

December 29, 2020

Company Name: JAPAN POST BANK Co. Ltd.

Representative: IKEDA Norito, Director, President and Representative Executive Officer
(Securities Code: 7182, Tokyo Stock Exchange First Section)

Notice of Filing for Regulatory Approval of New Services

JAPAN POST BANK Co., Ltd. (Chiyoda-ku, Tokyo; Director, President and Representative Executive Officer IKEDA Norito) announces that it has filed for regulatory approval of new services with the Commissioner of the Financial Services Agency and the Minister of Internal Affairs and Communications pursuant to the provisions of Article 110, Paragraph 1 and Article 111, Paragraph 3 of the Postal Service Privatization Act (Act No. 97 of 2005) on December 23, 2020.

Content of approval application

1. Holding of a subsidiary to conduct credit guarantee services related to loan operations through JAPAN POST BANK Co., Ltd. overdrafts
2. Direct handling of Flat 35 loans, etc.
3. Non-life insurance solicitation services

Note: Please refer to the attachment for details.

The impact of these matters on the Bank's business performance is expected to be insignificant, but if there is a need to revise the business forecast or matters to be announced in the future, these will be promptly disclosed.

Over the medium to long term, the Bank believes that these services are necessary from the perspective of enhancing customer convenience and ensuring the stable management of the Bank. The Bank wishes to obtain regulatory approval at the earliest opportunity by gaining the understanding of related parties.

(Attachment)

Overview of Regulatory Approval Filing

1. Matters Filed for Regulatory Approval

The following matters, included among those matters for which the obtainment of regulatory approval is necessary under Article 110, Paragraph 1 and Article 111, Paragraph 3 of the Postal Service Privatization Act (hereinafter, the “PSP Act”).

- (1) Holding of a subsidiary to conduct credit guarantee services related to loan operations through JAPAN POST BANK Co., Ltd. (“the Bank”) overdrafts

Included among the financial institutions, etc. subject to subsidiaries pursuant to the provisions of Article 111, Paragraph 9 of the PSP Act, a subsidiary to conduct finance-related (guarantee of obligations) business (Article 16-2, Paragraph 1, Item 11 and Paragraph 2, Item 2 of the same Article of the Banking Act; Article 17-3, Paragraph 2, Item 3 of the Enforcement Regulations of the Banking Act; and Article 10, Paragraph 2, Item 1 of the Banking Act)

- (2) Direct handling of Flat 35 loans, etc.
 - a. Fund lending services for individuals utilizing the securitization support business and housing loan insurance business of the Japan Housing Finance Agency (incorporated agency, hereinafter referred to as “the JHFA”). (Article 10, Paragraph 1, Item 2 of the Banking Act [Act No. 59 of 1981]; Article 13, Paragraph 1, items 1, 2 and 3 as well as Article 16, Paragraph 1, Item 1 of the Government Housing Loan Corporation Act [Act No. 82 of 2005]; and Article 7, Paragraph 1, items 1(a), 1(b) and 1(d) of the JHFA Ordinance [Ordinance No. 30 of 2007]). These services are included in the services set forth in Article 110, Paragraph 1, Item 2 of the PSP Act.
 - b. Intermediary business services for the lending of funds to individuals conducted by the JHFA for the purpose of disaster recovery. (Article 3, Paragraph 1, Item 6 of the “Order on Limitation on Business During the Transition Period Pertaining to Japan Post Bank and Japan Post Insurance Company” [The Cabinet Office and Ministry of Internal affairs and Communications Order No. 3 of 2006]; Article 10, Paragraph 2, Item 8 of the Banking Act; Article 13, Paragraph 1, Item 5 and Article 13,

Paragraph 2, Item 2 as well as Article 16, Paragraph 1, Item 1 of the Government Housing Loan Corporation Act; Article 7, Paragraph 1, Item 1(c) and 1(d) of the JHFA Ordinance.) These services are included in the services set forth in Article 110, Paragraph 1, Item 6 of the PSP Act.

(3) Non-life insurance solicitation services

Insurance solicitation services conducted pursuant to the provisions of Article 275, Paragraph 2 of the Insurance Business Act (Act No. 105 of 1995) and after registration under Article 276 of the same Act. (Limited to those services conducted as a non-life insurance agency prescribed in Article 2, Paragraph 21 of the same Act.) These services are included in the services stipulated in Article 110, Paragraph 1, Item 5 of the PSP Act.

