee companies, marketing support for investee companies, etc.

## JAPAN POST BANK's Profit Structure

The main driver of a majority of the revenues the Bank generates, including net interest income, etc., is the Market Business. In recent years, however, net fees and commissions which are income from fees have also expanded, primarily from the Retail Business. Looking ahead, we will continue our efforts to strengthen earnings in the Retail and Market

businesses, while also working to secure profits through the Σ Business from the next Medium-term Management Plan and beyond. Moving forward, we will endeavor to achieve further profit growth by controlling costs through operational reforms and other measures.

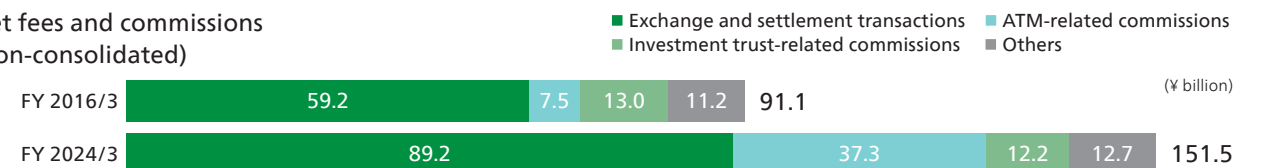


## Retail Business

Leveraging our strong customer base and network, a forte of the Bank, we are accelerating our strategy of complementarity between physical and digital channels while advancing our transformation into a new form of Retail Business that goes

beyond traditional banking operations. Steady progress is being made to improving profitability by expanding digital and cashless services and enhancing initiatives in the asset building support business and ATM business.

### Net fees and commissions (non-consolidated)



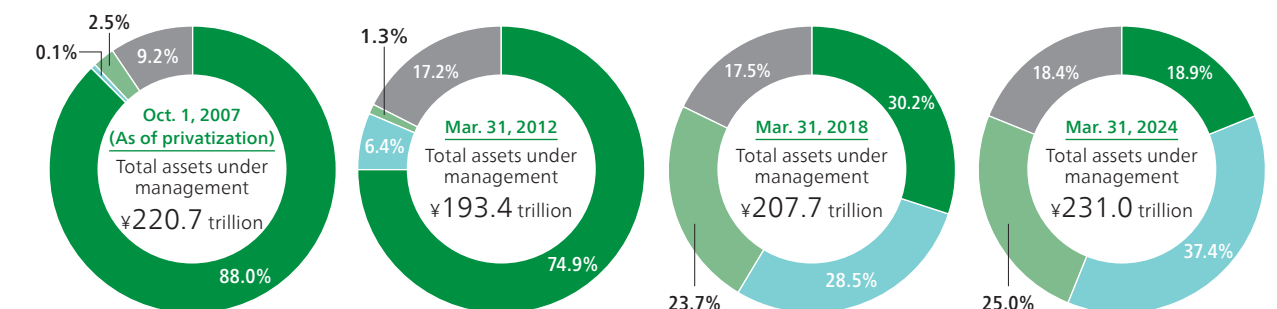
## Market Business

Prior to privatization, the Bank had invested mainly in government bonds. After privatization, however, we took risks, primarily with risk assets, and promoted the sophistication and diversification of our investments.

Going forward, we will pursue an optimal investment portfolio that combines yen interest rate assets and risk assets under appropriate risk management.

### Assets under management (non-consolidated)

Government bonds Foreign securities, etc. Due from banks, etc. Others (Japanese local government bonds, corporate bonds, money held in trust, loans, short-term investments, etc.)



## Σ Business

The Σ business compensates for shortfalls of capital in local communities through investment means. By identifying potential investment candidate companies (sourcing), investing in local business operators, and introducing and acting as an intermediary (marketing support) for the products and services of the businesses in which we have invested, we will contribute to the growth of businesses and business operators and to the revitalization of local economies.

its core, the GP business will work with its partners to engage in, for example, business succession, business revitalization and venture capital investments as well as ESG investments.

### 1 GP business (investment business)

JAPAN POST BANK's unique GP business boasts four special features: Co-creation with regional financial institutions and other diverse businesses; utilization of the Bank's nationwide network to carefully identify local funding needs; providing capital funds from a medium- to long-term perspective; and accompanying and supporting investee companies to help them achieve growth and resolve issues. With the Bank's wholly owned subsidiary, JAPAN POST CAPITAL PARTNERS Co., Ltd., at

### 2 Deal sourcing business

Utilizing its nationwide network that covers every corner of the country, JAPAN POST BANK works with regional financial institutions and others to identify (source) local business operators that could be potential investment targets for the Σ Business.

### 3 Marketing support business for investee companies

JAPAN POST BANK introduces and mediates (provides marketing support) for products that its investee companies possess that could create new markets but for which demand has not yet become apparent, thereby supporting the growth of its investee companies and others.



Progress and Review of the Medium-term Management Plan (FY 2022/3 to FY 2026/3)

Having promoted the five priority strategies set out in its Medium-term Management Plan, the Bank achieved its financial target for FY 2024/3 and recorded its highest profit since its public listing in the first three years of the Plan. The Bank was also able to achieve its financial target for FY 2026/3 ahead of schedule.

In contrast, the business environment surrounding the Bank is undergoing significant changes, including rising interest rates both at home and abroad, faster-than-expected advancements in the digitalization in society, including the inroads being made by AI, and growing interest in companies that “take action to implement management that is conscious of cost of capital and stock price.” Taking into account these kinds of changes in the business environment, we revised our plans for the remaining two years, from FY 2025/3 to FY 2026/3.

Revision of Financial Targets and KPIs

JAPAN POST BANK has upwardly revised its consolidated net income for FY 2026/3, from the initial Medium-term Management Plan forecast of “¥350 billion or more” to “¥400 billion or more,” and also revised other major financial targets in the

same way. In accordance with this review of the Medium-term Management Plan, major KPIs have been revised upward or newly established.

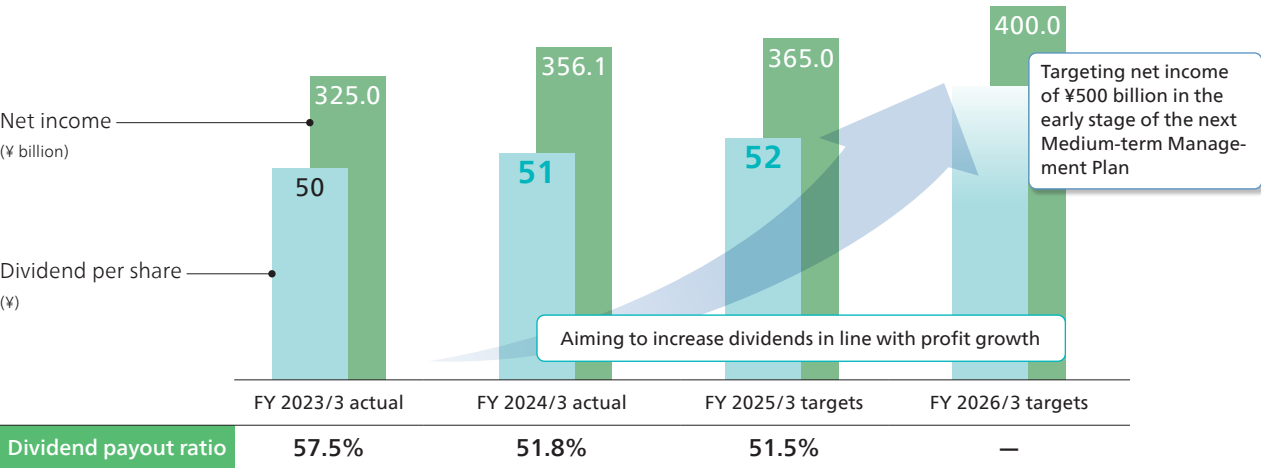
Consolidated Basis		FY 2024/3 Actual	FY 2025/3 targets	FY 2026/3 targets (after revision)	FY 2026/3 targets (before revision)
Profitability	Consolidated net income (attributable to owners of parent)	¥356.1 billion	¥365.0 billion or more	¥400.0 billion or more	¥350.0 billion or more
	ROE (based on shareholders' equity)	3.74%	3.77% or more	4.0% or more	3.6% or more
Efficiency	OHR (expense ratio) (including gains (losses) from money held in trust, etc.)*1	65.39%	65% or less	62% or less	66% or less
	General and administrative expenses (compared with FY 2021/3)	¥(81.5) billion	¥(73.0) billion	¥(69.0) billion	¥(55.0) billion
Soundness	Capital adequacy ratio (Domestic standards)	15.01%	Approx. 10% (Target level in normal times)	Approx. 10% (Target level in normal times)	Approx. 10% (Target level in normal times)
	Common equity tier1 (CET1) capital ratio (international standards)*2	13.23%	Approx. 10% (Target level in normal times)	Approx. 10% (Target level in normal times)	Approx. 10% (Target level in normal times)

\*1 Keeping in mind that JAPAN POST BANK manages securities that utilize money held in trust of a considerable scope, we have established an OHR target that includes in the denominator operational profit/loss pertaining to money held in trust. Calculated as general and administrative expenses ÷ (net interest income, etc. + net fees and commissions). Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales etc.).

\*2 Excluding unrealized gains on available-for-sale securities. In light of the finalization of Basel III regulations (full implementation) at the end of FY 2029/3, the goal is to secure capital requirements equivalent to a fully applied basis from the end of FY 2026/3 onward. If the amount temporarily falls below the target level due to an increase in unrealized losses on available-for-sale securities, we will aim to replenish capital to the target level by adjusting assets under management, etc. Although the Bank is a domestic bank (required to maintain a capital adequacy ratio of 4% or more), due to the size of its overseas credit exposure and other factors, the Bank has set a target CET1 ratio of approximately 10% in normal times, based on the idea of aiming for the same level of capital management as large domestic financial institutions.

Actual and Estimated Dividend per Share (Consolidated)

No change in shareholder return policy, the Bank will work to increase dividends in line with profit growth



Medium- to Long-term ROE Targets

Aiming to achieve ROE\* of 4% or more during the current Medium-term Management Plan (to FY 2026/3) and 5% or more in excess of cost of shareholders' equity early in the next Medium-term Management Plan (from FY 2027/3), and

further improvement over the medium to long term.

For more details on ROE, please see page 13.

\* Net income in the order of ¥500 billion

Review of Business Strategies

As far as business strategies are concerned, JAPAN POST BANK decided to maintain the basic direction of the Medium-term Management Plan while revising the framework around three business strategies with a view to the

next Medium-term Management Plan. Moving forward, the Bank will accelerate the pace of transformation to a sustainable business model through this strategy.

Before revision	Looking back on the past three years	After revision	Key points of the revision
(1) Retail business innovations	Expand digital services that are easy for all customers to use, such as the Yucho Bankbook App	(1) Retail business innovations	Enhance strategy for complementarity between the physical and digital/remote channels
(2) Work reforms and productivity improvements	Steadily reduce workload through operational reforms using digital technology	(2) Market business enhancement	Underpinned by optimal risk management, pursue an optimal investment portfolio that combines the yen interest rate portfolio with risk assets
(3) Enhancing funds flow to regional communities and regional relationship functions	Launched the Σ Business and established a promotion system with a pilot period through September 2024	(3) Full-scale launch of the Σ Business (a corporate business for creating futures for societies and local communities through investment)	Realize a "co-creation platform" with regional financial institutions, etc. (promotion of "JAPAN POST BANK's unique GP business" with a subsidiary as the core)
(4) Deepening market operations and risk management	Build up the risk asset balance and strategic investment area balance while fortifying stress tolerance	(4) Strengthening the management base	Continue to practice customer-oriented business operations, Promote human capital management, Promote strategic IT investments Improve Bank-wide work efficiency with the use of AI and other technologies
(5) Strengthening the management base	Practice customer-oriented business operations; implement smooth renewal of core systems		

Revision of KPIs by Business Strategy

Before revision		After revision	
Retail business innovations	Number of accounts registered in the Yucho Bankbook App	10 million accounts	16 million accounts
	Number of active Tsumitate NISA accounts	400 thousand accounts	940 thousand accounts
Market business enhancement	Balance of risk assets	Approx. ¥110 trillion	Approx. ¥114 trillion
	Balance in strategic investment areas	Approx. ¥10 trillion	Approx. ¥14 trillion
Full-scale launch of the Σ Business	Number of regional vitalization fund participation cases	50 cases (cumulative)	GP business-related investments (based on investment commitments)
	Number of financial institutions that have aggregated operational processes	Approx. 20 financial institutions	Approx. ¥400 billion
Strengthening the management base	(Newly established KPIs)		
	Ratio of women in managerial positions	20% (Target to achieve by April 2026)	105 employees
	Rate of employees taking childcare leave (regardless of gender)	100%	100 or more employees
	Rate of employees with disabilities	2.7% or higher	70% or higher
	Reduction in personnel (compared with FY 2021/3)	-3,000 employees	20% (Target to achieve by April 2026)
Promotion of sustainability management	GHG emissions reduction rate (compared with FY 2020/3)	-60% (Target for FY 2031/3)	100%
	(Newly established KPIs)		
	Balance of ESG-themed investments	¥4 trillion	100 or more employees
			Overall employee satisfaction rate
			70% or higher
			Ratio of women in managerial positions
			20% (Target to achieve by April 2026)
			Rate of employees taking childcare leave (regardless of gender)
			100%
			Rates of employee with disabilities
			3.0% or higher
			Reduction in personnel (compared with FY 2021/3)
			-3,000 employees
			GHG emissions reduction rate (compared with FY 2020/3)
			-60% (Target for FY 2031/3)
			Business form usage reduction rate (compared with FY 2021/3)
			-20%
			Balance of ESG-themed investments and loans
			¥7 trillion



# 1st Engine: Retail Business

Providing “reliable and thorough” financial services “safely and securely” to anyone and everyone throughout Japan



**Etsuko Kishi**  
Managing Executive Officer



**Akihiro Den**  
Managing Executive Officer

## Main Business

Targeting customers who are mainly individuals in Japan, providing financial services, such as deposits, remittances/ payments, salary/pension receipt, asset management, cashless services, and housing loans (brokerage), through nationwide directly managed branch offices and post offices as well as our ATM network and digital channels.

### External Environment and Social Issues

- Declining birthrate, shrinking and aging population
- Diversification of channels
- Entry into different industries
- Growing trend toward digitalization
- Digital divide
- Promotion of the “Policy Plan for Promoting Japan as a Leading Asset Management Center”
- Expansion of NISA system

## Retail Business Strengths and Resources

### Scale

- Physical network **23,557** branches
- Total Number of ATMs Approx. **31,200**
- Number of partner financial institutions (ATMs) Approx. **1,200** companies
- Customer base Approx. **120** million accounts

### Diverse Human Resources

- Number of employees **11,345**
- Class FP2 and above acquisition ratio **73.6%**

### Trusted Brand

- Brand strength based on the trust built since the Bank’s founding

### Deposit/Capital Base

- Deposit balance **¥192.8** trillion
- (Retail deposit ratio: Approx. 97%)

### Strategies (Medium-term Management Plan / Retail Business innovations)

- 1 Digital Services Strategy
- 2 Asset-Building Support Business Strategy
- 3 Cashless, ATM, and Loan Business Strategies
- 4 Work Reforms and Productivity Improvements

## OUTPUT

### Yucho Bankbook App

- Number of registered accounts Approx. **10.4** million accounts

### Asset building

- Number of NISA accounts Approx. **730,000** accounts

## OUTCOME

### Customers

- Providing safe and secure financial services that are accessible to all customers
- Providing new service opportunities through complementarity between physical and digital channels
- Supporting the shift from deposits to investment
- Providing universal services

### Shareholders/Investors

- Building a new Retail Business model
- Reducing costs through improved operational efficiency using digital technologies

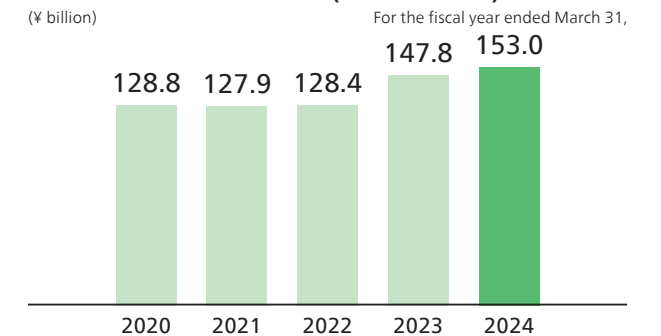
### Environment

- Reducing environmental impact by shifting to paperless transactions

## FY2024/3 Performance

In FY2024/3, fees and commissions income, which are mainly equivalent to commission income in the Retail Business, increased by ¥5.2 billion year on year, to ¥153.0 billion owing to such factors as the upswing in ATM-related commissions.

### Net fees and commissions (Consolidated)



## FY2024/3 Results and Future Initiatives

### Digital Services Strategy

Guided by a basic policy of “expanding digital services that are easy for all customers to use,” JAPAN POST BANK has taken steps to further enhance convenience, including by adding various payment functions and ATM deposit and withdrawal functions to its Yucho Bankbook App. Since its launch in February 2020, use of the Bankbook App service has steadily expanded, buoyed by the friendly and courteous guidance provided at JAPAN POST’s post office network—the number of registered accounts passed the 10 million mark in February 2024, reaching the target set under the Medium-term Management Plan two years early.

In addition, to meet the diverse needs of our customers, the Bank is working to build a co-creation platform that offers products and services that transcend the boundaries of conventional banking through various means, including push notifications on the Yucho Bankbook App. The Bank is already distributing advertising content on a wide range of products, including Sony Bank’s foreign currency deposits and JAPAN POST’s post office online store.

In the future, JAPAN POST BANK will continue to work toward the realization of a co-creation platform through collaboration with a variety of businesses.

### Improve UI/UX\* and enhance functionality of the Yucho Bankbook App, etc.

- Roll out of digital services centered on the Yucho Bankbook App
- Further expand offerings of easy-to-use digital services for all customers by promoting UI/UX improvements, functionality enhancements, application integration, etc.

### Strive to capture new users of the Yucho Bankbook App

- Make friendly and courteous sales pitches and provide support for the Yucho Bankbook App, etc., to customers of all ages who visit our branches
- Make use of online promotions, etc. to expand use of the app

\* In addition to making the services easier to operate and use, we will work to improve the value of the experience customers gain from using services.

Complementarity between the physical and digital channels

### Establishment of a “co-creation platform” through collaboration with a variety of businesses

- Using the Yucho Bankbook App, etc., introduce/advertise a variety of products from outside the boundaries of conventional banking services

#### Various Partner Companies

- Finance, utility fee, e-commerce, etc.

#### JAPAN POST BANK

- Investment trusts
- Cashless payments, etc.

#### JAPAN POST GROUP

- “Post Office Internet Shop”
- Products of JP insurance, etc.

- Attract visitors to post offices by providing information on seminars, events, etc.

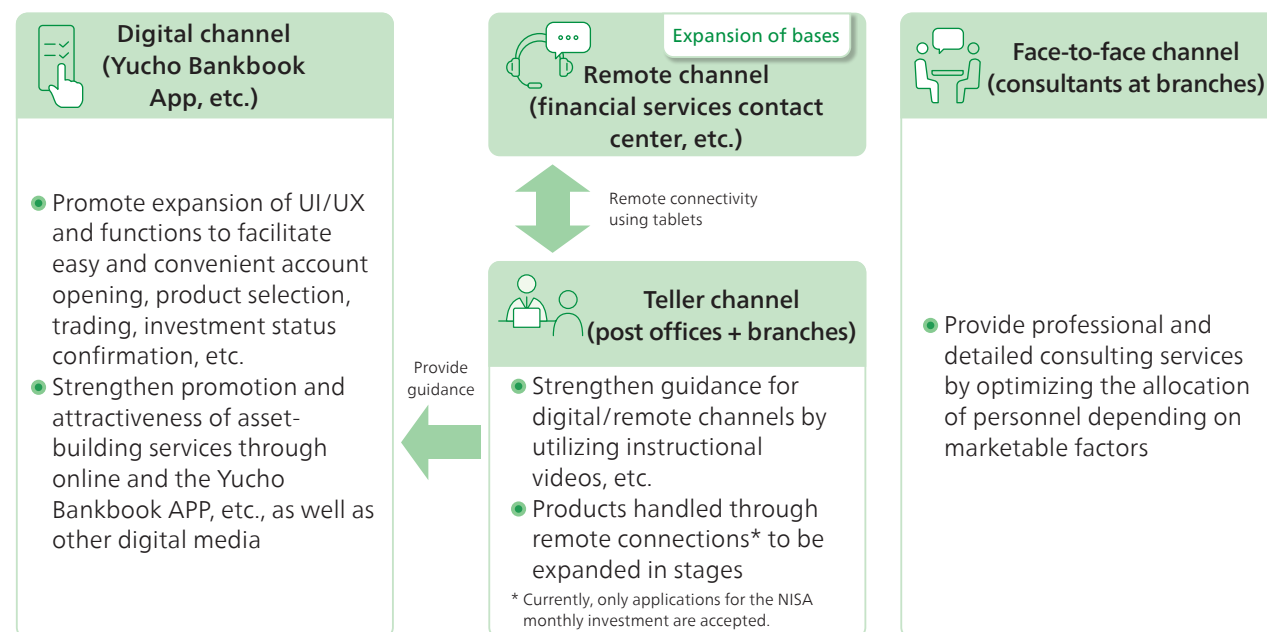


### Asset-Building Support Business Strategy

JAPAN POST BANK is endeavoring to shift from sales centered on face-to-face interactions to sales via digital and remote transaction channels linked with the teller channel in response to changes in the business environment, including the progress of digitalization of society and the launch of the new NISA system.

As far as face-to-face interactions are concerned, in

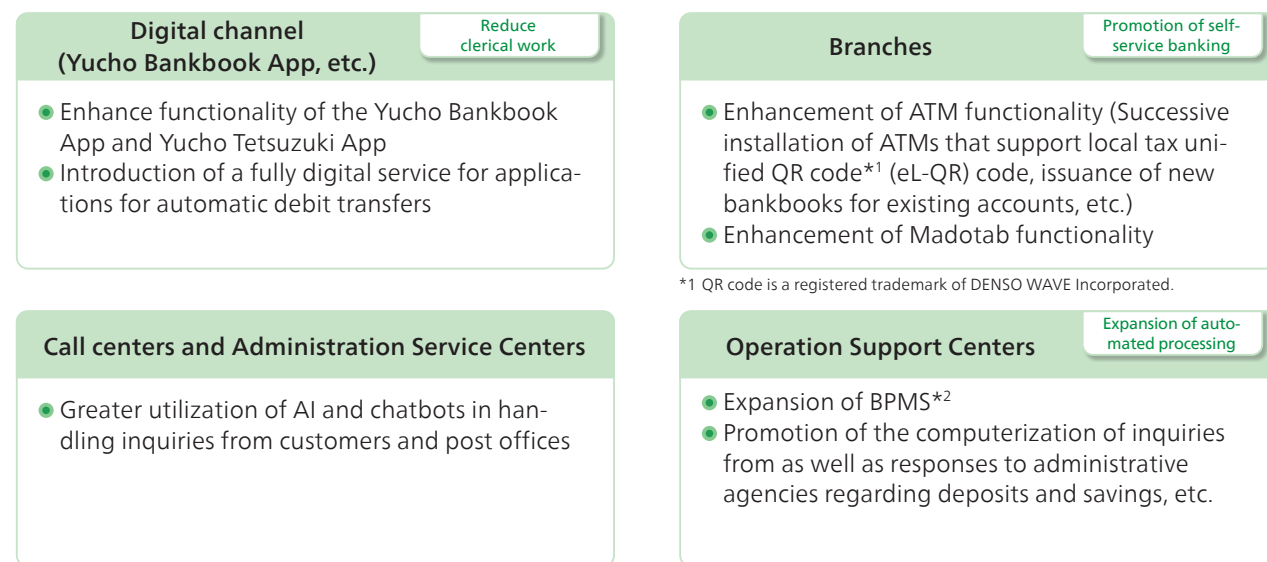
addition to the detailed efforts provided by consultants, the Bank will build a sales structure that leverages the strengths of the JAPAN POST GROUP by integrating physical and digital technologies. This includes enabling the handling of investment trusts (NISA) at approximately 20,000 locations that are familiar to customers and by remotely connecting JAPAN POST's nationwide network of post offices with financial services contact centers and other facilities.



### Work Reforms and Productivity Improvements

In March 2024, JAPAN POST BANK released the Yucho Tetsuzuki App that allows users to open accounts and re-register personal identification numbers in multiple languages on their smartphones. In addition, the Bank is working to provide increasingly convenient products and services to its customers while reducing the administrative workload at teller windows and in back office operations by adding a variety of functions, including the remittance and re-registration of personal

identification numbers, to Madotab, a self-service branch terminal. This allows customers to complete such tasks as the opening of accounts at directly-operated branch offices. At the same time, we are expanding automated processing at Operation Support centers while advancing various initiatives, including efforts to improve the efficiency of inquiry handling through the use of AI in the Administration Service Centers that assist post office staff.



## Toward Establishing a Co-creation Platform COLUMN

JAPAN POST BANK is promoting a host of initiatives in the process of building a co-creation platform for digital services that offer optimal products and services to meet the needs of our customers. Centered around digital channels like the Yucho Bankbook App, which currently boasts over 10 million registered accounts, the Bank is collaborating with a variety of businesses, including Group companies and non-financial business operators, in addition to offering its own products.

We made steady progress toward the realization of the co-creation platform in FY 2024/3, including a trial distribution of advertisements in the Bankbook App, providing information on Sony Bank's foreign currency deposits and JAPAN POST's post office online store.

We also set up a Co-creation Platform Planning Office in April 2024 to step up the pace of these efforts. In addition to further expanding distribution of advertisements via the App, we plan to vigorously pursue opportunities in the BaaS\* field in FY 2025/3. Our aim is to provide the Bank's financial functions to a range of businesses by leveraging ATM signage as an advertising channel, offering instant transfer services, and

capitalizing on the API-based integration scheme launched in April 2024.

Through these efforts, we hope to put in place an environment in which the Bank's accounts can be used not only for our own services and those of other Group companies, but also for the services of a variety of other businesses, thus providing new value to our customers.

\* Acronym of Banking as a Service. Initiatives aimed at providing bank functions and services to non-financial companies through APIs.



**Hideki Fujii**  
Manager of Co-creation Platform Planning Office, Digital Strategy Division



**Kirari Shioiri**  
Mihama Branch Financial Services Department

### Helping Customers Realize Their Life Plans

I joined JAPAN POST BANK as a new graduate in 2018. After working as a teller at the Showa branch for the first two years, I began consulting work related to asset management in 2020. After transferring to the Nagoya Chuo Branch in 2022, I then moved to the Mihama Branch in 2023, where I work as a consultant in the Financial Services Department.

Now in my fifth year as a consultant, I am endeavoring to better understand the different potential needs of each client to help them realize their life plans and protect their valuable financial assets.

When one of my clients came to me with

concerns about inheritance planning, I suggested that we think together about ways to achieve their key future goals, including measures taking advantage of financial products, obtaining information from specialists, and drawing up a will. I was particularly impressed when the customer said, "I'm excited about the possibility of living the life I envisioned."

