

Investors Meeting FY2024/3 H1

November 16, 2023

Director, President and Representative Executive Officer

Norito Ikeda



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Consolidated Subsidiaries, etc.

Consolidated subsidiaries	9 companies Principal companies: JAPAN POST BANK LOAN CENTER Co., Ltd. Japan Post Investment Corporation
Affiliates accounted for by the equity method	ATM Japan Business Service, Ltd. JP Asset Management Co., Ltd.

Note: All Japanese yen figures in the financial statements of JAPAN POST BANK Co., Ltd. (the “Bank”) and its consolidated subsidiaries have been rounded down, unless otherwise noted. Accordingly, the total of each account may not be equal to the combined total of individual items.

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03 Appendix

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**04 FY2024/3 H1 Financial Data
(Non-consolidated Basis)**

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Executive Summary (1) FY2024/3 H1 Results

Net income attributable to owners of parent increased by JPY 23.5bn year on year to JPY 182.1bn.

It equated to 54.3% of the full-year earnings forecast and remained strong, so full-year earnings forecast and annual dividend forecast have been unchanged from the latest announced forecasts.

Results of Operations (Consolidated)

Net income attributable to owners of parent	JPY 182.1bn
	[Progress rate to forecast 54.3%]
Net ordinary income	JPY 253.8bn
	[Progress rate to forecast 54.0%]

Net interest income	JPY 337.9bn	[YoY JPY (91.9)bn]
Net fees & commissions	JPY 77.5bn	[YoY JPY +2.4bn]
Net other operating income (loss)	JPY (37.7)bn	[YoY JPY (109.0)bn]
G&A expenses (Exclude non-recurring losses)	JPY 467.6bn	[YoY JPY +1.5bn]
Non-recurring gains (losses)	JPY 343.6bn	[YoY JPY +233.7bn]

FY2024/3 Financial Forecast / Annual Dividend Forecast (Unchanged)

Financial Forecast (consolidated): Net income	JPY 335.0bn
Annual Dividend Forecast	: DPS JPY 50 [Dividend payout ratio: 54.0%]

Investment Assets (Non-consolidated)

Investment assets	JPY 226.8tn	[vs Mar. 31, 2023 JPY +0.4tn]
Securities	JPY 137.7tn	[vs Mar. 31, 2023 JPY +4.9tn]
JGBs	JPY 38.9tn	[vs Mar. 31, 2023 JPY +0.7tn]
Foreign securities, etc.	JPY 81.8tn	[vs Mar. 31, 2023 JPY +3.4tn]
More than 7 years to 10 years	JPY 1.5tn	[vs Jun. 30, 2023 JPY +0.8tn]

Net Unrealized Gains (Losses) on Financial Instruments (Non-consolidated)

Unrealized Gains (Losses) on Financial Instruments (Available-for-sale) (After taking into consideration gains (losses) from hedge accounting)	JPY (556.4)bn	[vs Mar. 31, 2023 JPY (770.4)bn]
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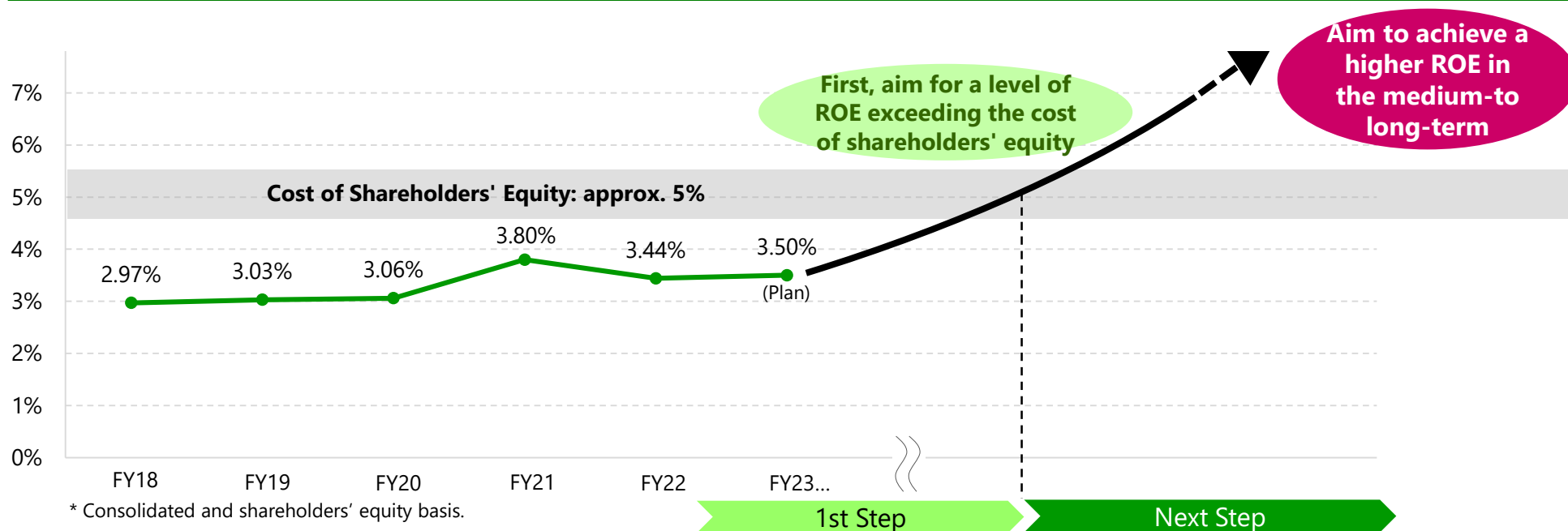
Capital Adequacy Ratio and CET1 Ratio (Consolidated)

Capital adequacy ratio	15.30%	[vs Mar. 31, 2023 (0.22)%]
CET1 ratio* (estimate)	12.38%	[vs Mar. 31, 2023 (1.62)%]
*Excluding unrealized gains on available-for-sale securities		

Executive Summary (2) Roadmap to Increase Corporate Value

Our cost of shareholders' equity has remained approximately 5%. As a 1st step, we will work to achieve ROE that exceeds the cost of shareholders' equity and then aim to achieve higher ROE in the medium-to long-term.

Trends in ROE* and Roadmap to Achieve Targets



● Efforts to date to improve ROE

- Investment in risk assets increased (net interest income, etc. from risk assets approximately doubled over the past seven years) in a difficult environment where interest income from Japanese government bonds, etc. continues to decline due to persistently low interest rates in Japan.
- Through efforts to enhance the sophistication of the retail business model, increased service revenues by JPY 56.6bn over seven years and reduced operating expenses by JPY 139.2bn.

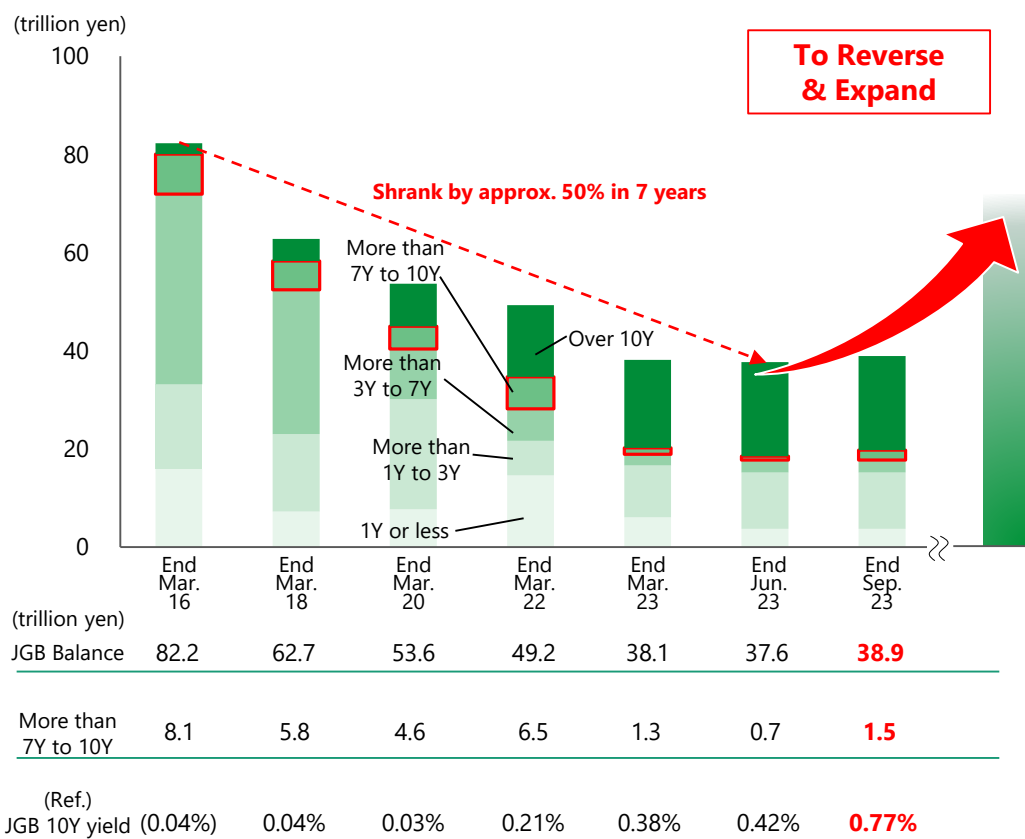
We are currently considering a revision of the Mid-term Plan (FY2022/3-FY2026/3), and plan to disclose the specific ROE performance targets, achievement timeline, measures, etc. in May 2024, along with the revised Mid-term Plan.

Executive Summary (3) Restructuring of the Yen Interest-rate Portfolio

Yen interest rates have risen following the Bank of Japan's monetary policy tweaks in July and October 2023.

Within FY2024/3 Q2, we reverse the balance of JGBs, which has been continuously declining since the BOJ adopted a negative interest rate policy in 2016, and turn into a phase of earnings expansion.

Balance of JGBs*1

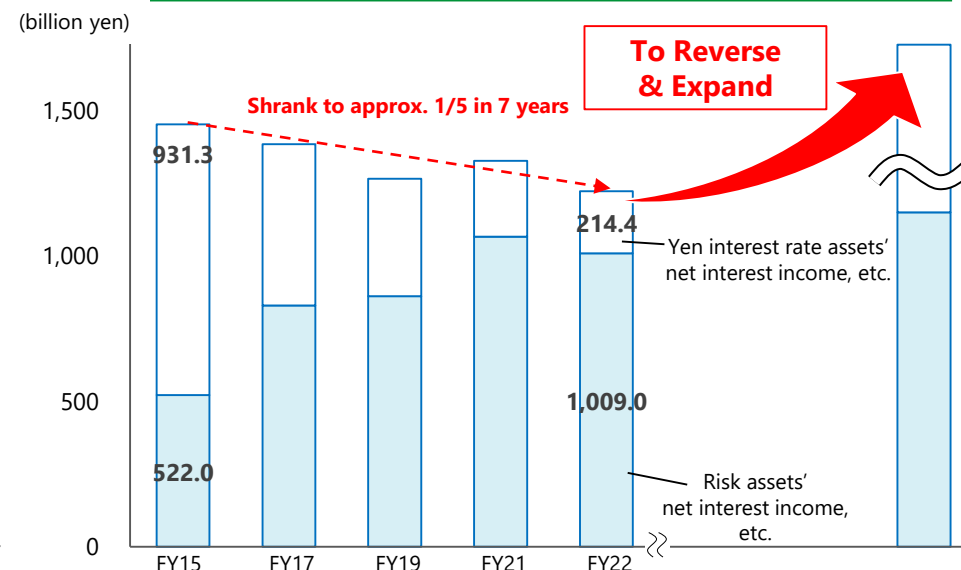


Source: JGB interest rate information – Ministry of Finance Japan

*1 Except JGBs in money held in trust.

*2 Non-consolidated and management accounting basis. "Risk assets" consist of Japanese local government bonds, corporate bonds, loans, stocks (money held in trust), foreign securities, and strategic investment areas, etc.

Market Business Earnings*2



- Reverse and expand yen interest rate assets' net interest income, etc.
- Pursue sustained growth of risk asset's net interest income, etc., which had expanded under the low yen interest rate environment

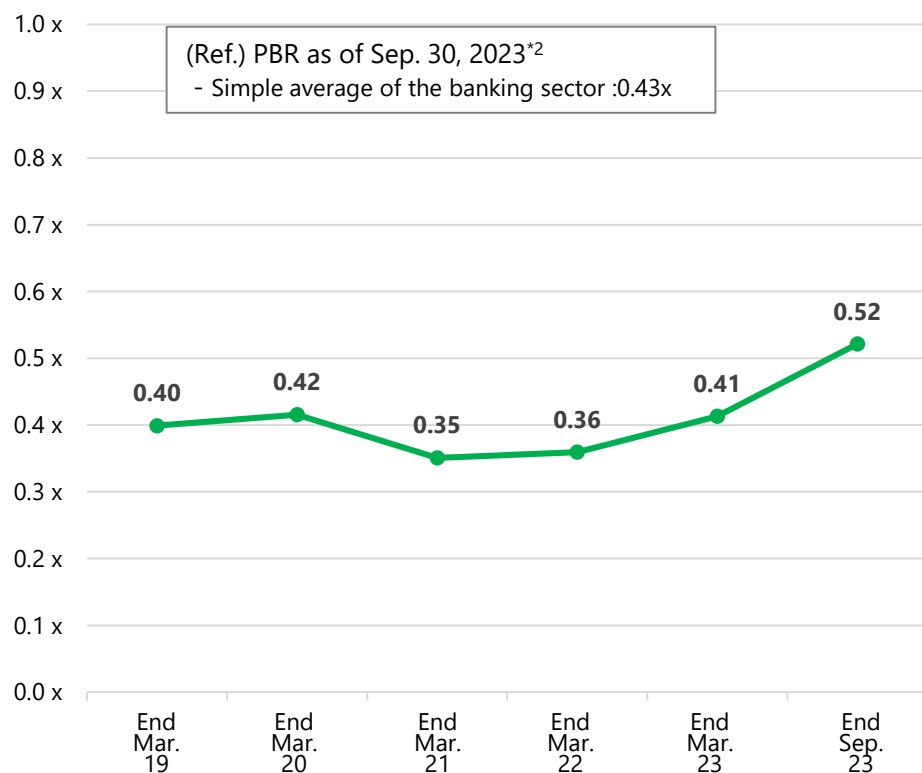
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How to Increase the Corporate Value: Analysis & Assessment (1)

The Bank's PBR is higher than the banking sector simple average, but lower than 1x.

To achieve a PBR of 1x or higher, ROE must exceed the "cost of shareholders' equity minus expected earnings growth rate" by means of (1) increasing ROE, (2) controlling the cost of shareholders' equity, and (3) increasing the expected earnings growth rate.

PBR Trends*1



*1 Excluding treasury stock.

*2 Source: Compiled by Japan Post bank based on financial data from each company (simple average of the banking sector shares included in the TOPIX)

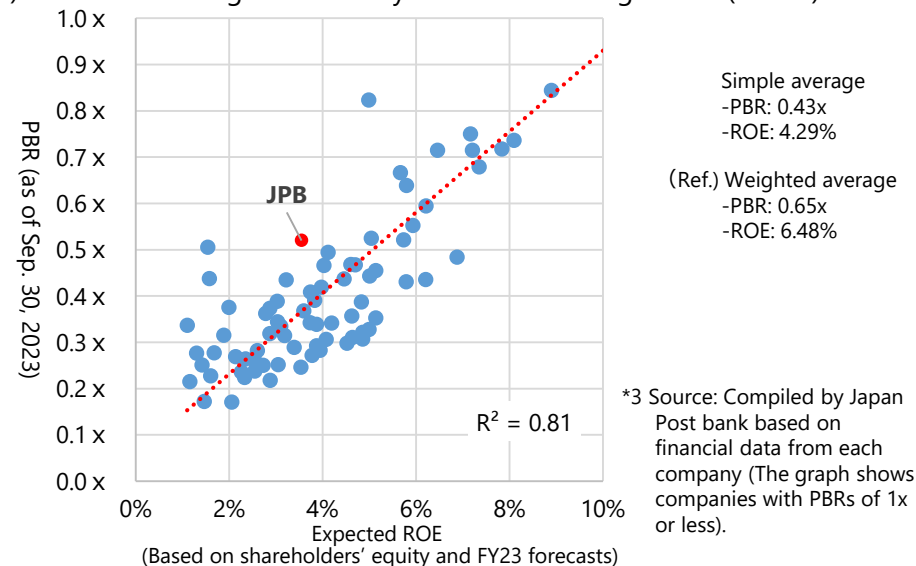
PBR Analysis

$$\text{PBR} = \text{ROE} \times \text{PER}$$

$$= \frac{\text{ROE}}{(\text{Cost of Shareholders' Equity} - \text{Expected Earnings Growth Rate})}$$

Theoretically, $\text{ROE} \geq (\text{cost of shareholders' equity} - \text{expected earnings growth rate})$ is required for PBR to be 1x or higher.

(Ref.) PBR and ROE Regression Analysis for the Banking Sector (TOPIX)*3



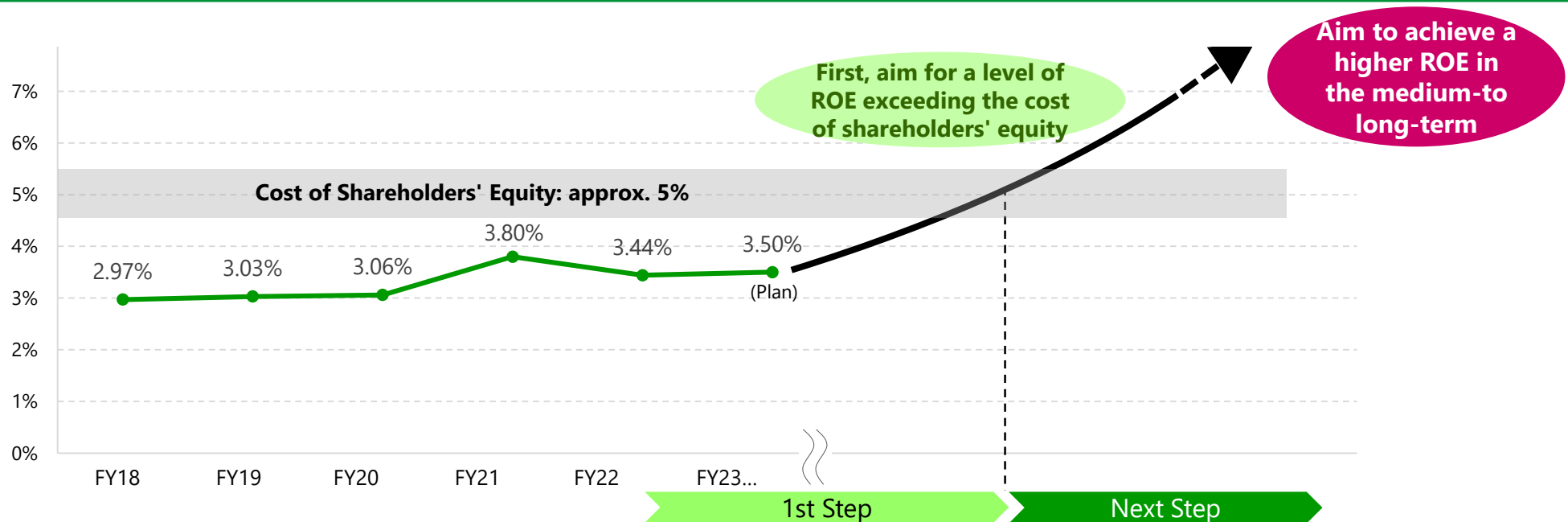
How to Increase the Corporate Value:

Analysis & Assessment (2) / Policies, Goals, and Initiatives Towards Improvement (1)

The Bank's ROE is in the mid-3% range, and has consistently remained below the cost of shareholders' equity (approximately 5%) as calculated using the Capital Asset Pricing Model (CAPM).

While complying with business regulations based on the Postal Service Privatization Act and fulfilling our responsibility to provide universal financial services*¹, as a 1st step, we will work to achieve ROE that exceeds the cost of shareholders' equity (approximately 5%), and then aim to achieve higher ROE in the medium-to long-term.

Trends in ROE*² and Roadmap to Achieve Targets



● Efforts to date to improve ROE

- Investment in risk assets increased (net interest income, etc. from risk assets approximately doubled over the past seven years) in a difficult environment where interest income from Japanese government bonds, etc. continues to decline due to persistently low interest rates in Japan.
- Through efforts to enhance the sophistication of the retail business model, increased service revenues by JPY 56.6bn over seven years and reduced operating expenses by JPY 139.2bn.

We are currently considering a revision of the Mid-term Plan (FY2022/3-FY2026/3), and plan to disclose the specific ROE performance targets, achievement timeline, measures, etc. in May 2024, along with the revised Mid-term Plan.

*1 In accordance with laws and regulations, Japan Post Bank pays contributions to the Organization for Postal Savings, Postal Life Insurance and Post Office Network as part of the costs required to maintain the post office network, which are indispensable costs for ensuring the provision of universal financial services (the amount of contributions to be paid in FY2024/3 is JPY 243.6bn).

*2 Consolidated and shareholders' equity basis

How to Increase the Corporate Value: Policies, Goals, and Initiatives Towards Improvement (2)

We will pursue a growth strategy that leverages our unique strengths while reinforcing our management base, aiming to sustainably increase ROE and thereby PBR.

We plan to disclose the specific measures to increase ROE in May 2024, along with the revised Mid-term Plan.

