

[Japan Post Bank Symposium material]

UNOFFICIAL TRANSLATION

Although the “Bank” 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.

Our Future Prospects

– My Business Vision for JAPAN POST BANK –

May 16, 2022

Director, President and Representative Executive Officer

Norito Ikeda

 **JAPAN POST BANK**

1. Increase in Net Fees and Commissions, etc. and Reductions in General and Administrative Expenses

- Net income for FY2022/3 was ¥355.0bn — the highest profits since listing.
 - Net fees and commissions continued to increase, and general and administrative expenses continued to decrease.
- ⇒ **Improving every year due to management efforts in the retail business**

[Results for FY2022/3 and Forecasts for FY2023/3 (Consolidated)]

* Excerpt from the selected financial information for FY2022/3 (¥bn)

	FY2022/3 Forecast	FY2022/3 Actual	FY2023/3 Forecast
Net interest income, etc.*	1,355.0	1,327.5	1,235.0
Net fees and commissions	129.0	128.4	143.0
General and administrative expenses	1,005.0	981.4	935.0
Net ordinary income	485.0	490.8	445.0
Net income attributable to owners of parent	350.0	355.0	320.0

* Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.)

Note: The above earnings forecasts are calculated based on information available at this point. Actual earnings may differ depending on various factors that may arise in the future.

[History of Net Fees and Commissions, etc. and General and Administrative Expenses from FY2018/3 to FY2022/3]

(¥bn)

	FY 2018/3	FY 2019/3	FY 2020/3	FY 2021/3	FY 2022/3
Net fees and commissions	96.4	106.7	128.8	127.9	128.4
(1) YoY	9.8	10.3	22.1	(0.9)	0.5
General and administrative expenses	1,042.9	1,036.4	1,019.5	1,009.3	981.4
(2) YoY	(11.1)	(6.5)	(16.8)	(10.2)	(27.9)
(1) + (2)	21.0	16.8	38.9	9.2	28.4

Total improvement since FY2018/3
Approx. ¥114.6bn

Notes: 1. The increase in net fees and commissions for FY2018/3 has been calculated by deducting net fees and commissions for FY2017/3 (non-consolidated) from net fees and commissions for FY2018/3 (non-consolidated).

2. The amount of improvement for general and administrative expenses for FY2018/3 has been calculated by deducting general and administrative expenses for FY2017/3 (non-consolidated) from general and administrative expenses for FY2018/3 (non-consolidated).

2. Business History of Our Company

	FY2008/3-2015/3 Established~	FY2016/3-2018/3 TSE Listed~	FY2019/3-2021/3 Previous Mid-term Plan	FY2022/3-2026/3 Current Mid-term Plan	FY2027/3- The Future Progress
Phase for Japan Post Bank	The first step towards privatization	Establishing our position as a listed company	Bank management in adverse conditions (Laying the groundwork)	Fruition of the previous Mid-term Plan Laying further groundwork for the future	Building a sustainable revenue base centered around three engines, added 3 rd to 1 st and 2 nd engines
Net Income (Consolidated/Actual)		¥352.7bn (FY2018/3) * Of which profit related to dormant accounts ¥60.2bn	¥266.1bn (FY2019/3) ¥273.4bn (FY2020/3) ¥280.1bn (FY2021/3)	¥355.0bn (FY2022/3) → The highest profits since listing	
[1st Engine] Retail	Establishing the bank's workflow Launch intermediation of personal loans	Strengthening investment trust sales Develop financial consultants Establish JP Asset Management Co., Ltd Strengthening payment services Credit card Immediate transfer services Launch mijica	Maintaining the trust/improving convenience for customers -Expand installation of compact ATMs -Launch "Yucho Pay" -Launch "Yucho Bankbook App" -Review investment trust sales system -Enhance security verification systems, etc.	Safe, secure/customer-oriented business operations -Strengthen investment trust sales Promote cumulate-type investments service, organize our asset-management product line-up, launch "Yucho Fund wraps" (discretionary investment contract services) -Launch the account overdraft service -Establish customer databases that integrate transactions, etc. of various channels -Develop the Co-creation platform add new features of Yucho Bankbook App, develop a new PFM app -Sophisticate functions of ATMs, review the fee, advance strategic IT investments, etc.	Innovating new retail business -Develop "Co-creation Platform" through collaborations with various services of other companies -Digital services accessible to all customers as physical channels play a role of "safety net".
[2nd Engine] Market Operations	<p style="text-align: center;">Paradigm Shift in Market Operations due to Lower Domestic Interest Rates</p> <p style="text-align: center;">Diversification of investment assets</p> <p>A shift from a portfolio focused on Japanese government bonds to one centered more on foreign government bonds and corporate bonds → -Diversify credit investments -Strategic investment areas → -Expand investment activity of private equity funds and real estate funds *Also taking initiatives considered risk factors, such as hedge-fund cancellation.</p> <p style="text-align: center;">Drastic system strengthening</p> <p>Secure and develop human resources Launch business at Japan Post Investment Corporation</p>			Higher earnings through appropriate risk-taking -Risk Assets ¥110tn, strategic investments areas ¥10tn -A full-scale realization of revenues from investment in private equity and real estate funds -Market operations considering the credit quality	Reconstruction of Yen interest portfolios Continue to monitor domestic monetary policy (Japanese government bond yield)
[3rd Engine] New Business			-Alliances with regional financial institutions -Investment to create new business -Develop GP personnel Dispatching of employees to fund companies	Enhancing funds flow to regional communities and to launching "New Business" for the development of regional economies (tentative name : Σ Business) -Identify fund investment businesses that can achieve regional revitalization through DX, and utilize Japan Post Bank's network to develop these businesses across the country -A full-scale realization of GP business	