Moving forward, in response to ever-changing financial conditions, I will work to gain a better understanding of the Bank's products and services and continue to hone my capabilities, by acquiring qualifications and in other ways, so that I can make proposals that are centered on the customer.



## 2nd Engine: Market Business

As one of the largest institutional investors in Japan, JAPAN POST BANK will work to both realize sound and profitable investments, and contribute to the realization of a sustainable society.



Hideki Nakao  
Managing Executive Officer



Masato Tamaki  
Senior Managing Executive Officer

### Main Business

We use the deposits entrusted to us by our customers as resources to invest in securities, etc., in domestic and overseas financial markets.

### External Environment and Social Issues

- Shift in monetary policy
- Increase in domestic interest rates
- Fluctuations in overseas interest rates
- Depreciation in the value of the yen
- Demands of a sustainable society

### Market Business Strengths and Resources

#### Diverse Human Resources

- Market operations
- Professional human resources  
(As of April 1, 2024)  
**97**

#### Deposit/Capital Bases

- Total assets under management  
¥231.0 trillion
- Financial soundness (consolidated)  
**Capital adequacy ratio**  
(domestic standards)  
**15.01%**

Common equity tier1 (CET1) capital ratio  
(International standards)\*  
**13.23%**

\* Based on excluding unrealized gains on available-for-sale securities.

- Shareholders' equity  
¥9.5 trillion

#### Trusted Brand

- Brand strength based on the trust built since the Bank's founding
- Know-how accumulated since the beginning of operations
- Customer base  
Approx. 120 million accounts  
(Retail deposit ratio: Approx. 97%)

#### Strategy (Medium-term Management Plan / Market Business Enhancement)

- 1 Pursuit of an Optimal Investment Portfolio (ALM Policy)
- 2 Restructuring of the Yen Interest Rate Portfolio
- 3 Pursue Diversified Investment in Foreign Assets
- 4 Further reinforcing risk management

### OUTPUT

#### Pursue Diversified Investment in Foreign Assets

- ▶ Balance of risk assets  
¥107.4 trillion
- ▶ Balance of strategic investment areas  
¥12.1 trillion

#### Restructure Yen Interest Rate Assets

### OUTCOME

#### Customers

- Provide a sense of security and pay interest through the stable management of entrusted deposits

#### Shareholders/Investors

- Securing of stable core revenue

#### Regional communities

- Contribute to regional communities through ESG investments and loans

#### Environment

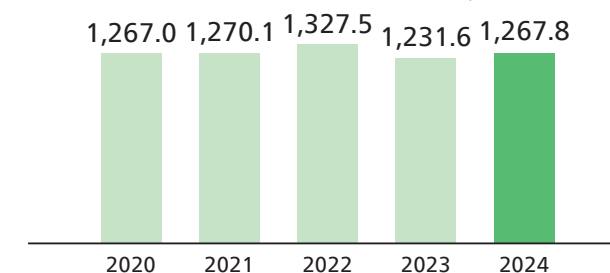
- Contribute to the global environment through ESG investments and loans

### FY2024/3 Performance

The actual results for FY2024/3 net interest income, etc., which are mainly equivalent to market business revenues, were ¥1,267.8 billion. Against the backdrop of rising foreign currency procurement costs, non-recurring gains grew by ¥36.2 billion compared with the previous fiscal year due to an increase in gains on sales of stocks associated with operations for risk controls, in addition to the contribution from gains related to private equity and other funds.

#### Net interest income, etc. (Consolidated)

(¥ billion) For the fiscal year ended March 31,



### FY2024/3 Results and Future Initiatives

#### Pursuit of an Optimal Investment Portfolio (ALM Policy)

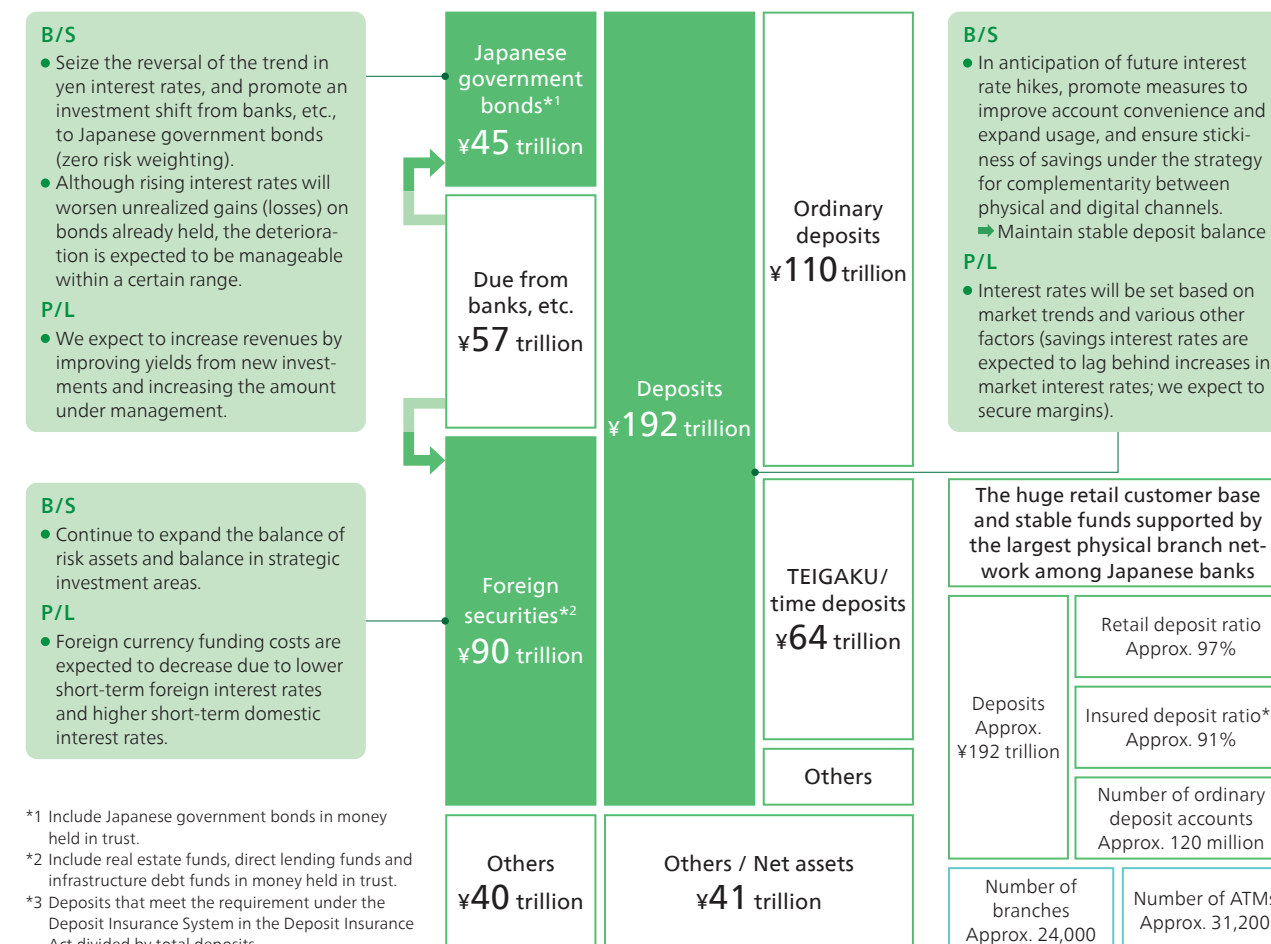
On the funding procurement (liabilities) side, JAPAN POST BANK will maintain and deepen its customer base through complementarity between physical and digital channels, thereby maintaining and sustaining a stable funding base and

balance of deposits centered on highly sticky retail deposits.

On the asset management (asset) side, the Bank will pursue an optimal investment portfolio that combines yen interest rate assets, such as Japanese government bonds, with risk assets, such as foreign securities.

#### Total assets as shown on the Bank's balance sheet (non-consolidated):

**¥233 trillion** (as of March 31, 2024)



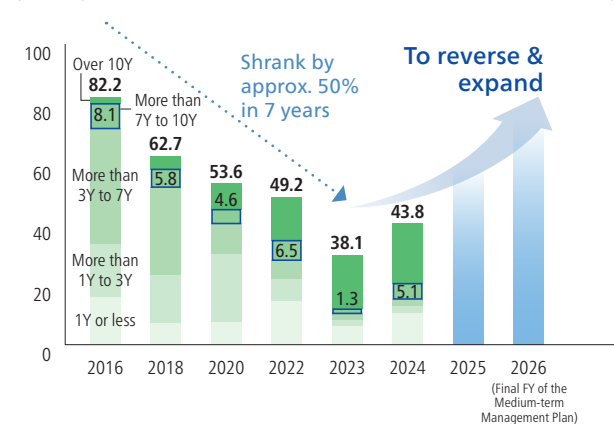


### Restructuring of the Yen Interest Rate Portfolio

Seizing upon the reversal trend in yen interest rates, the Bank will promote a shift in investments from deposits to Japanese government bonds in an effort to restructure its yen interest

#### Balance of Japanese government bonds\*<sup>1</sup>

(¥ trillion) As of March 31,



\*1 Except Japanese government bonds in money held in trust.

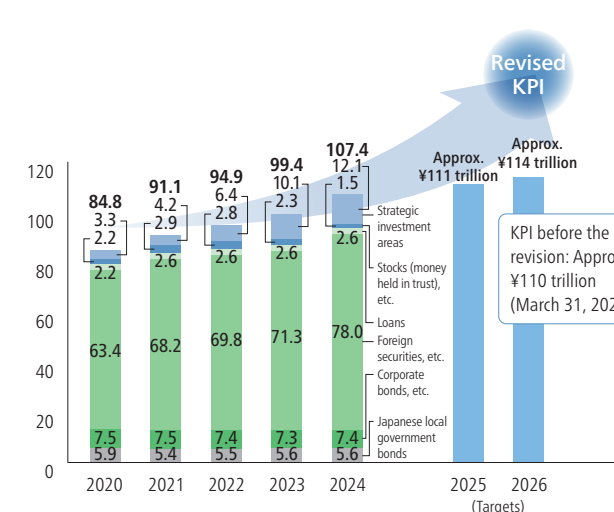
\*2 Consolidated, management accounting basis. "Risk assets" consist of Japanese local government bonds, corporate bonds, loans, stocks (money held in trust), foreign securities, and strategic investment areas, etc. Yen interest assets and risk assets include income and expenses related to internal fund transactions among portfolios.

### Pursue Diversified Investment in Foreign Assets

Continue to utilize capital to increase the balance of risk assets and balance in strategic investment areas up through the end of FY 2026/3, while remaining conscious of risk-adjusted returns.

#### Balance of risk assets\*<sup>1</sup> (non-consolidated)

(¥ trillion) As of March 31,



\* Following application of the Implementation Guidance on Accounting Standard for Fair Value Measurement (revised in 2021), from FY2023/3 the balance of private equity funds and real estate funds will, with the exception of some assets, be based on market value.

\*1 Assets other than yen interest rate assets (Japanese government bonds, etc.)

\*2 Private equity funds, real estate funds (equity, debt), direct lending funds, infrastructure debt funds, etc.

### Further Reinforcing Risk Management

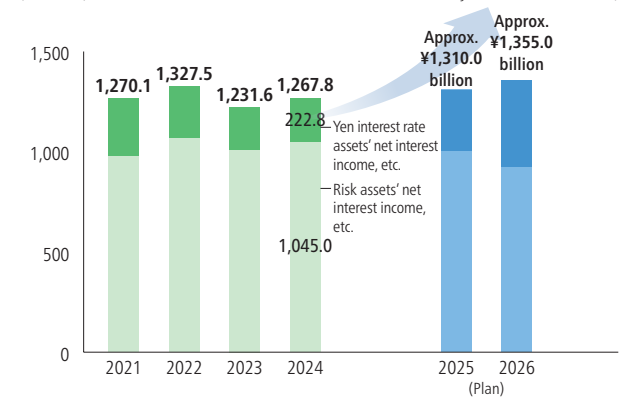
Under the current Medium-term Management Plan, in addition to capital adequacy ratio (domestic standard), the Bank has set and manages the minimum target level common equity tier1 (CET1) capital ratio (internationally unified standard, excluding valuation gains on available-for-sale securities) of approximately 10% as the target level in normal times. We are also steadily promoting more advanced stress tests and stronger monitoring to further reinforce risk management.

As of the end of March 2024, the capital adequacy ratio (domestic standard) was 15.01% and the CET1 ratio was 13.23%,

rate portfolio. The Bank thereby aims to reverse and expand income from yen interest rate assets while securing risk asset-related income.

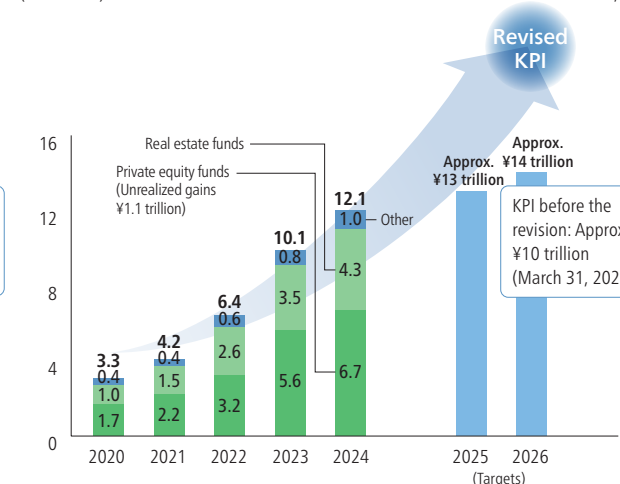
#### Net Interest Income, etc.\*<sup>2</sup>

(¥ billion) For the fiscal year ended March 31,



#### Balance of strategic investment areas\*<sup>2</sup> (non-consolidated)

(¥ trillion) As of March 31,



exceeding the target level in normal times (approximately 10%).

### Initiatives to strengthen risk management

- Enhancement and upgrading of monitoring systems to support portfolio management (strategic investment areas, credit portfolio, foreign currency liquidity, etc.)
- Maintain sufficient financial soundness and strengthen risk management systems (e.g., conduct stress tests in light of changes in the internal and external environments)
- Respond appropriately to revisions and tightening of international financial regulations



Aya Tanaka

Private Equity Investment Department

## Expanding Strategic Investment Areas

### Private Equity Investments

I joined JAPAN POST BANK in 2013 as a new graduate, coming in on a career track, and have engaged in private equity (PE) investing operations since 2016. Since the Bank began PE fund investment operations in 2016, it has come to boast one of the largest investment volumes in the world, with the balance of assets under management totaling around ¥6 trillion on a fair value basis. Along the way, I have gained experience in a variety of roles, including roughly seven years seconded to a PE management firm and Japan Post Investment

Corporation, a Bank subsidiary, where I handled investment operations for individual companies and domestic buyout funds, among other things.

I am currently mostly in charge of planning assistance involving overall PE fund investments, monitoring investee funds, and contract management operations. I will continue to hone my capabilities and deepen my expertise from various angles to contribute to the growth of the Bank's portfolio and its earnings.

### Foreign Corporate Bond Investments

I joined the Investment Division of JAPAN POST BANK in 2020 as a mid-career hire, coming in on a professional track. Leveraging the experience and skills I had previously acquired on the buyer side, I am currently engaged in the in-house management of foreign corporate bond investments as a credit analyst. Specifically, I analyze the past performance of investee companies in the sectors I am in charge of (pharmaceuticals, insurance, etc.) and forecast future earnings. I also travel overseas to visit existing investee

companies as well as new investee companies directly, daily gathering the information needed to execute investment decisions, such as through interviews with management teams and IR staff. I will continue to carefully take stock of the market as I engage in analytical operations. I am also a member of a group within my division that promotes women's participation and advancement in the workplace, through which I hope to help create welcoming workplaces for female employees.



Aki Sakamoto

Global Credit Investment Department



Rina Ogiso

Risk Management Department

## Deepening Risk Management

### Managing Risk for the Asset Management Portfolio

I joined JAPAN POST BANK in 2018 as a new graduate, coming in on a career track. Since 2020, I have served as a member of the Risk Management Department, where I am currently engaged in managing risks for the Bank's asset management portfolio. Specifically, I am involved in using statistical methods to measure credit risk and calculating capital adequacy and CET1 ratios. The Bank's asset management portfolio is one of the largest and most unique in Japan. This means that, on top of gauging market conditions and

being knowledgeable about various laws and regulations, we need to have a thorough understanding of the product features of the assets the Bank holds. Working closely with relevant departments to gather information, I am striving to enhance the Bank's risk management, eager to embrace the challenges that come from a situation that changes daily.

I will continue to help further strengthen the Bank's risk management while addressing growth in the balance of risk assets in strategic investment areas.



## Building a Strong Operational Structure



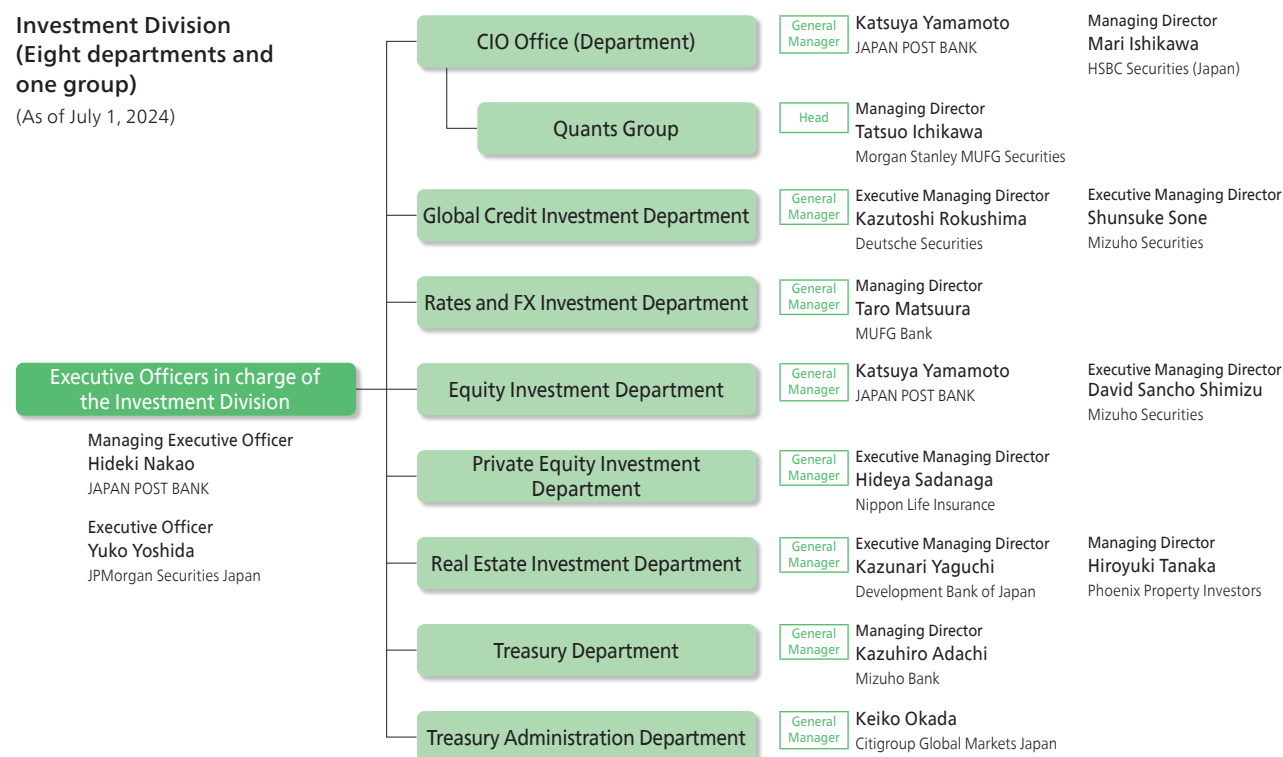
Under the supervision of the dedicated Executive Officers in charge, the Bank's Investment Division comprises eight departments and one group, specializing in different fields. The management at the General Manager-level is staffed by specialized human resources with a wide range of experience. In addition to promoting the expansion of human resources in market-related departments to both strengthen risk management and other systems, and to develop the infrastructure, we are actively recruiting and training market human resources.

Specifically, in addition to appointing investment division officers from outside the company and continuously hiring human resources specializing in the market, including risk management, we are implementing, on an ongoing basis, basic and applied training programs conducted by professionals for our younger human resources.

### Operational Structure

#### Investment Division (Eight departments and one group)

(As of July 1, 2024)



Note: Main former appointment listed below name.



## Sustainability × Market Business

### JAPAN POST BANK ESG Investments and Loans

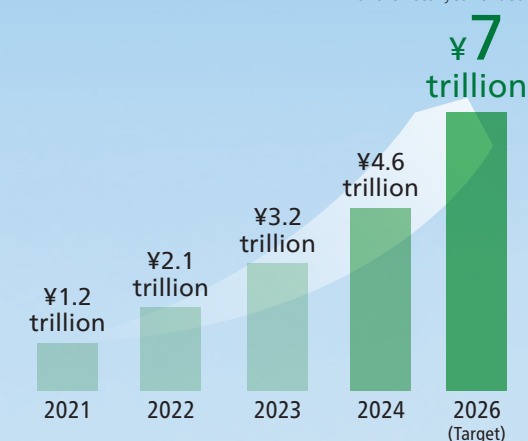
#### Promoting ESG-themed investments and loans

Along with functioning as a Bank that provides services throughout Japan, JAPAN POST BANK operates as one of the country's largest institutional investors with a primary focus on rates and FX investments. In aiming to achieve a carbon free society and a sustainable society more generally, the Bank recognizes the importance of countries and corporations, among others, working together. The Bank therefore established a target for the balance of ESG-themed investments\* as part of its Medium-term Management Plan that kicked-off in FY 2022/3 in order to meet its obligations as an institutional investor. Likewise, the Bank actively invests in green bonds and loans, transition bonds and loans, and other areas. When recently revising the current Medium-term Management Plan, the Bank increased the target for FY 2026/3 from ¥4 trillion to ¥7 trillion. With this change, the Bank will appropriately tap into high-value loan demand targeting the expected shift away from carbon use, and through financing will further drive initiatives implemented by investees targeting solutions to various social issues.

\* ESG bonds (green bonds, social bonds, sustainability bonds, etc.) and loans to the renewable energy sector, regional vitalization funds, etc.

#### Balance of ESG-themed investments

For the fiscal year ended March 31,



#### Estimating positive impacts coinciding with investments and loans

Funding provided by JAPAN POST BANK is allocated to various projects in Japan and abroad in the renewable energy business, for example. In order to measure the outcomes of these projects, among its ESG-themed investments and loans the Bank estimated the positive impacts of green bonds and social bonds based on impact reports disclosed by investee companies, as well as on information vendor data.

There is no unified international standard regarding impact estimation methods, meaning the current estimate was made in a searching manner. Amid the growing importance of climate change, declining birthrates and aging populations, and other social and environmental issues,

however, the Bank recognizes the importance of realizing a positive cycle that links the creation of these impacts with improvements to economic and social growth and sustainability. Given this recognition, the Bank will make further efforts towards enhancing impact measurement and application methods.

See the Sustainability Progress Report for details on positive impacts.

**More information**  
Sustainability Progress Report  
[https://www.jp-bank.japanpost.jp/en/sustainability/report/pdf/sustainability-progress-report\\_en.pdf](https://www.jp-bank.japanpost.jp/en/sustainability/report/pdf/sustainability-progress-report_en.pdf)

#### Examples of positive impacts created through ESG-themed investments and loans

##### Contribution to GHG emissions reduction



Approx. **16,000,000 t-CO<sub>2</sub>/year**  
Contribution to GHG emissions reduction realized by companies, etc. through funding provided by the Bank

##### Reduce or forgo water use



Approx. **430,000 tons/year**  
Amount of water use reduced or avoided as a result of projects implemented by companies, etc., through funding provided by the Bank

##### Those who experience an improvement in health



Approx. **7,300 persons/year**  
Number of persons who experienced an improvement in health as a result of services offered through funding provided by the Bank

##### Job creation



Approx. **10,000 persons/year**  
Number of jobs created as a result of businesses implemented through funding provided by the Bank



# Σ 3rd Engine: Σ Business

Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, communities using various frameworks.



Kenji Aono  
Executive Officer

## Main Business

The Σ (Sigma) Business is a new corporate banking business that aims to realize a “co-creation platform” for the development of regional financial institutions, society, and local communities. The Σ Business has two main focuses. It promotes investments (GP business) in a JAPAN POST BANK-appropriate manner, providing equity funds to regional companies. In addition, through such investments, the Σ Business seeks to uncover potential investee companies that will serve as the cornerstone of new businesses (deal sourcing), as well as introduce and serve as intermediary for the products and services of the investee companies (marketing support). We will contribute to the further development of regional economies by supporting the growth of regional companies and addressing issues in local communities.

### External Environment and Social Issues

- Local economic downturns
- Diversification of channels
- Lack of equity funds in the regions
- Relaxation of duties such as regional vitalization by revision of the Banking Act
- Government initiatives for regional vitalization
- Demand to address sustainability management

## Σ Business Strengths and Resources

### Scale

- Physical network  
**23,557** Branches
- Total Number of ATMs  
Approx. **31,200**
- Number of partner financial institutions (ATMs)  
Approx. **1,200** companies

### Deposit/Capital Bases

- Deposit balance  
¥**192.8** trillion  
(Retail deposit ratio: Approx. 97%)
- Financial soundness (consolidated)  
Capital adequacy ratio (domestic standards)  
**15.01**%  
Common equity tier1 (CET1) capital ratio (International standards)\*  
**13.23**%

\* Based on excluding unrealized gains on available-for-sale securities.

### Diverse Human Resources

- Number of employees  
**11,345**
- Dispatched to other companies (in relation to the Σ Business)  
**24** persons  
(as of 1 April 2023)

### Trusted Brand

- Trust, Brand strength, and know-how built since the Bank's founding
- Regional relationship functions
- Private equity investments commenced in 2016

## OUTPUT

### Flow of funds to regional communities

- ▶ GP business-related investments (based on investment commitments)  
¥**48.9** billion

## OUTCOME

### Shareholders/Investors

- JAPAN POST BANK's sustainable growth through sustainability management
- Acquisition of new revenue sources through domestic GP business, etc.

### Regional communities

- Vitalization of regional economies through the supply of equity funds to regions

### Environment

- Contribution to the realization of a sustainable society through ESG investment and financing

### Strategy (Medium-term Management Plan / full-scale launch of the Σ Business)

- ① Basic policy for the Σ Business
- ② Investment Commitment Targets, Income Roadmap, etc.

## FY2024/3 Results and Future Initiatives

In FY 2024/3, JAPAN POST BANK established a long-term vision for the Σ Business with a view to the next Medium-term Management Plan and beyond, as well as implemented initiatives for the full-scale launch of the Σ Business. In addition to steadily building up GP business-related investments, the Bank will continue to actively promote the flow of funds to regional communities by developing a system for sourcing investment targets and promoting marketing support mainly for investee companies.