Growth Strategies

ROE = RORA x financial leverage (inverse of CET1 ratio)
→ Improve RORA while maximizing use of capital (increase financial leverage)

Market Business

- Improve earnings by restructuring the yen interest-rate portfolio with no risk assets
- Improve earnings by increasing the balance of risk assets and strategic investment areas through the use of capital, and improve RORA by optimizing asset allocation

Retail Business

- Increase earnings by boosting transaction volume and optimizing commissions through realizing complementarity between the physical and the digital
- Pursue business reform and drastic cost cuts through the use of digital technology
- Maintain relationships and a stable deposit base by providing services that meet customer needs

Σ Business

- Promote unique GP Business in JPB appropriate manner by identifying small and medium-sized enterprises with growth potential, providing equity capital through various frameworks, and offering marketing support for investees

Secure Financial Soundness

- Ensure capital adequacy ratio and CET1 ratio (excluding unrealized gains on available-for-sale securities) of approximately 10% in ordinary times

Increase Shareholder Returns

- Aim to increase dividends in line with profit growth, based on a dividend payout ratio of approximately 50%
- Consider share repurchases based on market conditions, internal reserves, etc.

Strengthen the Management Base

- Promote sustainability management and human capital management

Reduce Business Risk

- Enhance information disclosure and IR activities
- Practice effective control of major risks
- Curtail earnings volatility

Strive for Sustained Increase of ROE

Control the cost of shareholders' equity

Enhance corporate value
(Increase PBR to above 1x)

Japan Post Bank's Unique Strengths

Largest customer base of any Japanese bank
120 million
 ordinary deposit accounts



Most extensive and stable deposit base in Japan
JPY 194tn in deposits,
 centered on retail banking customers



Nationwide network covering every corner of the country
 Network of approx. **24,000** branches

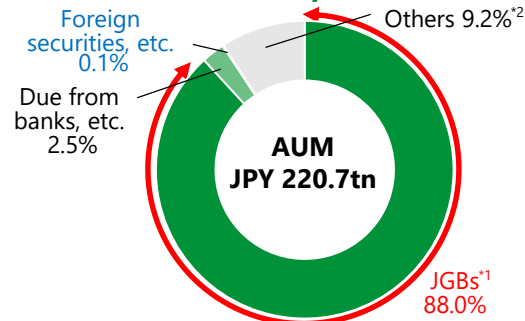
Restructuring of the Yen Interest-rate Portfolio (1) Paradigm Shift in Portfolio + Next Actions

We achieve a paradigm shift in the portfolio by shifting investments from JGBs to risk assets in the face of declining yen interest rates.

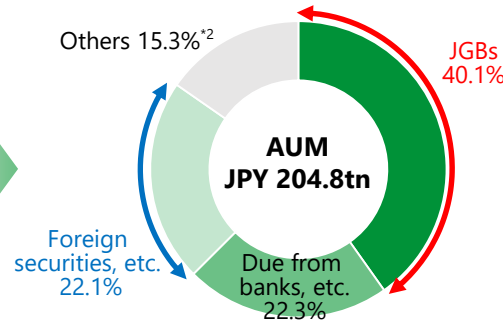
From 2023 onward, we capture the reversal trend of yen interest rates by shifting investments from due from banks, etc. to JGBs (restructuring of the yen interest-rate portfolio).

Sophisticated Risk Management and Timely and Appropriate Actions in Line with Market Fluctuation

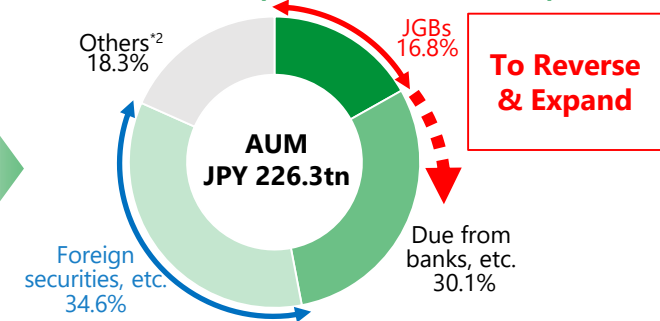
As of Oct. 1, 2007 (Corporatization)



As of Mar. 31, 2016 (FY end of IPO)



As of Mar. 31, 2023 (the end of FY2023/3)

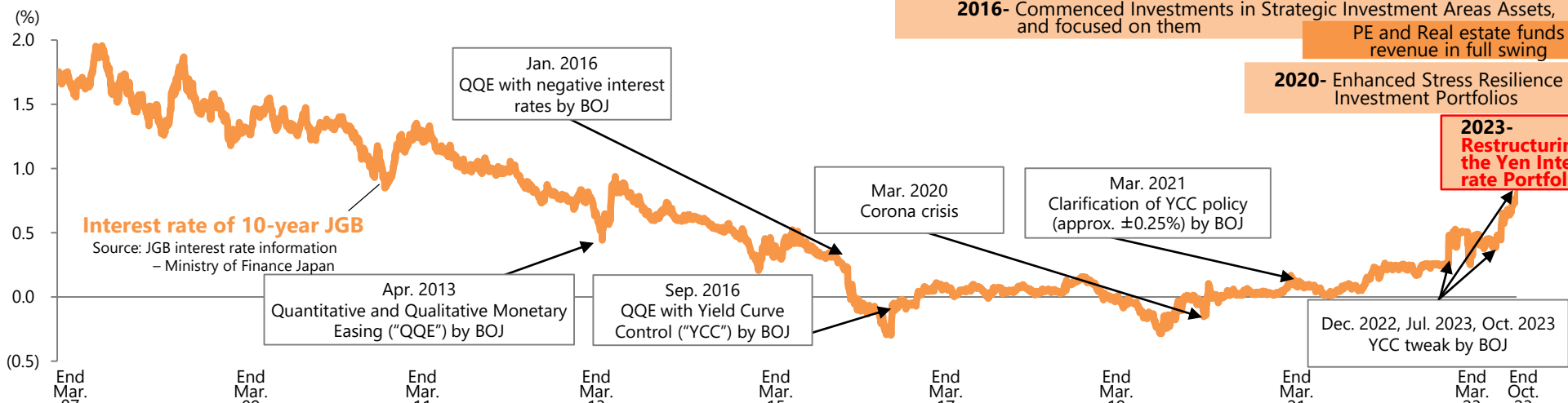


2008- Commenced and Expanded Investments in Overseas Credit Assets

2016- Commenced Investments in Strategic Investment Areas Assets, and focused on them
PE and Real estate funds revenue in full swing

2020- Enhanced Stress Resilience of Investment Portfolios

2023- Restructuring of the Yen Interest-rate Portfolio



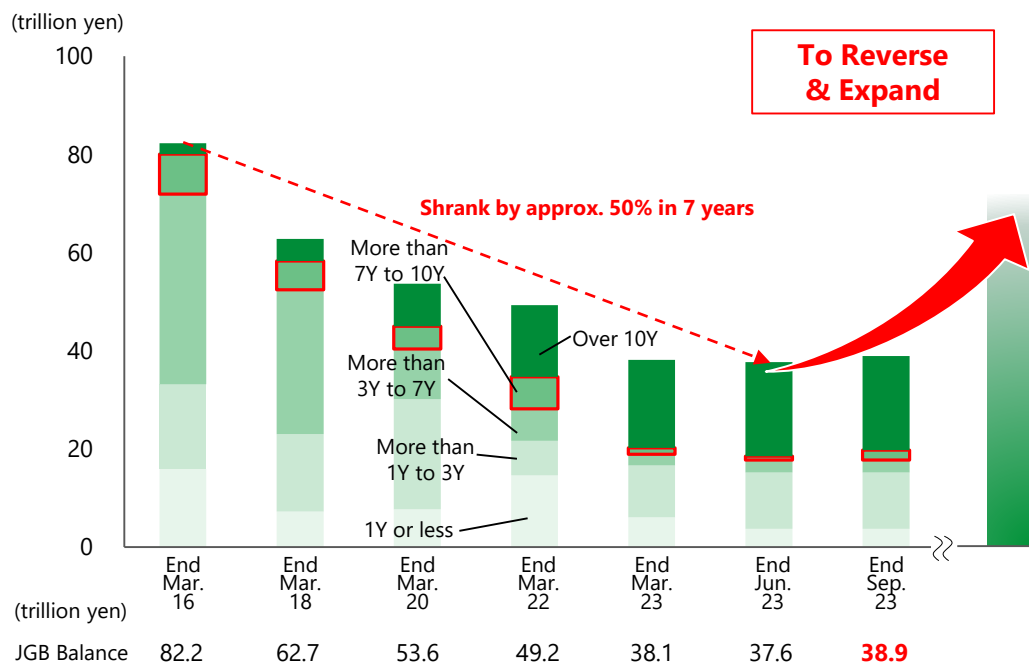
*1 Include deposits to the Fiscal Loan Fund which were postal savings funds deposited with the Ministry of Finance Japan. All deposits to the Fiscal Loan Fund were redeemed through November, 2010.
*2 Consist of Japanese local government bonds, corporate bonds, money held in trust, loans, short-term investments, etc.

Restructuring of the Yen Interest-rate Portfolio

(2) Reverse Balance of JGBs and Expand Profits

Within FY2024/3 Q2, we reverse the balance of JGBs, which has been continuously declining since the BOJ adopted a negative interest rate policy in 2016, and turn into a phase of earnings expansion.

Balance of JGBs*1



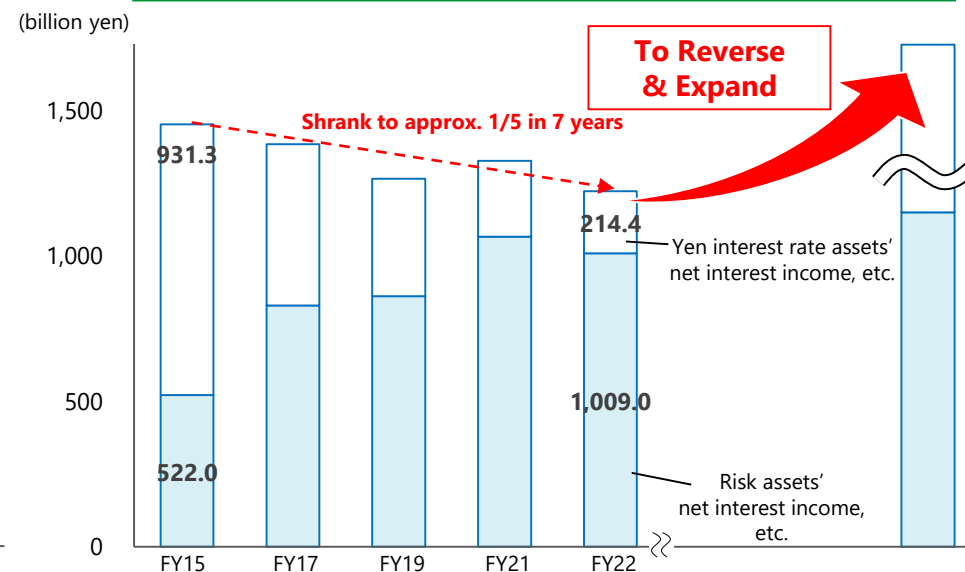
(trillion yen)	End Mar. 16	End Mar. 18	End Mar. 20	End Mar. 22	End Mar. 23	End Jun. 23	End Sep. 23
JGB Balance	82.2	62.7	53.6	49.2	38.1	37.6	38.9
More than 7Y to 10Y	8.1	5.8	4.6	6.5	1.3	0.7	1.5
(Ref.) JGB 10Y yield (0.04%)	0.04%	0.04%	0.03%	0.21%	0.38%	0.42%	0.77%

Source: JGB interest rate information – Ministry of Finance Japan

*1 Except JGBs in money held in trust.

*2 Non-consolidated and management accounting basis. "Risk assets" consist of Japanese local government bonds, corporate bonds, loans, stocks (money held in trust), foreign securities, and strategic investment areas, etc.

Market Business Earnings*2



- Reverse and expand yen interest rate assets' net interest income, etc.
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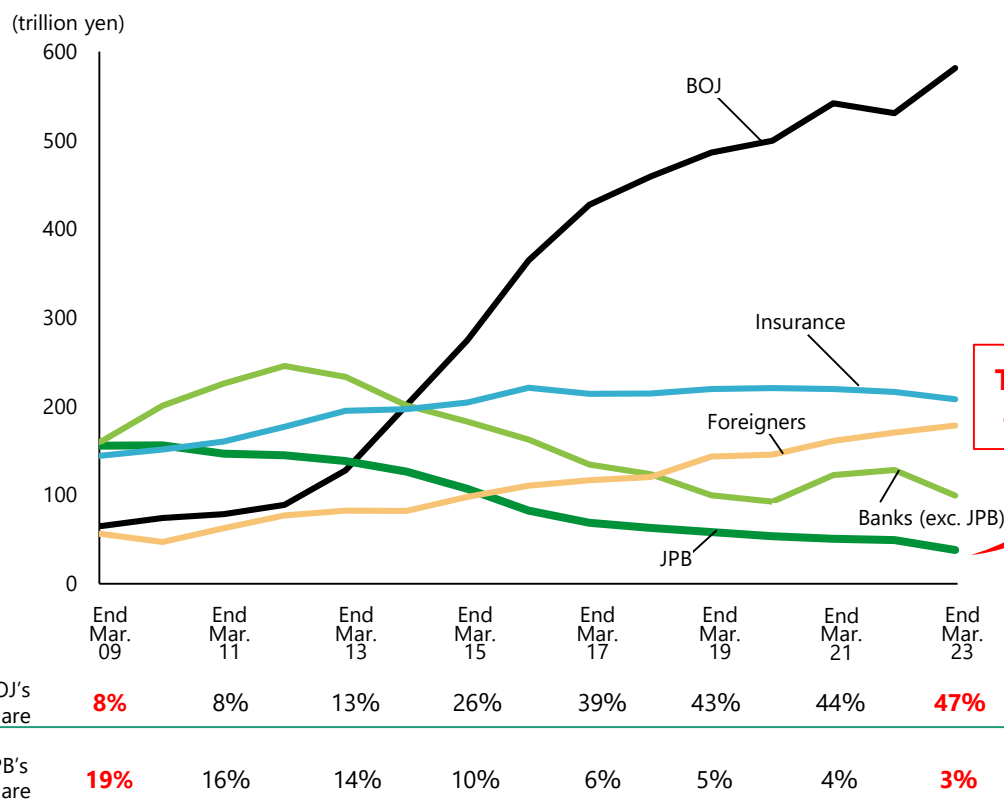
Restructuring of the Yen Interest-rate Portfolio

(3) Scope and Feasibility of Expanding JGB holdings

While the Bank of Japan's holdings of JGBs have increased due to its unprecedented monetary easing, JGB holdings by Japan Post Bank and other banks have decreased.

- There is significant capacity for expansion in our JGB holdings due to the BOJ's monetary policy tweaks.

Balance of JGB Holdings by Business Type*



To Reverse & Expand

(Ref.) JGB Issuance Plan for FY2024/3

	FY2024/3 (Initial)			vs FY2023/3(2nd Supplementary Budget)
	per time	times	total	
40-Year	0.7	× 6	4.2	—
30-Year	0.9	× 12	10.8	—
20-Year	1.2	× 12	14.4	—
10-Year	2.7	× 12	32.4	—
5-Year	2.5	× 12	30.0	—
2-Year	2.9	× 12	34.8	0.9
TBs			50.7	(13.9)
10-Year Inflation-Indexed Liquidity Enhancement Auction	0.25	× 4	1.0	0.2
Total			190.3	(12.8)

Source: "Market Issuance Plan by Issue" – Ministry of Finance Japan

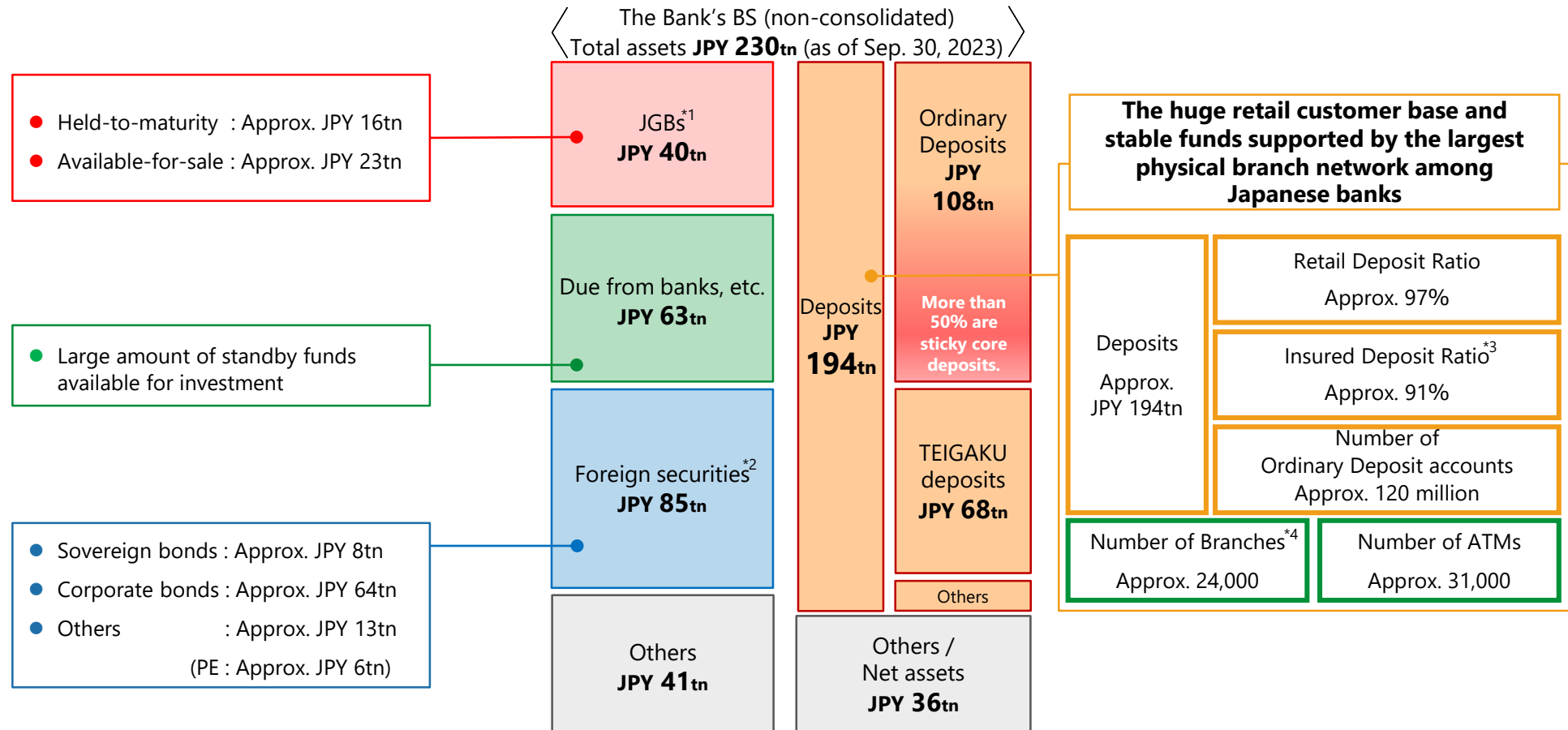
Source: Compiled by Japan Post Bank based on Bank of Japan "Flow of Funds Accounts"

* Total of JGBs, FILP bonds and treasury discount bills. In addition to the above business types, Public pension, Securities firms, and others also have JGB holdings. Percentage of market share is based on the total that includes holdings by these business types.

Restructuring of the Yen Interest-rate Portfolio

(4) Robust B/S Structure to Support Investments

With the huge retail customer base and stable funds supported by the largest physical branch network among Japanese banks, we have expanded risk assets, and in addition, restructured the yen interest-rate portfolio deploying due from banks, etc.



*1 Include JGBs in money held in trust.

*2 Include real estate funds and direct lending funds in money held in trust.

*3 Deposits that meet the requirement under the Deposit Insurance System in the Deposit Insurance Act divided by total deposits.

*4 Includes post offices.

Restructuring of the Yen Interest-rate Portfolio

(5) Impact of Rising Yen Interest Rates on P/L (Simple Illustration)*1

Due to rising yen interest rates, the Bank's P/L has improved (Increased interest received > Increased foreign currency funding costs).

