

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.

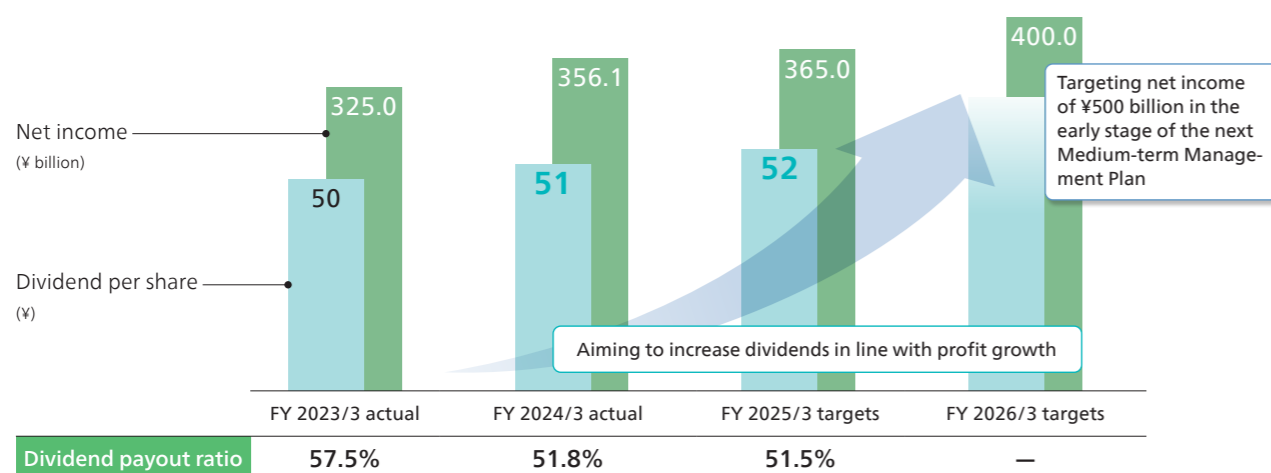
Consolidated Basis		FY 2024/3 Actual	FY 2025/3 targets	FY 2026/3 targets (after revision)	FY 2026/3 targets (before revision)
Profitability	Consolidated net income (attributable to owners of parent)	¥356.1 billion	¥365.0 billion or more	¥400.0 billion or more	¥350.0 billion or more
	ROE (based on shareholders' 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	Promotion of sustainability management Advancing DX Enhance strategy for complementarity between the physical and digital/remote channels Underpinned by optimal risk management, pursue an optimal investment portfolio that combines the yen interest rate portfolio with risk assets 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) 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
(2) Work reforms and productivity improvements	Steadily reduce workload through operational reforms using digital technology	(2) Market business enhancement	
(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)	
(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	
(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	
	Number of active Tsumitate NISA accounts	400 thousand accounts	
Market business enhancement	Balance of risk assets	Approx. ¥110 trillion	
	Balance in strategic investment areas	Approx. ¥10 trillion	
Full-scale launch of the Σ Business	Number of regional vitalization fund participation cases	50 cases (cumulative)	
	Number of financial institutions that have aggregated operational processes	Approx. 20 financial institutions	
Strengthening the management base	(Newly established KPIs)		
	Ratio of women in managerial positions	20% (Target to achieve by April 2026)	
	Rate of employees taking childcare leave (regardless of gender)	100%	
	Rate of employees with disabilities	2.7% or higher	
	Reduction in personnel (compared with FY 2021/3)	-3,000 employees	
Promotion of sustainability management	GHG emissions reduction rate (compared with FY 2020/3)	-60% (Target for FY 2031/3)	
	(Newly established KPIs)		
	Balance of ESG-themed investments	¥4 trillion	
		Number of accounts registered in the Yucho Bankbook App	16 million accounts
		Number of NISA accounts	940 thousand accounts
		Balance of risk assets	Approx. ¥114 trillion
		Balance in strategic investment areas	Approx. ¥14 trillion
		GP business-related investments (based on investment commitments)	Approx. ¥400 billion
		Number of expert market operation professionals	105 employees
		DX training attendance ratio (Head Office)	100%
		Number of Career Challenge applicants	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)	Around -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