

December 6, 2021

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 ; hereinafter the “Bank”) hereby announces that the Bank has submitted an application for approval of new services to the Commissioner of the Financial Services Agency and the Minister of Internal Affairs and Communications pursuant to the provisions of Article 110, Paragraph 1 of the Postal Service Privatization Act (Act No.97 of 2005) on December 3, 2021.

Content of approval application

Intermediary Services for Conclusion of Discretionary Investment Contracts

Note: Please refer to the attachment for details.

The impact of this matter 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 this service is necessary from the perspective of enhancing customer convenience and ensuring stable management of the Bank. The Bank appreciates the understanding of parties concerned and will strive to obtain an approval early.

(Attachment)

Overview of the Application for Approval

1. Services to be Applied for Approval

Services that must be approved under Article 110, Paragraph 1 of the Postal Service Privatization Act (hereinafter referred to as the “Privatization Act”) include the following.

Intermediary services for Conclusion of discretionary investment contracts

Among the services listed in Article 3, Paragraph 1, Item 6 of the Order on Limitation, etc. on Business During the Transition Period Pertaining to Japan Post Bank and Japan Post Insurance Company (Cabinet Office and Ministry of Internal Affairs and Communications Ordinance No. 3 of 2006) pursuant to the provisions of Article 110, Paragraph 1, Item 6 of the Privatization Law, Intermediary Business for the Conclusion of Discretionary Investment Contracts by Financial Instruments Business Operators (Article 13, Paragraph 1, Item 3-2 of the Ordinance for Enforcement of The Banking Act (Ordinance of the Ministry of Finance No. 10 of 1982) pursuant to the provisions of Article 10, Paragraph 2, Item 8 of the Banking Act (Act No. 59 of 1981)) .

2. Reasons

In order to further enhance corporate value, the Bank has formulated a medium-term management plan with the following missions of: “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”; and “working to both realize sound and profitable operations, and contribute to the realization of a sustainable society.” In order to implement this medium-term management plan, it is necessary to respond to the diversifying asset management needs of customers. Accordingly, the Bank has recently applied for approval of the following services.

Intermediary services for Conclusion of discretionary investment contracts

In order to provide “reliable and thorough” financial services “safely and securely,” the Bank is working to enhance its asset management products and services, centered on investment trusts, to meet the diversifying asset management needs of its customers. In addition to existing services mainly regarding investment trusts, government bonds for retail investors, and variable annuities, the Bank intends to provide intermediary services for discretionary investment contracts to meet the needs of customers who want to entrust experts with the continuous composition of optimal portfolios to meet that reflect their life events and changes in household finances.

A discretionary investment contract is a service in which the Bank is entrusted by the customer to make investment decisions and, based on those investment decisions, perform the necessary trading and management of the investment.

3. Service Overview and Method

Intermediary services for Conclusion of discretionary investment contracts

(1) Service Outline

In order to provide “reliable and thorough” financial services “safely and securely,” the Bank is working to enhance its asset management products and services, centered on investment trusts, to meet the diversifying asset management needs of its customers. In addition to existing services mainly regarding investment trusts, government bonds for retail investors, and variable annuities, the Bank intends to provide intermediary services for discretionary investment contracts to meet the needs of customers who want to entrust experts with the continuous composition of optimal portfolios to meet that reflect their life events and changes in household finances.

A discretionary investment contract is a service in which the Bank is entrusted by the customer to make investment decisions and, based on those investment decisions, perform the necessary trading and management of the investment.

If approval is obtained, the Bank plans to commence this service as soon as possible starting from April 2022.

In addition, as part of the transformation of its business model, the Bank is working to transform the retail business into a new format through mutually complementing “real” and “digital” channels, and the Bank intends to provide services through digital channels in the future to offer suitable transaction channels for customers.

(2) Implementation System

Initially, the Bank plans to offer products and accept applications for services through its directly managed branches (233 branches as of March 31, 2021). In the future, the Bank plans to enable the acceptance of applications through digital channels such as applications managed by the Bank. In addition, the Bank will consider the handling of the products by Japan Post based on the Bank’s sales situation and the sales system of Japan Post. After receiving the application transactions of investment trusts, etc., in each customer account will be conducted and managed by the intermediary company for those products. Regarding risk management and legal compliance, the head office department in charge will be positioned to appropriately manage such matters for directly managed branches and the head office. Furthermore, the Bank will ensure internal control through audits conducted by the Internal Audit Department.

While it is already involved in investment trusts and variable annuity sales, the Bank will develop a stronger internal control system by monitoring of the intermediary companies for these products and using management systems within the Bank.

In order to propose products that meet the needs of customers, the Bank will provide this service by offering to customers’ easy-to-understand explanations and proposals using important information sheets prepared separately and tools that enable lateral comparisons of products handled. Moreover, even after the conclusion of the contract, as with current investment trusts, the Bank will strive to offer asset formation proposals that meet the investment goals of its customers while inquiring about their investment objectives and changes in their life plans.

In addition to the above, the management team and the head office department in charge will verify the implementation status of the relevant operations and take necessary measures.

(3) Risk Management System

Under its integrated risk management framework, the Bank manages risks from both quantitative and qualitative perspectives. As an advisory body to the Executive Committee, specialized committees (Risk Management Committee, ALM Committee) have been established to report on the management status of various risks based on their characteristics, as well as to discuss risk management policies and systems.

In order to provide these services, the Bank will establish these systems specifically attuned to the following risks.

For operational risk management that will increase with the provision of these services, the Bank will appropriately identify and evaluate risks and manage them according to their characteristics.

(4) Customer Protection Management System

When soliciting customers to enter into contracts for this product, the Bank will establish a system to appropriately conduct sales activities in accordance with the principle of suitability, such as by appropriately confirming the customers' knowledge, experience, and financial position regarding asset management, as well as their purpose for entering into contracts. The Bank will establish policies for managing customer protection related to this service and protecting personal information, as well as will work to appropriately protect customers and personal information by providing explanations to customers and preventing prohibited acts as stipulated in the Banking Act.

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