Restructuring of the Yen Interest-rate Portfolio (Example)

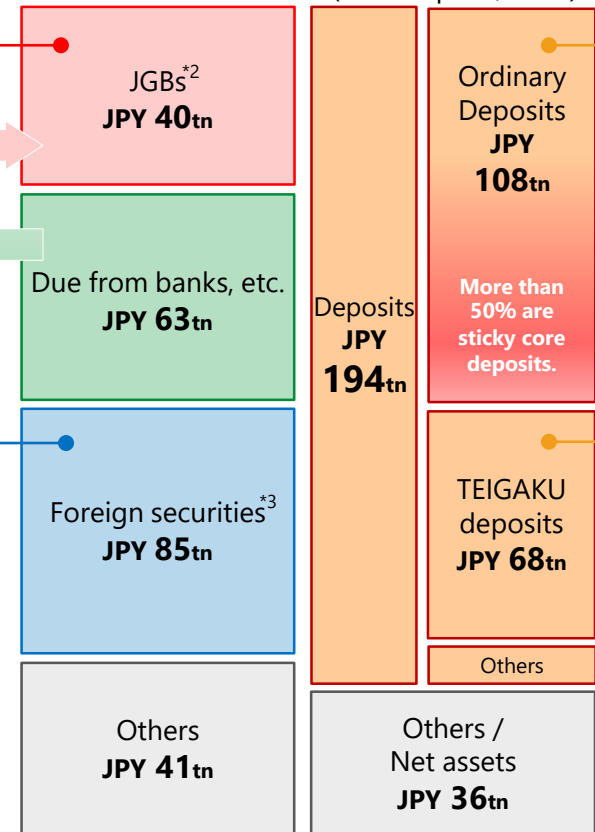
Increase in long-term interest rates (abandonment of the YCC policy) : Annual net income increase of JPY 100bn
(In case of an additional investment of JPY 10tn in 10-year bonds yielding 1%)

- New Investments : Improvement in investment yield x Increase in investment amount
- Existing Holdings : Bulk is in fixed bonds, and the impact is neutral

Lifting of negative interest rate policy (increase in short-term interest rates) : Annual net income increase of JPY 50bn
(In case of a 10bp rise in yen short-term interest rates)

- Decrease in foreign currency funding costs*4
 - Yen short-term interest receivables position is approx. JPY 50tn
 - Immediate improvement in yields

The Bank's BS (non-consolidated)
Total assets **JPY 230tn** (as of Sep. 30, 2023)



- If deposit interest rates rise, interest payments will increase. (**Impact on both existing deposits and new deposits.** However, interest rate spreads would still be secured due to the lag behind the rise in market interest rates)

- If deposit interest rates rise, interest payments will increase. (**Impact on only new deposits (including reposit).** However, interest rate spreads would still be secured due to the lag behind the rise in market interest rates)

*1 Theoretical impact on the Bank's P/L from potential movements of market environment. Actual impact may differ due to changes in market conditions and the Bank's ALM policy.

*2 Include JGBs in money held in trust.

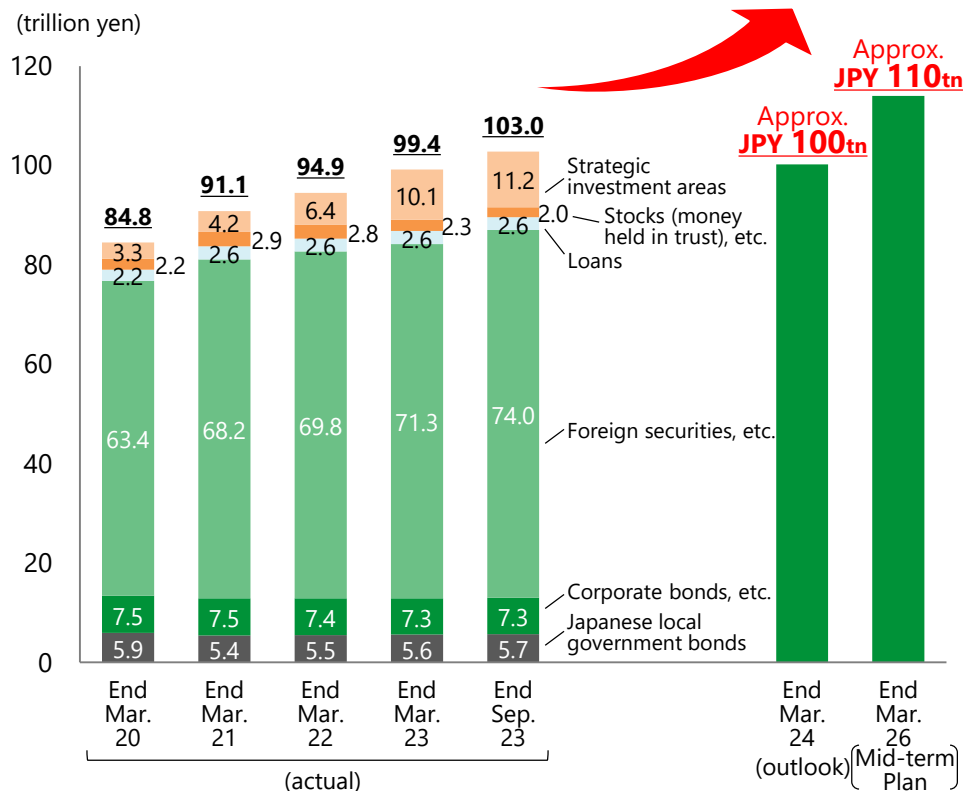
*3 Include real estate funds and direct lending funds in money held in trust.

*4 Investment trusts raise capital within the fund, and foreign currency funding costs depend on differences in yen and foreign interest rates.

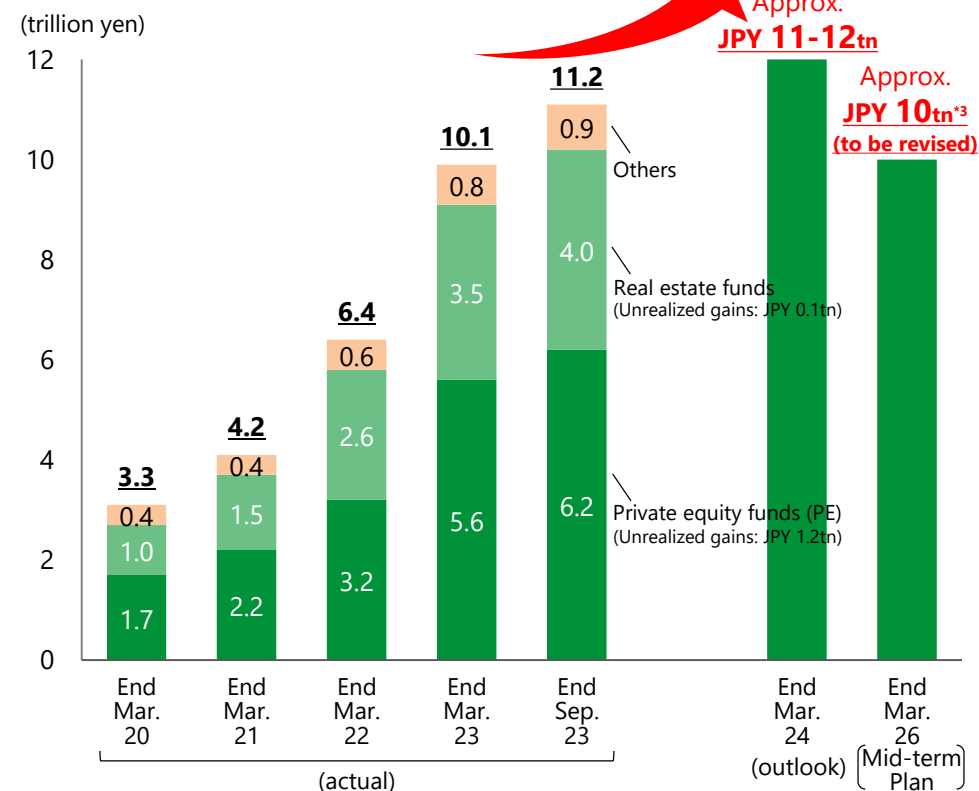
Market Business: Risk Assets and Strategic Investment Areas

We will continue to utilize capital and expand the balance of risk assets as well as strategic investment areas toward the end of FY2026/3.

Risk Assets*1 (Non-consolidated)



Strategic Investment Areas*2 (Non-consolidated)



Note: Following the application of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (revised 2021), private equity funds and real estate funds, excluding some assets, are calculated on a **fair value basis** from FY2023/3 onward.

*1 Assets other than yen interest rates (JGBs, etc.) *2 Private equity funds, Real estate funds, Direct lending funds and Infrastructure debt funds, etc.

*3 The target balance as of the end of Mar. 2026 will be revised, because the balance of strategic investment areas is based on a fair value basis from the end of Mar. 2023 (as noted above) and the balance is currently higher than the target. The revision of target will be announced in May 2024, along with the revised Mid-term Plan.

(Ref.) Capital Investment Targets and Prospect for CET1 Ratio

Due to additional investment in risk assets and reinforcement of financial regulations, the CET1 ratio is expected to fall gradually by March 31, 2026.

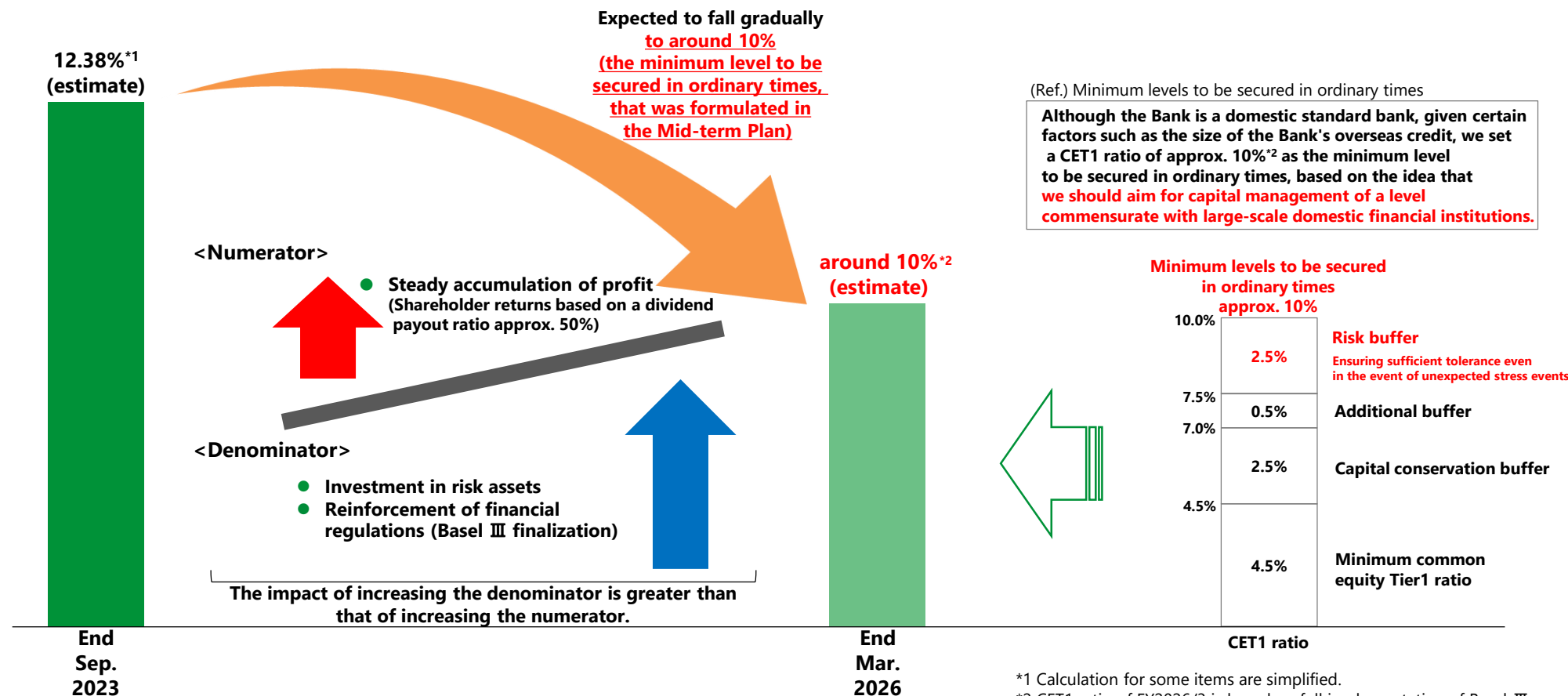
However, we will ensure sufficient financial soundness, keeping a CET1 ratio over 10%, the minimum level to be secured in ordinary times.

Capital Investment Targets and Prospect for CET1 Ratio (Excluding Unrealized Gains on Available-for-sale Securities)

Expected to fall gradually
to around 10%
(the minimum level to be
secured in ordinary times,
that was formulated in
the Mid-term Plan)

(Ref.) Minimum levels to be secured in ordinary times

Although the Bank is a domestic standard bank, given certain factors such as the size of the Bank's overseas credit, we set a CET1 ratio of approx. 10%^{*2} as the minimum level to be secured in ordinary times, based on the idea that we should aim for capital management of a level commensurate with large-scale domestic financial institutions.



*1 Calculation for some items are simplified.

*2 CET1 ratio of FY2026/3 is based on full implementation of Basel III.

Retail Business (1) Digital Strategy (Platform Strategy)

Provide safe and secure services to customers throughout Japan through complementarity between the physical and the digital

Our goal is to increase transaction volume by advertising and linking optimal services to customers through our applications, while also expanding the number of the Bankbook App users.

[Platform Strategy]

Refer customers to the Bankbook App

Expand the Bankbook App

Expand PFM (Personal Financial Management) App

Establish Co-creation Platform

Digital



Influx

Physical



Consultation Support

[Mobile App development]



Yucho Bankbook App
(Yucho In Hand)

Basic banking features

As of Sep. 30, 2023
8.91mn accounts
(Compared with as of Mar. 31, 2023
+1.46mn accounts)

Target (KPI)
as of Mar. 31, 2026
10mn accounts

Step up



ゆうちょレコ
PFM (Personal Financial Management) App
"Yucho Reco"

Manage finances and visualize assets

- Recommendation based on data analysis
- Life planning

Advertisement / Referring customers /

Advertisement / Referring customers

[Building a platform]

Co-creation Platform (Partner companies)



An alliance with various business operators to meet customer needs

Products of Japan Post Group

Securities

Loans

AI
(E.g.) Robo-advisors

Insurance

E-commerce

...etc.

Oct. 2023



Pilot advertisement to introduce "Sony Bank's Foreign Currency Deposits"

Current Situation

- Increase steadily in users, mainly in their 20s-30s (8.91mn accounts)
- Offer a full range of banking services by adding features of ordinary in-payments and ATM deposit and withdrawal (May 2023)

- Release PFM App (Feb. 2023)
- Improve UI/UX based on user feedback after release

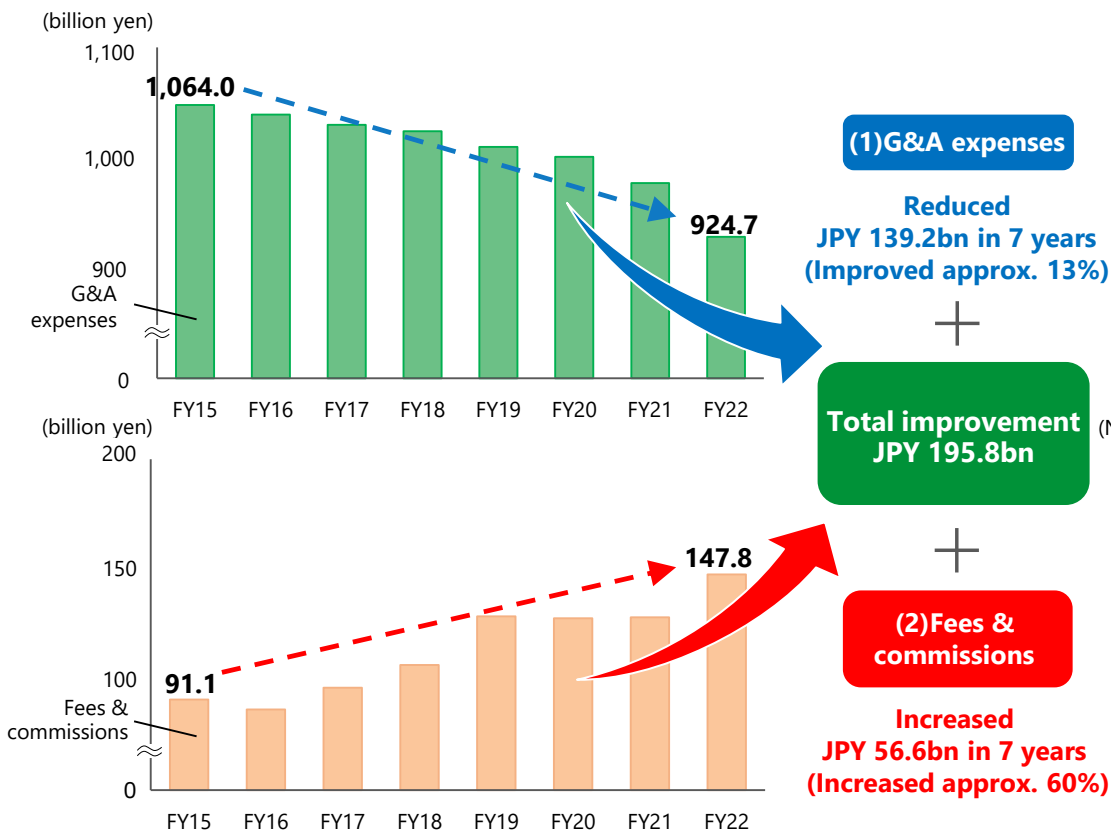
- Consider advertisement and customer referral strategies based on customer data from the Bankbook App & PFM App with a lineup in both financial and non-financial services
- Launch a pilot advertisement to introduce "Sony Bank's Foreign Currency Deposits" (Oct. 2023)

Retail Business (2) Progress in Improving the Work Efficiency from Quantitative Aspects

We have steadily reduced G&A costs and increased profits in our retail business.

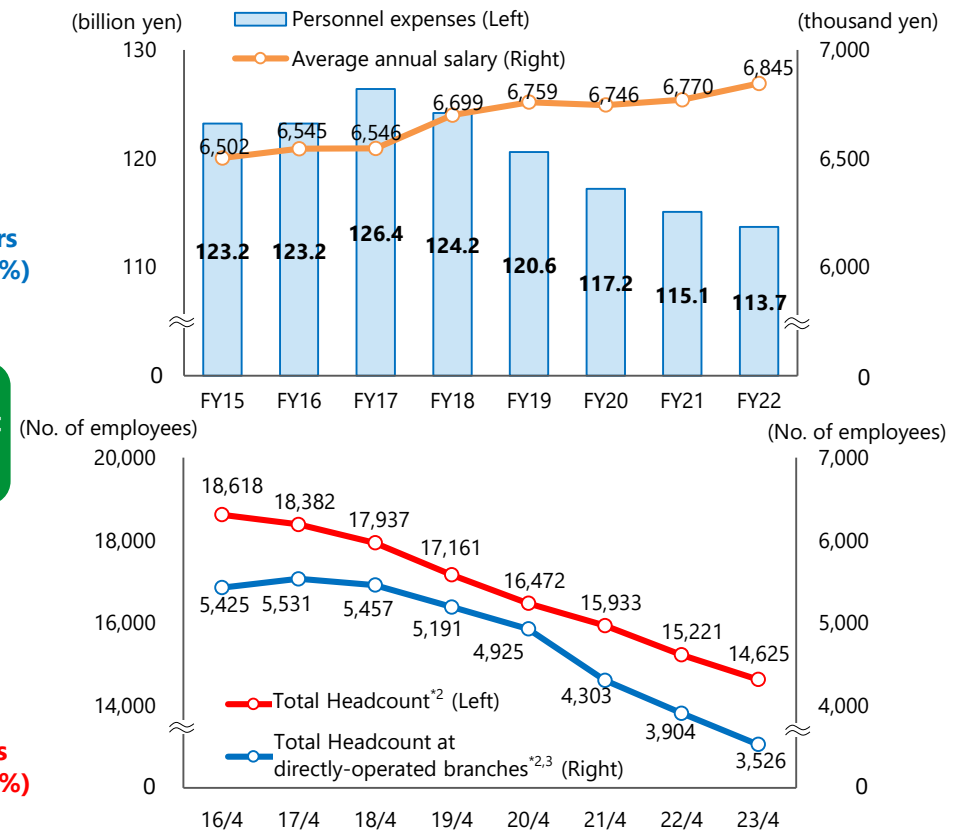
From now on, we will attempt to sustain G&A cost reductions through digital technologies as well as other means, and to maximize retail business earnings through increased transaction volume, price optimization, etc.

G&A Expenses / Retail Business Earnings*1



*1 FY16 and earlier: non-consolidated basis, after FY17: consolidated basis.