## Σ Business

### Basic Policy for the Σ Business

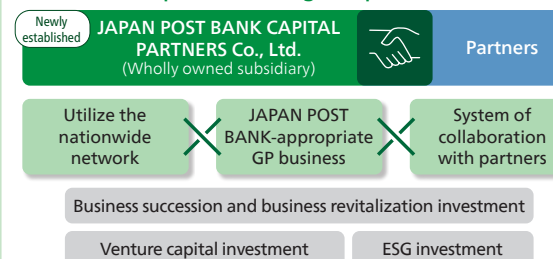
The Bank initiated a preparation period for Σ business, its new corporate banking business, from October 2022. In the Σ Business, we will not only provide the capital strength necessary for local companies and support them through investment means, but we are also committed to the marketing

### Characteristics of a JAPAN POST BANK-appropriate GP business

- Promote co-creation with regional financial institutions and others
- Utilize the Bank's nationwide network and identify funding needs in detail
- Provide capital funds from a medium- to long-term perspective
- Accompany and support investee companies to help them achieve growth and resolve issues

### GP Business (Investment Business)

Planning to establish JVs and subsidiaries with fund companies, trading companies, etc.



### Sourcing operations

Identify and actively support local businesses

### Marketing support operations

Propose commercial products that could create new markets for investee companies

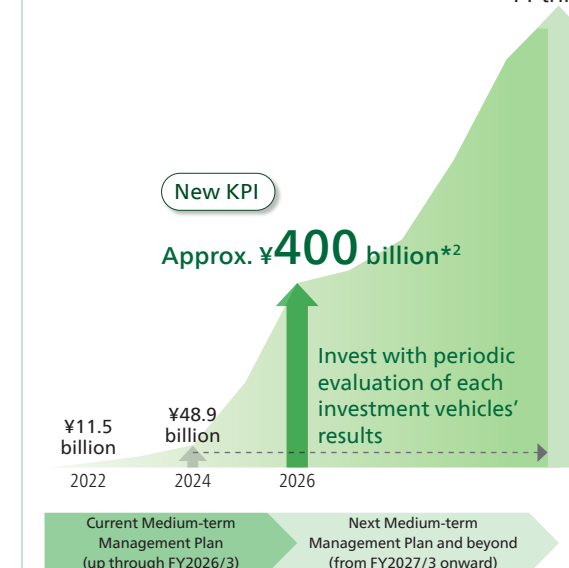
## Utilization of ATM network

Working with regional financial institutions, JAPAN POST BANK responds to regional financial needs as a regional financial platform. To date, the Bank has allowed its network of ATMs to be used by the customers of more than 20 regional financial institutions free of usage fee charges (including partially free).

support and even management aspects of investee companies, while contributing to the vitalization and development of local communities and economies. While deepening its ties with local communities, the Bank will create new business models and aim for further development.

### Assuming steady performance, strive for investment commitments of ¥1 trillion during the period of the next Medium-term Plan and later\*1.

GP business-related investment target (based on investment commitments)  
For the fiscal year ended March 31, About **¥1 trillion**



\*1 Assumption that the domestic PE market will grow to the same level as in Europe and the U.S. in the future. Average annual flows as a percentage of GDP, 2014-20: Japan (0.2%), U.S. (1.3%), U.K. (1.5%).

\*2 The amount of investment commitment currently planned; the amount may increase or decrease depending on future investment performance and evaluation, market conditions, risk-return ratio, and other factors.

### ① GP Business (Investment Business)

We will phase in partners and investment vehicles to promote a JAPAN POST BANK-appropriate GP business which leverages the Bank's strengths.

We will carefully identify local funding needs and provide capital funds from a medium- to long-term perspective through co-creation with regional financial institutions

centered on JAPAN POST BANK CAPITAL PARTNERS Co., Ltd., which was established as a wholly owned subsidiary in May 2024. In addition, we will more strongly promote the “JAPAN POST BANK's unique GP business,” which accompany and support the growth of investee companies to help them resolve issues.



## ② Deal sourcing business

Utilizing the Bank's nationwide network covering every corner of the country, JAPAN POST BANK will partner with regional financial institutions to carefully identify (sourcing) local funding needs through proposals to local businesses that are potential  $\Sigma$  Business investment candidates. We have conducted sourcing activities at regional headquarters since FY 2025/3.

In addition, we are pursuing the development of systems that accumulate and use investment business information.

## ③ Marketing support business for investee companies

JAPAN POST BANK supports the growth of investee companies by introducing and mediating (marketing support) their commercial products that may create new markets for which demand has yet to materialize.

In FY 2024/3, JAPAN POST BANK began proposing the introduction of premium digital gifts for regional communities by signing a collaborative agreement with Tokai Tokyo Digital Platform. The Bank also signed a collaborative agreement with Rehab for JAPAN and began proposing the introduction of rehabilitation support software related to Rehab for JAPAN day care services to relevant local nursing care facilities.

## Fostering a Corporate Culture/Developing Human Resources

Concerning the fostering of a corporate culture and the development of human resources, which will be important in promoting the  $\Sigma$  business, we believe that it is necessary to build sustainable systems. As a human resource development measure, we have utilized the  $\Sigma$  Business Booklet, which covers the significance of and the Bank's aims for the  $\Sigma$  business as well as basic knowledge about investment operations. At the same time, we are also fostering a corporate culture and developing human resources by means of job-level based employee training programs as well as e-learning.

In addition, as part of the development of professional human resources related to investment operations, we are advancing preparations toward the full-scale launch of the  $\Sigma$  Business by gaining experience in equity operations, including fund investments, and dispatching employees to partner companies that engage in GP operations.

Also including marketing support and sourcing operations, the  $\Sigma$  business has the regions as its major theme, and thus it will be important to develop human resources who have close associations with those regions. Serving as forums where employees can realize their desire to contribute to the regions, we are utilizing the "Career Challenge" system, which is our internal recruitment system, while employees at directly operated branch offices and the regional headquarters in each region are also actively participating in the  $\Sigma$  business and working hard to gain knowledge, experience, and know-how. Going forward, they are expected to become active human resources in their respective areas.

Through these efforts, all employees are working together as one to contribute to regional communities, which represent the raison d'être of the  $\Sigma$  business.



## Establish JAPAN POST BANK CAPITAL PARTNERS Co., Ltd.

To take the  $\Sigma$  Business initiatives one step further and better meet the various needs of our customers and of local communities, we have established JAPAN POST BANK CAPITAL PARTNERS Co., Ltd. to engage in full-fledged GP Business initiatives that can be managed in line with Bank policy.

Our medium- to long-term goal is to invest and provide post-investment support on the scale of ¥1 trillion to businesses throughout the country. First, we will cultivate human resources to carry out GP businesses, including by dispatching JAPAN POST BANK employees to partners (companies that jointly invest in GP businesses). In the medium term, for each joint GP fund, JAPAN POST BANK CAPITAL PARTNERS will take a more proactive role in expanding the scale of funds or launching stand-alone GP funds, aiming to manage a cumulative total of ¥400 billion. Over the long term, our goal is to manage a cumulative

total of ¥1 trillion in investments as a stand-alone GP company. While collaborating with regional financial institutions as a co-creation platform, we will support the growth of customers throughout Japan from a medium- to long-term perspective, contributing to social and regional development as a community-based bank.



**Kei Mizukami**  
JAPAN POST BANK CAPITAL PARTNERS Co., Ltd.  
President and Representative Executive Officer



**Soutaro Nishihara**  
Regional Relations  
Division

I joined JAPAN POST BANK in 2010 as a new graduate, and after working in Oita and Kumamoto prefectures I was involved in establishing financial structures in preparation for the public listings of JAPAN POST BANK and JAPAN POST HOLDINGS. Starting in 2017, I worked in foreign currency management and division-wide portfolio management in the Investment Division, which at the time was promoting international diversification. Under the banner of the  $\Sigma$  Business, I am currently working on the establishment and operation of a new subsidiary that will use investment to meet

regional financing needs.

I was born and raised in a regional area of Japan, so uncertainties over the future for the regions here is something I can relate to personally. So, I really wanted to explore ways in which JAPAN POST BANK can leverage its unique characteristics to contribute to regional economies.

My hope is to realize this goal by working with various local businesses, financial institutions, and other stakeholders in the regions through our newly established subsidiary, JAPAN POST BANK CAPITAL PARTNERS Co., Ltd.



**China Sadaoka**  
Regional Vitalization  
and New-Growth  
Business Development  
Department

I joined JAPAN POST BANK in 2018 as a new graduate, and have been in charge of marketing support in the  $\Sigma$  Business within the Regional Vitalization and New-Growth Business Development Department since FY 2024/3.

This involves employees of the Bank supporting the development of franchisees and the expansion of sales channels for the products and services of our investee companies, aimed at revitalizing local communities and addressing social issues. So far, we have realized three collaborative projects.

We recently signed a collaborative

agreement with Rehab for JAPAN, in January 2024. Through collaboration with Rehab for JAPAN, we aim to help improve operational efficiency in the nursing care industry, which is facing serious labor shortages, to extend the healthy life expectancy of senior citizens.

We will continue to deepen our knowledge of a wide range of industries, hone our marketing techniques, and collaborate with various investee companies to enhance corporate value, revitalize local communities, and address social issues, as well as secure new sources of earnings for the Bank.

## $\Sigma$ Business locations nationwide

To date, regional headquarters have worked to establish relationships with regional financial institutions, local governments, and economic organizations as important regional hubs. Looking ahead, we will work with regional financial institutions to

identify specific local funding needs. In addition, we will engage in sourcing operations to maintain relationships between JAPAN POST BANK and local companies by providing solutions and follow-up services to meet their various needs.





## Round-table Discussion

## Creating a corporate culture in which women can play even more active roles



Fostering a corporate culture in which diverse human resources can play an active role is essential to enhancing the Bank's corporate value. JAPAN POST BANK has set the goal of raising the percentage of women in managerial positions to 20% by April 2026 and is working to create an environment in which women can exercise leadership.

Two female outside directors and female managers of the Bank recently gathered to have a roundtable discussion. Topics discussed ranged from how to approach work to the challenges the Bank faces in cultivating female leaders and the impact this will have on its management.

### THEME 1 Changing Consciousness with Position Upgrade

**Aihara:** When I went from being an employee to being a business owner, I experienced three major changes. The first change was my resolve as a business owner. Not only were all final decisions left up to me as the owner, I was also responsible for all of the various trouble that occurred in the company. I had to be ready to accept that. The second was a change in the way I worked. There were times as an employee when I would take time off work if I wasn't feeling well. But now, as the owner, it's more difficult to take time off. I always have to stay on top of my health to maintain an even keel.

The third change was the realization that I'm not perfect. Management involves numerous aspects, including finance, human resources, and sales. It's hard for one person to be versed in all of these things. I have become aware of the importance of being flexible in delegating to others the things I can't do, and of building a cooperative framework.

**Ichimura:** My goal is to work in a consistently positive manner, but it can be really hard to stay motivated. What do you see as being important in maintaining and enhancing your personal motivation?

**Amano:** The important thing is to make a genuine effort to understand the task at hand, whatever job you may have been given. When I was working for a general contractor, I was assigned to a field in which I had little experience. Besides me it was an all-male department, and I was clueless about what to do. I struggled every day to understand all the ins and outs of the job, one by one. Seeing how hard I was trying, my male colleagues gradually began to lend a hand, as they came to recognize my abilities and values. If you really put yourself into

your work and make an effort, someone will always appreciate it. That in itself can build your motivation.

### THEME 2 Work-life harmony

**Aihara:** My motto is "work-life harmony"—my sense is that a healthy emotional balance is important. So, I try to have a cheerful attitude about work, regardless of the situation. In any company, if the top management is disgruntled, the mood throughout the company will be gloomy. Of course there are times when things don't go well at work and I get down. In moments like those, I make it a rule to put such feelings behind me on the train ride home, and move on. Since a lot of women tend to be serious, I think the ability to re-set one's mood is really crucial.

**Hira:** I was working shorter hours while raising my child, and found maintaining the right work-life balance to be a challenge. I was concentrating on ways I could manage my work more efficiently. But the really helpful advice I got was that you achieve the right balance not just by thinking about the work, but by re-setting your emotions and working with a positive attitude.



**Amano:** When I was raising children, I also had to come up with ways to more efficiently allocate my time. It was hard to maintain the right work-life balance, but I'm also convinced that my management skills improved dramatically through this experience. It honed my skills in assessing the relative importance of work, making firm decisions about what to do and what not to do, and getting results. I don't think I'm alone—employees who have gone through the experience of raising children typically show a marked improvement in their management skills.

### THEME 3 Creating a framework that allows women to excel

**Aihara:** JAPAN POST BANK is working to raise the percentage of women in managerial positions to 20%. My sense is the fact that the Bank has not achieved this goal is more of a systematic problem than a problem of individual ability. That means we also have to reform the framework, such as adding the promotion rate of female managers to the evaluation criteria for managers. On a separate note, even when they are more than capable, many women tend to lack confidence and assume that they can't become managers. To encourage such employees, I think it is vital in encouraging the promotion of women to create a system that recognizes people who embrace challenges without fear of failure.

**Amano:** I concur with the need to change the evaluation system. I am confident that if supervisors properly evaluate and encourage their female staff, they will be able to maximize their strengths.

I would also like our female employees to believe in themselves and be confident. Take on new challenges. If it doesn't work out, just honestly admit failure and use that experience to do better the next time. Make it a habit to say everything you want to say clearly and with confidence. And to firmly state your conclusions. Doing so will be more convincing to your listeners.

**Kurasawa:** I think a lot of men have confidence, maybe because they are raised from a young age to be tough. In contrast, women tend to not put themselves forward when it comes to promotions. I think it is crucial for female employees to be confident. On the other hand, as someone who evaluates employees, I also want to train my eyes to properly ascertain the capabilities of each individual.

## Comment



A system that recognizes people who embrace challenges will drive further change.

**Risa Aihara**  
Outside Director





**Nishimura:** Generally speaking, men have a strong sense of drive to aim higher, so they make the effort to acquire the skills needed to get there. This feeds into a tendency to assign men to managerial roles. But there seems to be more caution about assigning women to such roles, over concerns that it will impose a burden on them. As a manager, I want to eliminate such gender bias as far as possible and encourage diversity.

**Goto:** I think further increasing the number of female managers will better enable us to incorporate diversity and broaden the range of opinions. I want to continue drawing on my experience, for instance in helping the Bank create a work environment that makes it easier for female employees who are raising children to be involved in sales. As the number of female managers with decision-making authority grows, my hope is that the pace of change will increase.

#### THEME 4 Harnessing greater community vitality in work

**Amano:** When I worked for a general contractor, I was afforded numerous opportunities to participate in various forums, including outside committees. This exposed me to values that were completely different from those of the construction industry. Above all, I was able to significantly expand my personal network, which later served as a source of growth. That's why I want women in the Bank to have more contact with people in other fields. Learning about the outside world will broaden your thinking and spark new ideas, and give you a sense of how the world will change in the future.

**Aihara:** People can only grow by taking on challenges. This is where work colleagues are really important. Vertical organizations are fragile and can become dysfunctional if relationships between superiors and subordinates break down. Aside from that, I think it would help if the Bank took steps to build cross-departmental

communities where supportive diagonal and horizontal relationships can be formed.

Furthermore, I believe activities to share information with people outside the Bank, like forming a team to promote women's participation in the workforce in collaboration with other banks, would be a major benefit for both individual employees and JAPAN POST BANK.

**Hamaguchi:** I recently participated in a cross-departmental one-on-one meeting that started up within the Bank, from which I personally learned a great deal. By listening to members of other departments, I could gain new knowledge and see the relationships between departments. I was also delighted to learn that my remarks were a source of new insights. I would like to make the significance of such initiatives more widely known within the Bank and further promote efforts to expand internal networks.

**Oka:** My bosses have always been men, which makes it hard to imagine what it's like to be a female manager. But today, I've been hearing from many managers who are role models. This is a key opportunity to change my outlook. I want to leave behind my previous way of thinking and not hesitate to challenge myself to do what I believe I should do.

**Sakamoto:** I joined JAPAN POST BANK as a career change, so I was unable to feel a connection without my peers. Even in my current work, there's a lot that could be done more efficiently if I had lateral connections within the Bank. Going forward, I hope to continue deepening my knowledge and further strengthen internal collaboration through these types of opportunities.



**Izawa:** I joined JAPAN POST BANK from a foreign financial services institution. At the time, I felt that the Bank still had a somewhat conservative culture typical of Japanese companies, and that there was an atmosphere that made people hesitant to propose new initiatives or reforms.

#### Participants

Roko Izawa • Minako Ichimura • Makiko Oka • Keiko Kurasawa • Sachiyo Goto • Mikiko Kobayashi • Aki Sakamoto • Mamiko Nishimura • Kunie Hamaguchi • Kaoru Hira  
Yuko Yoshida, Executive Officer  
Mikako Saito, General Manager of Diversity and Inclusion Department

Also, to recruit the young talent that will take responsibility for the future growth of the Bank, with the help of everyone here, I would like to gradually reform the organization, so that our valuable human capital, people who are eager to learn and want to take on challenges, can take the first step forward.

**Kobayashi:** Sensing a bright future for JAPAN POST BANK after its privatization, I was among the first group of employees to join the Bank after privatization. I have always wanted to take in everything there is to learn, and have approached my work with gusto and without hesitation. However, when I look at the female employees around me, I think there are still people who remain hesitant. We should continue to make improvements, solving every issue we can through changes to the framework. I would like to further expand communities like the one here today, creating an environment in which women can play an increasingly active role.

**Yoshida:** My impression is that female managers are adept at supporting employee growth and cultivating human resources in line with the individual characteristics of employees. While there are still many male managers in the workplace, I believe that if we can increase the number of female managers with decision-making authority in the future, our human resources strategy will start to take off.

#### THEME 5 Bringing women's perspectives into service improvement and innovation

**Aihara:** In order to successfully incorporate rapidly evolving digital technologies into its services, create new businesses, and achieve transformation going forward, rather than trying to go it alone, to collaborate with IT companies and other partners for the Bank. Here, I believe female employees who can think from the customer's perspective and communicate well with outside parties will be able to carve out a broader scope for their activities.

#### Raising children has led to improved management skills.

**Reiko Amano**  
Outside Director



Also, although it may still be hard for women to become the head of existing departments, I think there will be opportunities in new business areas. So, I would like to see women continuing to embrace challenges and aim for more senior positions.

**Amano:** There seems to be a tendency for JAPAN POST BANK to stay closed off in its own financial shell. To break out of this shell and develop a wider range of services that go beyond conventional banking, I believe the sensibilities of women, who can quickly grasp the needs of consumers, will become increasingly critical. A former boss once told me, "Whatever position you're in, the really interesting thing is to have the power to make decisions." My hope is that everyone will take on the challenge of aspiring to positions with decision-making authority.

**Saito:** It was very meaningful to hear everyone's open and candid opinions. Our two outside directors gave us strong messages of support, drawing from a variety of personal experiences. I hope we can put what we take away from today to good use, and work together going forward to create various communities and take other steps to build up the Bank's culture. If we put our heads together, I think we can have a positive impact on management and the Bank as a whole, paving the way for the Bank's transformation.  
I appreciate your time today.





## Human Capital Management



**Hirokazu Yamamoto**  
Executive Officer

With a nationwide network through which it supplies customers with financial services rooted in the community, JAPAN POST BANK sees human resources as the source of its competitiveness and value creation, and therefore as an asset. Under the belief that nurturing human resources and connecting them to growth is above all an engine for enhancing corporate value, the Bank will move ahead with Human Resources Strategies (HR Strategies) that link to its purpose, management philosophy, mission, and management plans.

Specifically, through the combination of the three pillars of boosting motivation, knowledge and experience; fostering an

environment that allows employees to demonstrate their abilities; and respecting diversity, we aim to build an organization filled with vitality and excitement that allows a diverse range of human resources to thrive, thereby enhancing corporate value. To this end, we formulated the new Basic Approach to HR Strategies in FY2024/3, and have worked to promote more effective human capital management.

Centered on the three pillars, we have also defined five priority initiatives: developing autonomous employees, actively recruiting specialized talent, strategically assigning human resources, improving engagement, and managing diversity.

In addition to fostering a corporate culture in which taking advantage of flexible work styles and taking childcare leave are the norm for both men and women, we have worked to create workplaces that instill a sense of safety and peace of mind, which I feel has greatly improved job comfort for our employees. Looking forward, JAPAN POST BANK sees the issue of enhancing employee motivation as its next step.

The Bank will therefore move ahead with initiatives under the HR Strategies, focusing on creating an organization in which employees feel motivated in their jobs and engage in their work with a sense of energy and excitement, seeking to contribute to the happiness of customers and to social and regional development.



# HR Strategies

## Basic Approach to HR Strategies

We will nurture employees who develop themselves through challenges, and develop an environment in which their abilities can be maximized. Accordingly, we aim to build a bank that is full of life and excitement together with our employees by securing a diverse pool of talent that takes on active roles, and thereby improves the Bank's corporate value.

### 1st pillar: Encourage growth

Encourage professional development and growth through challenges driven by each employee's passion and energy

Nurture self-motivated employees

Actively recruit professionals

Maximize human capital performance through a human resource strategy built around three pillars

### 2nd pillar: Discover abilities

Provide opportunities and an environment that brings out the best in each employee to enhance job satisfaction

Strategic allocation of human resources

Improve engagement

### 3rd pillar: Effectively utilize diversity

Create a corporate culture that respects the diverse values of each employee and treats them as a source of power within the organization

Diversity management

## Human resources strategy priority issues and KPIs

		FY2021/3 (Results)	FY2022/3 (Results)	FY2023/3 (Results)	FY2024/3 (Results)	FY2026/3 (Targets)
Encourage growth	Number of market operations professionals*1	56	70	86	91	105
	Dispatched to other companies (in relation to the Σ Business)*1	17	23	19	24	Approx. 30
	Dispatched to other companies (other)*1	67	64	68	86	Approx. 80
	IT passport acquisition ratio for the head office * Includes the Information Technology Engineer Examination	—	—	10.6%	33.2%	100%
	DX training attendance ratio (head office)	—	—	95.6%	97.4%	100%
	Number of Career Challenge applicants	114	141	193	206	100 or more
	Class FP2 and above acquisition ratio (branch consultant)	—	—	71.2%	73.6%	80%
Discover Abilities	Overall employee satisfaction level	64.9%	68.7%	67.4%	67.3%	70% or more
	Health Management (ratio of high-risk employees)	1.11%	0.94%	0.62%	0.90%	0.9% or less
	Health Management (Rate of employees who no longer require specified health counseling)	23.2%	23.7%	25.1%	32.2%	24% or more
	Health management event participation rate	—	—	14.9%	15.8%	30%
Effectively Utilize Diversity	Ratio of women in managerial positions*2	15.7%	16.6%	17.5%	18.4%	20%
	Ratio of employees with disabilities*3	2.74%	2.71%	2.72%	2.94%	3.0% or more
	Ratio of employees taking childcare leave	99.5%	100%	100%	100%	100%
	Ratio of male employees taking childcare leave (4 weeks or longer)	30.1%	33.6%	59.1%	65.0%	50% or more

\*1 As of April 1 of each fiscal year

\*2 As of April 1 of the next fiscal year

\*3 As of June 1 of each fiscal year



## Encourage Growth Improve Motivation, Knowledge and Experience Pillar 1

### Development of Autonomous Employees

Amid the growing diversity of individual value sets and careers, JAPAN POST BANK recognizes the need to review conventional, standardized Bank-led human resource assignments and approaches to human resource development.

Moreover, toward deepening trust, and taking on the challenge for financial innovations as the slogan for the Bank's Medium-term Management Plan, we believe it is essential for individual employees to consider and achieve their own career goals, and for the Bank to support the challenges of its employees.

Guided by this belief, we are fostering the motivation to develop careers, offering opportunities to choose careers, and providing learning opportunities in an effort to nurture autonomous employees and improve the environment.

As a result of these initiatives, we have seen an annual increase in the number of employees who have utilized the Career Challenge System as they take on the challenge of joining new departments under their own initiative. Among the 206 total applicants in FY2024/3, nearly 60 applied for departments that form the Bank's three business cores.



### Active Recruitment, Development, and Retention of Professionals

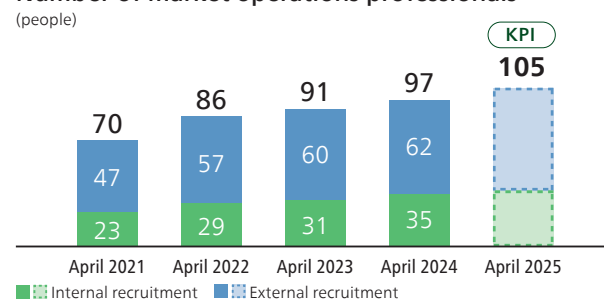
In order to drive forward the three business strategies presented in the Medium-term Management Plan, JAPAN POST BANK is focused on developing its existing human resources by dispatching them to other companies. We are also working to acquire professionals through the establishment of a professional course as part of our new-graduate recruitment endeavors and through recruitment of those referred by alumni.

As far as the enhancement of its Market Business is concerned, the Bank introduced and began administering a professional position system through which it has worked to recruit and secure human resources with diverse work histories and skills in April 2016. At the same time, by accumulating, passing

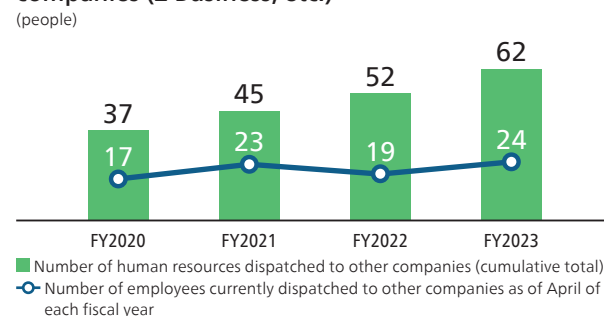
on, and enhancing this know-how among existing human resources, the Bank has seen an increasing number of internal recruitments to professional positions each year.

In addition, with respect to the full-scale launch of the Σ Business, the Bank has nurtured employees who empathize with this business and who are motivated to undertake challenges as core personnel. In specific terms, over and above internal development through the Career Challenge System and on-the-job training, we are working to ensure employees accumulate new knowledge and real-world experience through their dispatch to cooperating companies (GP, etc.), while at the same time creating opportunities to build a network among our diverse human resources.

### Number of market operations professionals



### Number of human resources dispatched to other companies (Σ Business, etc.)



## VOICE



**Takuya Oka** (Transferred to professional track in April 2022)  
Private Equity Investment Department

Having been involved in asset management-related duties at various departments in the Investment Division, I have been blessed with the opportunity to learn directly from externally recruited professionals from diverse backgrounds and with extensive expertise. Through daily training on the job and within the division, I have absorbed a wide range of knowledge and

expertise related to back office, fund management, legal, and front-line operations. Since its privatization, the Bank has worked to enhance its market operations, and as the organization has grown, I personally feel that I have been able to hone my professional skills and work capabilities by embracing the challenge of more difficult tasks together with my superiors.

## Discover Abilities Development of an Environment for Demonstrating Abilities Pillar 2

### Strategic Human Resources Assignments

Based on the Medium-term Management Plan, JAPAN POST BANK is working to build the ideal human resources portfolio.

In specific terms, the Bank is promoting Group-wide efficiency improvements utilizing AI and other forms of DX in an effort to shift human resources to the enhancement areas of market investment, advancing DX, and Σ Business, all while reducing total employment.