(Ref.) Future Prospects for Fees and Commissions

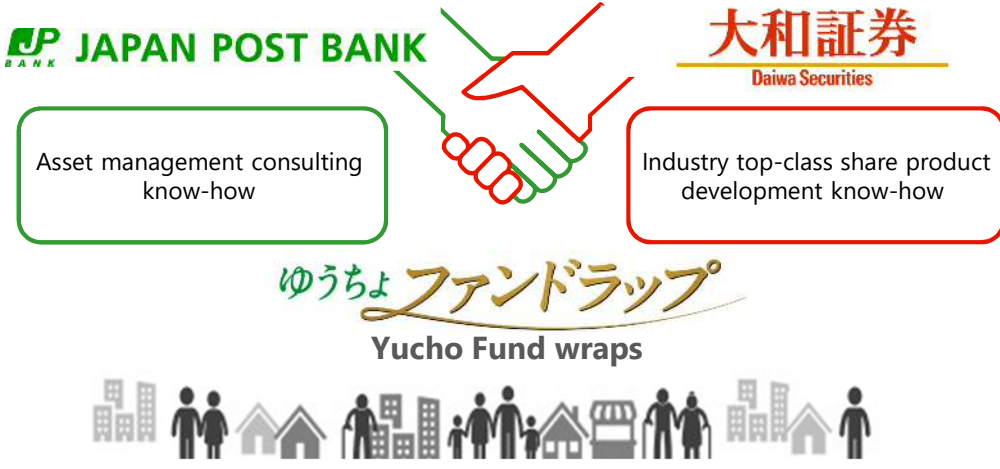
By introducing new services, we will work to expand net fees and commissions over the medium and long term.

- (1) Began handling Yucho Fund wraps in May 2022 as a new, retail-oriented product jointly developed with Daiwa Securities.
- (2) Began issuing Japan Post Bank Debit cards in May 2022 as a new brand debit card that can function as an alternative to mijica*.

* Visa debit, prepaid card mijica

Yucho Fund Wraps (Discretionary Investment Contract Services)

Newly handling discretionary investment contract services jointly developed with Daiwa Securities



Purpose of handling Yucho Fund wraps

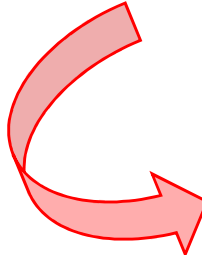
- Addressing diversifying customer needs
- Providing services that closely center on customers
- Innovating from flow business to stock business

Japan Post Bank Debit

Newly began issuing new brand debit cards that can function as an alternative to mijica



- Renewed debit card business in response to fraudulent use problems
- Concluded "mijica" service (end of July 2022), newly began issuing Japan Post Bank Debit cards (May 6, 2022)



Provision of services with reduced risks, etc.

- Implementing measures for addressing fraudulent uses of mijica
⇒ **Massive enhancement of security**
- Achievement of efficient business flow by standardizing the outsourcing of Japan Post Bank Debit and JP BANK card (credit card)

A certain number of customers are expected to transition from approx. 200,000 mijica members