Headcount Reduction, Work Reforms and Productivity Improvements



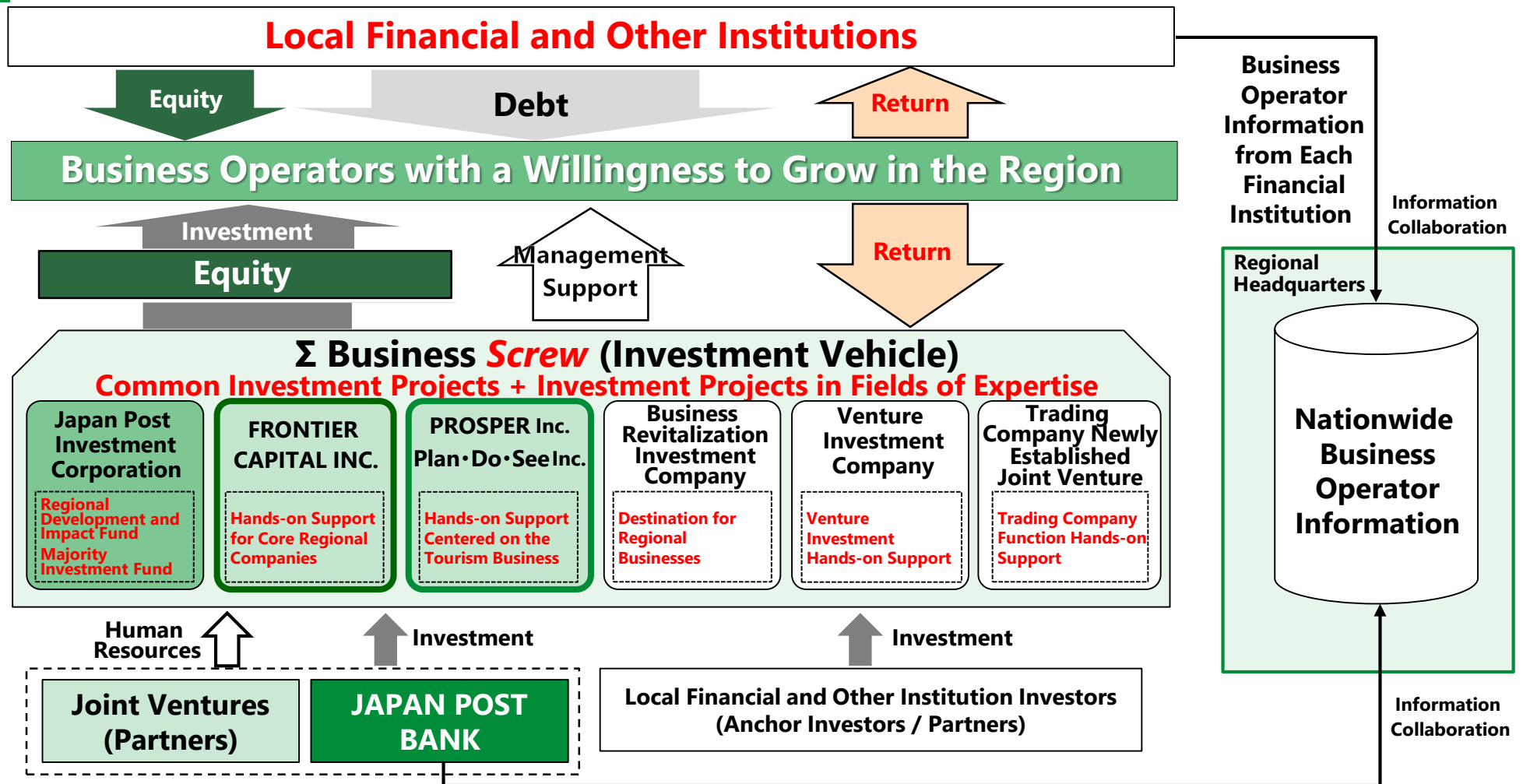
*2 As of Apr. 1.

*3 Until FY2023/3, headcount of Counter Services, Financial Consulting and Fund managing Depts. From April 2023, headcount of Financial Services (2 Depts. merged) and Fund managing Dept.

Σ Business: New Corporate Banking Business Strategy

We started Σ Business in Oct. 2022 and set the initial two-year preparation period (ending Sep. 30, 2024).

So far, we have selected three investment vehicles. We will continue to expand our GP business in a JPB appropriate manner.



Enhancement of Shareholder Returns

Dividend per share for FY2024/3 is planned to be JPY 50 (dividend payout ratio of 54.0%), based on FY2024/3 earnings forecasts and the shareholder return policy.

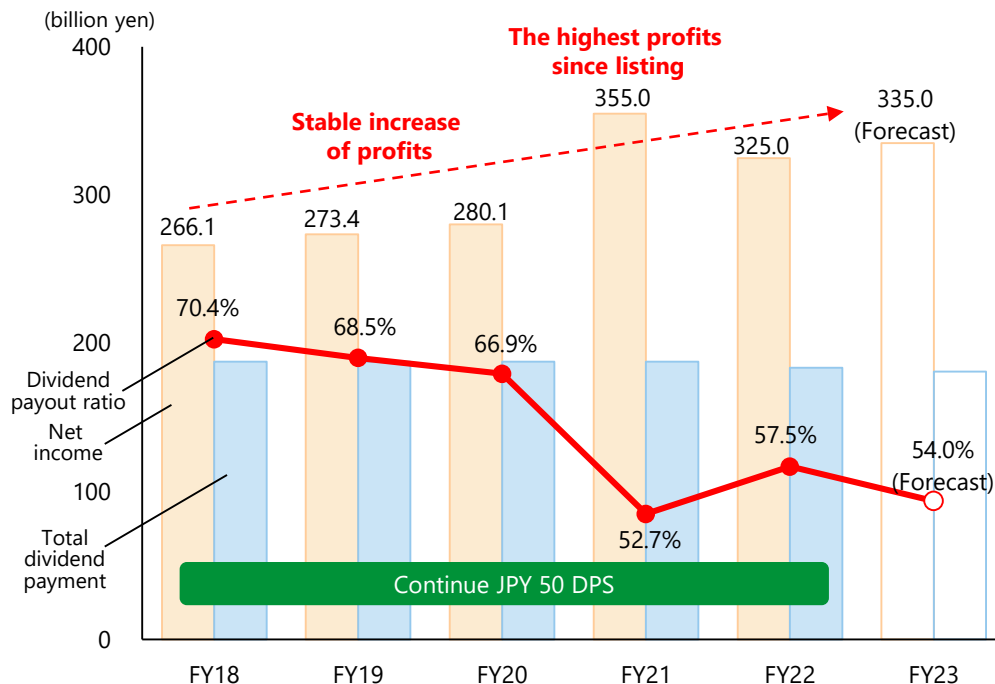
Additional shareholder return policies (incl. share buyback) will be considered in light of future earnings growth, internal reserves, regulatory trends, and the Japan Post Group's disposal policies, etc.

Realize Stable Profits and Dividends

● Continue stable profits and dividends

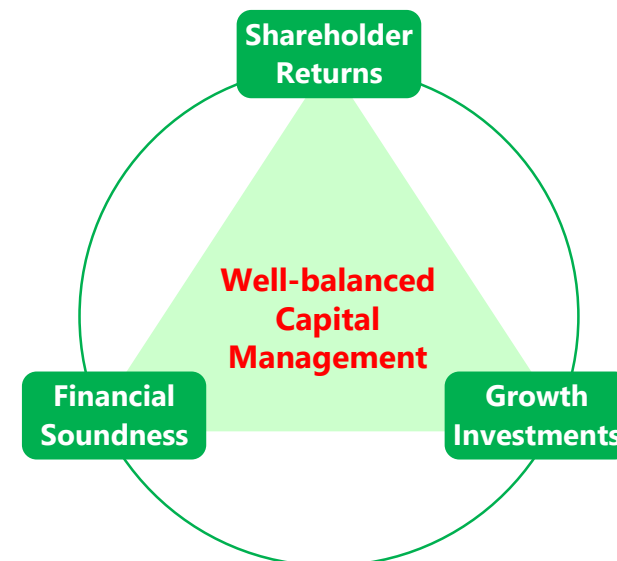
- Profits: In FY21, we achieved the highest profits since listing
We have steadily increased profits in the harsh environment
- DPS: Since listing, we have continued JPY 50 DPS

<Net Income (Consolidated) / Dividends>



Shareholder Return Policy

- Taking into consideration the balance between shareholder returns, financial soundness and growth investments, throughout the term of the Mid-term Plan (FY2022/3 through FY2026/3), the basic policy is to maintain approx. 50% dividend payout ratio
- Target dividend payout ratio of 50-60% while keeping in mind the stability and sustainability of dividends, and target to increase dividends from the dividends from the initial FY2022/3 forecast



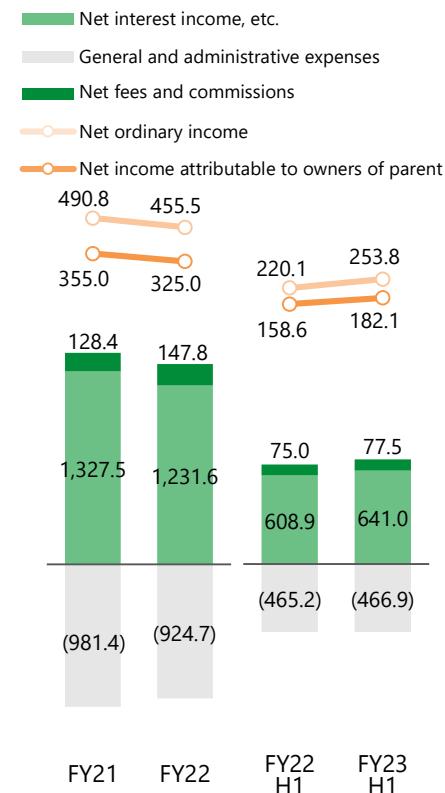
01	Executive Summary	P.3
02	How to Increase the Corporate Value	P.7
03	Appendix	P.22
04	FY2024/3 H1 Financial Data (Non-consolidated Basis)	P.62

For FY2024/3 H1, net income attributable to owners of parent stands at JPY 182.1bn .

It equated to 54.3% of the full-year earnings forecast and remained strong, so full-year earnings forecast and annual dividend forecast have been unchanged.

Results for FY2024/3 H1 (Consolidated)

(billion yen)



	FY2023/3 H1		FY2024/3 H1		(billion yen)	
	Actual (A)	Actual (B)	Increase (Decrease) (B) - (A)	Forecast	(Ref.) Actual FY2023/3	
Net interest income, etc.*1	608.9	641.0	(1) 32.0	1,260.0	1,231.6	(1)
Net fees and commissions	75.0	77.5	(2) 2.4	153.0	147.8	(1)
General and administrative expenses	465.2	466.9	(3) 1.6	944.0	924.7	(1)
Net ordinary income	220.1	253.8	33.6	470.0	455.5	(1)
Net income attributable to owners of parent [Progress rate*2]	158.6	182.1 [54.3%]	23.5	335.0	325.0 [101.5%]	(2)
Dividend per share [Dividend payout ratio]	—	—	—	JPY 50 [54.0%]	JPY 50 [57.5%]	(3)

- Main drivers of increase and decrease
- (1) Operations for risk controls [Sales of stocks, etc. approx. JPY +267.0bn]
 - (1) Foreign bond investment trusts [approx. JPY +16.0bn]
 - (1) Strategic investment areas [approx. JPY (98.0)bn]
 - Private equity funds [approx. JPY (77.0)bn]
 - Real estate funds [approx. JPY (20.0)bn]
 - (1) JGBs, etc. [approx. JPY (20.0)bn]
 - (1) Others [approx. JPY (133.0)bn]
 - Increase in foreign currency funding costs
 - (2) ATM related commissions [approx. JPY +2.0bn]
 - (3) Increase in IT expenses [approx. JPY +6.0bn]
 - (3) Agency commissions paid to Japan Post and Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network [approx. JPY (4.5)bn]

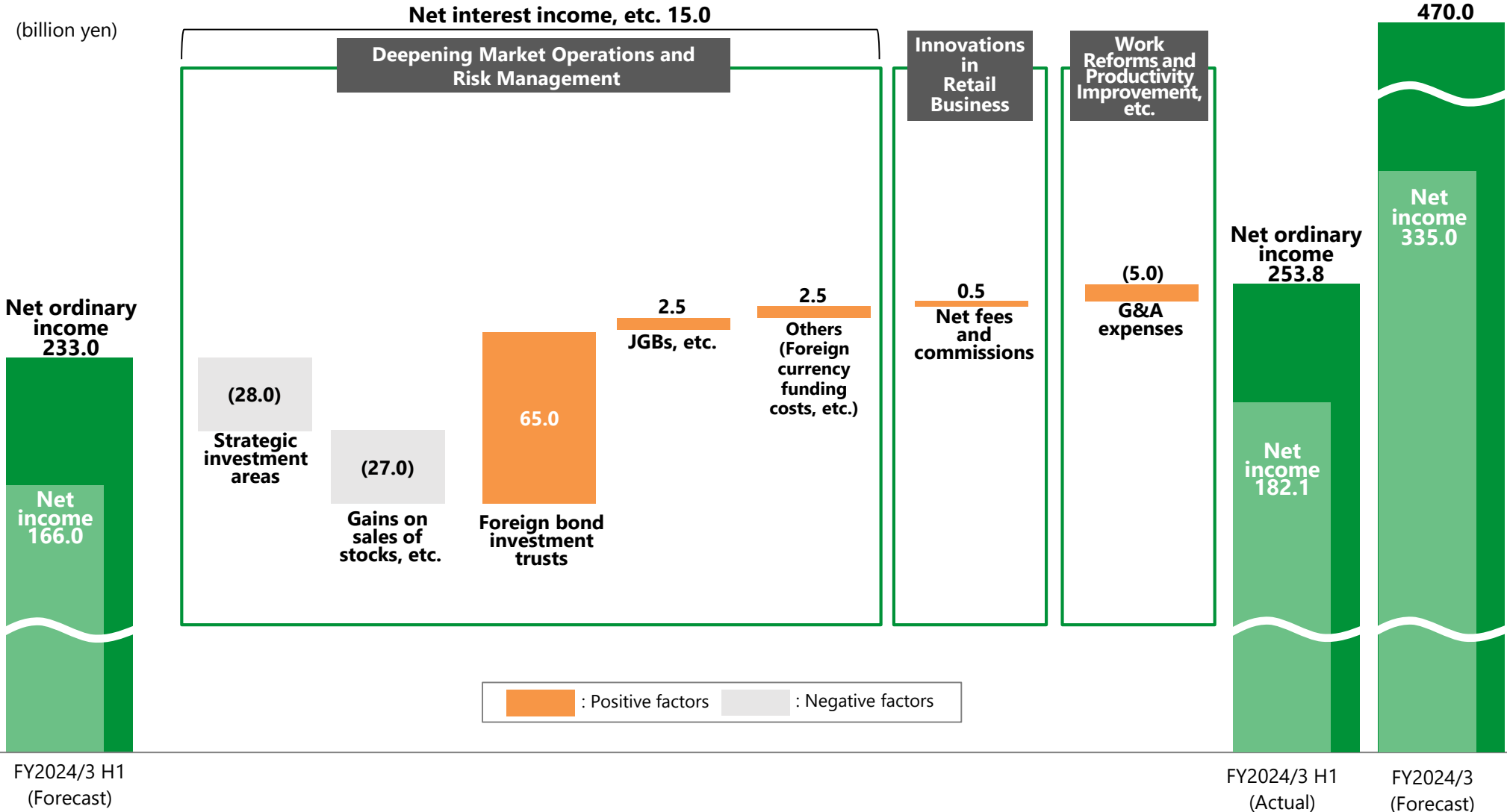
*1 Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.)

*2 The progress rate to forecast for net income attributable to owners of parent (the achievement rate in FY2023/3)

(Ref.) Changes in Net Ordinary Income for Earnings Forecasts (Simple Illustration) (1) vs Forecasts

Causes of Changes in Net Ordinary Income (Consolidated) [FY2024/3 H1 Forecasts vs FY2024/3 H1 Actual]

Note: The addition of total changes to the forecast for FY2024/3 H1 does not equal the FY2024/3 H1 results due to rounding, other ordinary income/expenses and similar factors.



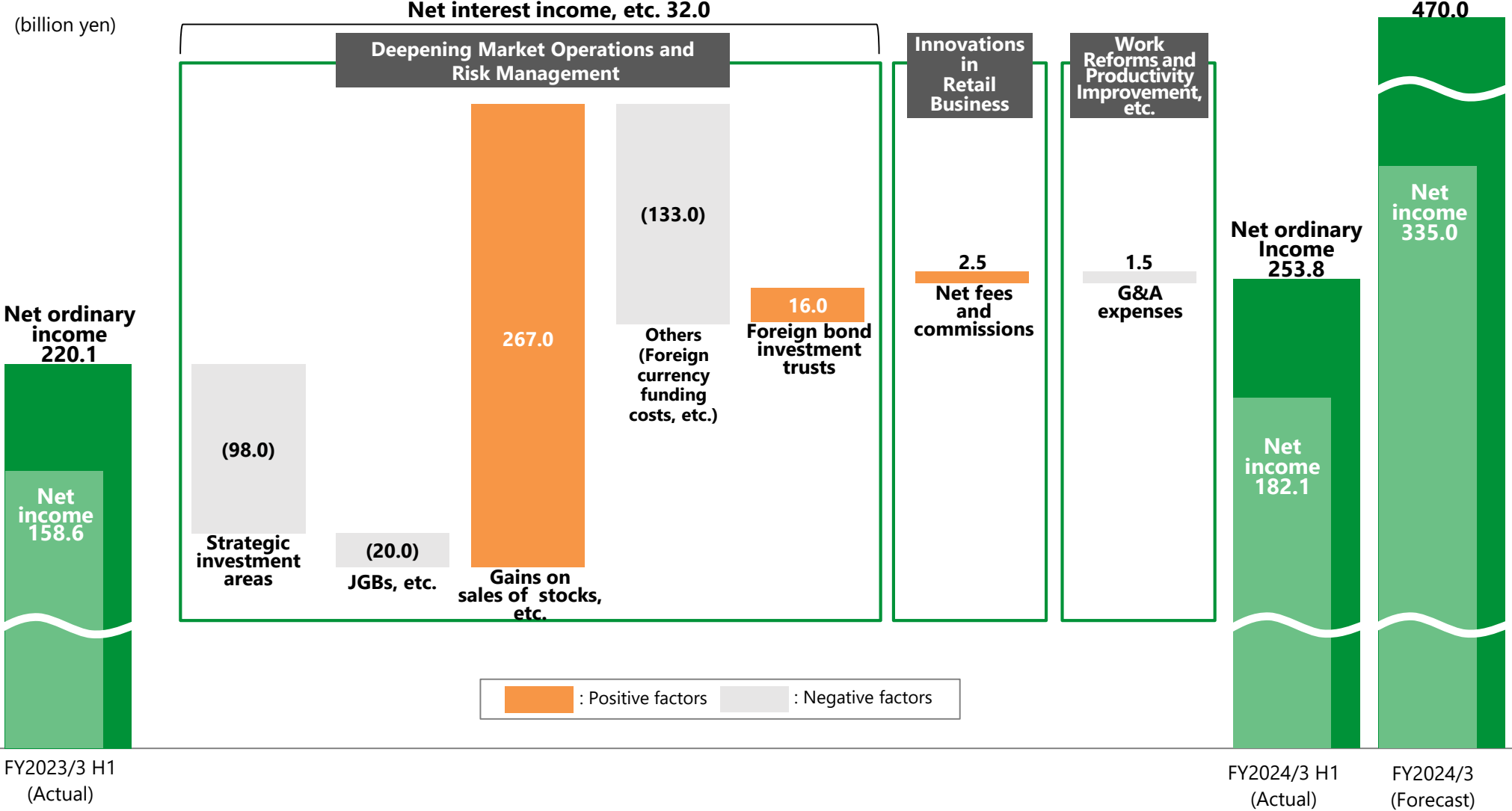
FY2024/3 H1 (Forecast)

FY2024/3 H1 (Actual) | FY2024/3 (Forecast)

(Ref.) Changes in Net Ordinary Income for Earnings Forecasts (Simple Illustration) (2) YoY

Causes of Changes in Net Ordinary Income (Consolidated) [FY2023/3 H1 Actual vs FY2024/3 H1 Actual]

Note: The addition of total changes to the FY2023/3 H1 results does not equal the FY2024/3 H1 results due to rounding, other ordinary income/expenses and similar factors.



FY2023/3 H1 (Actual)

FY2024/3 H1 (Actual) | FY2024/3 (Forecast)

Overview of FY2024/3 H1 Results

(2) Capital Adequacy Ratio and CET1 Ratio

1. Summary

2. How to Increase Corporate Value

3. Appendix

4. Financial Data

Financial Results

Asset Management

Σ Business

Governance

The consolidated capital adequacy ratio as of September 30, 2023 was 15.30%, down 0.22% compared to March 31, 2023. This decrease in consolidated capital adequacy ratio was the result of the increase in the total amount of risk-weighted assets (denominator), mainly due to an increased balance in strategic investment areas.

Capital Adequacy Ratio and CET1 (Common Equity Tier1 Capital) Ratio (Consolidated)

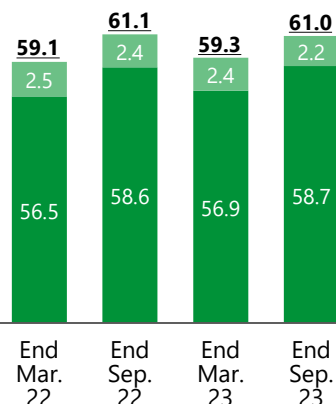
(trillion yen)

- Credit risk-weighted assets
- Operational risk equivalent / 8%
- Capital adequacy ratio

15.56% 15.29% 15.53% 15.30%

Minimum level to be secured is approx.10% in ordinary times

Regulatory level is 4% or more



	As of Mar. 31, 2023 (A)	As of Sep. 30, 2023 (B)	Increase (Decrease) (B) – (A)	Main drivers of increase and decrease
Capital adequacy ratio	15.53%	15.30%	(0.22)%	
Total capital	9,224.4	9,345.6	(1) 121.1	(1) Increases in profit - FY2024/3 H1 net income: [JPY +182.1bn]
Risk-weighted assets	59,395.1	61,051.1	1,656.0	
Credit risk-weighted assets	56,938.2	58,760.5	(2) 1,822.2	(2) Mainly due to an increased balance in strategic investment areas

	As of Mar. 31, 2023 (A)	As of Sep. 30, 2023 (B)	Increase (Decrease) (B) – (A)	Main drivers of increase and decrease
CET1 ratio (estimate)*	14.28%	12.38%	(1.89)%	
Excluding unrealized gains on available-for-sale securities	14.01%	12.38%	(1.62)%	
Total capital	8.8	8.5	(0.2)	
Risk-weighted assets	63.3	69.2	(3) 5.9	(3) Due to an increased balance in strategic investment areas, yen depreciation, etc.

* Calculation for some items are simplified.