Moreover, we are also working to visualize skills and experience through a talent management system, and are working to optimize the human resources portfolio by shifting from a focus on quantity to an approach that emphasizes the quality of our human resources.

### Improving Engagement

In an effort to realize workplaces where employees can work with a sense of fulfillment, JAPAN POST BANK began conducting a new engagement survey in FY2024/3. This is in addition to the conventional overall employee satisfaction survey. Together, these surveys serve to identify the awareness of our employees and issues faced by organizations.

The Bank's strengths and issues as revealed by the survey results were reported to the management team, after which we began organizing and working on solutions to the common issues the Bank faces as a financial institution and the unique issues faced by each organization. In addition, providing the results to each workplace as feedback in a timely manner has also helped each organization engage in autonomous improvement activities.

These improvement activities increased the overall employee satisfaction level to 67.3% in FY2024/3.

We will continue to engage in efforts to improve engagement with the goal of achieving a score of at least 70% in FY2026/3.

### Promoting Health Management®

JAPAN POST BANK's employee age composition is heavily weighted toward senior employees aged 50 and above, and younger employees up to their early 30s, which is why we are implementing measures tailored to each age group in addition to Group-wide health management initiatives. In particular, we provide physical health-focused wellness support for senior employees, and are focused on mental healthcare and other forms of psychological support, in addition to wellness, for younger employees.

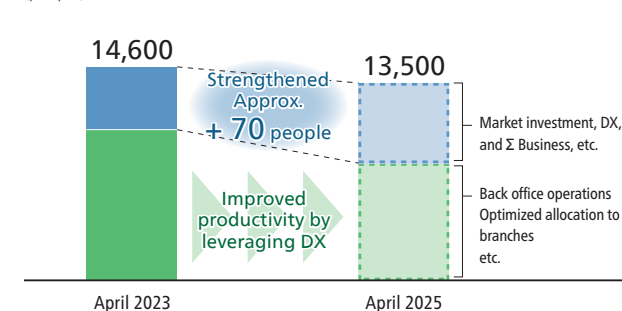
Since FY2019/3, we have also advanced flexible work styles with the introduction and expansion of telework, work interval systems, and flextime work, as examples.

In addition, against the backdrop of discussions over an era of 100-year lifespans, the Bank holds asset formation seminars using the New NISA and iDeCo, and advances other financial wellness initiatives from the perspective of ensuring a firm economic standing in line with today's longer healthy life expectancies.

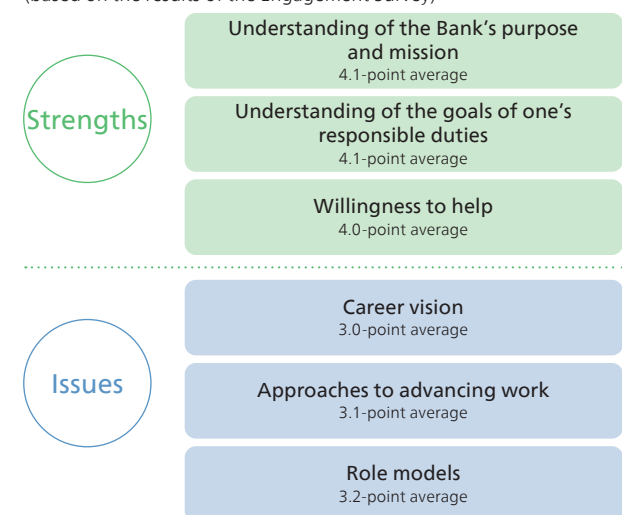
As a result of these initiatives, the Bank was certified in 2024 under the Certified Health & Productivity Management Outstanding Organization Recognition Program (Large Enterprise Category "White 500") for the third consecutive year.

\* Health Management® is a registered trademark of the Non-Profit Organization KenkoKeiei.

### Personnel plan

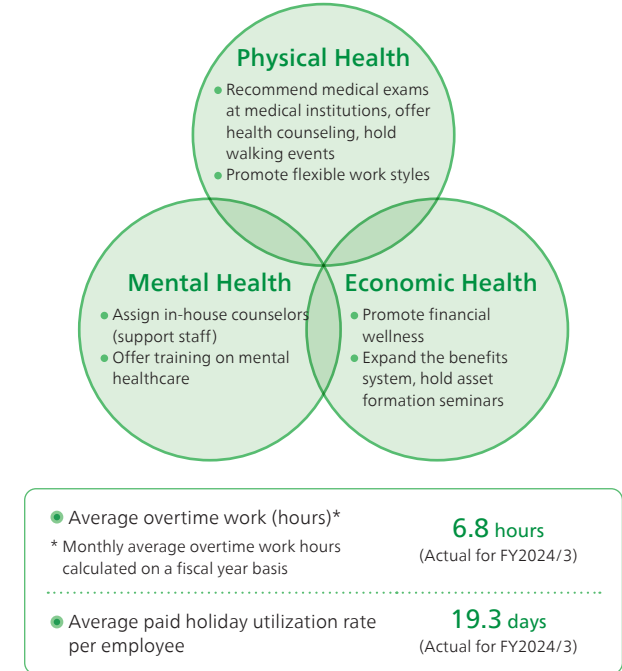


### The Bank's Strengths and Issues



\* Three highest and lowest ranked items  
\* Ranked on a five-point scale (1-5)

### Health Management Initiatives





## Effectively Utilize Diversity Respect for Diversity

Pillar 3

### Promoting DE&I



**Mikako Saito**  
General Manager of the Diversity and Inclusion Department

As a bank that provides intangible financial services, JAPAN POST BANK believes it is essential to incorporate diverse viewpoints into its management and services to address the diversifying needs of customers. In particular, as a bank with a long history, even after

privatization the Bank maintained the tendency to emphasize homogeneity. Building a culture that abounds with diversity has thus been a major challenge.

Thus, in a bid to become a bank that is chosen by a broad range of stakeholders after our stock listing, in 2016 we established a Diversity and Inclusion Department to spearhead our DE&I initiatives. In particular, our efforts both to step up the activities of the Diversity Committee, made up of members with an array of experience and backgrounds, and to expand one-on-one communication, have led to the creation of a framework that capitalizes on the individuality of each employee.

Going forward, we will continue to foster a culture that respects a diverse range of human resources and promote initiatives to connect this diversity with customer service and innovation.

### Promotion of Women's Participation and Advancement in the Workplace

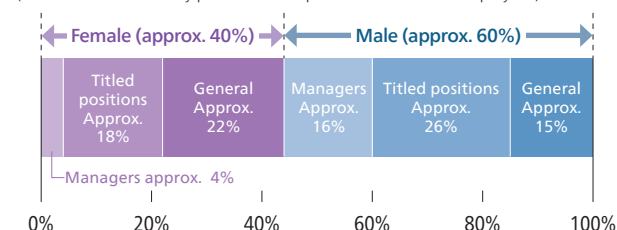
JAPAN POST BANK believes that the participation and advancement of women, who account for more than 40% of its employees, is essential for providing services from the standpoint of consumers, and with the aim of becoming the most familiar and trusted bank.

For this reason, the Bank identified a target of 20% for the ratio of women in managerial positions by April 2026, and is advancing initiatives focused on changing the awareness of superiors and the organization, developing female leaders, and supporting activities and improving the workplace environment. In addition, we are working to improve the environment by introducing services for employees that provide seminars and healthcare support centered on wellness support for women.

As a result of these initiatives, by April 2024 the Bank had achieved a ratio of women in managerial positions of 18.4%, and has received high honors as a bank at which women can flourish. Among the many honors received, JAPAN POST BANK was chosen as a Nadeshiko Brand in FY2024/3.

#### Employee Composition

(male-to-female ratio by position for all permanent full-time employees)



### Roadmap

	Up to FY2024/3	2024	Up to April 2026	Up to April 2031
<b>Change the awareness of superiors and the organization</b>	<ul style="list-style-type: none"> <li>Invite outside experts to organize townhall meetings</li> <li>Release a Message from the President to instill an awareness of DE&amp;I</li> <li>Endorse the Ikuboss Declaration and the Declaration on Action by a group of male leaders who will create A Society in which Women Shine at the management level</li> </ul>		<ul style="list-style-type: none"> <li>Foster an awareness among the management class on an ongoing basis</li> </ul>	
<b>Female leader training</b>	<ul style="list-style-type: none"> <li>Provide opportunities for employees to consider their own careers through Naname 1 on 1 meetings that bridge organizations</li> <li>Hold round-table discussions with female outside directors who possess extensive knowledge and experience coupled with deep insight</li> </ul>		<ul style="list-style-type: none"> <li>Strengthen support for career building focused on motivation and skill enhancement</li> </ul>	
<b>Activity support and environment improvement</b>	<ul style="list-style-type: none"> <li>Hold seminars and provide childcare leave specific training programs</li> <li>Provide opportunities to interact with role models and among employees</li> <li>Establish flexible worktimes that combine flextime and shortened work hours</li> </ul>	April 2024 results <b>18.4%</b>	Expand activity support measures tailored to employee needs	Medium-term Management Plan KPI <b>20%</b>
				Ratio of women in managerial positions at the head office <b>Group target 30%</b>

### VOICE



**Ran Yamashiro**, Supervisor, Marketing Promotion Department  
(assigned as Block Support Staff to the Matsuyama Branch)

After returning to work from seventeen months of leave, I have been able to balance work with childcare by taking advantage of the shortened work hours system. I am currently in charge of branch operations support work in the Shikoku area, and through prior arrangements and collaboration with those involved, I find ways to make the most of my capabilities within the limited time available.

Right after returning to work, I took part in the Bank's in-house Naname 1-on-1 program. In this program, conversations with female managers from other organizations helped me realize that a desire to improve is important for having confidence, which gave me a more positive outlook. In addition, by giving expression to my thoughts, I was able to clarify my personal vision for both work and childcare, as well as identify the actions necessary for achieving this.

### Promoting Use of Childcare Leave

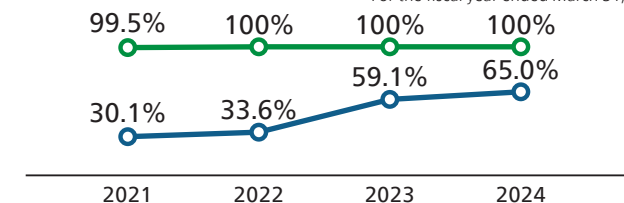
From the standpoint of supporting a balance of work and households among both men and women, JAPAN POST BANK is actively promoting the use of childcare leave in a way that allows any employee who desires to participate in housework and childcare.

In specific terms, along with converting some childcare leave to paid leave, the Bank is working to create a culture in which taking childcare leave is the norm, for example by broadly introducing the experience of those who have taken leave through the corporate newsletter. Similarly, we are improving the environment for providing follow-up across the entire workplace, through such means as preparing a guidebook for those taking childcare leave and their managers.

In FY2024/3, JAPAN POST BANK once again achieved 100% for the ratio of employees taking childcare leave, and has seen an increasing number of days taken by men as well. In recognition of these initiatives, the Bank was also certified as Platinum Kurumin.

#### Ratio of employees taking childcare leave

For the fiscal year ended March 31,



● Ratio of employees taking childcare leave (regardless of gender)  
○ Ratio of men taking childcare leave for at least four weeks

### Promoting an understanding of LGBTQ+

As a means of creating workplace environments in which everyone can thrive with peace of mind, JAPAN POST BANK sponsors Tokyo Rainbow Pride and distributes the Ally sticker as a symbol of understanding and support for the LGBTQ+ community.

The Bank also established the Diversity Awareness Month, holds workplace study meetings, and shares, evaluates, and reflects upon the status of initiatives with Group companies and the labor union. In addition, we hold online seminars during which interested parties take the stage for the entire Group and specifically for the Committee, and share the details of these with members throughout Japan.

Moreover, the Bank now includes same sex partners in our definition of spouse in the human resources system. For example, this allows all employees to take advantage of marriage leave, bereavement leave, dependent allowances, and Bank family housing.

As a result of these initiatives, the Bank has received the highest gold evaluation on the PRIDE Index for six years running.

### Participation of a diverse range of employees Promoting the hiring of employees with disabilities

In 2010, JAPAN POST BANK established and began operating the JAPAN POST BANK ARIGATO Center for the purpose of providing people with disabilities who desire to work opportunities for new and continued employment so that they can live independent lives. Employees at the Center handle everything from bagging to shipping the candies handed out to customers at branches.

Moreover, we employ these individuals as in-house physiotherapists (Health Keepers) at the head office and several Operation Support Centers in order to engage in welfare services and health management together with employees with disabilities in a unified manner.

Through these initiatives, we will continue to help expand the areas in which those with disabilities can play an active role.



General view of the ARIGATO Center operation

### Employing senior human resources

In light of Japan's shrinking working-age population due to a declining birthrate and aging population, the Bank recognizes the need to begin reskilling its employees at an early stage with an eye five and ten years to the future, and is engaged in efforts for this purpose.

In FY2024/3, we visualized the posts, work details, and required skills and qualifications that will allow senior human resources to leverage their knowledge and experience, and to exercise their capabilities. This effort ensures that employees can consider their career advancement and skill improvements with an eye to the future.

To ensure that our employees can address digitalization and other changes in the social environment going forward, the Bank is organizing the required reskilling items and working on effective awareness and skill enhancements in a way that supports the active participation of senior human resources.

### JAPAN POST GROUP Human Resources Policy

JAPAN POST GROUP formulated the Group Human Resources Policy to lay down the basic direction for realizing the management strategies and human resources strategies.

The Vision identifies four elements as the items on which the Group must focus, including Pride and Motivation as the Group vision, along with the three pillars for achieving this, namely Accept Our Respective Differences, Enhance Capabilities, and Demonstrate Strengths. The Vision also organizes specific indicators and targets.

### COLUMN

Major indicators and targets	FY2024/3 results*1
Employee engagement (Pride and Motivation) score*2: Exceed the score from the previous fiscal year	3.31 pts
Average number of childcare leave days taken by male employees: At least 1 month	35.0 days
Ratio of women in managerial positions at the head office: 30% (As of April 1, 2031)	16.2% (As of April 1, 2024)
Number of personnel applied for open recruitment within the Group*3: At least the figure in the previous fiscal year	—
Right person to the right job score*2: At least the score in the previous fiscal year	2.70 pts
Average number of paid leave days taken: At least 18	19.5 days

\*1 Results for the entire JAPAN POST GROUP

\*2 Survey first conducted in FY2024/3. Rated on a five-point scale (1–5)

\*3 Implemented between head office organizations starting in FY2023/3. Implemented Group-wide, including front-end organizations, starting in FY2025/3

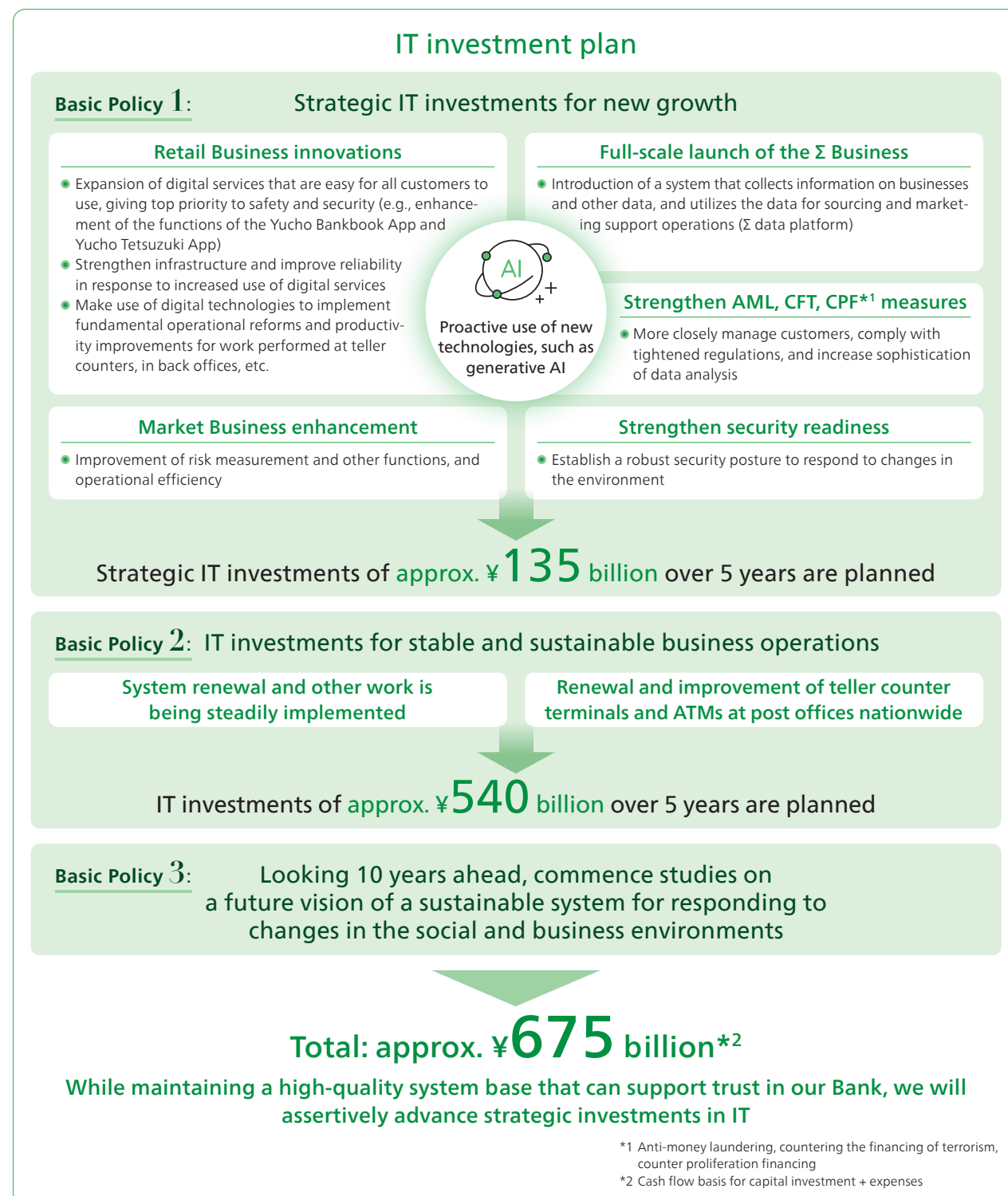


## IT Investment Plan/Improving Internal Control Systems

### Strengthening IT Investments to Accelerate the Advancement of DX

The Bank believes the existence of high-quality system infrastructure is essential for advancing DX, as well as promoting our strategies which include innovating the Retail Business, undertaking business reforms and productivity improvements, etc., while deepening the trust of our customers. Under the Medium-term Management Plan, plans are in place to invest approximately ¥540 billion over five years for IT investments to realize

stable and sustainable business operations, while another ¥135 billion is planned for strategic IT investments to realize new growth. In FY2024/3, the Bank invested in projects intended to expand digital channels, including the introduction of the Yucho Tetsuzuki App and additional services for the Yucho Bankbook App. Similarly, in May 2023 we implemented large-scale systems upgrades to ensure stable operations of core systems.



### Improving Internal Control Systems

#### Enhancements to risk management systems

We formulate Policies for Handling Risk Management each fiscal year, under which important matters related to risk management are discussed or reported at the Risk Management Committee, etc. In particular, we report to the Risk Committee, which serves as an advisory body to the Board of Directors, regarding the risk management status of systems, including those for operations and cyber security. In addition, we are working to enhance each risk management system, for example through a subcommittee to deliberate on new products and services, and by organizing a subcommittee for the purpose of deepening debate and awareness sharing on system risks.

For more details on risk management, please see page 84.

#### Enhancing measures against money laundering, terrorism financing, and proliferation financing

Incidents involving money laundering, terrorism financing, and proliferation financing (hereafter, money laundering, etc.); bank transfer fraud; transaction and unauthorized use of bank accounts; fraudulent refunds of deposits that target internet banking services; and other financial crimes that exploit financial institution services have shown no signs of decline, even as the techniques used by criminals only grow increasingly sophisticated and elaborate. Moreover, reflecting the fluid international situation, the UN, along with individual countries and regions, has implemented economic sanctions that place stringent reprisals on financial institutions that provide products and services to sanctioned individuals.

The Bank has prepared systems to comply with foreign and domestic laws and regulations in order to prevent any violation. Similarly, we have implemented customer management measures, taken action to detect and report suspicious transactions, revised products and services, and moved to address economic sanctions in an effort to strengthen money laundering, etc. countermeasures.

In order to protect the deposits and assets of our customers, the Bank continues to engage in efforts to stave off and prevent the spread of financial crimes by analyzing past criminal techniques, enhancing systems, and organizing data.

#### Ensuring safety and security

We are endeavoring to ensure safety and security, including implementing sophisticated security measures and enhancing IT governance and security verification systems suited for emerging risks.

Moreover, we are working to build a robust security framework in accordance with international standards in an effort to guard against increasingly complex and sophisticated cyberattacks.

For more details on cyber security, please see page 88.

#### Enhancements of compliance systems

Legal compliance is clearly stated in our management philosophy and management plans and basic rules on compliance are stipulated, in order to convey the importance of compliance, including customer protection structure, to employees through messages from the top management on a regular basis, as well as various training programs, etc. We formulate the compliance program each fiscal year while holding the Compliance Committee to verify the progress and discuss tasks on the subject. In addition, the Internal Control Committee discusses the most important matters relating to internal controls, such as compliance with laws and regulations.

Moreover, we will strengthen cooperation with JAPAN POST to prevent recurrence of incidents of misconduct at directly operated branches and post offices, and will commit to implementing a PDCA cycle for general crime prevention measures.

For more details on compliance, please see page 90.

#### Building a framework for large-scale system upgrades

In moving toward the large-scale core system upgrades in May 2023, we established a promotion committee encompassing the entire Bank directly under the jurisdiction of the President and Representative Executive Officer. This move was intended to build a Group-wide framework while receiving advice from third-party organizations, thereby achieving seamless upgrades.



Stakeholder Communication

In order for JAPAN POST BANK to contribute to the creation of a sustainable society and future alongside realizing sustainable growth as a business, it is essential for the Bank to listen closely to its stakeholders, meet their expectations, and gain their understanding and support.

As “the most accessible and trustworthy bank in Japan,” we will continue to engage in dialogue with our stakeholders and aim to combine the enhancement of corporate value with the resolution of social issues.



Shareholders/  
Investors

May 21, 2024  
Investors Meeting FY2024/3

March 21, 2024  
Themed Investors Meeting

Regional  
communities

Prize-winning work in  
the JAPAN POST BANK  
Piggy Bank Design Contest

Financial Education

Customers

Employees

In-house WEB Newsletter

Communication with Shareholders and Investors

While aiming for sustainable growth and improvements in corporate value over the medium to long term, the Bank promotes the establishment of strong engagement with shareholders and investors. Through these activities, we will

deepen their understanding of the Bank's business, report their opinions and expectations to the management, and reflect these in our management.

IR Activity Results (FY2024/3)

Activity	Outline
17th Ordinary General Meeting of Shareholders (FY2024/3)	Held on June 20, 2023
Briefings for individual investors	The Bank holds briefing sessions for individual investors several times a year led by the management. Number of sessions: 6, Participants: 1,445
Investor Meetings	The Director, President and Representative Executive Officer holds half-yearly meetings mainly for institutional investors and analysts. Number of sessions: 2, Participants: 222
Interviews with institutional investors and analysts	Led by Managing Executive Officer in charge of the IR Department, the management, including the Director, President and Representative Executive Officer, conducts individual interviews, etc., with institutional investors and analysts, both domestically and overseas. Companies met with: 534 (283 of which were overseas institutional investors)
Securities firms-sponsored conferences for institutional investors	The Bank participates in conferences hosted by securities firms, and the Managing Executive Officer in charge of the IR Department holds individual interviews with overseas institutional investors. Number of attended conferences: 6
Other IR events	The Bank holds briefing sessions for small groups of analysts and institutional investors regarding real estate investments and yen bond investments led by the Executive Officer in charge of the Investment Division and the investment representatives, and ESG led by outside directors and the Executive in charge of sustainability etc.
18th Ordinary General Meeting of Shareholders (FY2025/3)	Held on June 18, 2024

Main Issues of Interest to Shareholders and Investors

- Outlook for domestic and international interest rate policies
- Timeframe for achieving ROE target stated in “Action to Implement Management that is Conscious of Cost of Capital and Stock Price”
- Progress in restructuring of the yen interest rate portfolio
- Stance and approach to real estate market uncertainty
- Future growth strategy and shareholder return policy

Disclosure Examples Based on Shareholder and Investor Opinions

- Added a summary page to investor briefing materials in response to requests to clarify key messages
- Disclosed response policy (restructuring of the yen interest rate portfolio) following Bank of Japan's monetary policy revision
- Disclosed investment status to dispel unease about North American real estate

Holding of Themed Investor Meetings with Outside Directors and Management Taking the Stage

JAPAN POST BANK's outside directors and management team took the stage to elaborate on the Bank's ESG initiatives in front of 40 interested parties, including institutional investors and analysts, focusing on sustainability and human capital

strategies that are integral to the Bank's management. As the Bank's first such meeting to include outside directors on the presentation stage, discussions were held on a variety of topics.

Looking ahead, JAPAN POST BANK will ramp up its IR activities in an effort to engage in active dialogue with investors and other stakeholders.

Select Dialogue Details

- Current approach and vision regarding the Bank's corporate culture and ESG management in general
- Challenges in strengthening human capital
- Status of Board of Directors' deliberations
- Evaluation of the Bank from a governance perspective
- Reasons for accepting to serve as an outside director of JAPAN POST BANK, etc.



A themed investors meeting  
(Outside directors Kenzo Yamamoto (left) and  
Atsuko Sato (right))



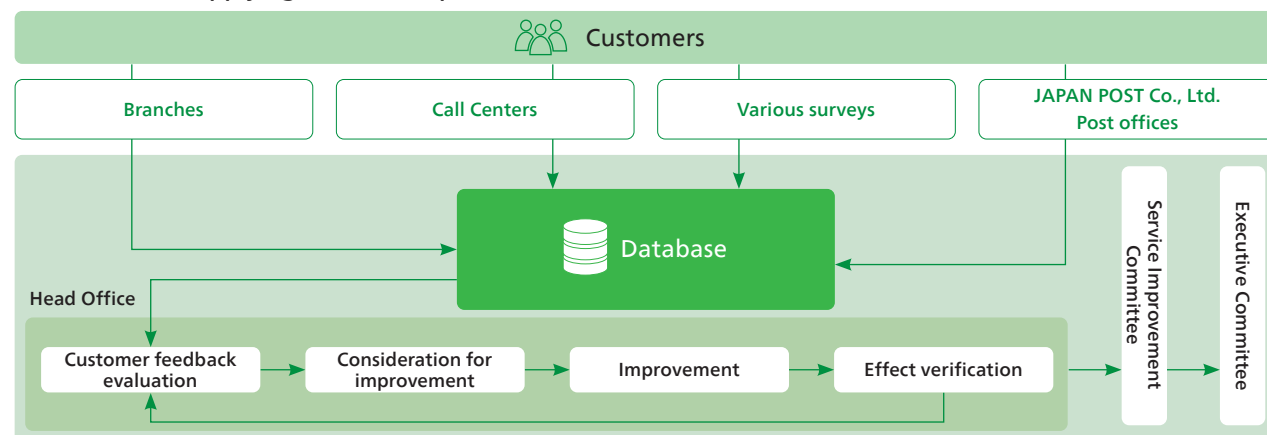
## Communication with Customers

Customer feedback received at various locations, including branches, post offices, and call centers is centrally managed by the Customer Satisfaction Department within the Bank's head office as shown in the following diagram and is used to improve products and services. Details are reported to the Service Improvement Committee, which is chaired by the

Director, President and Representative Executive Officer, as well as to the Executive Committee.

