

**UNOFFICIAL TRANSLATION**

Although the Company pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

June 20, 2024

Company Name: JAPAN POST BANK Co., Ltd.

Representative: KASAMA Takayuki, Director, President and Representative Executive Officer

(Securities Code: 7182, Tokyo Stock Exchange Prime Market)

**Notice Concerning Changes to the Bank's Compensation System for Executive Officers**

The Bank hereby announces that at the Compensation Committee held on June 18, 2024, it has decided to introduce a short-term performance-linked monetary compensation system for the Bank's Executive Officers.

Along with this, the current stock compensation structure will be reformed to comprise two types of compensation, namely, performance-linked and non-performance-linked stock compensation, and compensation levels will be adjusted. Combined with the new performance-linked monetary compensation component, the proportion of incentive compensation for Executive Officers will increase, further enhancing the incentive to improve the Bank's performance and raise its corporate value.

**1. Objectives of the System**

To date, the Bank has implemented a performance-linked stock compensation system utilizing a trust as the performance-linked compensation system for Executive Officers. However, in order to further enhance the consciousness and contributions of Executive Officers towards steadily achieving the Bank's performance targets and enhancing the medium-to-long term corporate value of the Bank, we will introduce a monetary compensation system linked to short-term performance, as well as non-performance-linked stock compensation to supplement the existing, performance-linked stock compensation.

With this, the compensation of the Bank's Executive Officers will consist of a "base compensation" as fixed compensation, "performance-linked monetary compensation" and "performance-linked stock compensation" as variable compensation, and "non-performance-linked stock compensation" as other non-monetary compensation.

The Bank has adopted a Bank with three committees structure and compensation of the Executive Officers is determined by the Compensation Committee.

## **2. Overview of the System**

### **(1) Overview of performance-linked monetary compensation**

Performance-linked monetary compensation (hereinafter, the "annual bonus") is monetary compensation that is linked to short-term performance, and functions as an incentive for achieving solid annual performance targets.

The amount of annual bonus paid is a standard amount for their position and their corresponding responsibilities, multiplied by a multiplier arrived at based on individual performance evaluation, and a variable payout rate based on the degree to which the management plan has been achieved and other factors.

The abovementioned multiplier, the payout rate, and the final amount paid based on the same are determined by the Compensation Committee and paid to the Executive Officers at a designated time once a year.

### **(2) Overview of stock compensation**

With regard to the Bank's Executive Officer stock compensation to provide an incentive that is linked to the Bank's share value, we will revise the stock compensation system to comprise performance-linked and non-performance-linked stock compensation that reflects medium-to-long term performance, taking into consideration the balance between stock compensation levels and the new annual bonus component.

The new stock compensation system after the change will adopt a Board Benefit Trust structure, as before.

Executive Officers will be granted points that form the basis of calculating the amount equivalent in value to the number of shares of the Bank given, or a specified proportion thereof, converted to money (hereinafter, "the Bank's shares, etc."), in accordance with items (i) and (ii) below.

#### **(i) Performance-linked stock compensation**

After the end of the last fiscal year of the Medium-Term Management Plan, Executive Officers will be awarded points based on the standard number of points for their position and corresponding responsibilities, multiplied by a variable payout rate arrived at based on the degree to which they have met the performance targets in the Medium-Term Management Plan.

(ii) Non-performance-linked stock compensation

After the end of each fiscal year, Executive Officers will be awarded points based on their position and corresponding responsibilities.

Eligible Executive Officers who retire from the Bank may, after retirement, and where they fulfil the requirements for grant set forth in the Stock Compensation Regulations for Executives, receive from the Trust the Bank's shares, etc. corresponding to the cumulative number of points awarded based on items (i) and (ii) above.

The voting rights pertaining to the Bank's shares held as assets of the Trust shall not be exercised.

3. Effective date

June 19, 2024