(3) Financial / KPI Targets

Financial Results

Asset Management

Σ Business

Governance

Financial Target Items
<Consolidated>

Target KPIs

Profitability

Result for FY2024/3 H1 FY2026/3 Target

Consolidated Net income **JPY 182.1bn** **JPY 350.0bn or more**

ROE (based on shareholders' equity) **3.85%*1** **3.6% or more**

*1 Annualized basis

Efficiency

Result for FY2024/3 H1 FY2026/3 Target

OHR (basis including gains (losses) on money held in trust) **65.07%** **66% or less**

General and administrative expenses **JPY (36.8)bn** (compared to FY2021/3 H1) **JPY (55.0)bn** (compared to FY2021/3)

Soundness

Result as of Sep. 30, 2023 As of Mar. 31, 2026 Target

Capital adequacy ratio (domestic standard) **15.30%** **approx. 10%** (level to be secured)

CET1 Ratio (international standard) excluding unrealized gains on available-for-sale securities **12.38%** **approx. 10%*2** (level to be secured)

*2 Based on full implementation of Basel III.

Investment

Result as of Sep. 30, 2023 As of Mar. 31, 2026 Target

Balance of risk assets **JPY 103.0tn** (as of Mar. 31, 2023 JPY 99.4tn) **approx. JPY 110tn**

Balance of strategic investment areas **JPY 11.2tn** (as of Mar. 31, 2023 JPY 10.1tn) **approx. JPY 10tn**

Balance of ESG-themed investments **JPY 3.7tn** (as of Mar. 31, 2023 JPY 3.2tn) **JPY 4tn**

Retail

Result as of Sep. 30, 2023 As of Mar. 31, 2026 Target

Number of accounts registered in the Bankbook App **8.91mn accounts** (as of Mar. 31, 2023 7.45mn accounts) **10mn accounts**

Number of Tsumitate NISA Operation Accounts **29 ten thousand accounts** (as of Mar. 31, 2023 23 ten thousand accounts) **40 ten thousand accounts**

Regional Relationship

Result as of Sep. 30, 2023 As of Mar. 31, 2026 Target

Regional vitalization fund participation cases **cumulatively 48 cases** (as of Mar. 31, 2023 cumulatively 45 cases) **cumulatively 50 cases**

Number of financial institutions that have aggregated operational processes **cumulatively 5 financial institutions** (as of Mar. 31, 2023 cumulatively 5 Financial institutions) **roughly 20 financial institutions**

(Ref.) ATM Network (As of Sep. 30, 2023)

Number of ATMs	Number of partner financial institutions available at ATMs	Of which institutions sharing ATM network platform*3
approx. 31,000	approx. 1,250	21 (In FY2024/3 H1: 1 institution)

*3 A partnership arrangement for waiving fees when an ATM card of a regional financial institution is used at a JP Bank ATM. Terms and conditions for waiving fees are set by each financial institution.

Deposit Balance

Deposits on September 30, 2023 amounted to JPY 194.1tn, down JPY 0.8tn from March 31, 2023.

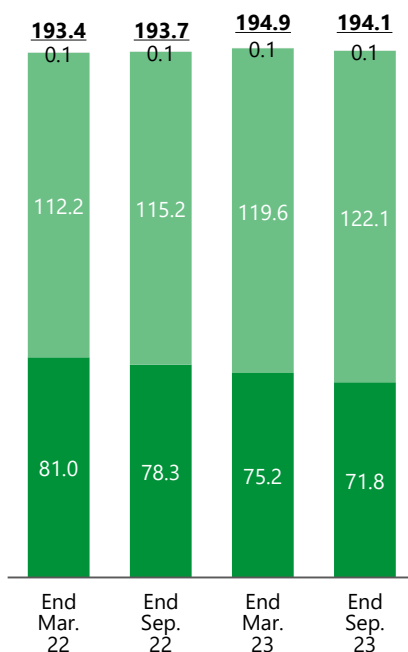
Ordinary deposits increased by JPY 2.5tn due to transfers from time and TEIGAKU deposits at maturity, etc.

Deposit Balance (Non-consolidated)

(trillion yen)

■ Fixed-term deposits ■ Liquid deposits

■ Other deposits



(trillion yen)

	As of Mar. 31, 2023(A)	As of Sep. 30, 2023 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	119.6	122.1	2.5
Transfer deposits	12.7	12.7	0.0
Ordinary deposits, etc.*	106.1	108.6	(1) 2.5
Savings deposits	0.7	0.7	0.0
Fixed-term deposits	75.2	71.8	(2) (3.3)
Time deposits	3.3	3.1	(0.1)
TEIGAKU deposits	71.9	68.7	(3.1)
Other deposits	0.1	0.1	(0.0)
Total	194.9	194.1	(0.8)

Main drivers of
increase and decrease

(1) (2)

- Transfers from time and TEIGAKU deposits to ordinary deposits at maturity, etc.

* Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)

Fees and Commissions

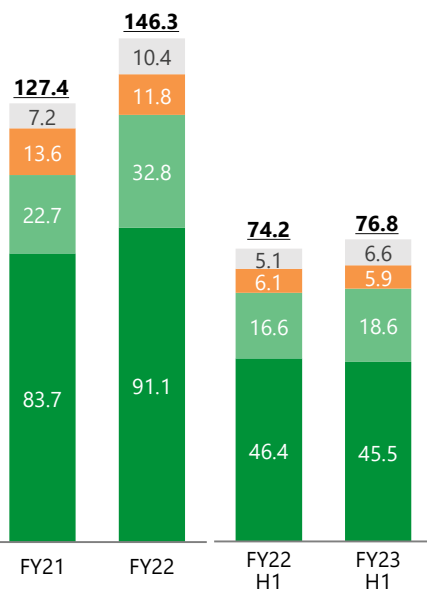
Net fees and commissions for FY2024/3 H1 increased by JPY 2.5bn year on year to JPY 76.8bn.

Net fees and commissions have steadily increased from the previous year due to the impact of the April 2023 fee revision, etc.

Fees and Commissions (Non-consolidated)

(billion yen)

- Exchange and settlement transactions
- ATM related commissions
- Investment trust related commissions
- Other than the above



(billion yen)

	FY2023/3 H1 (A)	FY2024/3 H1 (B)	Increase (Decrease) (B) – (A)
Net fees and commissions	74.2	76.8	2.5
Exchange and settlement transactions	46.4	45.5	(1) (0.8)
Zengin-net fee	6.3	7.0	0.6
ATM related commissions	16.6	18.6	(2) 2.0
Investment trust related commissions*	6.1	5.9	(0.1)
Variable annuities	0.1	1.2	(3) 1.0
JGBs related commissions	0.9	1.1	0.1
Credit cards	1.7	1.7	0.0
Consumer loans	0.6	0.7	0.1
Others	1.6	1.7	0.0

Main drivers of
increase and decrease

- (1) ● Decrease in the number of ordinary in-payments
One of the reasons is digital payments that have become increasingly popular
- (2) ● The impact of the fee revision in April 2023
Fee increases in Seven Bank's ATMs
- (3) ● Increase in number of sales transactions

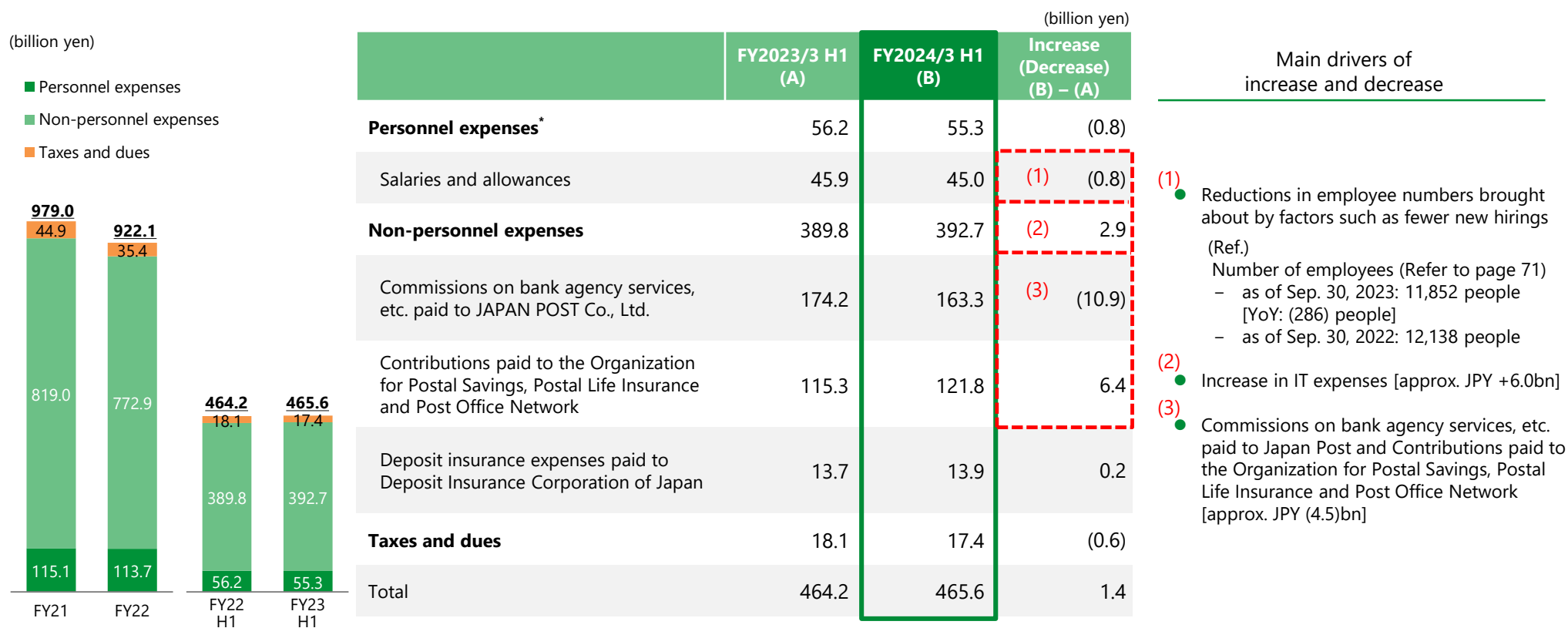
* Include Yucho Fund Wraps (discretionary investment contract services).

General and Administrative Expenses

General and administrative expenses for FY2024/3 H1 increased by JPY 1.4bn year on year to JPY 465.6bn.

While personnel expenses and commissions on bank agency services, etc. paid to Japan Post steadily decreased, IT expenses have increased due to core system renewals.

G&A Expenses (Non-consolidated)



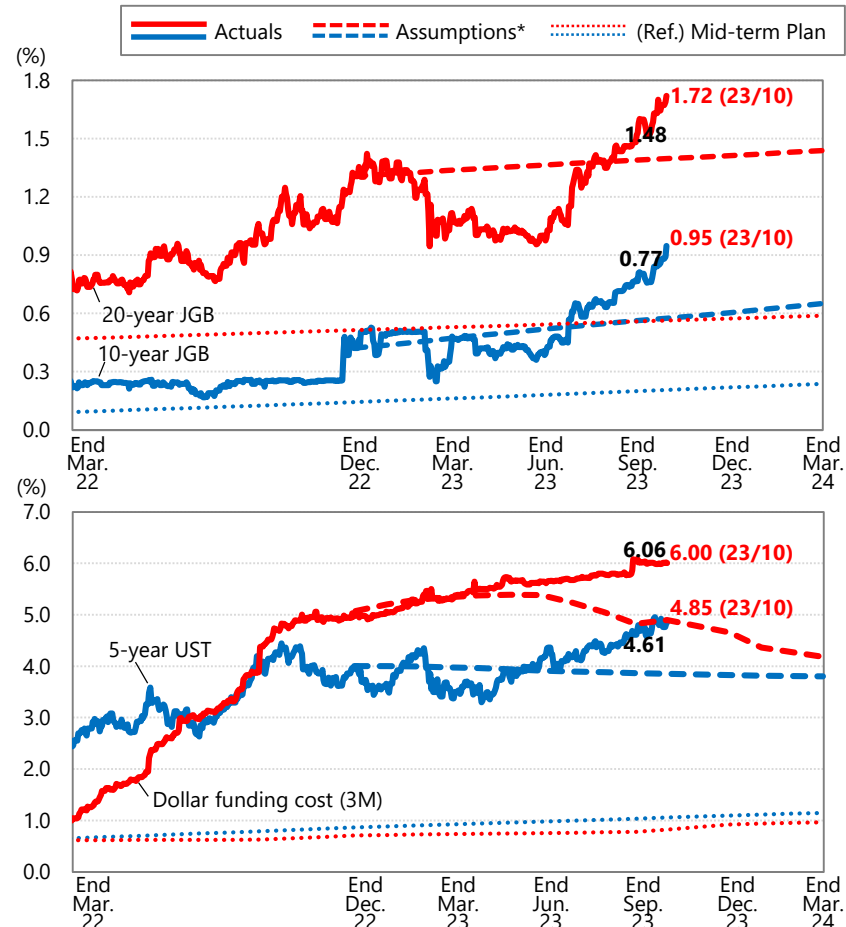
* Personnel expenses include non-recurring losses.

Market Situation

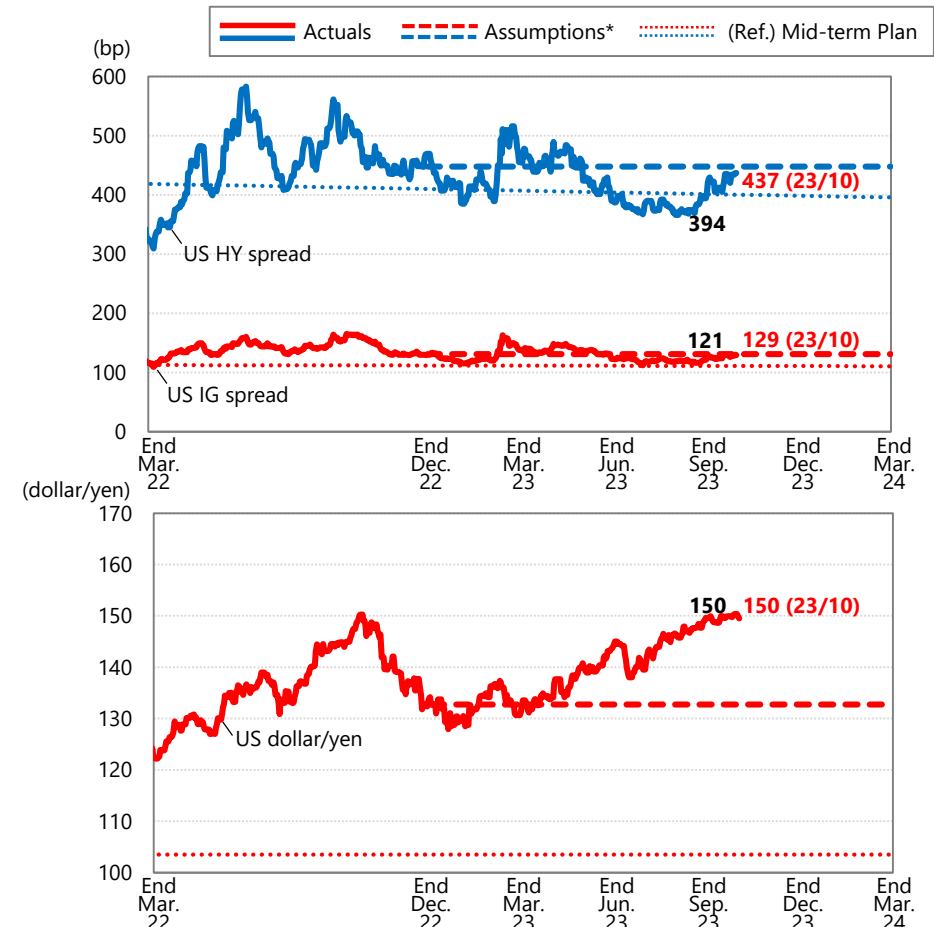
In FY2024/3 H1, main risk factors such as domestic and foreign interest rates exceeded expectations* due to a number of issues, such as trends in monetary policy in U.S. and Japan.

* Assumptions at the time of formulating the FY2024/3 earnings forecast

Domestic and Foreign Interest Rates / Dollar Funding Cost



US IG and HY Spread / US Dollar/Yen

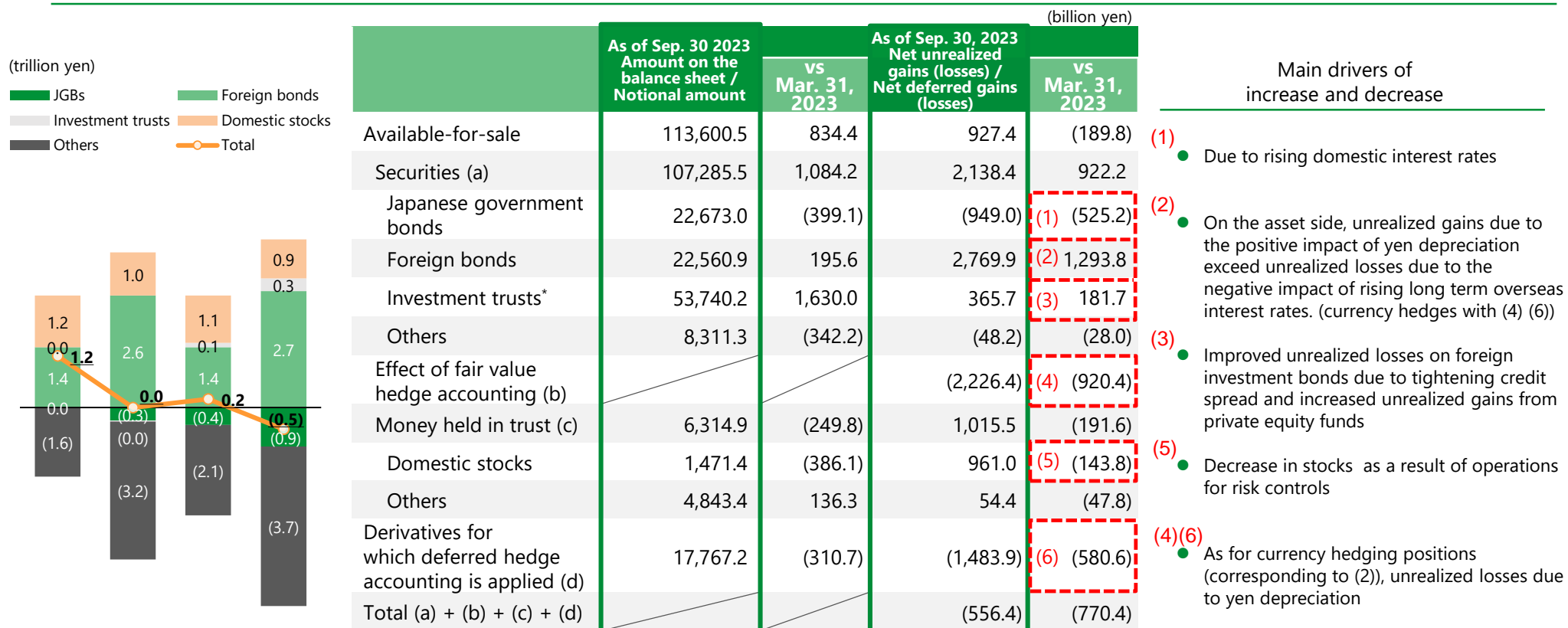


Unrealized Gains (Losses) on Financial Instruments

Net unrealized losses on financial instruments (available-for-sale) after taking into consideration gains (losses) from hedge accounting were JPY 556.4bn as of September 30, 2023 (before application of tax effect accounting), decreasing by JPY 770.4bn from March 31, 2023.

Unrealized gains decreased mainly as a result of rising domestic and overseas interest rates.

Available-for-sale Securities (Non-consolidated)



End Mar. 22
End Sep. 22
End Mar. 23
End Sep. 23

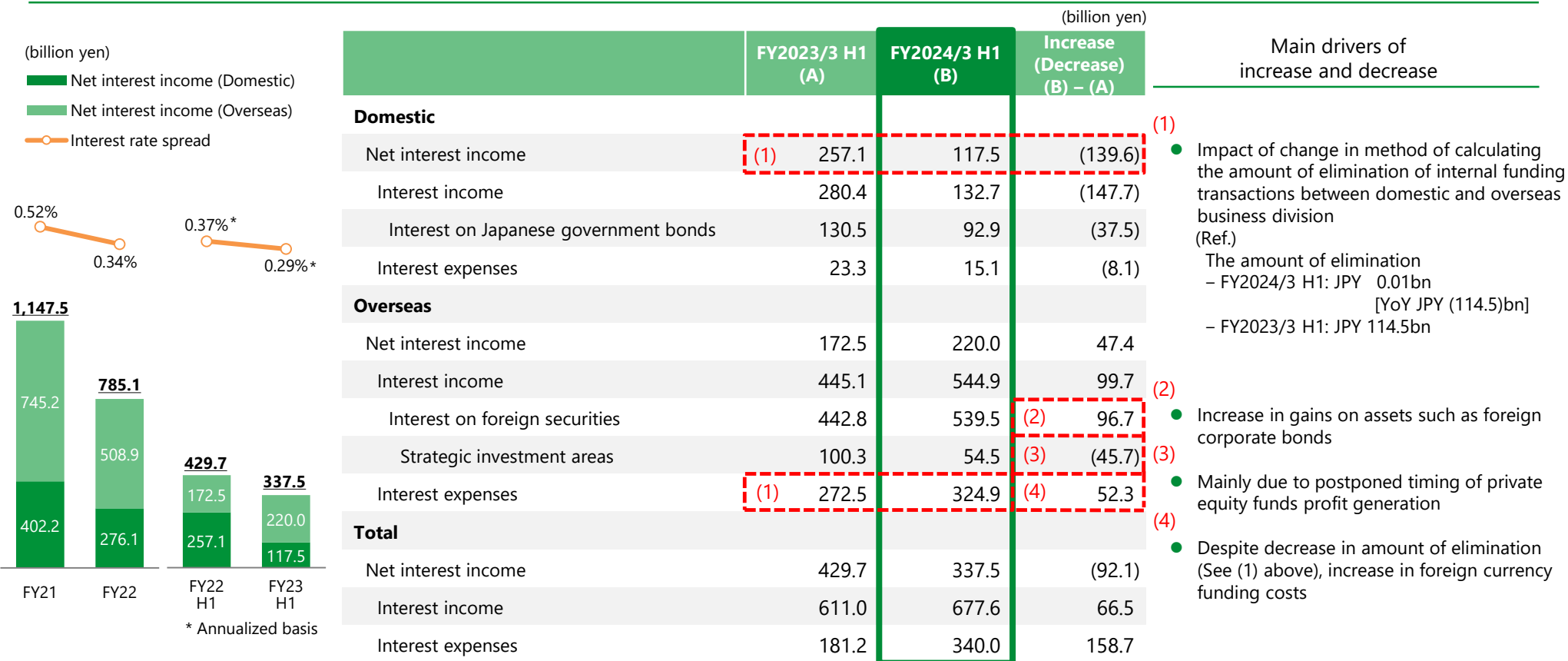
* Investment trusts are mainly invested in foreign bonds. Including unrealized gains on private equity funds (as of September 30, 2023, JPY 1,215.9bn; as of March 31, 2023, JPY 1,050.0bn).