A customer satisfaction survey conducted in August 2023 revealed that approximately 70% of customers are satisfied with the Bank's services.

### Framework for Applying Customer Opinions within Business Activities



### Examples of Product and Service Improvement

Customer feedback	Outline of improvements
I would like to be able to pay my bills without going to the service counter or ATM.	Added a function to the Yucho Bankbook App service that can accommodate various types of payments. <ul style="list-style-type: none"> <li>Payments by bank transfer (ordinary in-payment), taxes and various other payments (pay-easy)</li> <li>Payment of taxes and public money by QR code</li> </ul>
I want to be able to withdraw money from an ATM even if I do not have my cash card.	Added a function to the Yucho Bankbook App service that enables cash deposits and withdrawals by reading the QR code displayed on the ATM screen.
When withdrawing and inserting bills at an ATM, my sleeve touched the "Cancel" button on the screen and the operation was canceled.	Reposition the "Cancel" button on the ATM screen to prevent unintended operations.

### Emergency handling of savings, etc., and free disaster relief donation remittance service

JAPAN POST BANK would like to express its deepest sympathies to all those affected by the Noto Peninsula Earthquake of 2024. The Bank is committed to supporting those affected by the disaster.

- Emergency handling of savings and other accounts**  
For those who have lost their passbooks, certificates, or seals, refunds of up to ¥200,000 per person are available for ordinary deposits.
- Free disaster relief donation remittance service**  
To support relief efforts for disaster victims, JAPAN POST BANK and post offices offer a free disaster relief donation remittance service through regular payments at their savings counter and the Yucho Bankbook App.

## Communication with Employees

JAPAN POST BANK utilizes the President's Direct-line Opinion Box and the in-house WEB newsletter Yucho Life to draw on employee opinions to improve operations and services as well as strengthen cooperation and vitalize communication between organizations.

In addition, the Voice of the Employee subcommittees (Culture Reform PT and Productivity Improvement PT) have

been established under the umbrella of the Service Improvement Committee, which is overseen by the President and Representative Executive Officer. Through these forums, every effort is being made to promote cooperation with related departments, strengthen communication between organizations and among employees, improve productivity, and create a better and more rewarding workplace.

## Communication with Regional Communities

### Financial Education

JAPAN POST BANK conducts financial education classes and other visiting lessons at elementary and junior high schools.

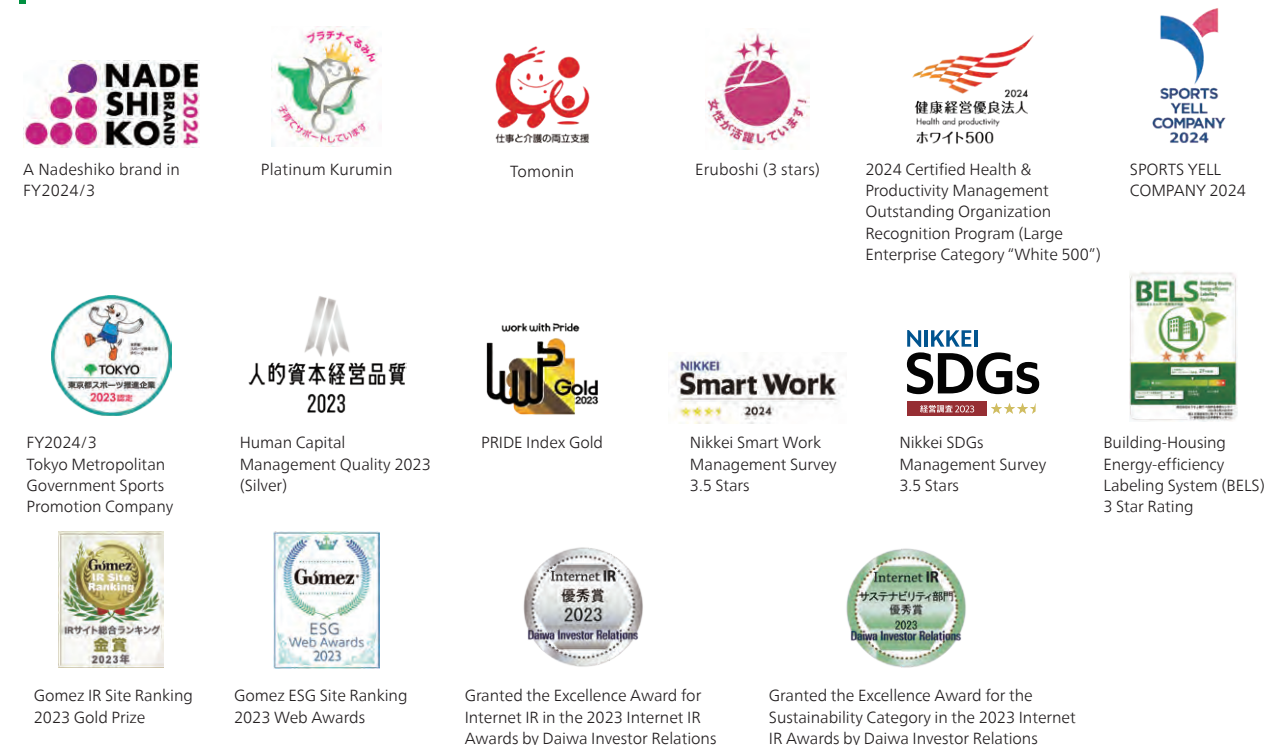
Financial education is becoming increasingly important due to a variety of factors, including the lowering of the legal age of adulthood in Japan.

Utilizing our proprietary teaching materials, we are helping children develop good financial sense by teaching them the importance of money and how to manage their money.

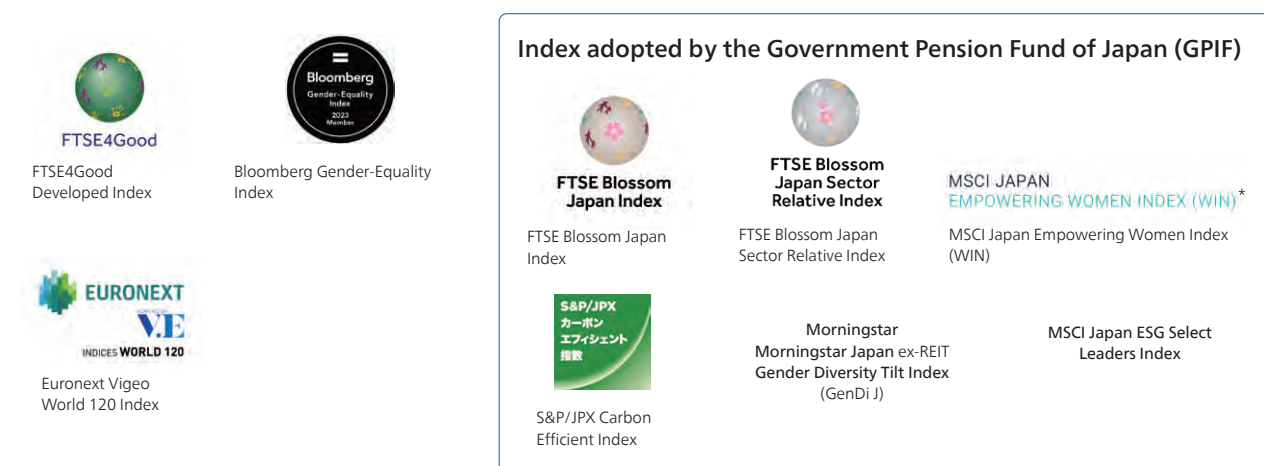
### JAPAN POST's Piggy Bank Design Contest

JAPAN POST BANK has conducted the Piggy Bank Design Contest since 1975 with the aim of encouraging children to stretch their creative muscles and design piggy banks, generating greater interest in deposits. In FY2024/3, 240 works were selected from 484,757 entries and exhibited nationwide. In addition, JAPAN POST BANK donates ¥10 to the Japan Committee for UNICEF, the Japan International Cooperation Agency (JICA), and JOICFP.

## External Assessments



## Status of Inclusion in ESG Indices (As of June 30, 2024)



\* THE INCLUSION OF JAPAN POST BANK Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF JAPAN POST BANK Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.



## Basic Sustainability Policy

Based on this basic approach, JAPAN POST BANK has established the Basic Sustainability Policy after discussions at the Management Committee and the Board of Directors. The policy stipulates that the bank will promote sustainability as a top management priority.

1

The Bank will work to develop and provide “safe and secure” financial services that can be used by anyone and everyone throughout Japan.

2

As a community-based financial institution, the Bank will contribute to the development of the regional economies and society.

3

To protect nature and the environment and pass them on to future generations, the Bank will engage in environmentally friendly activities and work to resolve environmental issues.

4

The Bank will conduct its business activities in a manner that respects human rights and will ensure a work environment where employees can work in a healthy and safe manner and where diverse personalities and work styles are respected. In addition, the Bank will strive to develop human resources who can think and act on their own, and to improve their work-life balance and job satisfaction.

Aiming to realize a society that leaves no one behind

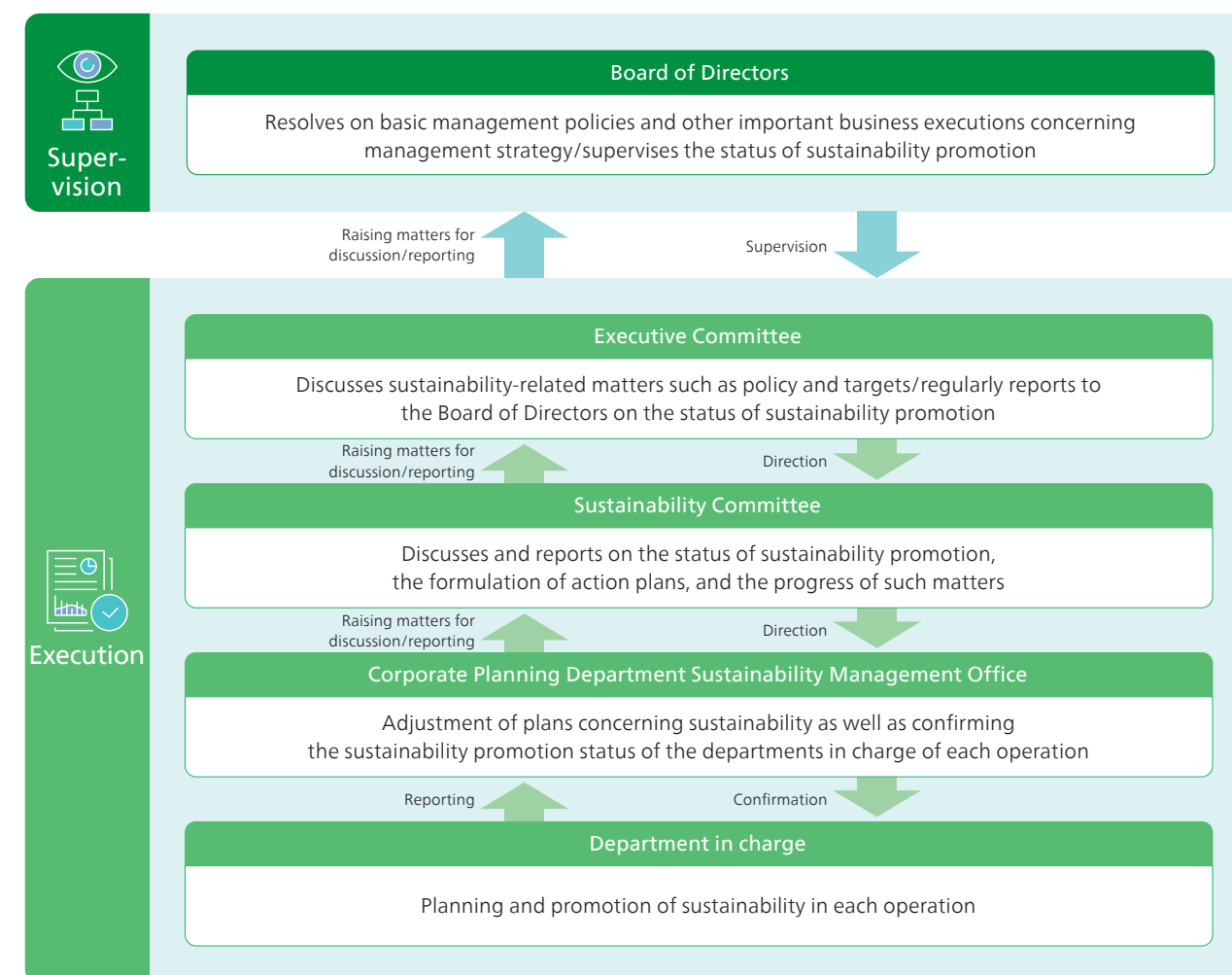
## An Effective Sustainability Promotion System

To promote sustainability, the Sustainability Management Office compiles information on the progress of initiatives in each department and holds discussions on these issues at Sustainability Committee meetings.

As the person in charge of operations and representing JAPAN POST BANK, the Representative Executive Officer and

President is responsible for promoting sustainability, including responding to climate change. The Director in Charge of Sustainability, who serves as the Chair of the Sustainability Committee, attends Executive Committee meetings and Board of Directors' meetings to discuss and report on the progress of sustainability.

### Sustainability Promotion Framework



### Main sustainability-related agenda items for Board of Directors' meetings (FY2022/3 onwards)

Date of submission to meeting	Agenda content
October 2021	Establishment of the Basic Sustainability Policy
March 2022	Climate change risks and other sustainability-related risks selected as top risks Raising of ESG-themed investment and loan balance targets
March 2023	Setting of intermediate targets for GHG emissions (finance portfolio and power sector) Review of intermediate targets for GHG emissions (the Bank)
May 2024	Review of priority issues (materiality) Raising of ESG-themed investment and loan balance targets

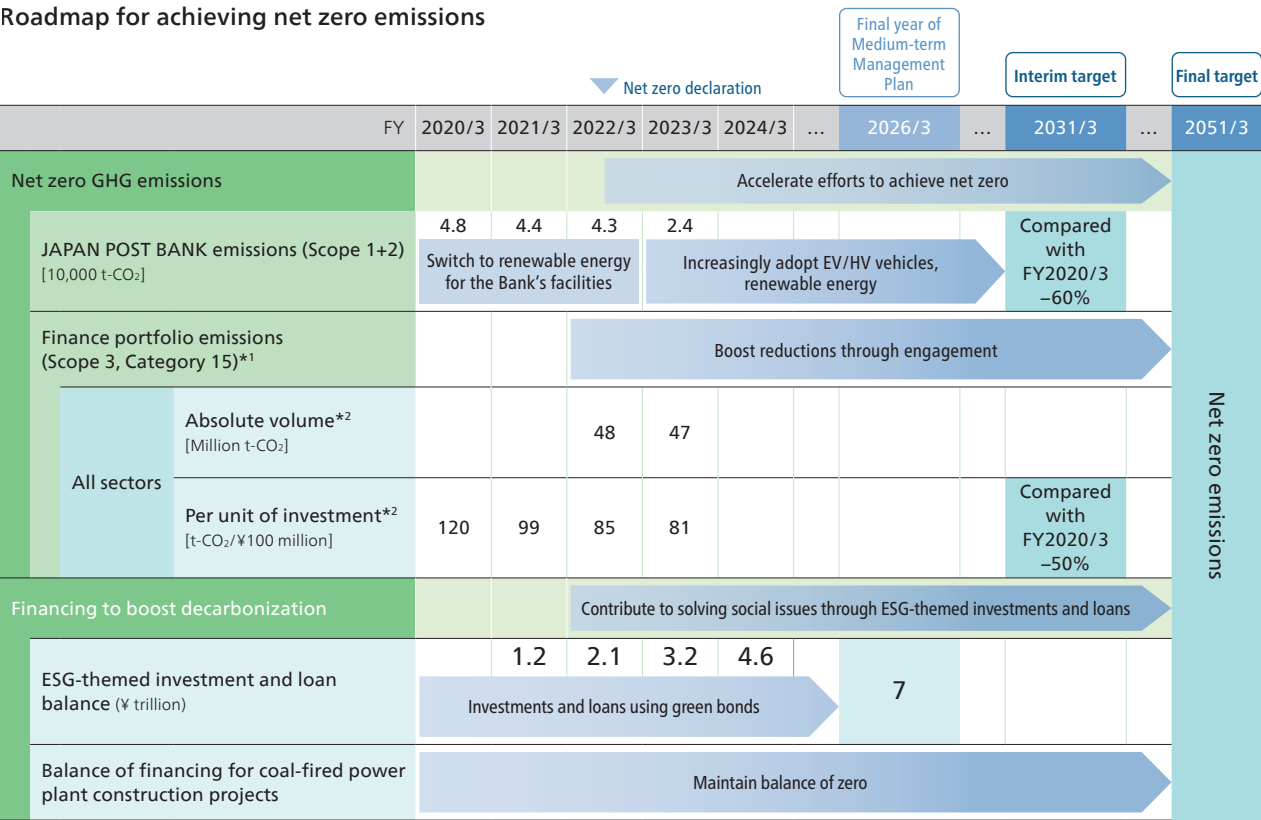


Addressing Climate Change

Basic Stance

In response to the global social issue of climate change, JAPAN POST BANK is promoting efforts to create a carbon neutral, decarbonized society for Japan by FY2051/3. In FY2024/3, the Bank published a roadmap for achieving net zero emissions.

Roadmap for achieving net zero emissions



\*1 Finance portfolio emissions may be revised retroactively in the future if there is a change in the vendor acquiring the emissions data or the calculation method is improved.  
\*2 The absolute figures for FY2022/3 have been changed from those disclosed in the past due to the refinement of calculation methods, such as the expansion of the scope of investee and borrower companies (e.g., from non-consolidated to consolidated).  
In addition, the attribution factor used to obtain the values in the table above is calculated using corporate value based on book value.

Governance/ Risk Management

Climate Change Promotion System

- The JAPAN POST BANK governance system is constructed in such a way that, under the leadership of the Sustainability Management Office, Corporate Planning Department, the Bank debates and reports on climate change action policies and initiative statuses to the Sustainability Committee, Executive Committee, and the Board of Directors, through

which the Board of Directors supervises the Bank's standing in our response to climate change risks and opportunities.

- Along with establishing priority issues (materiality) and target KPI regarding climate change in the Medium-term Management Plan (FY2022/3 to FY2026/3), the Bank has stated as part of the Plan our intention to address climate change in unison with the management strategies.

**Establishment of a Working Group to Enhance Sustainability Promotion Systems**

JAPAN POST BANK is implementing various measures with the aim of ensuring that each employee understands and practices sustainability promotion initiatives in their own work.

In FY2024/3, the Bank established the Climate Change Working Group (WG), with the Sustainability Management Office serving as its secretariat, to further strengthen collaboration with each department with the aim of strengthening its response to various sustainability-related issues. Including representatives from investment-related

departments, such as the Risk Management Department and the CIO Office of the Investment Division, as well as the Public Relations Department and Financial Accounting Department, this WG considers not only various disclosure issues but also responses to risk management, ESG-themed investments and loans, and efforts to reduce GHG emissions. By enhancing our organizational structure in this way, we are strengthening our responses to a variety of sustainability issues.

Risk Management System

- JAPAN POST BANK has introduced a Risk Appetite Framework (RAF) and positions risks related to climate change, etc., as one of the top risks facing the Bank. These risks are reflected in the Bank's management plans, and the Sustainability Management Office which has been established in the Corporate Planning Department acts as necessary following regular checks of the status of control.

For more details on the Risk Appetite Framework, please see page 86.

- The Bank has put in place the ESG Investment and Financing Policy which specifies the investments and loans that it will actively promote. Having reviewed our investment and loan policy in April 2024, we are working to increase its sophistication to, for example, newly expand the scope of prohibited investments to certain specified sectors and to appropriately respond to environmental issues such as climate change and biodiversity issues, and social issues such as human rights violations.

Strategy/Metrics and Targets

Climate Change-related Risks and Opportunities

JAPAN POST BANK has identified the risks and opportunities related to climate change as follows.

Risks and Opportunities	Details	Period*1	Financial Impact*2
Physical Risks	• Damage to the Bank's assets such as ATMs due to natural disasters, etc., and an increase in the credit risk of companies receiving investments and financing.	Short term	Small
Transition Risks	• The securities holdings of the companies that are receiving JAPAN POST BANK investment and loan (companies that are greatly affected by environmental regulations) will suffer a decline in value due to a tightening of regulations.	Medium to long term	Medium
Opportunities	• Improvements in capital markets and society's evaluations owing to steps by the Bank to take appropriate measures and make disclosures related to environmental issues. • Investment and financing opportunities for renewable energy businesses and green bond investment opportunities will increase.	Short to long term	Medium

\*1 The period until the relevant risks and opportunities occur or manifest. Short-term: Less than 1 year, Medium-term: 1 year to less than 3 years, Long-term: 3 years or more  
\*2 Financial Impact on B/S and P/L: Small: Less than ¥1 billion per year, Medium: ¥1 billion to less than ¥10 billion per year, Large: ¥10 billion or more per year

- In order to quantitatively understand the climate change risk of loans belonging to sectors that are highly impacted by climate change, we aggregate, manage, and monitor carbon-related assets quarterly based on TCFD recommendations.
- In our ESG Investment and Financing Policy, we have stipulated, with respect to investments in, and financing of, coal-fired power generation projects, which are said to have a large impact on the environment, that we will not invest in, or finance for, construction of new, or expansion of existing,

coal-fired power plant facilities. Furthermore, as of the end of March 2024, we had no balances for financing projects that involve the construction of coal-fired power plants.

- Going forward, JAPAN POST BANK will conduct ongoing analyses that take into account the long-term impacts of climate change, while continuing to closely monitor the impacts of climate change and support the initiatives of our investment and lending clients through engagement and other means.

Initiatives as a Business Company

We switched all the electricity used at our Bank-owned facilities to renewable energy sources by FY2023/3. As our branches are located in facilities owned by JAPAN POST, we will support JAPAN POST's shift to renewable energy

electricity. Another initiative, which started from FY2024/3 is to switch from gasoline-powered four-wheel vehicles used in sales activities to environmentally friendly vehicles such as EVs and HVs. Through these initiatives, we will link our operations to the Bank's own emissions reductions

Category	Intermediate Target for FY2031/3	2050 Target
Company Emissions	-60% (compared with FY2020/3)	Net zero



Initiatives as an Institutional Investor

- JAPAN POST BANK is accelerating its efforts to support the reduction of greenhouse gas (GHG) emissions throughout society and to achieve net zero by 2050 through engagements with investment and financing recipient companies that have a large impact on climate change response. In FY2024/3, we conducted ESG-related engagement with 25 companies. Examples of these engagements are described below.

Proposals from Outside Directors

With regard to Scope 3 (emissions of companies receiving investment and loans) initiatives to reduce GHG emissions, when engaging with companies receiving investment and loans, emphasis should be placed not only on numerical targets but also on qualitative initiatives such as reduction plans.

Company	Topic	Content of dialogue
Company A Gas utility	Climate change	Identification of emission reduction issues (technology development, value chain). Request for disclosure related to expected increase in Scope 1 and 2 emissions accompanying transition. Discussions on the financial impact of climate change and expansion of disclosure content.
Company B Electric power utility		Verification of efforts to achieve goals. Confirmation and exchange of views on potential for further increase in adoption of renewable energy.
Company C Food company	Natural capital	Confirmation of the status of identification of categories with high dependence or impact and analyses of risks and opportunities. Review of the status of recycling-related initiatives. Exchange of views on financial impact (capital expenditures) and future research and development.

To fulfill its social responsibility to address environmental and social issues as an institutional investor going forward as well, JAPAN POST BANK will continue dialogue to support corporate efforts to decarbonize through engagements for continuously checking on the progress and disclosure status of


corporate transition plans and strategies. We will also continue looking for ways to enhance the content of our engagements and reflect the results thereof in our policies, etc., with the goal of helping to reduce GHG emissions across communities even more.

Category	Intermediate Target for FY2031/3	2050 Target
Finance Portfolio Emissions Emissions per unit of investment (t-CO <sub>2</sub> /¥100 million)	-50% (compared with FY 2020/3)	Net zero

Publication of Sustainability Progress Report 2024

In June 2024, JAPAN POST BANK published Sustainability Progress Report 2024, its first progress report. This report provides institutional investors and other stakeholders with a summary of the background to our sustainability initiatives and primarily the progress made in FY2024/3.



 **More information**  
Sustainability Progress Report  
[https://www.jp-bank.japanpost.jp/en/sustainability/report/pdf/sustainability-progress-report\\_en.pdf](https://www.jp-bank.japanpost.jp/en/sustainability/report/pdf/sustainability-progress-report_en.pdf)

Natural Capital and Biodiversity Conservation Initiatives

In September 2022, JAPAN POST BANK joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum. We seek to increase awareness of natural capital and biodiversity conservation as well as contribute to the realization of a sustainable society by further promoting initiatives that are conducive to the conservation of natural capital and biodiversity.



The Bank's Approach to the Conservation and Restoration of Natural Capital

Nurturing a prosperous future with nature

- Economic activities are highly dependent on natural capital, and all enterprises, including our bank, are related to natural capital. As a financial institution, we have a role of the fund provider to enterprises involved with natural capital, and we recognize that it is generally desirable to analyze and manage our investments and loans in order to promote a response.
- On the other hand, the Bank, which operates throughout Japan through its network of post offices, also recognizes the importance of involvement in the conservation and restoration of nature, which is rooted in local communities, with the aim of promoting the sound development of Japanese society and local communities. In addition to responding to our investment and loan clients, we will implement a wide range of environment-related initiatives as a unified group.

Concrete Steps

Yucho Direct+ (plus) Non-Passbook General Account

Instead of issuing paper passbooks, customers can use "Yucho Direct" to check their current balances, which leads to a reduction in paper usage.

Online service for viewing transfer receipt / payment notifications

This service enables customers to check transfer receipt/payment notifications and payment handling slips via an online screen instead of receiving them in writing. This not only improves convenience but also leads to a reduction in paper usage.

Yucho Volunteer deposits

We offer the JAPAN POST BANK Deposits for International Voluntary Aid to help provide as much support as possible to people and nature conservation around the world who are in need of assistance. Part of the interest received from customers is used as donations to improve livelihoods in developing countries and regions and for environmental conservation. (Cumulative total from the launch of transactions until March 31, 2024: ¥36.57 million)

Donations to environmental conservation organizations, Yucho Eco-Communication

The Bank contributes to organizations engaged in activities that protect endangered species and conserve the environment, as well as to initiatives and awareness-raising activities related to preserving the



Donguri-Mongori Japan (Aichi Prefecture), tree-planting activities

biodiversity of tree planting as one example. Specifically, we donate a portion of the cost savings associated with reduced paper usage through Yucho Eco-Communication to certified non-profit and other organizations throughout Japan that work with local communities on promoting environmental conservation. (Cumulative total from the start of initiatives until March 31, 2024: ¥32.5 million)

Environmental consideration in procurement (climate, biodiversity, etc.)