2. Rationale

(1) Holding of a subsidiary to conduct credit guarantee services related to loan operations through JAPAN POST BANK Co., Ltd. overdrafts

In June 2017, the Bank obtained approval for an account overdraft service (hereinafter referred to as “the account overdraft service”). At that time, it had been assumed that SDP, the wholly owned guarantee subsidiary of Suruga Bank, would guarantee the debt related to the account overdraft service. However, as the business alliance with Suruga Bank was terminated in March 2020, we would like to guarantee the debt at JAPAN POST BANK LOAN CENTER Co., Ltd., a subsidiary of the Bank.

(2) Direct handling of Flat 35 loans, etc.

To contribute to the provision of high-quality, customer-oriented financial services, the Bank is promoting efforts to enhance mortgage products and services that meet the needs of a wide range of generations. In addition to the existing mortgage intermediary business, we would like to conduct intermediary work involving the lending of funds to individuals (hereinafter referred to as “the Flat 35, etc. loans”), utilizing the JHFA’s securitization support and housing loan insurance businesses, and loans of funds to individuals provided by the JHFA for disaster recovery (hereinafter referred to as “disaster recovery loans”).

(3) Non-life insurance solicitation services

As a non-life insurance agency, we would like to conduct insurance solicitation services. In addition to being able to support the comfortable lifestyles of our customers by handling insurance products, such as fire insurance that compensates for damage to homes, to be able to support disaster recovery in the event that a house built or purchased by a customer by borrowing money is damaged under such circumstances.

3. Service Methodology and Description

(1) Direct handling of the Flat 35 loans, etc.

a. Outline of services

The Flat 35, etc. loans are loan services for individuals that utilize the securitization support and housing loan insurance businesses operated by the JHFA. A typical product, by which a financial institution transfers the loan to the JHFA at the same time as the loan is executed, the Flat 35 (purchase-type) loan is one by which financial institutions are entrusted with credit management services from the JHFA.

Disaster recovery loan mediation services involve the Bank mediating the disaster recovery loans provided by the JHFA for the purpose of supporting the reconstruction of housing following a disaster.

If approval is obtained, the Bank is planning to start the business as soon as possible from May 2021 onward.

b. Implementation system

We plan to accept loan applications through the branches of the Bank that have loan service departments (41 branches). The Bank will put a system in place for managing the subsequent screening and credit management operations at head office. In regard to risk management and legal compliance, the relevant head office divisions will undertake the appropriate management of branches and of head office. In addition, internal control will be ensured through audits by the Internal Audit Division.

c. Risk management systems

The Bank undertakes risk management based on both quantitative and qualitative approaches under an integrated risk management framework. The Bank has set up special advisory committees to the Executive Committee: 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.

d. Management systems, including customer data protection

In addition to verifying ability to repay in an appropriate manner in the screening related to new loans, the Bank will put a system in place to respond appropriately upon consultation and receipt of applications for changes to loan terms.

(2) Non-life insurance solicitation services

a. Outline of services

As a non-life insurance agency, the Bank would like to conduct insurance solicitation services for customers who newly require allowance for housing-related fire insurance products (including incidental earthquake insurance) related to (1) and wish to join the Bank.

b. Implementation system

As a non-life insurance agency, the Bank plans to conduct non-life insurance solicitation services for housing-related fire insurance (including incidental earthquake insurance) in cooperation with the non-life insurance company to which it is affiliated.

c. Risk management systems

The Bank undertakes risk management based on both quantitative and qualitative approaches under an integrated risk management framework. The Bank has in place special advisory committees to the Executive Committee, such as the Risk Management Committee. These advisory committees submit risk management reports based on risk characteristics and hold discussions about risk management policies and systems.

d. Management systems, including customer data protection

In accordance with the customer protection management policy and the policy regarding the protection of personal information, etc., the rules (customer explanation management rules, insurance solicitation guidelines, etc.) that occur with the implementation of the relevant business will be revised and new manuals will be set up. The Bank will provide appropriate customer protection and personal information protection, such as by providing customers with explanations and preventing the prohibited acts stipulated in the Insurance Business Law.