Income Analysis

Net interest income for FY2024/3 H1 decreased by JPY 92.1bn year on year to JPY 337.5bn.

Net interest income decreased mainly due to an increase in foreign currency funding costs associated with a rise in overseas interest rates.

Income Analysis (Non-consolidated)



Notes: 1. "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").
2. Interest income from "domestic" and expenses from "overseas" include interest on transactions between "domestic" and "overseas", respectively. The interest are offset to calculate totals. And, the Bank revised calculation method of the interest from the fiscal year ended March 31, 2023.

(Ref.) Net Interest Income (Financial Accounting) vs. Net Interest Income, etc. (Management Accounting) (Simple Illustration)

Net Interest Income, Net Other Operating Income (Loss), Non-recurring Gains (Losses) (Financial Accounting)

Net Interest Income	Domestic	Main Breakdown	
		Interest income	Japanese government bonds, Japanese local government bonds, Japanese corporate bonds, Corporate loans, Amount of elimination (between domestic and overseas)
	Interest expenses	Deposits	
	Overseas	Interest income	Foreign bonds
Investment management			Foreign bond investment trusts (IG, HY, etc.) * Including Hedging costs, Redemption gains (losses), Gains (losses) on cancellation
			Private equity funds (Profit distribution) (1)
		Real estate funds (Debt) (Investment trusts)	
Interest expenses	Foreign bond hedging costs, Amount of elimination (between domestic and overseas)		
Net Other Operating Income (Loss)	Gains (losses) on foreign exchanges	Foreign bonds (Redemption, Sales) Foreign bond hedging costs	
	Gains (losses) on bonds	Japanese government bonds (Sales), Foreign bonds (Sales)	
	Non-recurring Gains (Losses)	Gains (losses) related to stocks	Private equity funds (Redemption gains (losses)) (2) Bear funds
Gains (losses) on money held in trust		Domestic stocks	
		Japanese government bonds	
		Real estate funds (Equity)	
	Real estate funds (Debt) (Money held in trust)		
		Direct lending funds	

Net Interest Income, etc. (Management Accounting)

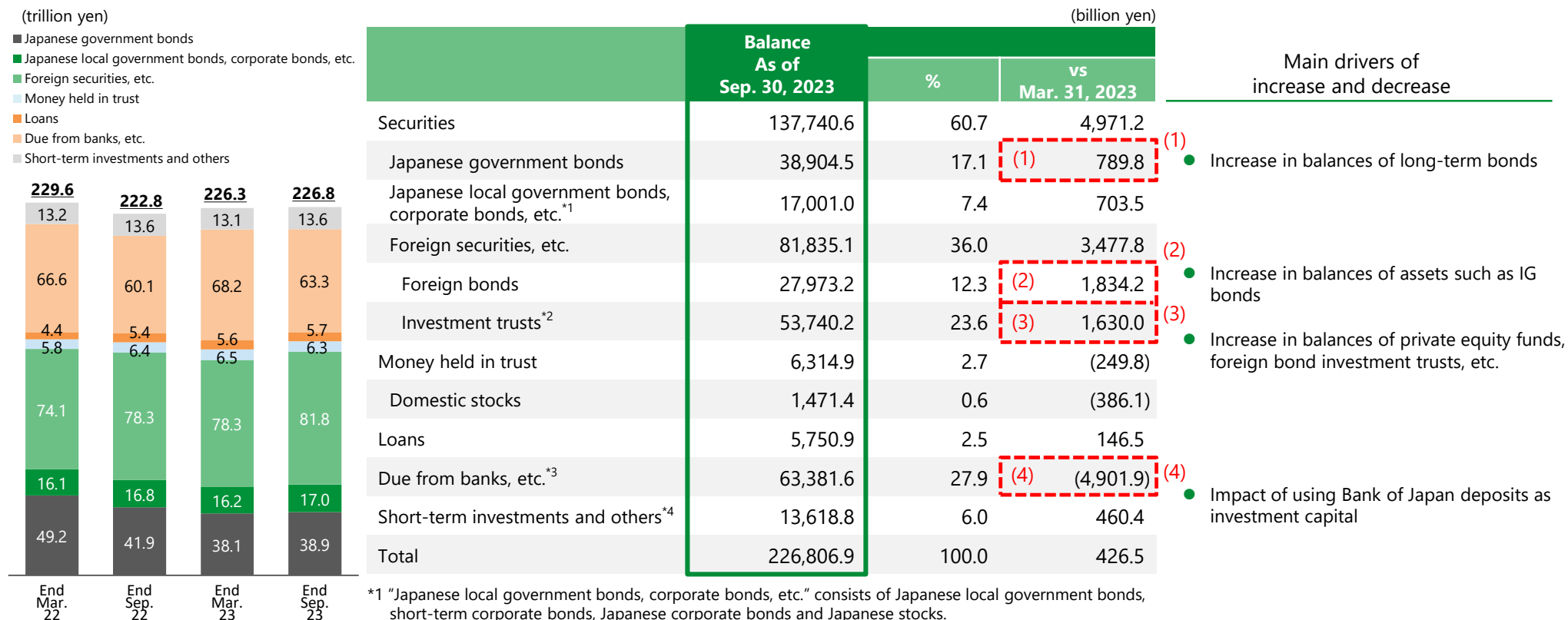
Net Interest Income, etc.	Main Breakdown		
	Yen interest rate PF (PF: Portfolio)	Japanese government bonds (including Sales)	
		Deposits	
	Credit PF	Japanese local government bonds, Japanese corporate bonds	
		Foreign bonds (Foreign corporate bonds)	
		Investment management	Foreign bond investment trusts (IG, HY, etc.) * Including Hedging costs, Redemption gains (losses), Gains (losses) on cancellation
			Real estate funds (Debt)
			Direct lending funds
	Foreign government bond PF	Foreign bond hedging costs	
	Stock PF	Foreign bonds (Foreign government bonds (including Redemption and Sales))	
		Foreign bond hedging costs	
	Alternative PF	Domestic stocks, Bear funds	
		Private equity funds (1) + (2)	
	Finance PF	Real estate funds (Equity)	
Corporate loans			

Asset Management (1) Investment Assets

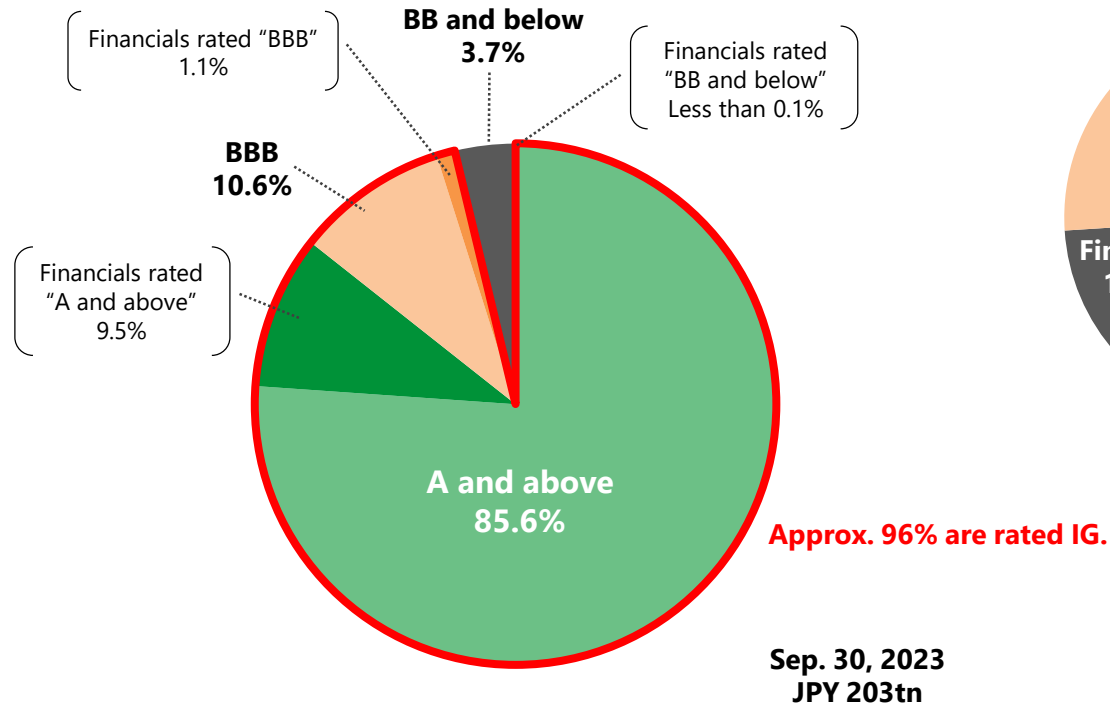
At the end of September 2023, investment assets were JPY 226.8tn, up by JPY 0.4tn compared to the end of March 2023.

The balance of JGBs increased in response to rising yen interest rates and the balance of risk assets was also accumulated. As a result, due from banks, etc., decreased significantly.

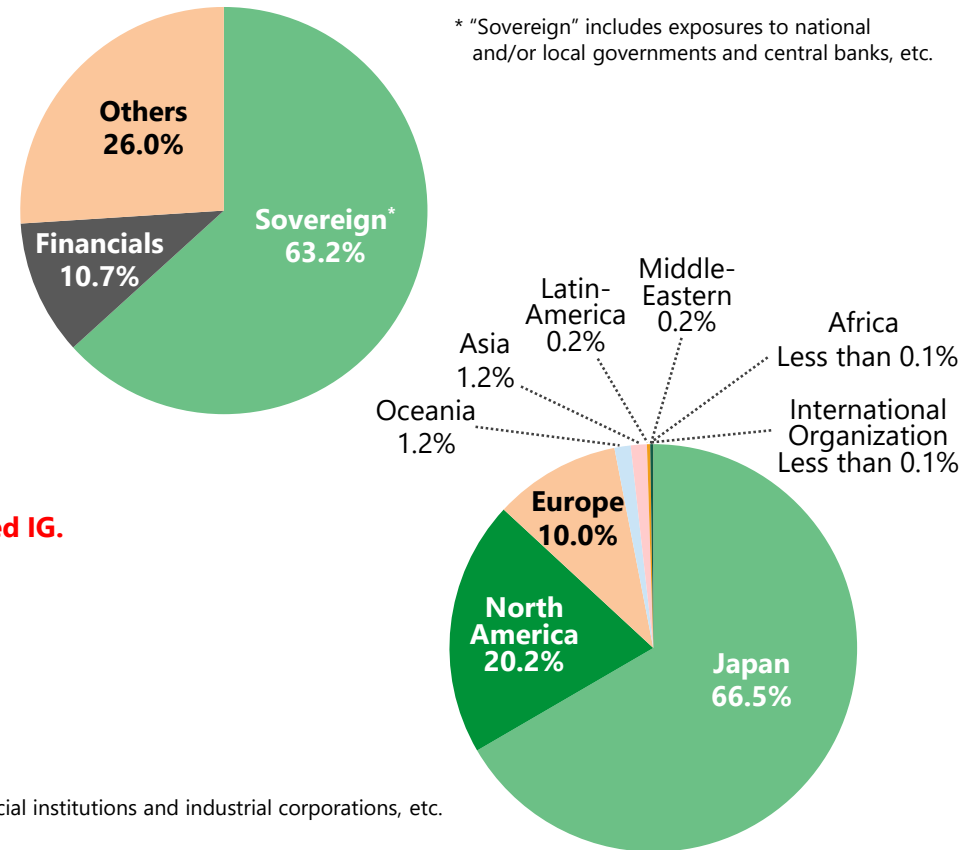
Investment Assets (Non-consolidated)



Exposures Classified by Ratings (Non-consolidated)



Exposures Classified by Sector and Region (Non-consolidated)



Notes: 1. The range of assets covered in this page includes bonds and/or loans to sovereign entities, financial institutions and industrial corporations, etc.
 2. Exposures are calculated on the management accounting basis.
 3. Rating categories are calculated based on the Bank's internal ratings and the external ratings.

Asset Management (3) Balances of Securities Based on the Remaining Time to Maturity, etc.

1. Summary

2. How to Increase
Corporate Value

3. Appendix

4. Financial Data

Financial Results

Asset
Management

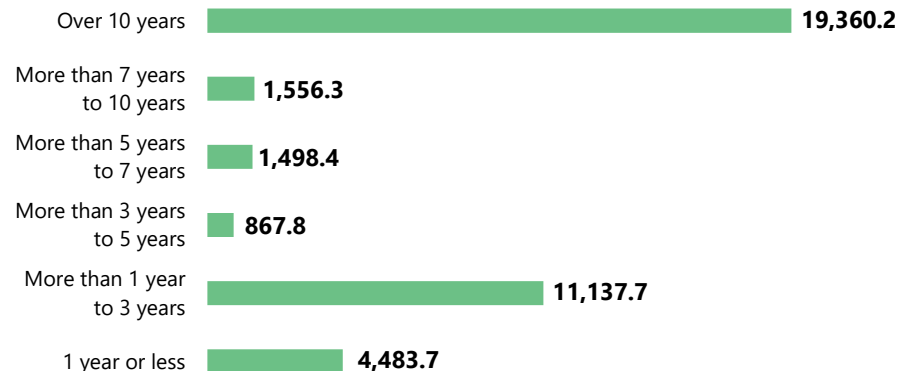
Σ Business

Governance

Balances Based on the Remaining Time to Maturity (Ending Balance Basis, As of Sep. 30, 2023)

Balance of Japanese Government Bonds: JPY 38,904.5bn (Held-to-maturity: JPY 16,231.5bn, Available-for-sale: JPY 22,673.0bn)

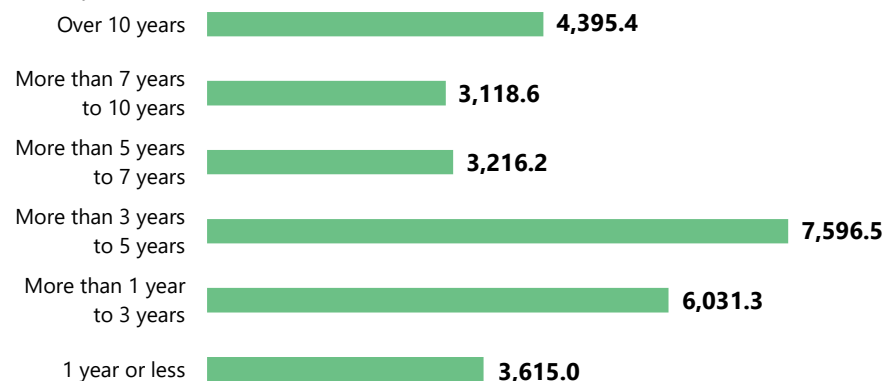
(billion yen)



Balance of Foreign Bonds: JPY 27,973.2bn

(Held-to-maturity: JPY 5,412.3bn, Available-for-sale: JPY 22,560.9bn)

(billion yen)



Balances (Based on Average Balances, FY2024/3 H1)

Balance of Japanese Government Bonds and Foreign Securities, etc.

(billion yen)

	FY2024/3 H1	
	Average Balance	(Ref.) Ending Balance
Japanese government bonds	39,605.2	38,904.5
Foreign securities, etc.	82,000.7	81,835.1
Foreign bonds	29,037.2	27,973.2
Investment trusts	52,858.3	53,740.2

Balance of Deposits

(trillion yen)

	FY2024/3 H1	
	Average Balance	(Ref.) Ending Balance
Liquid deposits	121.5	122.1
Transfer deposits	12.8	12.7
Ordinary deposits, etc.*	107.9	108.6
Savings deposits	0.7	0.7
Fixed-term deposits	73.5	71.8
Time deposits	3.2	3.1
TEIGAKU deposits	70.3	68.7
Other deposits	0.2	0.1
Total	195.3	194.1

* Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)

Investment Policy (Risk Appetite)

Strengthening risk tolerance of our portfolio and focusing on risk-return improvement, we conduct portfolio management flexibly while adopting to changes in market environment.

		Appetite		Medium-term investment policy	(Ref.) Capital Efficiency FY2024/3 (Expected RA Distribution Yield*)	
		(Domestic)	(Overseas)			
Interest		➔	➔	<ul style="list-style-type: none"> Domestic interest related assets: Portfolio is flexibly restructured in light of BOJ's monetary policy Overseas interest related assets: Take on and/or curb risk according to market conditions 	(No Risk Assets)	
Credit	IG	➔	➔	<ul style="list-style-type: none"> Focus on investing in IG area while paying attention to improving credit quality Carefully consider investing in HY areas according to market conditions 	1-2%	
	XOVER	—	➔			
	HY	—	➔	<ul style="list-style-type: none"> Continue to invest, keeping market share in mind 	6%	
	CLO	—	➔			
Stocks		➔	➔	<ul style="list-style-type: none"> Take on and/or curb risk according to market conditions 	2%	
Foreign Exchange		—	➔	<ul style="list-style-type: none"> Take on and/or curb risk according to market conditions 	—	
Strategic Investment Areas	Private equity funds	➔	➔	<ul style="list-style-type: none"> Continue to invest selectively in high-quality funds, focusing on debt assets Regarding private equity funds, keep the ratio of funds aiming to generate income gains in mind 	5%	
	Real estate funds	Equities	➔		➔	1%
		Debts	—		➔	1%
		Direct lending funds	—		➔	2%
	Infrastructure debt funds	—	➔		1%	
	Hedge funds	—	➔		<ul style="list-style-type: none"> Continue initiatives to cancel all contracts 	—

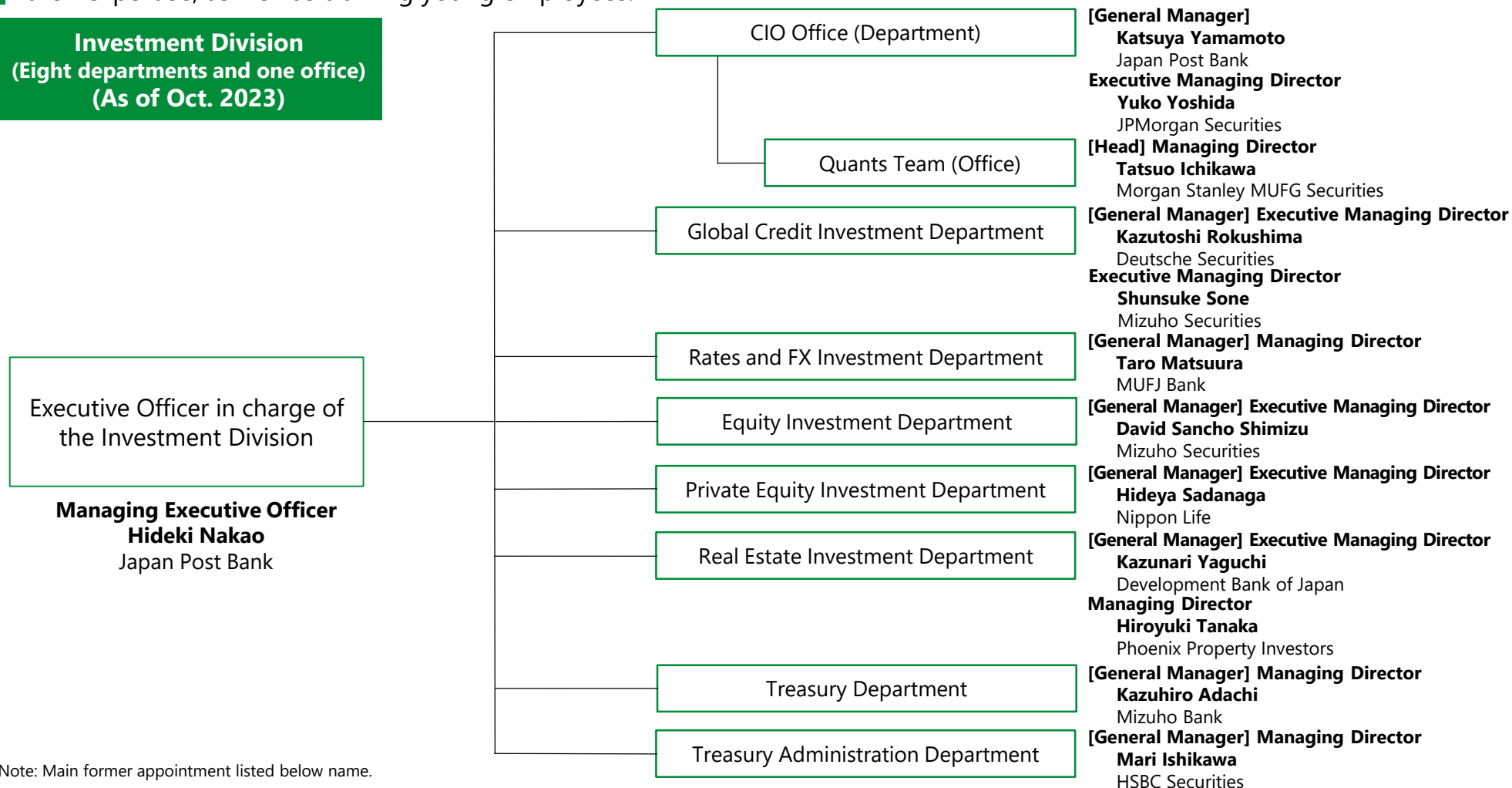
* Distribution yield on risk assets. Expected RA Distribution yield is presented on a management accounting basis and represents the expected dividends, inclusive of non-revenue dividends, received from new investments in the relevant category (expected earnings yield in strategic investment areas) divided by risk assets represented by such category.