In our contract processes, we have made the following consideration for the environment declaration: We shall conduct procurement activities with consideration for conservation of the global and regional environment and effective use of resources, and so conduct environmentally friendly procurement. For example, vegetable oil-based ink\*1 is used for printing our Annual Report, Environmental Data Book and other publications. We also check the materials used in the items we procure and are gradually changing item specifications to more environmentally friendly materials.\*2 We also continuously promote green purchasing.

In addition, having reviewed the Group's Approach to Procurement Activities (procurement policy) in December 2018, the JAPAN POST GROUP now asks that its business partners give consideration toward environmental and social issues to work to realize the 10 principles in the four fields (human rights, labor, environment and anti-corruption) defined in the UN Global Compact. In July 2019, we formulated and published the JAPAN POST GROUP's CSR Procurement Guidelines. We have asked all business partners to comply with these guidelines since December 2020.

\*1 Ink made from recycled oil containing vegetable oil, such as soy oil, palm oil, and/or waste oil  
\*2 An initiative to reduce plastic waste



Initiatives Regarding Respect for Human Rights

As we seek to realize our philosophy of becoming the most accessible and trustworthy bank in Japan, the Bank recognizes that respect for human rights is an important social responsibility. We respect the human rights of all people, including our customers, employees, and business partners.

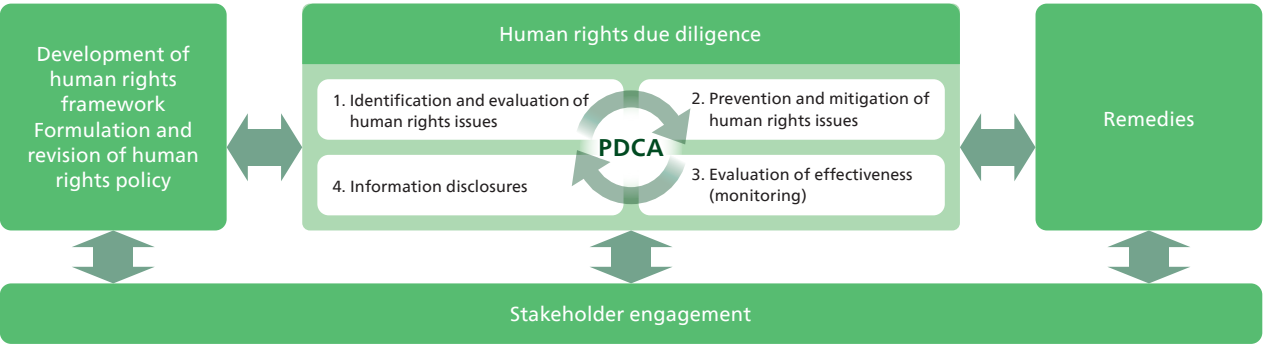
We have also established a Human Rights Policy and are strengthening various initiatives to help bring about a safe, secure, and prosperous society by promoting human rights initiatives through the business and social activities of the

Bank and the JAPAN POST GROUP.

These human rights initiatives are discussed at Sustainability Committee and Executive Committee meetings, and the status of these initiatives is reported regularly to the Board of Directors.

**More information**  
JAPAN POST BANK Human Rights Policy  
<https://www.jp-bank.japanpost.jp/en/sustainability/social/supplychain/policy/>

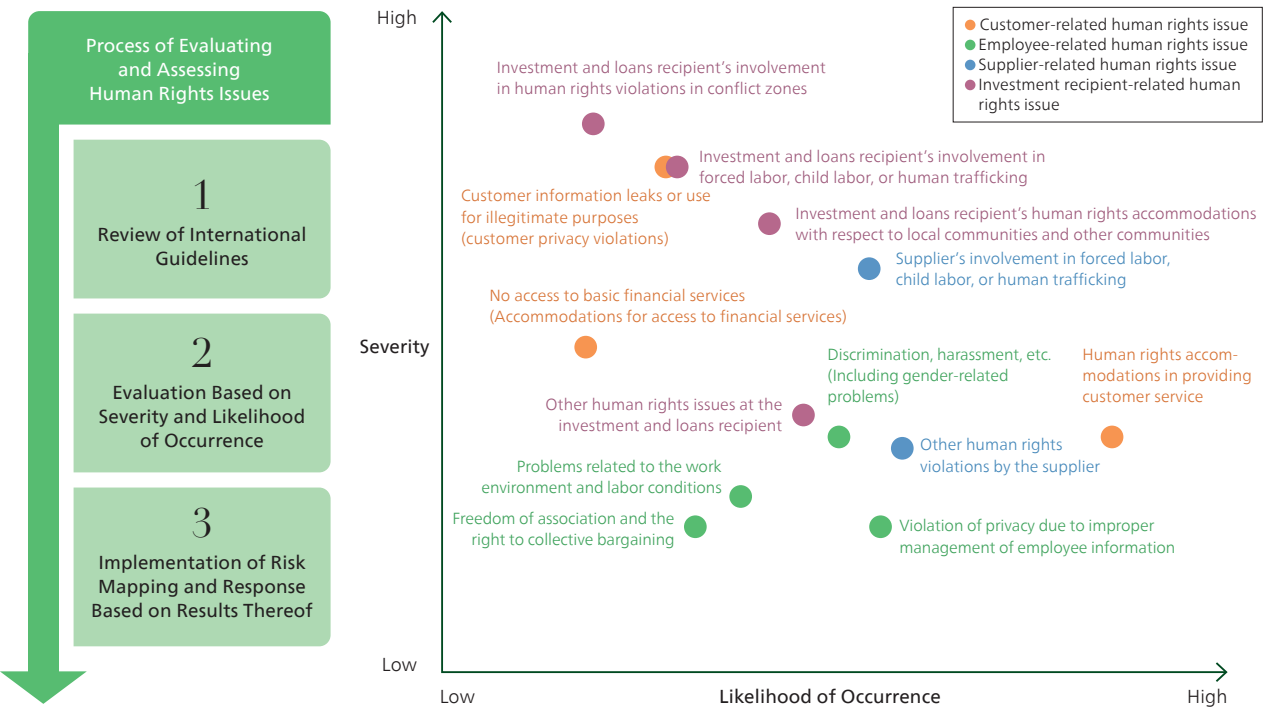
Implementation of human rights due diligence



Identifying and Evaluating Human Rights Issues

In response to growing societal calls for the protection of human rights and informed by the thinking behind statements like the United Nations Guiding Principles on Business and Human Rights, JAPAN POST BANK established a Human Rights Policy in April 2019. We revised the policy in April 2023 and will continue to review it going forward.

In FY2024/3, we identified the human rights issues the Bank should address, based on international guidelines and the roles expected of financial institutions. We evaluated (mapped) the issues we identified along two axes: severity and likelihood of occurrence. We will continuously review the mapping results and revise them in light of changes in the external environment and other factors.



Initiatives regarding human rights issues

For each human rights issue, we are implementing the various measures (prevention and mitigation strategies) for the human rights issues identified and assessed in (1) for each individual stakeholder. We will also monitor the implementation status of human rights due diligence while working continuously on improvements.

Initiatives target- ing customers	<ul style="list-style-type: none"><li>Provision of Financial Services to Customers throughout Japan</li><li>Initiatives such as barrier-free accessibility and universal design in terms of both physical and systemic aspects</li></ul>	<ul style="list-style-type: none"><li>Consideration of human rights in products, services and advertising materials</li><li>Multilingual support</li><li>Customer information management, financial education, etc.</li></ul>
Initiatives target- ing suppliers	<ul style="list-style-type: none"><li>Formulation/publication of Japan Post Group CSR Procurement Guidelines</li><li>Inclusion of human rights considerations in contracts</li></ul>	<ul style="list-style-type: none"><li>Awareness of the whistleblower hotline</li><li>Conducting of supplier questionnaires</li></ul>
Initiatives target- ing employees	<ul style="list-style-type: none"><li>Implementing various training programs and issuing information newsletters regarding discrimination and harassment</li><li>Promotion of health management initiatives</li></ul>	<ul style="list-style-type: none"><li>Promotion of DE&amp;I</li><li>Building of work environment, etc.</li></ul>
Initiatives target- ing investments and financing	<ul style="list-style-type: none"><li>Formulation and revision of the ESG Investment and Financing Policy</li><li>Engagement</li></ul>	<ul style="list-style-type: none"><li>ESG-themed investment and loan promotion</li><li>Preventing involvement in human rights violations in conflict-stricken countries</li></ul>

Publication of JAPAN POST BANK Human Rights Report

Our first Human Rights Report was published in April 2024.

In addition to initiatives for each stakeholder, the Human Rights Report introduces the progress made with and status of our human rights initiatives.

**More information**  
Human Rights Report  
[https://www.jp-bank.japanpost.jp/en/sustainability/social/supplychain/human-rights/pdf/human-rights\\_report.pdf](https://www.jp-bank.japanpost.jp/en/sustainability/social/supplychain/human-rights/pdf/human-rights_report.pdf)



Whistleblowing and Harassment Consultation Counter System

As part of our efforts to eradicate human rights violations, provide early relief to victimized employees, and remain a comfortable company free of human rights violations with employee-friendly working environments, we have set up and publicized multiple consultation counters, put in place a system that strictly maintains confidentiality, accepts anonymous consultations, and prohibits retaliation, creating an environment where people can seek advice in confidence.

Stakeholder Engagement

JAPAN POST BANK is engaging stakeholders in dialogue as a way to objectively confirm the status of its efforts to respect human rights. In FY2024/3, we held dialogues with external experts and conducted employee questionnaires on human rights issues. We aim to continue improving our human rights due diligence in the future through continued dialogue with various stakeholders.

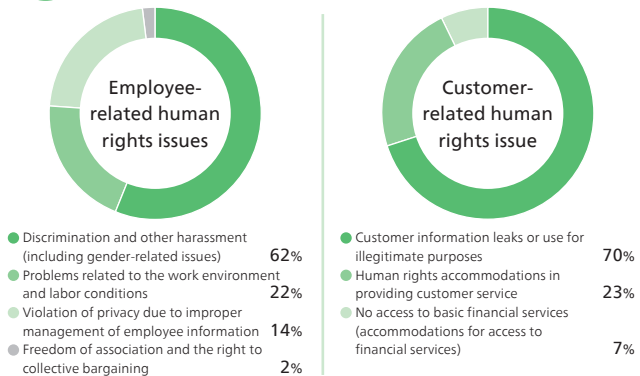
Dialogue with Employees

To that end, we conducted a questionnaire survey on specific human rights issues at JAPAN POST BANK, asking employees to identify the most critical human rights issues from (A) their perspective (as employees), and (B) from the perspective of bank users (as customers).

The questionnaire results revealed that “discrimination and harassment” and “leaks or misuse of customer information for illegitimate purposes” are recognized as serious human rights issues, consistent with the results of our risk mapping.

In the years to come, we will continue to review our initiatives on a regular basis while listening to the opinions of our employees, suppliers, and other stakeholders.

**Question** Among the following human rights issues, select the one you consider to be the most serious.





## Basic Stance on Corporate Governance

With a view to its sustainable growth along with improvement of its corporate value over the medium to long term, JAPAN POST BANK attaches great importance to relationships with its all stakeholders, including shareholders, and will maintain 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.

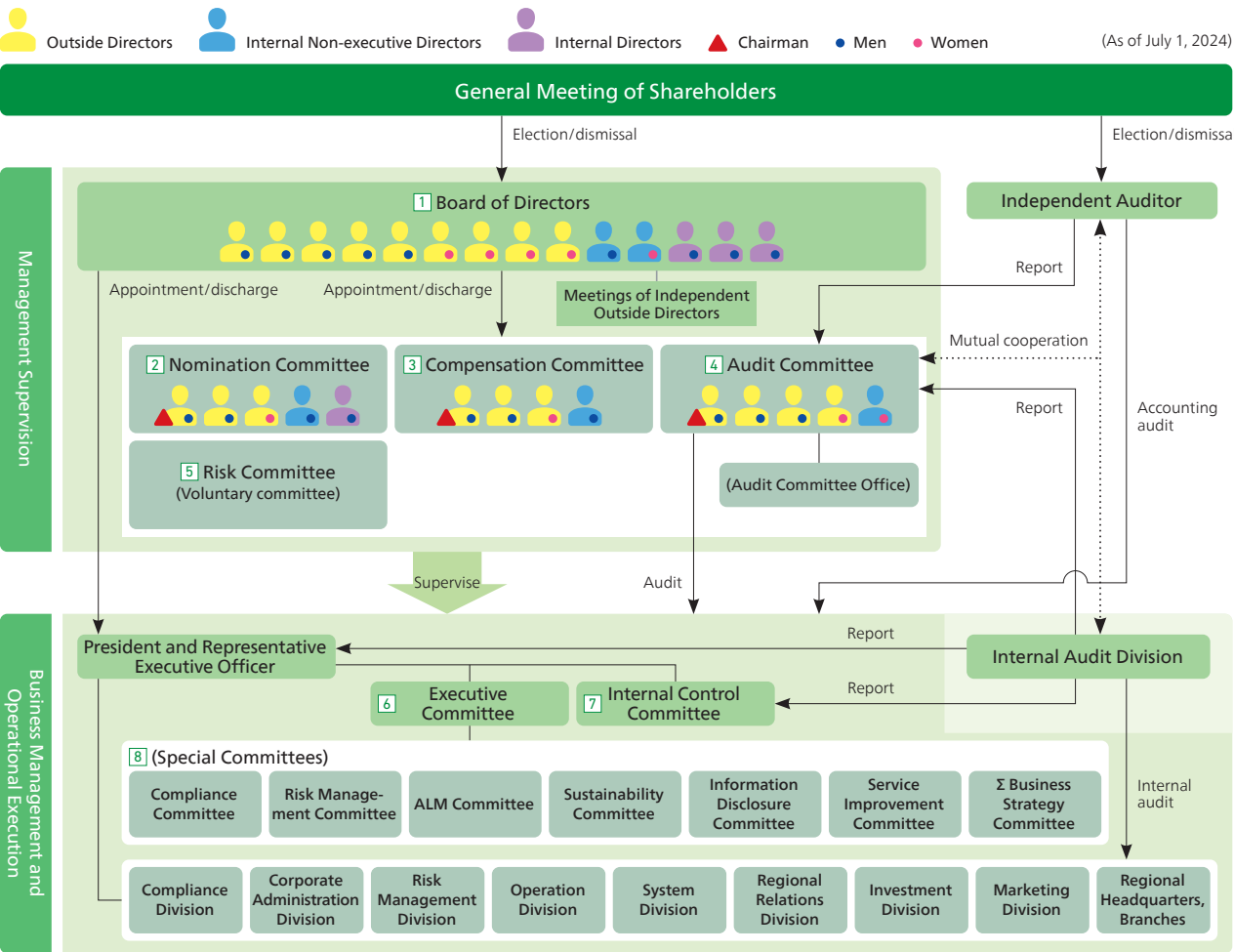
② Fully recognizing fiduciary responsibilities to shareholders, we will give consideration to ensure the rights and equality of shareholders in an appropriate manner.

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 the 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.

## Corporate Governance System

JAPAN POST BANK adopted the company with three statutory committees system of corporate governance to implement rapid decision-making and to increase management transparency. This is deemed to be a system under which the Board of Directors and each statutory and voluntarily established committee can provide appropriate oversight of management.



## Committee Overview

### Supervisory function

	Role and composition (as of July 1, 2024)	Main agenda / Operational status (FY2024/3)	Number of times held (FY2024/3)
1 Board of Directors	The JAPAN POST BANK Board of Directors has 14 members (five women and nine men), and of these nine are Outside Directors. Directors who possess diverse experience and knowledge work to oversee the Bank's operations.	In FY2024/3, the Board of Directors discussed important matters involved in the management strategy, including formulation of the FY2025/3 management plan, the revision of the Medium-term Management Plan (FY2022/3 through FY2026/3), the compliance system, and HR Strategies. From the perspective of ensuring the propriety of operations, the Board of Directors also supervised business execution in an appropriate manner.	12 times
2 Nomination Committee	Comprising five directors (three of whom are outside directors), this committee determines the criteria regarding the election and dismissal of directors. In addition, it determines the content of proposals regarding the election and dismissal of directors that are submitted to general meetings of shareholders.	In FY2024/3, the Nomination Committee decided on candidates for directors and continued to hold discussions regarding the selection of director candidates for the next term. Moreover, the Committee continued to discuss president succession plans and other matters.	8 times
3 Compensation Committee	Comprising four directors (three of whom are outside directors), 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.	In FY2024/3, the Compensation Committee decided on individual compensation for executive officers and directors as well as performance-linked compensation for executive officers. The Committee also discussed officer compensation levels.	5 times
4 Audit Committee	Comprising five directors (four of whom are outside directors), this committee audits the execution of duties by executive officers and directors and prepares audit reports. The committee also determines the content of proposals regarding the election and dismissal of accounting auditors and the refusal to reelect accounting auditors to be submitted to general meetings of shareholders.	In FY2024/3, the Audit Committee focused on auditing both internal control system improvements and initiatives to maintain and develop the business. In particular, steps have been taken to prevent internal crimes at the Bank's directly operated branches and at post offices by developing and strengthening comprehensive crime prevention measures and building a system to promote these measures through the JAPAN POST GROUP. Moreover, the Audit Committee has confirmed that steps for improvement continue to be taken.	14 times
5 Risk Committee (Voluntary committee)	As an advisory body to the Board of Directors, the Risk Committee comprises three directors (two of whom are outside directors) and two outside experts, who deliberate on important matters related to the status of risk management and provide reports and advice to the Board of Directors.	In FY2024/3, the Risk Committee deliberated on risks related to market operation, ALM and IT systems in light of the Bank's risk characteristics. In particular, it deliberated on the investment plan and the result of its assessment as well as the status for cybersecurity and other system updates, and it reported or advised the Board of Directors on important matters from among its discussions.	7 times

	Role
Meetings of Independent Outside Directors	Based on the independent and objective positions of the independent outside directors, the purpose of the Meetings of Independent Outside Directors is to exchange information and share awareness about important matters relating to issues of importance to the management of the Bank and its governance. The Bank also designates all outside directors as independent directors as stipulated by the Tokyo Stock Exchange.

### Business Management and Operational Execution

	Role
6 Executive Committee	The Executive Committee has been established as an advisory body to the President and Representative Executive Officer to hold discussions on important business execution matters.
7 Internal Control Committee	The Internal Control Committee has been established as an advisory body to the President and Representative Executive Officer to hold discussions on the legal, regulatory and other compliance-related issues as well as other important internal control matters.
8 Special Committees	The Special Committees assist the Executive Committee in matters requiring specialized discussions.
Compliance Committee	The Compliance Committee formulates compliance systems and programs and holds discussions and provides reports regarding progress in these matters.
Risk Management Committee	The Risk Management Committee formulates risk management systems and operational policies. The committee also holds discussions and provides reports regarding progress in risk management matters.
ALM Committee	The ALM Committee formulates basic ALM plans and operational policies, determines management items, and holds discussions and provides reports regarding progress in these matters.
Sustainability Committee	The Sustainability Committee formulates action plans with regard to Sustainability and holds discussions and provides reports regarding progress in these matters.
Information Disclosure Committee	The Information Disclosure Committee formulates basic information disclosure policies, holds discussions, and provides reports on disclosure content and progress in order to ensure the appropriateness and effectiveness of information disclosure.
Service Improvement Committee	This Service Improvement 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.
Σ Business Strategy Committee	This committee deliberates and reports on the formulation and progress of strategies and plans for the Σ Business, which is a corporate business for creating futures for societies and local communities through investment.



Board of Directors

The Board of Directors is comprised of diverse directors with extensive knowledge and experience coupled with deep insight.

The Board makes determinations on management philosophy, basic policies, and other matters of particular

importance to management, and through appropriate oversight of its business execution, the Bank strives to achieve sustainable growth and enhance its corporate value over the medium to long term.

Ratio of outside directors  
(As of July 1, 2024)



Ratio of Men to Women  
(As of July 1, 2024)



Directors' Skills Matrix

Skill Details List and Skill Selection Reasoning

Skills	Details	Selection Reasoning
Management (Corporate Management)	Extensive experience and insight as a corporate executive	Required for realizing the Bank's purpose and for enhancing corporate value
Legal / Compliance	Legal expert who contributes to strengthening governance, or equivalent professional experience and insight	Required for aiming to be the most trusted financial institution that can be used safely and securely by customers.
Financial Accounting	CPA or corporate experience/knowledge in accounting, etc.	Required for planning, advancing, and monitoring financial strategies, including appropriate growth investments and shareholder returns, etc., intended to maximize corporate value.
Finance	Extensive experience and broad expertise in banking, securities, insurance, etc.	Required for identifying financial market trends and rolling-out businesses.
Market Operation / Risk Management	Broad investment experience and extensive insight in market operations, experience in risk management operations, and a high level of expertise	Required for realizing a high-degree of balance between profitability and financial soundness as is necessary for enhancing corporate value by one of Japan's largest institutional investors.
Sales / Digital Marketing	Experience and knowledge of financial sales and corporate lending and relations, and marketing insights using digital technology and data	Required for realizing the provision of safe and secure services that leave no one behind anywhere in Japan through advancing DX and strengthening relationships with other financial institutions and regional communities.
Human Resource Development	Management experience and insight in human resource development and education	Required for nurturing and developing human resources as assets and as the source of the Bank's competitiveness and value creation as is necessary for enhancing corporate value.
ESG	Management experience in consideration of environmental and social issues, or equivalent experience and insight	Required for promoting initiatives that balance corporate value enhancements with solutions to social issues, and for realizing key issues (materiality).
Administration	Experience in key administrative positions in national, local, or other government authorities	Required for completing the implementation of postal service privatization.

Skills Matrix

Name	Experience / Expertise									Committee staffing status			
	Management (Corporate Management)	Legal / Compliance	Financial Accounting	Finance	Market Operation / Risk Management	Sales / Digital Marketing	Human Resource Development	ESG	Administration	Nomination Committee	Compensation Committee	Audit Committee	Risk Committee (Voluntary committee)
Outside Directors	Keisuke Takeuchi	●						●		●	★		
	Makoto Kaiwa	●	●					●		★			
	Risa Aihara	●				●					●		
	Hiroshi Kawamura		●									★	
	Kenzo Yamamoto				●	●						●	★
	Keiji Nakazawa		●	●							●	●	
	Atsuko Sato				●	●	●						●
	Reiko Amano					●		●		●			
	Akane Kato	●					●					●	
Internal Nonexecutive Directors	Hiroya Masuda	●			●			●	●	●	●		
	Katsuyo Yamazaki				●		●		●			●	●
Internal Directors	Takayuki Kasama	●			●	●		●		●			
	Susumu Tanaka			●	●				●				
	Harumi Yano				●	●	●	●					
External experts	Takao Yajima	Chairman of specified non-profit organization CIO Lounge											●
	Hiromi Yamaoka	Board Director of Future Corporation, Director Group CSO & CLO											●

\* The ★ mark refers to committee chairperson.

Main agenda items discussed by the Board of Directors in FY2024/3

- Review of the Medium-term Management Plan (FY 2022/3 to FY 2026/3)
  - Risk Appetite Statement
  - Formulation of FY2025/3 management plan
  - Promotion of sustainability management
  - Capital and dividend policies (ROE/PBR enhancement, etc.)
  - Promotion of the three business strategies (Retail Business Innovations, Market Business Enhancement, Full-scale launch of the Σ business)
  - Promotion of human capital management
  - Upgrade and expansion of the corporate governance systems
- Strengthening of compliance system
  - Customer-oriented service improvements
  - Promotion of measures to counter money laundering / the financing of terrorism and proliferation financing
  - Strengthening of IT governance systems / cyber security management systems
  - Operational status of the “Basic Policies for the Internal Control System”
  - Improvement of systems for securing operational resilience







Board of Directors and Executive Officers (As of July 1, 2024)

Outside Directors\*


	<p><b>Keisuke Takeuchi</b> Outside Director Chairman of the Compensation Committee Member of the Nomination Committee</p> <p><b>Significant concurrent positions:</b> Outside Director of BROTHER INDUSTRIES, LTD.</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (12/12 meetings) <b>Nomination Committee</b> 100% (8/8 meetings) <b>Compensation Committee</b> 100% (5/5 meetings)</p>	<p><b>Reason for Election</b> 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 sufficiently 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><b>Makoto Kaiwa</b> Outside Director Chairman of the Nomination Committee</p> <p><b>Significant concurrent positions:</b> Special Advisor of Tohoku Electric Power Co., Inc.</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (12/12 meetings) <b>Nomination Committee</b> 100% (8/8 meetings)</p>	<p><b>Reason for Election</b> 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 sufficiently 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><b>Risa Aihara</b> Outside Director Member of the Compensation Committee</p> <p><b>Significant concurrent positions:</b> Representative Director and President of Ai-LAND Co., Ltd.</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (12/12 meetings) <b>Compensation Committee</b> 100% (3/3 meetings)</p>	<p><b>Reason for Election</b> 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><b>Hiroshi Kawamura</b> Outside Director Chairman of the Audit Committee</p> <p><b>Significant concurrent positions:</b> Attorney-at-law Outside Director of ISHII IRON WORKS CO., LTD.</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (12/12 meetings) <b>Audit Committee</b> 100% (14/14 meetings)</p>	<p><b>Reason for Election</b> Mr. Hiroshi Kawamura has been in the legal profession for a long time, and JAPAN POST BANK expects him to sufficiently 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 gained through his career as a legal professional.</p>
	<p><b>Kenzo Yamamoto</b> Outside Director Chairman of the Risk Committee Member of the Audit Committee</p> <p><b>Significant concurrent positions:</b> Representative of Office KY Initiative Member of the Board as Outside Director of Bridgestone Corporation Outside Director of SUMITOMO LIFE INSURANCE COMPANY</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (12/12 meetings) <b>Audit Committee</b> 100% (14/14 meetings) <b>Risk Committee</b> 100% (7/7 meetings)</p>	<p><b>Reason for Election</b> Mr. Kenzo Yamamoto successively held various important posts at the Bank of Japan, and JAPAN POST BANK expects him to sufficiently 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><b>Keiji Nakazawa</b> Outside Director Member of the Audit Committee Member of the Compensation Committee</p> <p><b>Significant concurrent positions:</b> None</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (12/12 meetings) <b>Audit Committee</b> 100% (14/14 meetings) <b>Compensation Committee</b> 100% (3/3 meetings)</p>	<p><b>Reason for Election</b> Mr. Keiji Nakazawa successively held various important posts at publicly traded companies for a long time, and JAPAN POST BANK expects him to sufficiently 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 finance and accounting gained through his career.</p>
	<p><b>Atsuko Sato</b> Outside Director Member of the Risk Committee</p> <p><b>Significant concurrent positions:</b> Associate Professor, Department of International Studies, Faculty of Economics of Takasaki City University of Economics Outside Corporate Auditor of DeNA Co., Ltd. Outside Director of Yomeishu Seizo Co., Ltd.</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (12/12 meetings) <b>Risk Committee</b> 100% (7/7 meetings)</p>	<p><b>Reason for Election</b> Ms. Atsuko Sato successively held various important posts at Goldman Sachs (Japan) Ltd. and positions as university professor, and 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 in market operations, risk management and human resource development gained through her career.</p>

	<p><b>Reiko Amano</b> Outside Director Member of the Nomination Committee</p> <p><b>Significant concurrent positions:</b> Outside Director of Yokogawa Bridge Holdings Corp.</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (10/10 meetings) <b>Nomination Committee</b> 100% (6/6 meetings)</p>	<p><b>Reason for Election</b> Ms. Reiko Amano successfully held various important posts at publicly traded companies and national research and development agencies for a long time, and 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 in risk management gained through her career.</p>
	<p><b>Akane Kato</b> Outside Director Member of the Audit Committee</p> <p><b>Significant concurrent positions:</b> Representative Director of AKANE IDENTITIES INC. Outside Director of SUMCO CORPORATION</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (10/10 meetings) <b>Audit Committee</b> 100% (10/10 meetings)</p>	<p><b>Reason for Election</b> Ms. Akane Kato worked as a human resources development consultant for a long time, and 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 in human resources development gained through her career.</p>

Directors

	<p><b>Takayuki Kasama</b> Director, President and Representative Executive Officer Member of the Nomination Committee</p> <p><b>Significant concurrent positions:</b> Director of JAPAN POST HOLDINGS Co., Ltd.</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (10/10 meetings)</p>		<p><b>Hiroya Masuda</b> Director Member of the Nomination Committee Member of the Compensation Committee</p> <p><b>Significant concurrent positions:</b> Director and Representative Executive Officer, President &amp; CEO of JAPAN POST HOLDINGS Co., Ltd. Director of JAPAN POST Co., Ltd.</p>	<p>Director of JAPAN POST INSURANCE Co., Ltd.</p> <p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (12/12 meetings) <b>Nomination Committee</b> 100% (8/8 meetings) <b>Compensation Committee</b> 100% (5/5 meetings)</p>
	<p><b>Susumu Tanaka</b> Director, Representative Executive Vice President</p> <p><b>Significant concurrent positions:</b> Managing Executive Officer of JAPAN POST HOLDINGS Co., Ltd.</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (12/12 meetings)</p>		<p><b>Katsuyo Yamazaki</b> Director, Full-time Member of the Audit Committee Member of the Risk Committee</p> <p><b>Significant concurrent positions:</b> None</p>	<p><b>Status of attendance at the meetings of:</b> <b>Board of Directors</b> 100% (10/10 meetings) <b>Audit Committee</b> 100% (10/10 meetings) <b>Risk Committee</b> 100% (5/5 meetings)</p>
	<p><b>Harumi Yano</b> Director, Representative Executive Vice President</p> <p><b>Significant concurrent positions:</b> None</p>				

\* Attendance at Board of Directors meetings and committees in FY2024/3.  
\* Keisuke Takeuchi, Makoto Kaiwa, Risa Aihara, Hiroshi Kawamura, Kenzo Yamamoto, Keiji Nakazawa, Atsuko Sato, Reiko Amano and Akane Kato are Outside Directors as set forth under Article 2.15 of Japan's Companies Act.

 **More information**  
For more details regarding each director, including biographies, please see the Bank's website.  
[https://www.jp-bank.japanpost.jp/en/aboutus/company/en\\_abt\\_cmp\\_executives.html](https://www.jp-bank.japanpost.jp/en/aboutus/company/en_abt_cmp_executives.html)

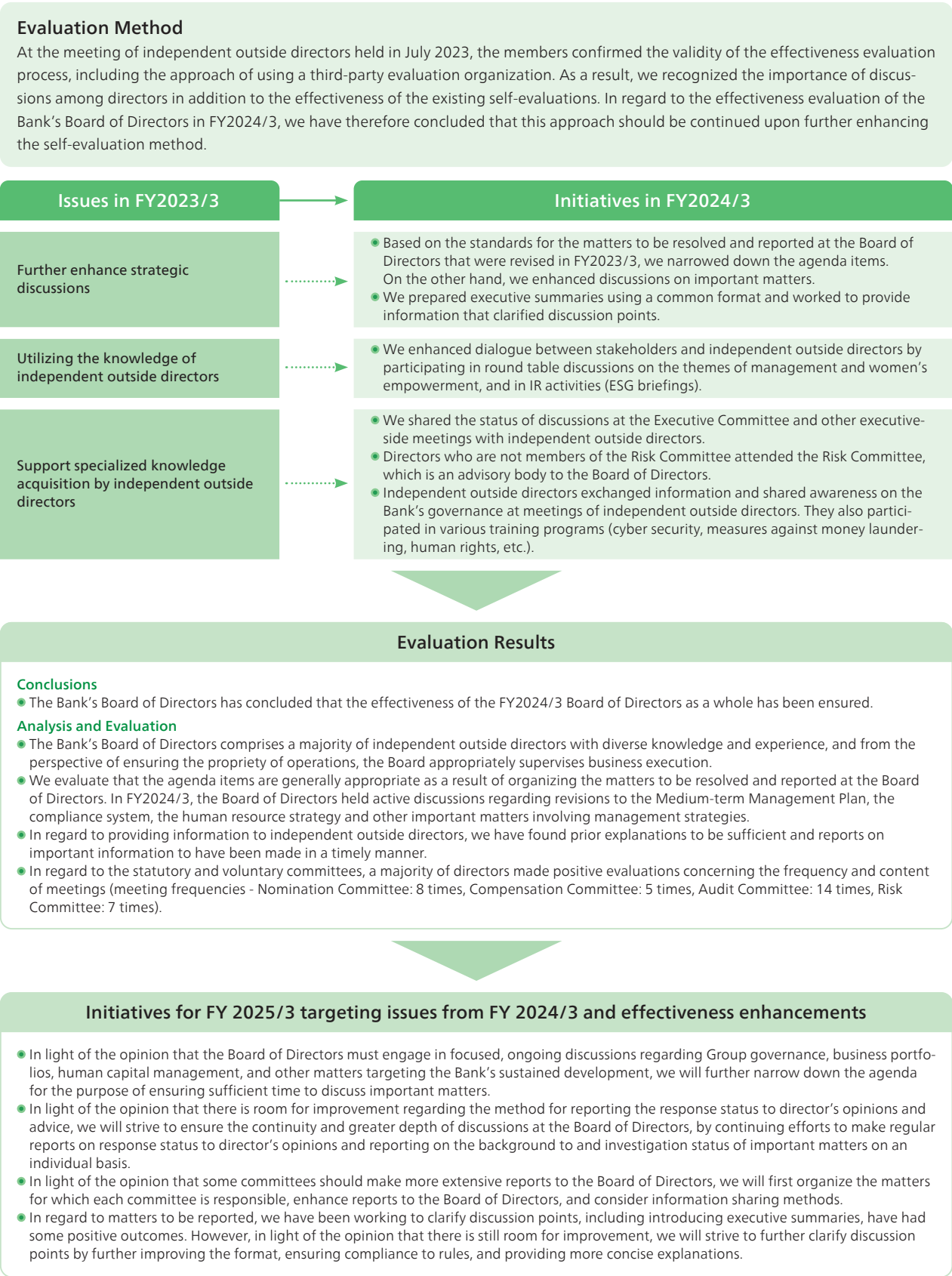
Executive Officers

President and Representative Executive Officer <b>Takayuki Kasama</b> Representative Executive Vice President <b>Susumu Tanaka</b> Representative Executive Vice President <b>Harumi Yano</b> Executive Vice President <b>Kenji Ogata</b> Senior Managing Executive Officer <b>Masato Tamaki</b> Senior Managing Executive Officer <b>Hisashi Matsunaga</b>	Senior Managing Executive Officer <b>Makoto Shinmura</b> Managing Executive Officer <b>Shinobu Nagura</b> Managing Executive Officer <b>Satoru Ogata</b> Managing Executive Officer <b>Hideki Nakao</b> Managing Executive Officer <b>Koji Iimura</b> Managing Executive Officer <b>Etsuko Kishi</b>	Managing Executive Officer <b>Akihiro Den</b> Executive Officer <b>Masaya Touma</b> Executive Officer <b>Katsuya Fukushima</b> Executive Officer <b>Koji Hasukawa</b> Executive Officer <b>Koichiro Yoshida</b> Executive Officer <b>Hisanori Kato</b>	Executive Officer <b>Yasumitsu Toyoda</b> Executive Officer <b>Junko Fujie</b> Executive Officer <b>Hiroshi Ueda</b> Executive Officer <b>Kenji Aono</b> Executive Officer <b>Hirokazu Yamamoto</b> Executive Officer <b>Tomotake Yano</b>	Executive Officer <b>Kenichi Imai</b> Executive Officer <b>Yuko Yoshida</b>
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Evaluation of Effectiveness of the Bank’s Board of Directors

Every year, the Bank’s Board of Directors analyzes and evaluates the effectiveness of the Board of Directors and each committee based on the self-evaluation of each director, and discloses a summary of the results.











Risk Management

We place a high priority on risk management and are taking steps to refine our sophisticated framework for risk management, including the identification and control of the risks associated with our operational activities.

Our basic policy is to appropriately manage risks in view of our management strategies and risk characteristics and most effectively utilize our capital. By doing so, we are able to increase enterprise value while maintaining sound finances and appropriate operations.

Risk Categories and Definitions

We define our risks and classify them into the following categories, and manage these risks based on the unique characteristics of each type of risk.

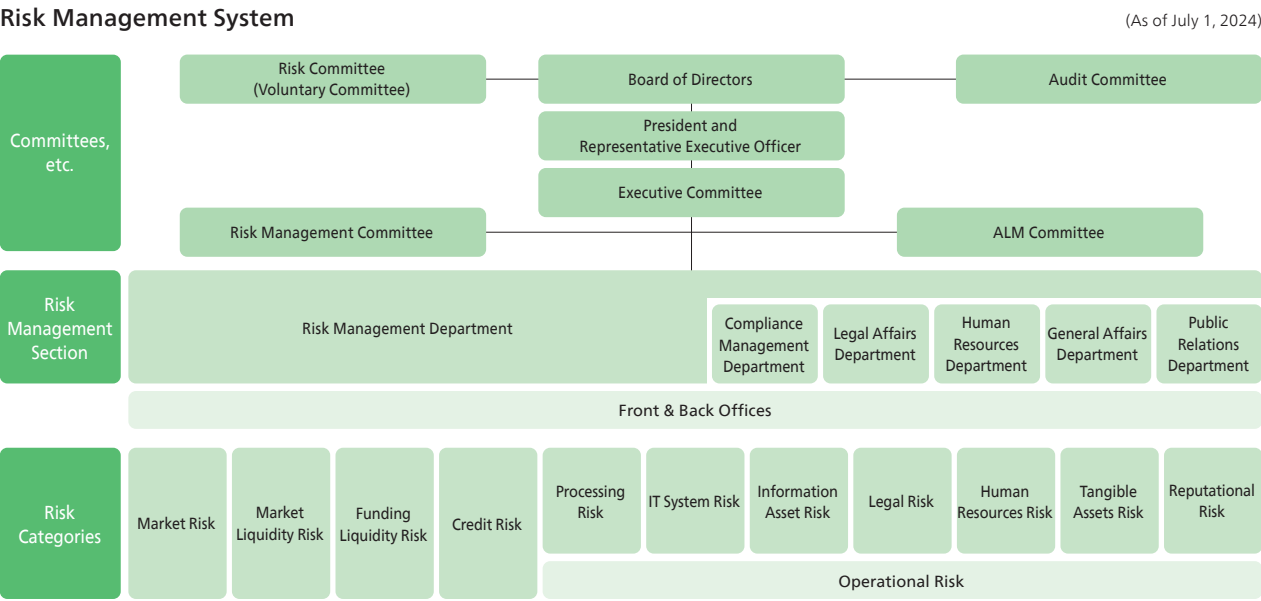
Risk Category	Risk Definition
Market risk	Market risk is the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of loss resulting from changes in earnings generated from assets and liabilities.
Market liquidity risk	Market liquidity risk is the risk that a financial institution will incur losses because it is unable to conduct market transactions or is forced to conduct transactions at far more unfavorable prices than under normal conditions due to a market crisis and the like.
Funding liquidity risk	Funding liquidity risk is the risk that a financial institution will incur losses because it finds it difficult to secure the necessary funds or is forced to obtain funds at far higher interest rates than under normal conditions due to a mismatch between the maturities of assets and liabilities or an unexpected outflow of funds.
Credit risk	Credit risk is the risk that a financial institution will incur losses from the decline or elimination of the value of assets (including off-balance sheet assets) due to deterioration in the financial condition of an entity to which credit is provided.
Operational risk	Operational risk is the risk of loss resulting from inadequate operation processes, inadequate activities by officers and employees and inadequate systems or from external events.

Risk Management System

The Bank has identified certain risk categories outlined in the table below. Various entities have been established to manage each risk category. In addition, we have put in place the Risk Management Department, which is responsible for monitoring each risk category in an integrated manner in order to ensure the effectiveness of our comprehensive risk management. The Risk Management Department operates

independently from other departments.

We have established special advisory committees to the Executive Committee to handle risk management responsibilities: the Risk Management Committee and the ALM Committee. These advisory committees submit risk management reports based on risk characteristics and hold discussions about risk management policies and systems. Meanwhile, officers in charge



of the Risk Management sections also report on such matters as the status of risk management to the Board of Directors, the Audit Committee and the Risk Committee on a periodic and as-needed basis.

Integrated Risk Management

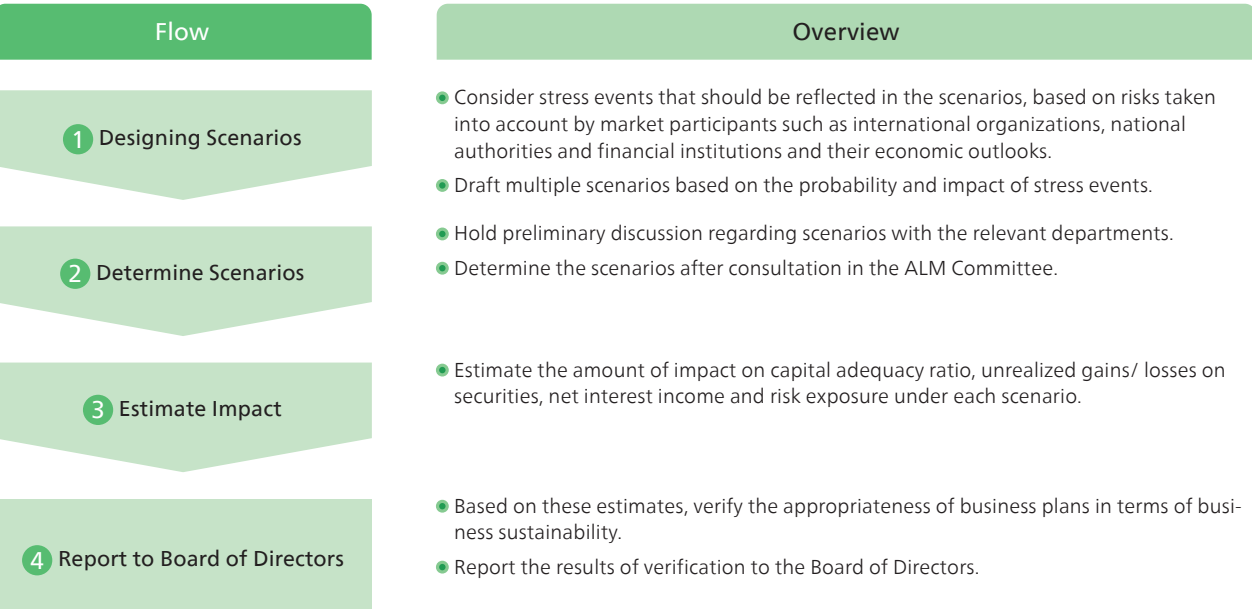
We broadly classify and define risks into five categories and manage risk by using both quantitative and qualitative approaches.

In our quantitative approach, we have introduced integrated risk management that quantifies and controls risk. Specifically, we establish in advance a total amount of equity capital that is available to take on risk, or risk capital. Risk capital is then allocated to each business (allocation of risk capital) in accordance with the type of expected risk and nature of the business activities. To quantify market risk and credit risk and

Prior to launching new products, services, or businesses, we assess potential risks and select appropriate methods to measure risks.

control risk exposure, we use value at risk ("VaR") techniques. VaR is a statistical method used to compute the maximum expected loss based on assets and liabilities held at given probabilities and for given periods of time. In addition, we perform stress tests based on multiple stress scenarios that assume deterioration in macroeconomic conditions to assess the impact on our financial condition and capital adequacy ratio, for the purpose of verifying the appropriateness of business plans from the forward-looking standpoint of business sustainability.

Performing Stress Tests



In our qualitative approach, which is used in conjunction with the quantitative methodology, we assess the nature of the risks. For instance, for operational risk we have established a plan, do, check, action ("PDCA") cycle that recognizes, evaluates, manages, and mitigates risk across our business activities.

Subject to the total amount of allocated capital approved by the Board of Directors, the allocation of risk capital is determined by the President and Representative Executive Officer following discussions in the ALM Committee and the Executive Committee.

**Related pages**  
For more details on the Risk Capital Allocation chart, please see page 94 of the reference materials.



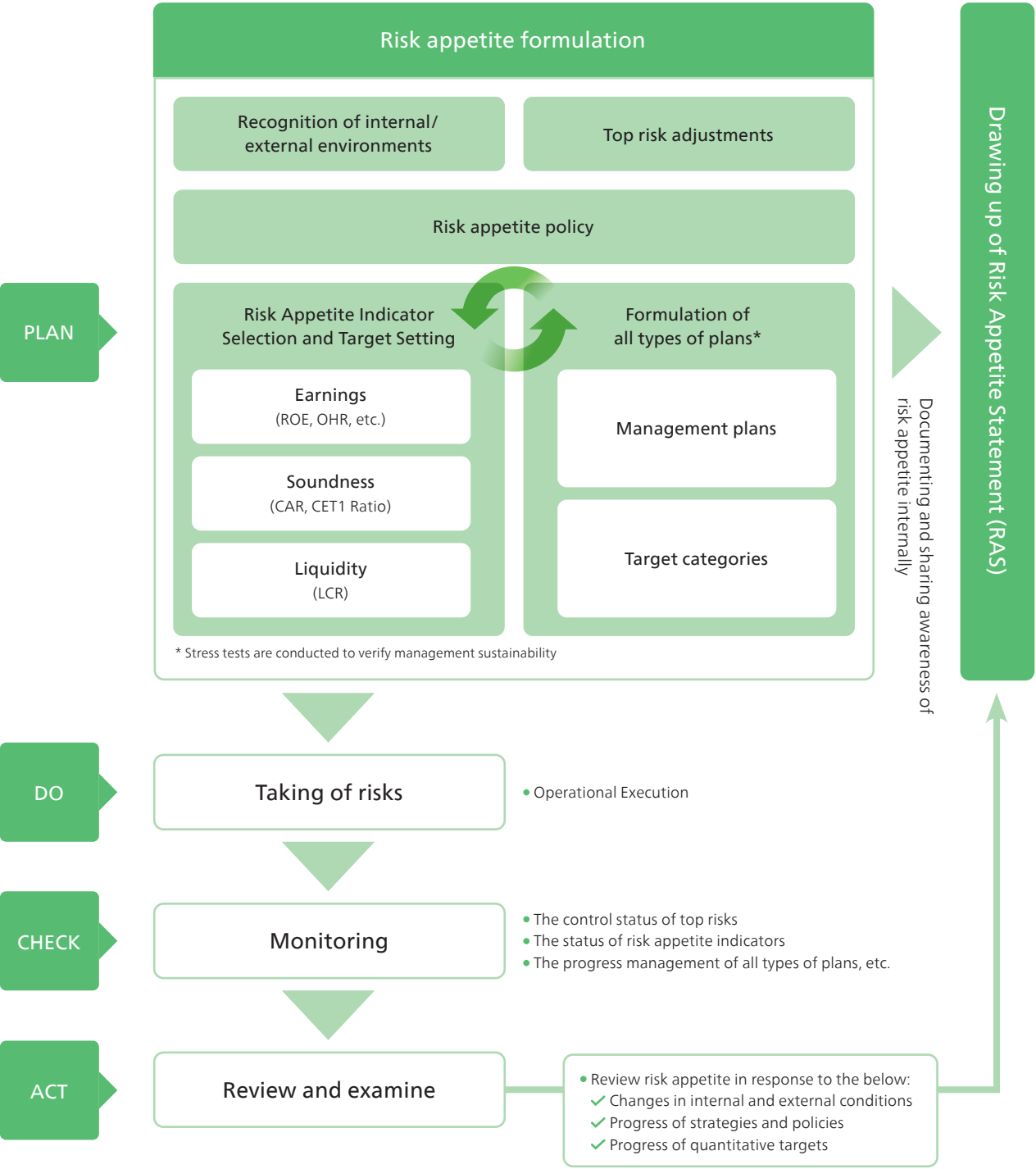
Risk Appetite Framework\*

The Bank introduced a Risk Appetite Framework (RAF) to ensure profitability over the medium to long term and financial soundness. Based on the RAF, risk appetite policies and indicators as well as top risks are discussed in conjunction with the formulation of management plans.

\* A business management framework used as common language between banks pertaining to all aspects of risk-taking policies, including the capital distribution and profit maximization of risk appetites (the type and total quantity of risks a company should willingly take on to fulfill its business plans after taking into account the unique aspects of the company's own business model).

Risk Appetite Framework Management Process

Words in parentheses are the main risk appetite indicators



Selecting Top Risks

Within the Risk Appetite Framework (RAF), JAPAN POST BANK selects the top risks that it recognizes as potentially having a particularly significant impact on the Group's business, performance, and financial position. These risks are selected following deliberation by the Board of Directors Executive Committee and in consideration of their degree of impact and probability.

Moreover, we reflect the actions we take against the selected risks in our management plans, and take additional action as necessary following regular checks of the control status. In FY 2025/3, we have clarified who is responsible for various key activities, including the cross-organizational prevention of and response preparation for each top risk, and are working to further enhance the Group's top risk management.

FY 2025/3 top risks

Top risks	Main measures
Extreme Fluctuations in Market Conditions, Such as Sudden Volatility in Overseas Credit Spreads and Sharply Rising Interest Rates Increasingly Strict Financial Regulations Imposed on JAPAN POST BANK	<ul style="list-style-type: none"><li>Continuation of portfolio risk tolerance enhancements</li><li>Stronger monitoring and the implementation of stress tests</li><li>Enhancement of expert human resources for market operations, risk management, and ALM</li><li>Improve management systems from the standpoint of being an internationally active bank</li></ul>
Cyberattacks	<ul style="list-style-type: none"><li>Strengthening of readiness based on third-party evaluations that take into consideration international standards</li><li>Confirmation of security measures at the time of new system introduction, the addition of functions, and post-service-in</li></ul>
Incidence of System Disruptions	<ul style="list-style-type: none"><li>Improved availability through such measures as the duplication of equipment and lines</li><li>Redundancy measures through the establishment of a disaster data center</li><li>Selection and inspection of key inspection systems</li></ul>
Incidence of such Events as Major Disasters and Pandemics	<ul style="list-style-type: none"><li>Seismic strengthening of facilities and equipment</li><li>Deployment of stockpiles, etc. in the event of a disaster</li><li>Establishment of remote work environments</li></ul>
Insufficient Steps Taken across Various Areas, Including the Promotion of DX and Business Efficient Measures, as Well as Efforts to Address Changes in the Competitive Environment and Customer Needs	<ul style="list-style-type: none"><li>Steady promotion of strategies and measures laid out in the Medium-term Management and FY management plans</li></ul>
Incidence of Compliance Violations, including Misconduct, Leakage or Loss of Personal Information, and Inappropriate Behavior by Officers and Employees of the Bank	<ul style="list-style-type: none"><li>Consideration and implementation of systematic and institutional measures to prevent a recurrence based on past examples of the Bank and examples from other companies</li><li>Implementation of regular training</li></ul>
Deficiencies in Preparations Against Money Laundering / Terrorism Financing and Proliferation Financing	<ul style="list-style-type: none"><li>Formulation and implementation of mitigation measures following the identification and evaluation of risks</li><li>Verification of the effectiveness of measures and implementation of continuous improvement activities</li><li>Steps taken to enhance the sophistication of countermeasures that draw on various resources, including collaboration with the relevant authorities and expertise of external organizations</li></ul>
Risk of Customers Incurring a Disadvantage due to Insufficient Customer-oriented Business Operations	<ul style="list-style-type: none"><li>Steps taken to establish a system to centrally manage customer feedback</li><li>Implementation of various measures, including a variety of training</li></ul>
Impediments to the Execution of Strategies due to a Lack of Human Resources	<ul style="list-style-type: none"><li>Efforts to promote a human resources strategy and human capital investment linked to the Medium-term Management and FY management plans as well as steps to optimize the human capital portfolio</li><li>Strengthening of training through various measures, including the recruitment of expert human resources and implementation of training as well as the Career Challenge System</li></ul>
Inadequate Initiatives and Disclosures with respect to Climate Change, Human Rights, and other Sustainability Issues	<ul style="list-style-type: none"><li>Strengthening the framework and progress management of sustainability management, which promotes sustainability initiatives in an integrated manner with management strategies</li><li>Regular upgrade and revision of "ESG Investment and Financing Policy" and "Human Rights Policy"</li></ul>



## Cybersecurity

While transactions using the Internet and smartphones have increased with the remarkable development of digital technology in recent years, the Bank has been working to expanded services that rely on digital channels.

On the other hand, the advance in sophistication and skill in methods of cyberattacks has brought increasing risk to financial institutions.

JAPAN POST BANK has therefore committed to the JAPAN POST GROUP Executive Declaration on Cybersecurity, regards the risk of cyberattacks as one of the top risks for management, and works to continuously strengthen the cybersecurity system through management leadership in an effort to deliver safer, more secure services to our customers.

## Governance System

In order to strengthen the cybersecurity system through management leadership, the Bank has established an organization dedicated to cybersecurity (the Cybersecurity Department) under the President and Representative Executive Officer and the Chief Information Security Officer (CISO). By providing reports on a regular and ad hoc basis to the Board of Directors and the Executive Committee, the Bank has developed a

governance system that allows for timely, appropriate management decisions in accordance with changes in the environment.