Building a Strong Operational Structure (1)

The organization comprises eight departments and one office, specializing in different fields, under the supervision of the dedicated Executive Officer in charge of the Investment Division.

A variety of specialized personnel are assigned as General Manager-level management. They are actively engaged in passing on their expertise, as well as training young employees.

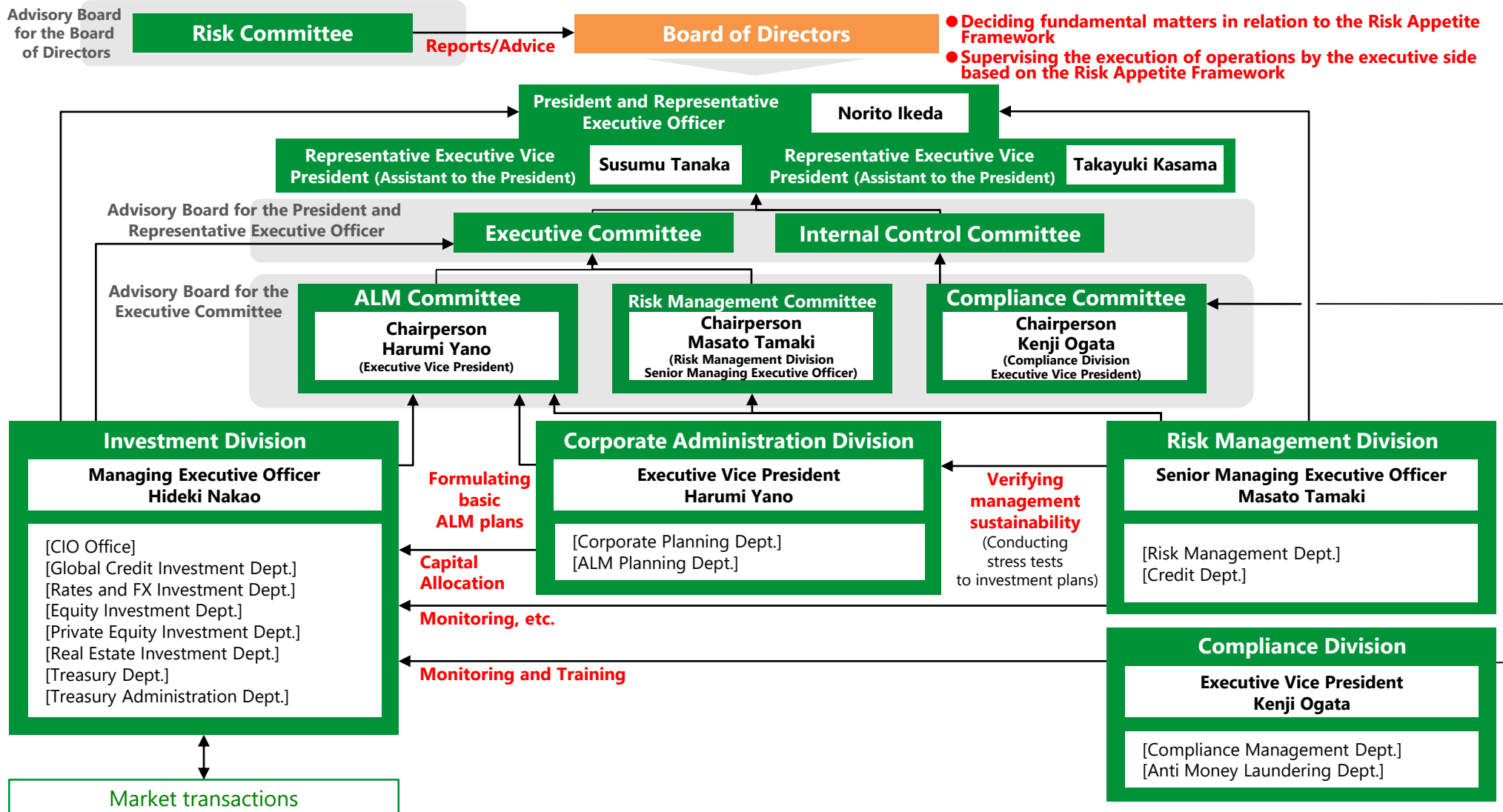
Investment Division (Eight departments and one office) (As of Oct. 2023)



Note: Main former appointment listed below name.

Building a Strong Operational Structure (2)

We manage the investment implementation, etc., while ensuring adequate checks and balances by the Risk Management Division and the Compliance Division. (As of Oct. 2023)



- Deciding fundamental matters in relation to the Risk Appetite Framework
- Supervising the execution of operations by the executive side based on the Risk Appetite Framework

Status of Credit Risk, etc.

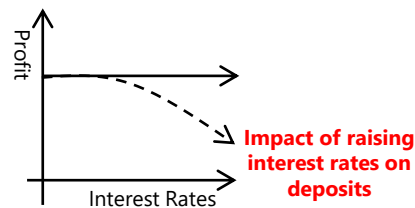
Existing Holdings

New Investments

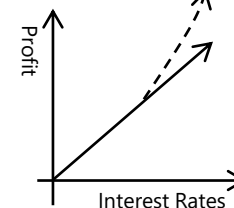
approx. **JPY 40tn** (Bulk is in fixed bonds.)

Impact of investment allocation

Yen interest rates risk



If deposit interest rates rise, interest payments will increase (Impact depends on deposit types). However, interest rate spreads would still be secured due to the lag behind the rise in market interest rates.



Considering shifts from due from banks, etc. in preparation for potential interest rate increases

[Repeated from previous page]
The Bank's BS (non-consolidated)
Total assets **JPY 230tn**
(as of Sep. 30, 2023)

JGBs
JPY 40tn

Due from banks, etc.
JPY 63tn

Deposits
JPY 194tn

Foreign securities
JPY 85tn

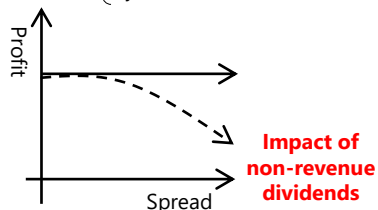
Others
JPY 41tn

Others / Net assets
JPY 36tn

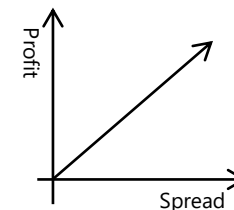
Credit risk*

* Mainly taking credit risks (Hedged interest rates: approx. 70-80% of foreign securities, Hedged foreign exchange: approx. 90%+ of foreign securities)

approx. **JPY 67tn** (Of these, those impacted by non-revenue dividends: approx. **JPY 22tn**)



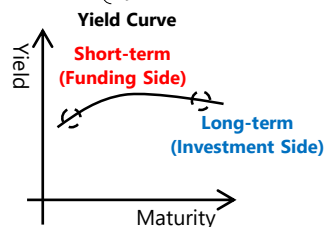
Non-revenue dividends are generated in some foreign bond investment trusts. However, return gains are generated upon cancellation or redemption.



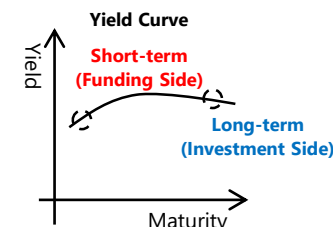
Non-revenue dividends are generated in the case that credit spreads widen following new investment.

Foreign currency interest rates risk (Difference in long- and short-term interest rates)

approx. **JPY 16tn** (Of these, those impacted by non-revenue dividends: approx. **JPY 7tn**)



A decline in short-term interest rates in the future is expected to reduce foreign currency funding costs, which will have a positive impact on earnings.



The impact on profits depends on the difference in long- and short-term interest rates.

Private Equity Investments (1) Situation to Date

The current book value balance stands at JPY 4.9tn. The portfolio as a whole has maintained unrealized gains of JPY 1.2tn due to strong corporate earnings and the impact of yen depreciation.

Net Realized Gains*¹ were weaker due to sluggish exits as a result of market conditions including higher interest rates.

*1 The sum of interest/dividends derived from securities (interest income) and capital gains/losses arising from the disposal of securities net of cost (gains (losses) related to stocks).

Return Target/Actual Results

Status of Balance and Net Realized Gains

[Target]

- Net*² IRR : 8.0%
- Net*² TVPI : 1.30x
(TVPI: Total Value to paid in)

[Actual Results] (as of Sep. 30, 2023)

- Net*² IRR : **11.5%**
- Net*² TVPI : **1.32x**

*2 After deduction of expenses; Japanese yen basis

The net IRR remains ahead of original plan.

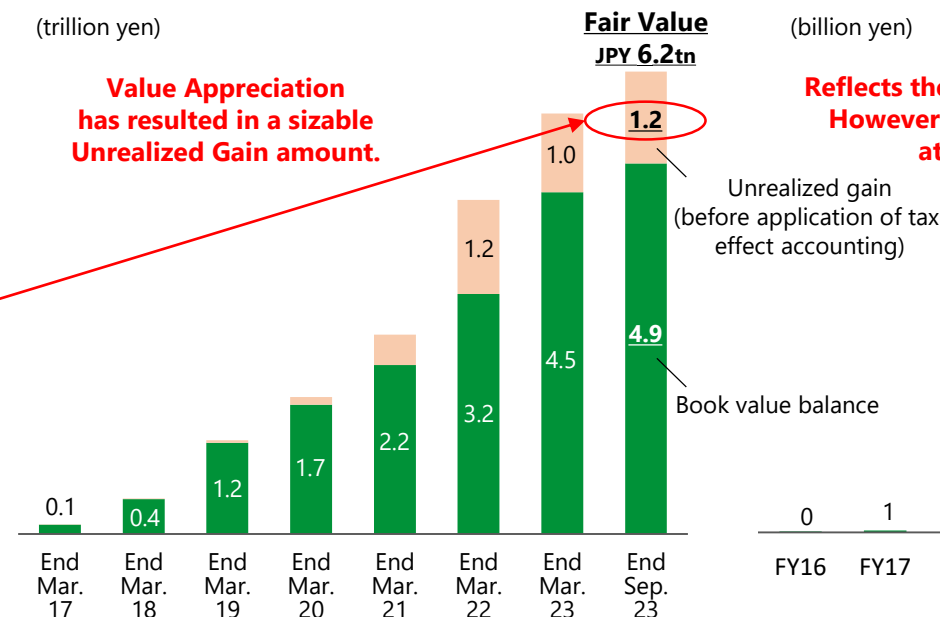
<Balance>

The fair value reported tends to reflect the PE fund fair values from approx. three months ago*³.

(For each PE fund, investee companies are evaluated using methods such as EV/EBITDA multiple method or discounted cash flow (DCF) method based on their individual circumstance, and valuation fluctuations tend to be milder, as compared to the stock price fluctuations for listed companies.)

*3 In case of fund of funds such as secondary fund of funds, valuation used may be based on valuation reports from six months ago.

(trillion yen)



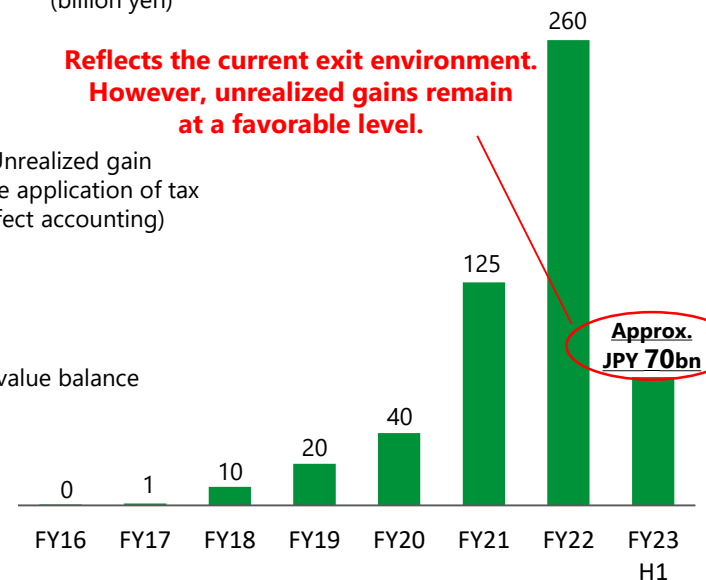
Value Appreciation has resulted in a sizable Unrealized Gain amount.

<Net Realized Gains>

The Net Realized Gains recognized in various financial results are the Net Realized Gains of PE funds up to approx. six months ago.

(billion yen)

Reflects the current exit environment. However, unrealized gains remain at a favorable level.



Private Equity Investments (2) The Portfolio

At present, while the aim is to earn capital gains by predominantly focusing on buyouts, we are also allocating to income strategies*, we are aiming to earn stable interest or dividend income to supplement realizations from our buyout-centric portfolio in case the economy should experience weakness.

* Investment strategies focused primarily on generating income, such as infrastructure investments and mezzanine investments.

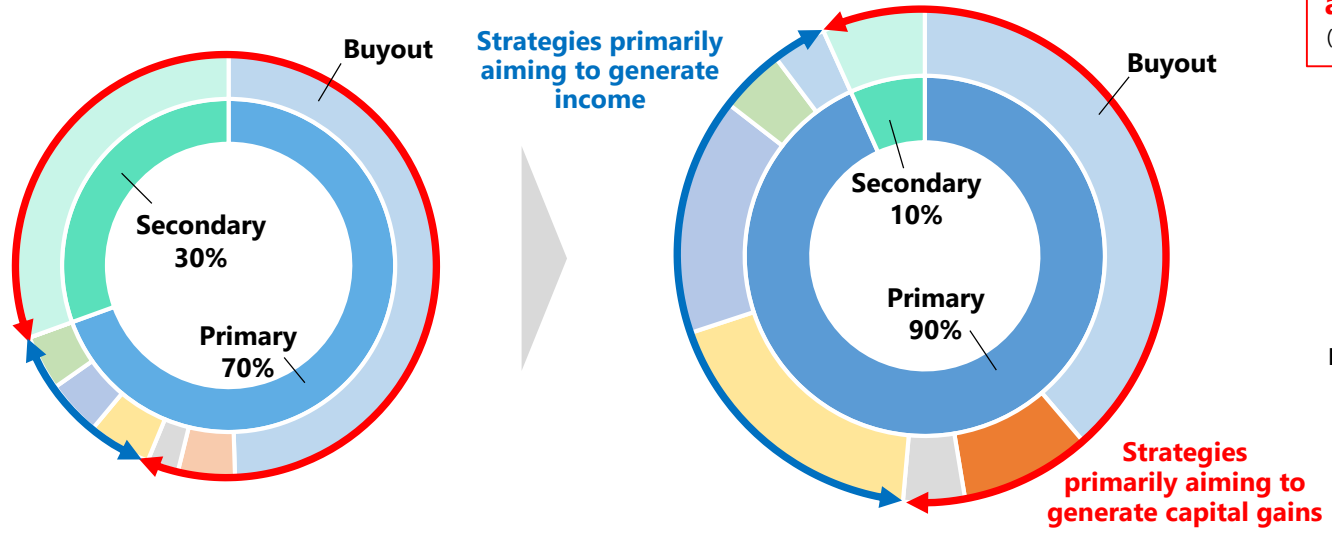
Strategy Diversification (Capital Commitment Basis)

Geography/Sector Diversification (Fair Value Basis)

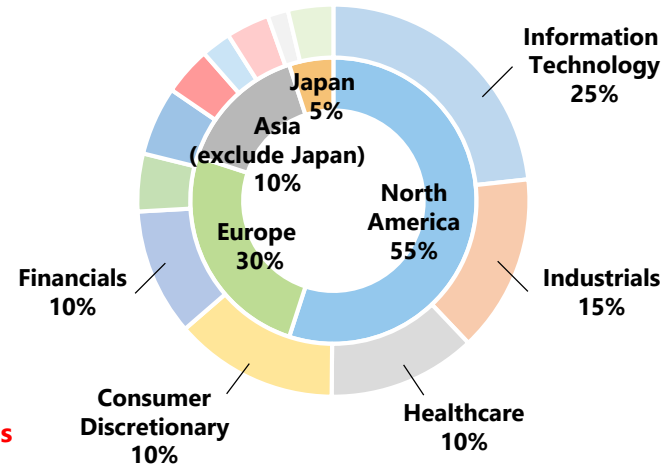
FY2017/3 Strategy

FY2024/3 Strategy

As of Sep. 30, 2023



<Total number of investee companies>
approx. 47,800
(Average investment amount: **approx. JPY 127mn** per company)



<Note>
Inner ring: primary vs. secondary split
Outer ring: investment strategy

<Note>
Inner ring: geography diversification
(location of the investee companies)
Outer ring: sector diversification

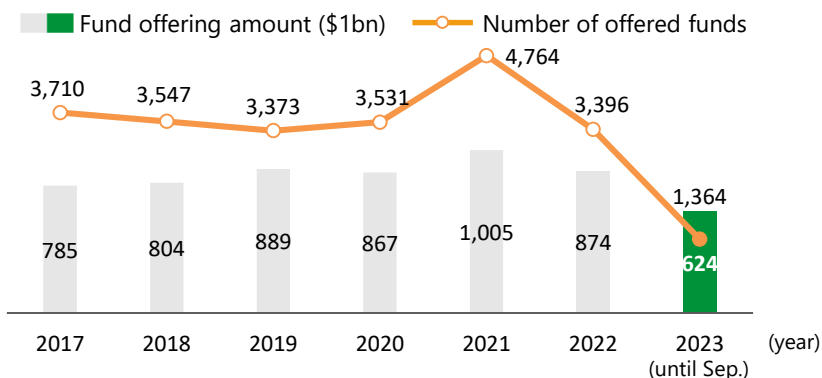
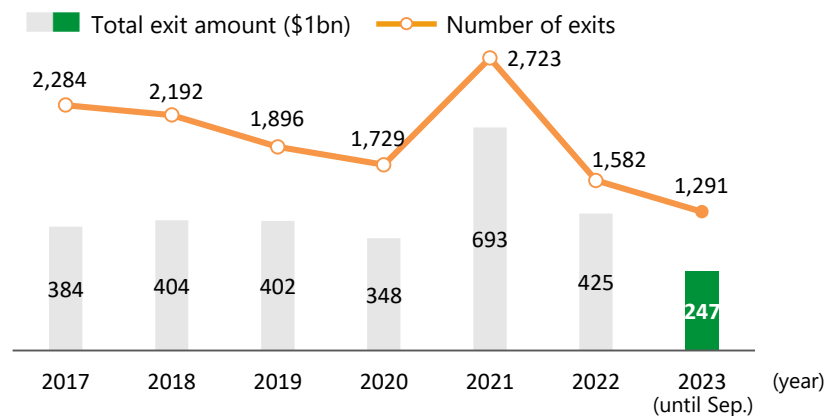
Private Equity Investments (3) Current Investment Market

Both exit activity and fund offerings slowed in 2022 and thru 2023.

Although there are signs of a slight recovery in exit activity at present, we will closely monitor trends in M&A activity, which has declined in light of higher interest rates and other factors.

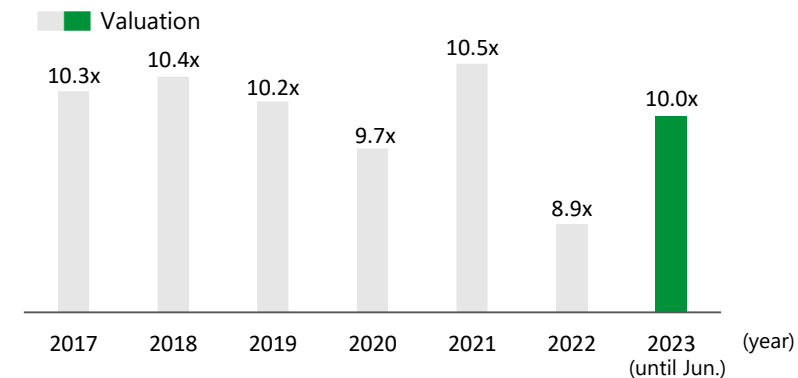
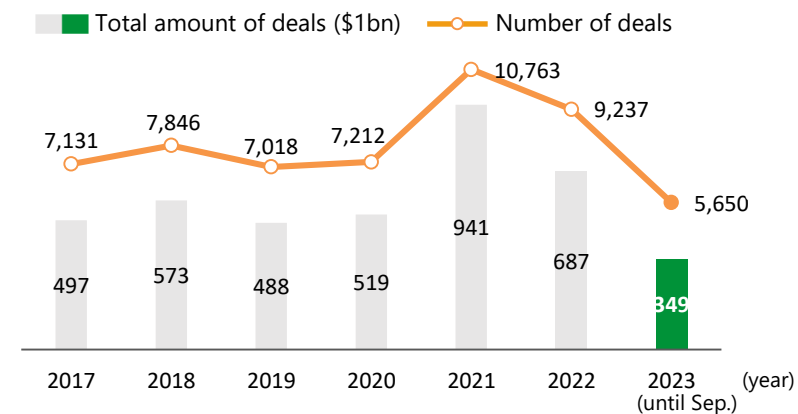
Status of PE Fund Exits / Fund Offering Amounts and Number of Offered Funds (Global)

Source: Created based on data from Preqin*.