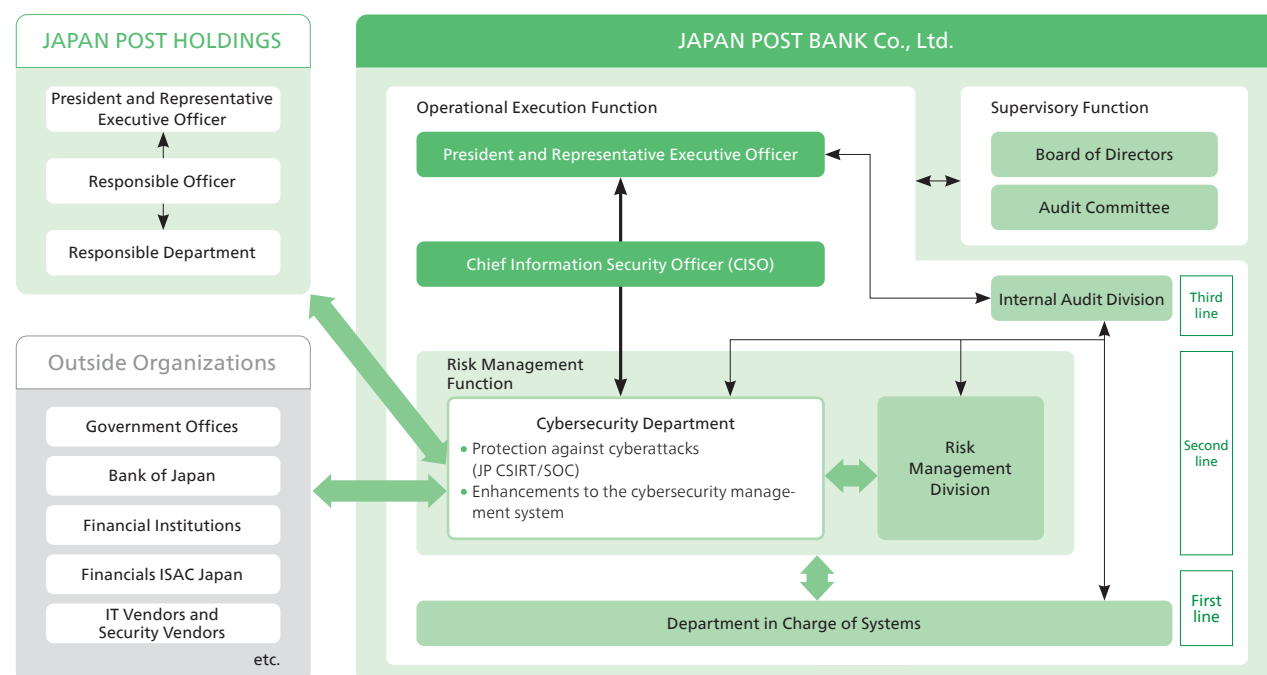
Through these efforts, the Bank endeavors to promote appropriate cybersecurity system enhancements and to prevent cyberattacks.

## Management System

The Bank has established several professional cybersecurity organizations, including JPBank CSIRT\*<sup>1</sup>, which serves to prevent cyber incidents and respond in the event one actually occurs, and JPBank SOC\*<sup>2</sup>, which monitors logs from security devices, network equipment, and other sources to detect and analyze any indications of cyber incidents, as part of our ongoing efforts to protect against cyberattacks.

In order to ensure that we can precisely and rapidly engage in information sharing, decision making, public relations, and countermeasures in the event of an incident, the Bank conducts regular drills and exercises. We also actively participate in outside activities, including drills and exercises organized by the Financial Services Agency of Japan and the Metropolitan Police Department.

### Cybersecurity Management System



Moreover, the Bank works to strengthen its cybersecurity system in accordance with third party assessments and recommendations based on the FFIEC-CAT\*<sup>3</sup>, which is used internationally as a tool to evaluate the management systems of financial institutions.

In addition, the Bank has prepared multilayer detection and defense measures, including analysis of and countermeasures

against new modes of attack, through cooperation with government offices, other companies in the industry, and related associations.

\*1 Computer Security Incident Response Team

\*2 Security Operation Center

\*3 Federal Financial Institutions Examination Council – Cybersecurity Assessment Tool

## Major Cybersecurity Initiatives

### Digital Channel Security Measures

In order to enable our customers to use services provided through digital channels with a greater level of safety and security, the Bank is advancing efforts to enhance our cybersecurity system and to protect against cyberattacks on a daily

basis. These efforts include strengthening identity verification and authentication processes, anti-virus measures, vulnerability responses, threat trend analyses, cyberattack detection, and fraudulent transaction monitoring.

#### Strengthening Identify Verification

Introduced eKYC\*<sup>4</sup> to prevent fraudulent registration impersonating customers

#### Strengthening Identify Authentication

Introduced the Yucho Authentication App that complies with FIDO\*<sup>5</sup> to further strengthen authentication during important transactions, such as money transfers, and introduced Token, a device for generating passwords that can only be used once (one-time passwords)

#### Anti-virus Measures

Free distribution of PhishWall Premium, a software designed to prevent fraudulent money transfers by detecting attacks that defraud customers of their personal identification numbers, etc.

#### Vulnerability Countermeasures

Collect and act on information regarding daily cyberattack threats and vulnerabilities

#### Fraudulent Transaction Monitoring

Monitor unauthorized access to Internet banking systems and prevent damage from fraudulent money transfers, etc.

\*4 electronic Know Your Customer: A technology that compares smart cards from personal identification documents with facial information photographed at the time of registration to complete identity verification entirely online.

\*5 Fast Identity Online: international standards for online authentication.

## Developing Human Resources to Support Cybersecurity

In today's world where use of cloud services, AI, and other digital technologies only continues to increase, taking actions with an awareness of cybersecurity risks in all manner of situations as part of business activities has become essential.

In order to strengthen the management base to become a more trusted bank, the Bank assigns professional cybersecurity experts. Similarly, we systematically organize the required skills, promote human resources development in a planned manner in line with the responsible duties and skills, and enhance the expertise of human resources for this purpose.

Moreover, the Bank is fostering an awareness of cybersecurity among every employee, including those involved in management, and actively provides the basic knowledge required to implement countermeasures.

established to share information among the financial sector, as well as various training programs organized by the Financial Services Agency of Japan and the Metropolitan Police Department. Through these endeavors, we accumulate professional knowledge and experience in order to strengthen our implementation frameworks.

### Cybersecurity Education

In order to chart a greater awareness of and provide more in-depth basic knowledge on cybersecurity, the Bank conducts cybersecurity training for management as well as targeted e-mail attack drills for all employees.

In addition, the Bank publishes an internal informational magazine in an effort to raise awareness of cyberattacks and to inform employees of countermeasures. We also provide e-learning contents designed to teach everything from basic knowledge to the latest expert-level knowledge, in an effort to educate employees.



Employees engaged in JPBank SOC duties

### Developing Professional Cybersecurity Experts

In order to promote cybersecurity system enhancements and put protections against cyberattacks into practice, the Bank formulates training plans based on the required professional knowledge and experience, provides skills training courses and assistance for acquiring certifications, and conducts incident response drills.

Moreover, the Bank actively participates in outside initiatives, including the Financials ISAC Japan, an organization



Compliance

Basic Stance

For JAPAN POST BANK, compliance comprises adherence not only to laws and regulations but also to internal rules, social standards of behavior, and corporate ethics by all directors and employees. We are striving to be the most trustworthy bank in

Japan, and consequently we view compliance as an important management issue. Accordingly, we conduct rigorous compliance activities.

Compliance System

The Bank has established the Compliance Committee, which is composed of Executive Officers responsible for compliance-related issues. The committee holds discussions on important compliance-related matters once a month and reports on their progress regularly to the Internal Control Committee, the Board of Directors, and the Audit Committee. In addition, the Bank has established the Compliance Management Department under the leadership of the Executive Managing Officer responsible for compliance. The department formulates compliance promotion plans and manages their progress.

We have also appointed compliance officers in departments such as sales, who monitor the progress of compliance-related measures, as well as compliance managers in each

department, who are responsible for mentoring employees and promoting compliance. Furthermore, in the event that an employee encounters a compliance or other related issue, or an act that could lead to a compliance issue, he/she must report the matter to a superior, to our Compliance Line, or to whistleblower systems that have been put in place both within and outside of the Bank. In this way, the Bank is striving to prevent the occurrence and expansion of problems concerning compliance and quickly solve issues should they occur.

 **More information**  
Compliance System  
Home > Sustainability > Governance > Compliance System

Compliance Initiatives

Every year the Bank formulates a Compliance Program, which serves as a detailed action plan for the promotion of compliance. On the basis of this program, the Bank strives to promote compliance through addressing important matters and regularly checking their progress. The Bank also uses methods to strongly encourage compliance such as conducting training sessions for its employees and officers.

**Outline of Main Measures**


- Prevention of fraud
- Countering money laundering, financing of terrorism, and proliferation financing
- Response to Antisocial Forces
- Customer-oriented business operations and customer protection
- Creating employee-friendly working environments

Moreover, the Bank formulated a Compliance Manual, which brings together the Bank’s approach to compliance and important action items as well as the management of conflict of interest transactions, the prevention of corruption such as bribery of public officials and money laundering, and other laws and regulations to be complied with. The Compliance Handbook, which contains the most important items from the Compliance Manual is distributed to all directors and employees (including non-regular employees) and is used in compliance training sessions to ensure that all employees are thoroughly familiar with its contents and to raise compliance awareness.

Privacy Protection Measures

JAPAN POST BANK has established the following privacy policy and conducts business operations based on this policy. We recognize that protecting personal data, including specific personal information and Individual Number (hereinafter ‘personal data’), is vital to offering services that can achieve a

high degree of customer satisfaction.

 **More information**  
Privacy Policy  
Home > Privacy Policy

Measures against Countering Money Laundering, Financing of Terrorism, and Proliferation Financing


The importance of combating international money laundering, the financing of terrorism and proliferation financing is growing with each passing year. Financial and related institutions are being called upon to enhance the preventive measures toward their money laundering and related management systems in response to changes in money laundering and related risks. Recognizing that the need to combat international money laundering, the financing of terrorism and proliferation financing is one of the major priorities for management, JAPAN POST BANK formulated the basic policy to address each of these issues in accordance with the “Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism” set forth by Japan’s Financial Services Agency. The Bank has also clarified the roles and responsibilities of all managers and employees involved in addressing international money laundering, the financing of terrorism and proliferation financing including the appointment of the dedicated executive officer in

charge of the Compliance Division as the officer in charge of overall oversight for each of these issues. In doing so, JAPAN POST BANK is implementing management-driven measures. Specifically, from the standpoint of preventing the Bank’s products and services from being abused for the purpose of international money laundering, the financing of terrorism and proliferation financing, the Bank identifies the relevant risks and evaluates and takes appropriate measures to effectively mitigate these risks. In recent years, the incidence of various financial crimes has become increasingly frequent with the methods used more cunning and sophisticated. In order to safeguard customers’ deposits and assets, JAPAN POST BANK will engage in efforts to prevent financial crimes from occurring and their further proliferation through a variety of measures. This includes analyzing past criminal typologies, enhancing the Bank’s systems, and consolidating data.

Measures against Antisocial Forces


The Bank as an organization combats against Antisocial Forces that threaten the sound social order and corporate activities. The Bank is never involved in any illegal or antisocial behavior associated with antisocial forces. The Bank blocks and excludes relationships with antisocial forces by cooperating

with relevant external organizations such as the police, etc.

 **More information**  
Basic Policy for Combating against Antisocial Forces  
Home > Sustainability > Governance > Compliance System  
> Basic Policy for Combating against Antisocial Forces

Measures against Managing Conflicts of Interest

The JAPAN POST GROUP has released the Japan Post Group Conflicts of Interest Management Policy. This Policy governs the management of conflicts of interest transactions by our Group as a whole in order to prevent our customers’ interests from being unduly harmed. In line with this Policy, JAPAN POST BANK has put in place a system for the proper management of transactions that have the potential to create conflicts of interest and to prevent

customer interests from being unduly harmed. Among a host of initiatives, the Bank has set up the Compliance Management Department to assume responsibility for managing and controlling conflicts of interest.  **More information**  
Conflicts of Interest Management Policy  
Home > Sustainability > Governance > Compliance System  
> Conflicts of Interest Management Policy



Internal Auditing

Internal Audit System

The Internal Audit Division is independent from operating divisions in the head office. The division contributes to the sound and proper conduct of the Bank’s operations by inspecting and assessing the Bank’s operational execution and internal control systems. In this way, the Bank collects important information about the operations of audited divisions in a timely and appropriate manner.

The Internal Audit Division formulates the Internal Audit Plan based on the Bank’s Basic Policy on Internal Auditing\*. During formulation of the Plan, the Division must first provide an explanation to the Audit Committee regarding the Internal Audit Plan draft, the risk assessment that serves as the basis for this proposal, the core audit items, and the human resources plan. Following this, it must obtain consent for the Internal Audit Plan from the Committee before receiving the approval of the President and Representative Executive Officer and reporting to the Board of Directors.

Moreover, in accordance with the Internal Audit Plan, the Internal Audit Division conducts audits of the head office divisions, Regional Headquarters, Branches, Administration Service Centers, Operation Support Centers, Seal Card Management Center, ATM Management Centers, Data Centers, Credit Card Collection Service Center and other work sites. Through these audits, the division verifies the appropriateness and effectiveness of operational execution and internal control systems, including compliance and risk management. In addition, the

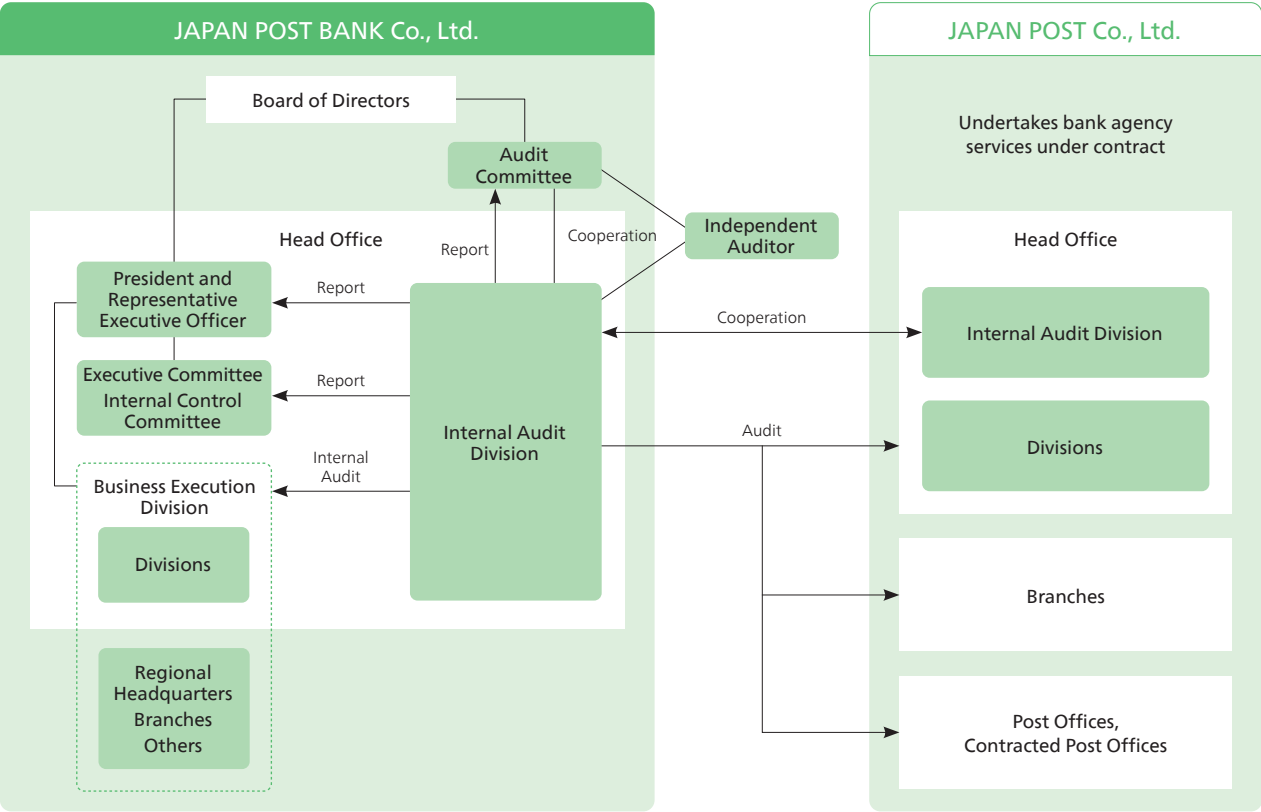
Internal Audit Division audits JAPAN POST, which undertakes bank agency services under contract. In these audits, the Internal Audit Division verifies the appropriateness of the internal control systems that are related to bank agency operations, including compliance and risk management.

In regard to major issues that are found in an audit, the Division offers recommendations for correction and improvement. At the same time, the Division directly reports on the status of internal audit progress, the results of audits, and the status of corrective and improvement measures relating to audited divisions to the President and Representative Executive Officer, the Board of Directors, and the Audit Committee.

In order to enhance its independency and objectivity, the Internal Audit Division obtains consent for important human resources changes from the Audit Committee. In addition to the aforementioned, the Internal Audit Division reports to the Audit Committee regarding the execution status of duties and responsibilities, audit methods and human resources development, the details of measures to continuously enhance and strengthen internal audits, and the implementation status thereof. The status of improvements to, as well as operation of, internal audit abilities is reviewed and assessed by the Audit Committee.

\* The standards for the professional practice of internal auditing under the Bank’s Basic Policy on Internal Auditing comply with the basic concept of the International Standards for the Professional Practice of Internal Auditing developed by the Institute of Internal Auditors (IIA).

Internal Audit System



Financial and Non-financial Data

Financial Data (Consolidated)

	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Ordinary income	1,799,544	1,946,728	1,977,640	2,064,251	2,651,706
Net ordinary income	379,137	394,221	490,891	455,566	496,059
Net income attributable to owners of parent	273,435	280,130	355,070	325,070	356,133
Comprehensive income (loss)	(2,177,244)	2,470,383	(910,994)	(364,552)	292,767
Net assets	9,003,256	11,394,827	10,302,261	9,651,874	9,707,923
Total assets	210,910,882	223,870,673	232,954,480	229,582,232	233,907,990
Net assets per share (yen)	2,398.98	3,033.03	2,739.60	2,621.17	2,673.23
Net income per share (yen)	72.94	74.72	94.71	86.84	98.43
Capital adequacy ratio (%)	4.26	5.07	4.40	4.18	4.13
Capital adequacy ratio (domestic standard) (%)	15.58	15.53	15.56	15.53	15.01
ROE (%)	2.68	2.75	3.28	3.26	3.69
ROE (based on shareholders' equity) (%)	3.03	3.06	3.80	3.44	3.74
PER (times)	13.66	14.23	10.39	12.47	16.51

Notes: 1. The Bank having established a stock benefit trust, the shares of the Bank held by the trust are recorded as treasury stock in the consolidated financial statements. Accordingly, the Bank's shares held by the stock benefit trust are included in the number of treasury shares to be deducted from the number of common shares issued at the end of the fiscal year when calculating net assets per share. In addition, when calculating net income per share, the Bank's shares held by the stock benefit trust are included in the number of treasury shares that are deducted from the calculation of the average number of shares of common stock during the period.

2. As there are no stock acquisition rights or share award rights, Capital adequacy ratio is calculated by dividing Total net assets at the end of the period - Non-controlling interests at the end of the period by Total assets at the end of the period.

3. The consolidated capital adequacy ratio (domestic standard) is defined as criteria for judging whether a bank's own capital is sufficient in light of the assets held, etc., under the provisions of Article 14-2 of the Banking Law (Financial Services Agency Notification No. 19 of 2006).

4. ROE is calculated by dividing net income attributable to owners of parent by the average consolidated net assets for the period after having deducted non-controlling interests

Non-financial Data (Non-consolidated)

	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Total energy consumption (GJ)	982,219	990,125	949,073	947,280	—
CO <sub>2</sub> emissions Scope 1 (t-CO <sub>2</sub> )	5,584	4,877	4,412	4,301	—
CO <sub>2</sub> emissions Scope 2 (t-CO <sub>2</sub> )	42,347	39,124	38,783	19,277	—
CO <sub>2</sub> emissions Scope 1+2 (t-CO <sub>2</sub> )	47,931	44,002	43,195	23,578	—
Number of employees	12,477	12,408	12,169	11,742	11,345
Average years of employment	19.5	19.9	20.4	20.5	20.7
Number of mid-career hires (total)	11	17	45	17	10
[Of whom, ratio of women (%)]	[45.5%]	[23.5%]	[26.7%]	[41.2%]	[20.0%]
Ratio of mid-career hires (percentage of all hires (%))	4.5	6.9	23.4	10.8	10.6
Ratio of men taking childcare leave (%)	87.0	98.8	100	100	100
Gender wage disparity (all employees) (%)	—	—	—	64.1	66.1
Of whom regular employees (%)	—	—	—	63.1	64.7
Of whom non-regular employees (%)	—	—	—	67.1	77.5
Training cost per person / Course hours	—	—	—	¥43,000 / 74 hours	¥39,000 / 71 hours
Overall employee satisfaction level	63.8	64.9	68.7	67.4	67.3
Ratio of employees with disabilities (%)	2.68	2.74	2.71	2.72	2.94
Average attendance rate at Board of Directors' meetings (%)	97.3	99.4	100	99.4	100

Notes: 1. Energy consumption and CO<sub>2</sub> emissions for FY2024/3 were being tabulated at the time this report was compiled.

2. The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figure does not include part-time employees (including the indefinite-term employees (associates) based on the indefinite-term employment conversion system).

3. Based on payroll, gender wage disparity is described as being the ratio of the average pay of female employees to the average pay of male employees during the fiscal year under review (average annual pay = total pay / number of employees). Retirement allowances are excluded from total pay, and those on leave/leave of absence are excluded from the number of employees. Based on the indefinite-term conversion system, indefinite-term employees (associates) are included in regular employees. (Wage disparity for regular employees excluding the said employees is 76.7%.) At JAPAN POST BANK there is no difference between men and women in terms of their pay systems, the operation of their promotions and pay raises, and the hiring standards. Currently, there is an imbalance in the ratio of men and women in terms of the age structure, resulting in the pay differential. Therefore, we are working to foster an organizational culture in which young and female employees can more actively participate. We will also work to improve engagement and reduce wage disparity by promoting appointments to more senior positions, including managerial positions.

4. Training cost per person / Course hours is based on the total number of employees (regular employees only). For job-level based training and job skills-based training. Group joint job-level based training added from FY 2024/3 in accordance with the revision of calculation standards.

5. The employment rate for people with disabilities is the figure as of June 1 of each fiscal year.

6. The average attendance rate of Board of Directors' meetings is determined by the sum for the full fiscal year (April 1-March 31) and dividing the sum by the number of meetings held (rounded to the second decimal place).

	2020	2021	2022	2023	2024
New hires (total) [Of whom, ratio of women (%)]	230 [62.2%]	147 [63.9%]	141 [53.9%]	141 [50.4%]	110 [56.4%]
Ratio of women in managerial positions (%)	15.3	15.7	16.6	17.5	18.4
Directors (people)	12	12	13	14	14
Outside directors (people)	8	8	9	9	9
Female directors (people)	3	3	3	5	5

Notes: 1. The percentage of female managers is the figure as of April 1 of each fiscal year.

2. The figures for the number of directors, the number of outside directors, and the number of female directors are as of July 1 of each fiscal year.



Disclosure Document

	Financial information	Financial x Non-financial information	Non-financial information
Legal disclosure	Composition of Capital Disclosure	Securities Report Annual Report	—
Exchange system disclosure	Summary of Financial Results (Kessan Tanshin)	Timely disclosure	Corporate Governance Report
Voluntary disclosure	Selected Financial Information	IR information website	Sustainability website

Corporate Profile

Corporate name	JAPAN POST BANK Co., Ltd.	Total assets	¥233,854 billion
Date of establishment	September 1, 2006	Total net assets	¥9,661 billion
Director, President and Representative Executive Officer	Takayuki Kasama	Capital	¥3,500 billion
Address of head office	2-3-1 Otemachi, Chiyoda-ku, Tokyo 100-8793, Japan	Number of employees*	11,345
		Securities identification code	7182 (Tokyo Stock Exchange Prime Market)

Credit Ratings (As of March 31, 2024)

	Long-term	Short-term
Moody's	A1	P-1
S&P	A	A-1

\* The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figure does not include part-time employees (including the indefinite-term employees (associates) based on the indefinite-term employment conversion system).

Editor's Note

This Annual Report has been prepared primarily for the purpose of communicating to investors in Japan and overseas the Bank's growth potential based on its large-scale branch and ATM network throughout Japan and its stable financial and capital base.

In response to the feedback we have received from our stakeholders to date, in this instance, we have expanded the content of the report to provide a better understanding of our revised Medium-term Management Plan, our business model, and our story of value creation.

Moving forward, we will continue our efforts to realize the enhancement of corporate value while contributing to the solution of social issues through the appropriate disclosure of information and dialogue with our stakeholders.

We sincerely hope that this Annual Report will help our stakeholders deepen their understanding of JAPAN POST BANK.



All members of the JAPAN POST BANK Annual Report 2024 publication team

Referenced Guidelines

International Integrated Reporting Framework, IFRS Foundation  
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry

Editorial Policy

To foster a deeper understanding of JAPAN POST BANK's corporate value among shareholders, investors and stakeholders, for this Annual Report we produced an integrated report that offers extensive information on management strategy and environmental, social and governance (ESG) as well as financial information.

Target Period

Operating performance for the fiscal period from April 1, 2023 to March 31, 2024. The report also includes some activities outside this period.

This report is not a solicitation for the shares or other securities of the JAPAN POST GROUP. Furthermore, this report contains forward-looking statements, such as the Bank's forecasts and targets. These statements were written according to the Bank's judgment based on information available, forecasts, and assumptions made at the time when the report was created; they therefore encompass risks and uncertainties, and are not a guarantee of future results. You should bear in mind that actual business results may differ from those described in this report, because they are subject to a wide range of risks and factors such as changes in the assumed conditions relating to the business environment, economic and business trends, changes in laws and regulations, the occurrence of major disasters, fluctuations in the value of assets held by the Bank, and the impact of rumor and hearsay. The Bank undertakes no obligation to publicly update or revise any forward-looking statements in light of new information or future events. All finance-related figures and percentages in this report are rounded down for presentation, and therefore the totals may not be equal to the sum of the presented figures. The figures and percentages are information as of March 31, 2024, unless separately noted. Unless the context states otherwise, references in this report to "we," "us," "our," the "Bank" or similar terms are to JAPAN POST BANK. Unless otherwise individually noted, this integrated report contains non-consolidated numerical values.



Title: Tokyo Station  
Artist: Yuka Matsuo



Message from the Artist

Drawing on the photos I took when visiting the newly restored Tokyo Station with my family at the time of my exhibition in Tokyo in December 2013, I painstakingly took my time to capture the station's roofs, walls, windows and the surrounding trees, people, and traffic in significant details.

I am delighted to once again have the opportunity to exhibit my work in Tokyo after the passage of a decade, and hope that my painting of the new look Tokyo Station will showcase its retro appeal and instill a sense of history.

Supporting Artists with Disabilities

As a part of its ongoing efforts to support people with disabilities to become self-reliant, JAPAN POST BANK provides artists with outstanding talent the opportunity to showcase their works. Among a host of initiatives, the Bank distributes goods that feature the works of artists with disabilities at its branches and other locations, and has held an annual exhibition since FY2018/3.

In FY2024/3, six works including "Tokyo Station" were exhibited in the basement plaza in front of JP Tower (Marunouchi).

July 2024

JAPAN POST BANK Co., Ltd.

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