Investment in Companies from PE Funds (Buyout) / Global M&A Deal Valuations

Source: Created based on data from PitchBook and Preqin*.



* Due to changes in calculation methods, the historical figures do not equal to ones in the previous materials (page 49 of materials for the Investors Meeting FY2023/3).

Real Estate Fund (1) Current Status

Long term investments in the equity/debt financial products backed by the high-quality diversified commercial real estate assets. AUM of approximately JPY 4.0tn. Unrealized gain on the equity portfolio is JPY 0.2tn.

With regard to net realized gains, allowances were recorded for some loans to office properties. Nonetheless, income revenue in terms of local currency has continued to grow.

Return Target/Actual

[Target]

- Equity Net*² IRR: 5-6%
- Debt Excess spread to the corporate bond with equivalent credit risk

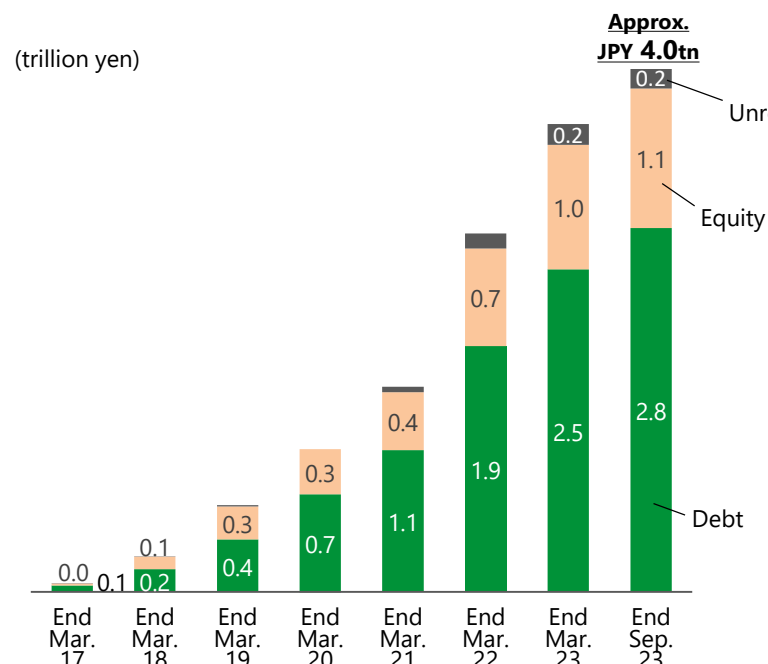
[Actual (as of Sep. 30, 2023)]

- Equity Net*² IRR: **9.7%**
- Debt Excess spread of **approx. +90bps**

Status of Balance and Net Realized Gains*¹

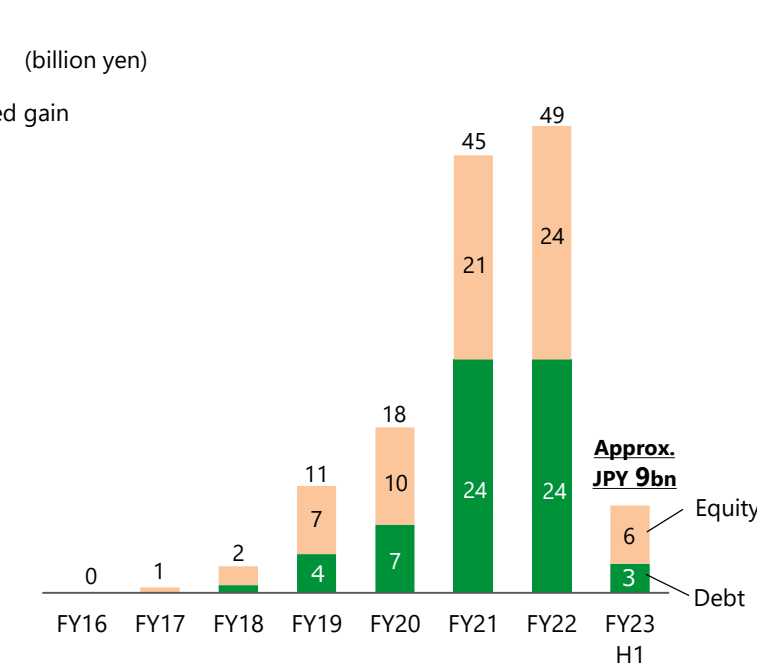
<Balance>

The reported fair value generally **lags three months** behind the fair value of real estate fund, NRL and CMBS.
(Fair values of commercial real estate are based on appraisal values which are less volatile than stock prices of listed companies.)



<Net Realized Gains>

The reported net realized gains generally **lags three months** behind the net realized gains of real estate fund, NRL and CMBS.



*1 Management accounting basis. Net realized gains including the amount of scheduled tax claim

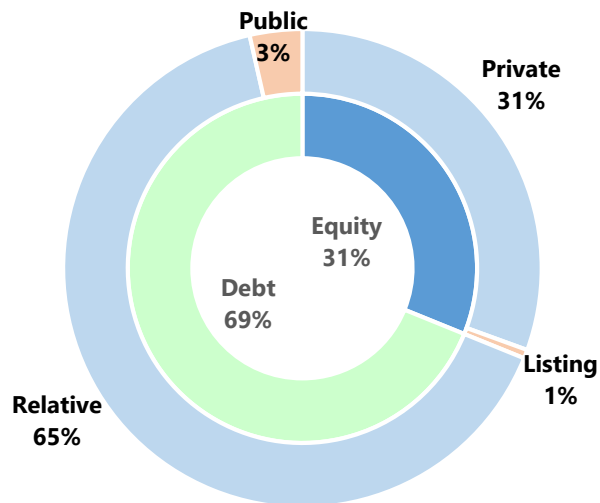
*2 After fees, expenses, and hedging costs

Real Estate Fund (2) The Portfolio

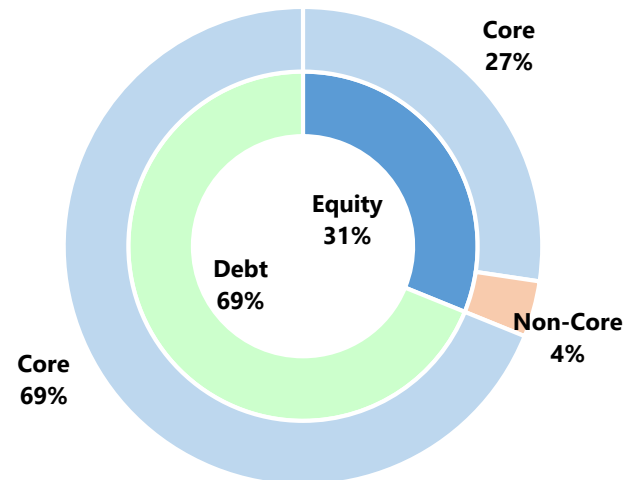
Pursue income gain backed by the stable rental revenue and capital gain by the long-term value growth of underlying properties. Highly and strategically diversify the portfolio with regard to the strategy, region, sector, timing, manager as well as property. Mainly invest in highly occupied properties located in the developed economies through private products.

Strategy Diversification (Fair Value Basis, As of Sep. 30, 2023)

Product Allocation



Strategy Allocation



[Core]

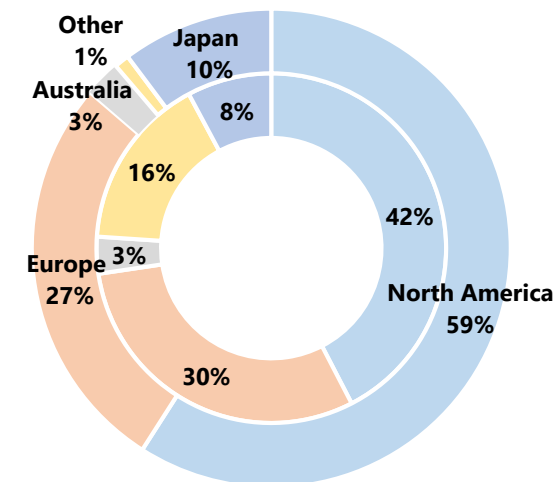
Strategy pursuing the stable rental income earned by the high occupancy properties.

[Non-core]

Strategy pursuing the excess return over core strategy by active property management such as lease up and refurbishments.

Geography Diversification (Fair Value Basis, As of Sep. 30, 2023)

Geography Allocation



<Note>

Inner ring: Market size
(as of Dec. 31, 2022, estimate by MSCI*)
Outer ring: Portfolio (as of Sep. 30, 2023)

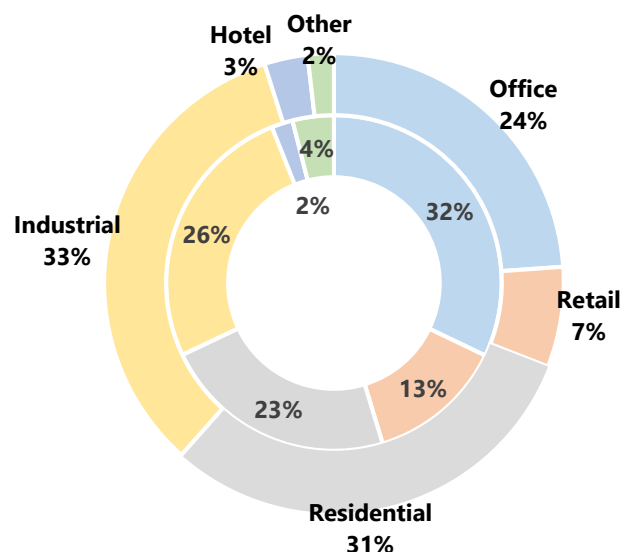
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Real Estate Fund (3) The Portfolio

Overweight to the industrial, including logistics facilities for e-commerce businesses, and rental residential sectors and underweight to the office sector relative to the benchmark index.

While keep the constant pace of the investment, tactically accelerated the pace in FY2022/3 to capture the timing of price recovery after the Covid-19 dislocation.

Sector Diversification (Fair Value Basis, As of Sep. 30, 2023)

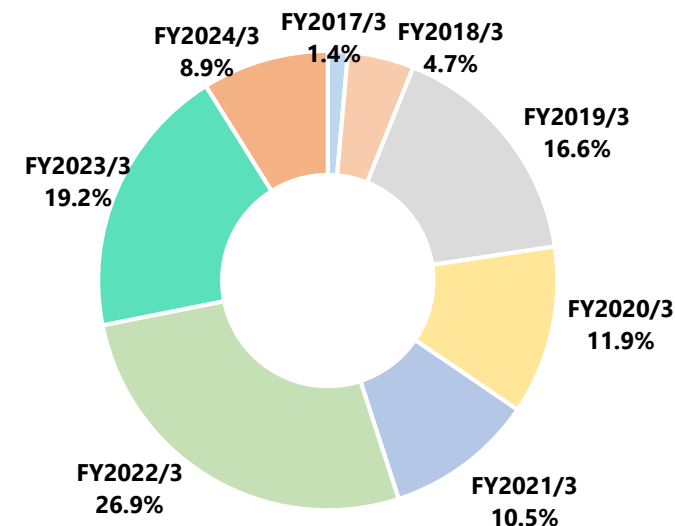


<Note>

Inner ring: Market size
(as of Dec. 31, 2022, estimate by MSCI*)
Outer ring: Portfolio (as of Sep. 30, 2023)

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Vintage Diversification (Capital Commitment Basis)



Investment Diversification (As of Sep. 30, 2023)

No. of Funds

206

No. of Loans

288

No. of underlying property

Approx. 14,000

Real Estate Fund (4) Current Investment Market

Contrasting rental market with solid NOI*¹ growth in the industrial and residential by tight supply/demand balance while weak in the gateway cities' office by prolonged WFH and stagnant economy. Only high-quality office keeps attracting tenant and investor.

Cap rate*² expansion (price decline) under the rate hike process across the developed economies, though inflation-linked rent growth partially offsets the impact.

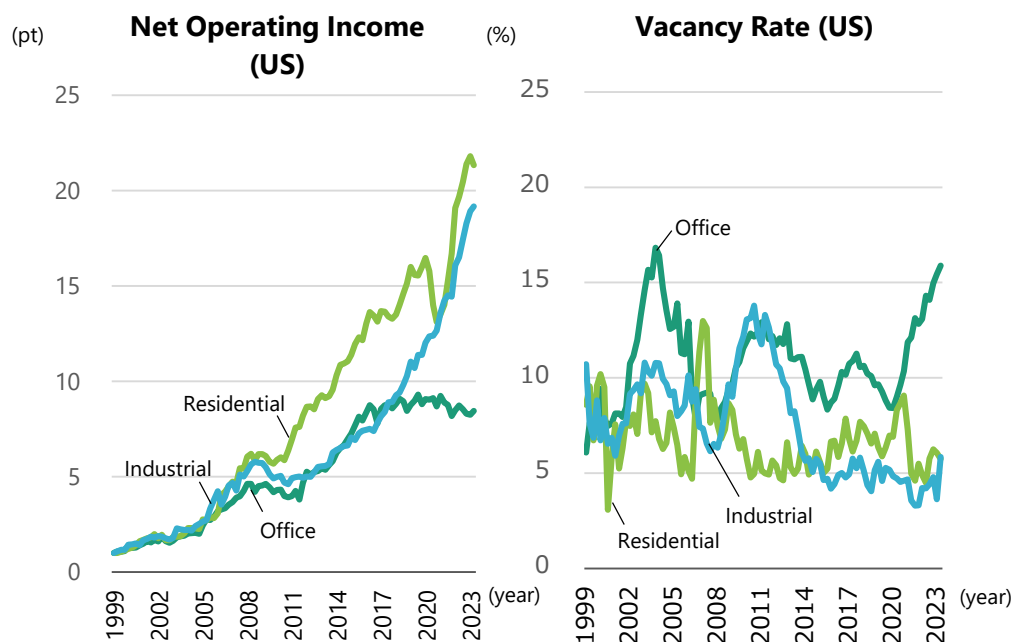
*1 NOI (Net Operating Income) is all revenues including rent from the property minus all operating expenses.

*2 Cap Rate is the ratio of the NOI to its current value.

Rental Market

Source: Created based on data from MSCI*

* Reproduced by permission of MSCI Inc. ©2023. All rights reserved

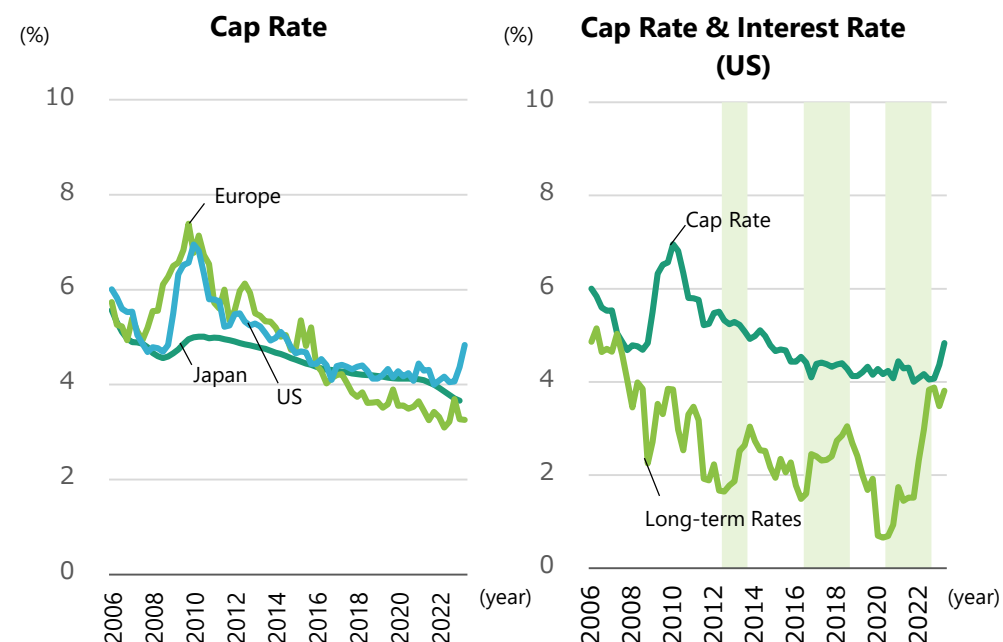


Note: Calculated based on NOI of end of March, 1999 being 1

Transaction Market

Source: Created based on data from MSCI*

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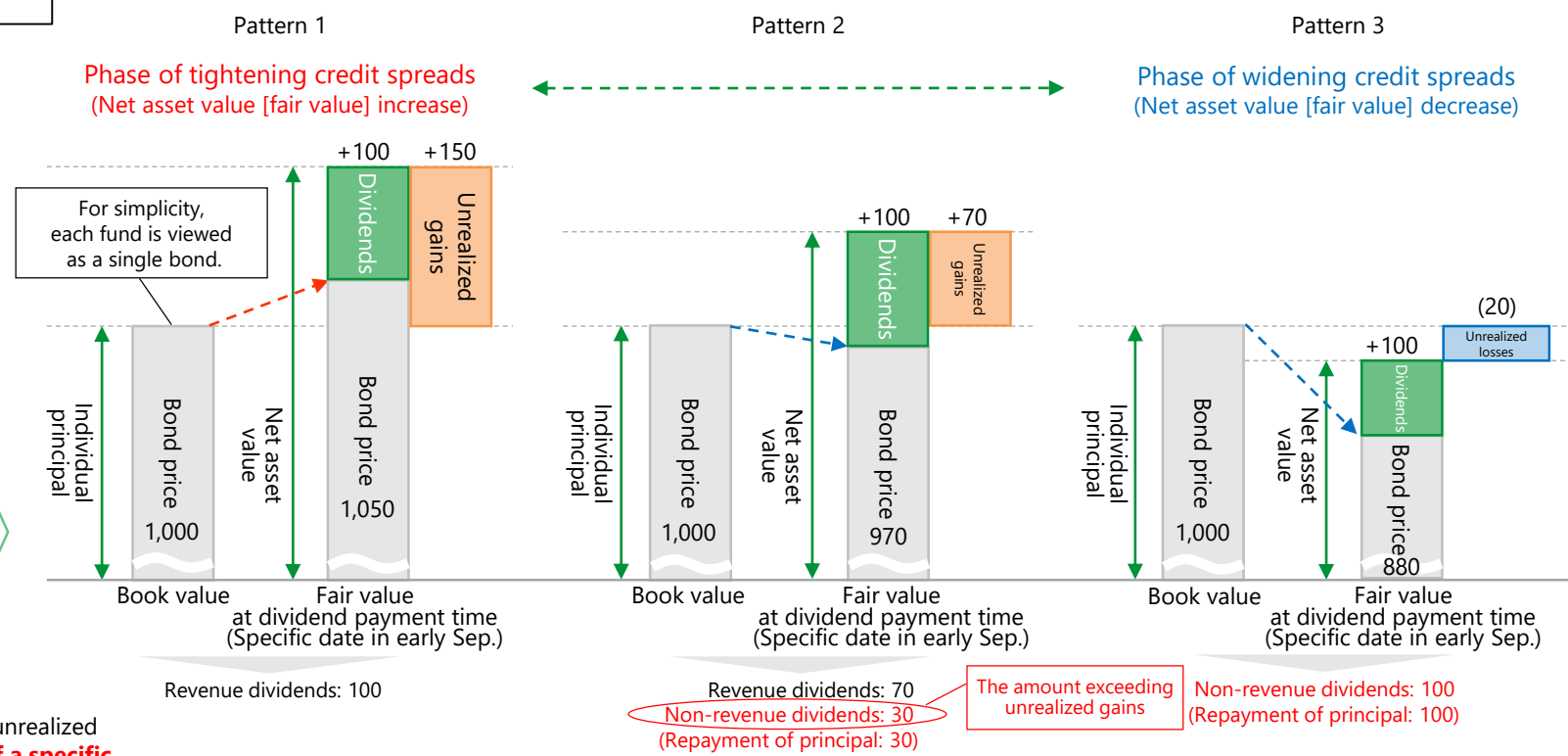
Note: The shaded area in the graph shows the interest rate rise

(Ref.) What are Non-revenue Dividends from Foreign Bond Investment Trusts?

Dividends are classified into revenue dividends or non-revenue dividends and paid to the Bank by each fund (quarterly). The Bank recognizes only revenue dividends as income (non-revenue dividends are accounted for as the repayment of principal).

1. Revenue dividends: Dividends that are within unrealized gains (net asset value [fair value] - individual principal [book value] > 0; the same applies hereafter)
2. Non-revenue dividends: Dividends that exceed unrealized gains and are equivalent to the repayment of principal

General outline of non-revenue dividends (for Sep. dividends)



+100 Dividends
 3-month cumulative total (May – July)
 Note: In some cases, there are no dividends.

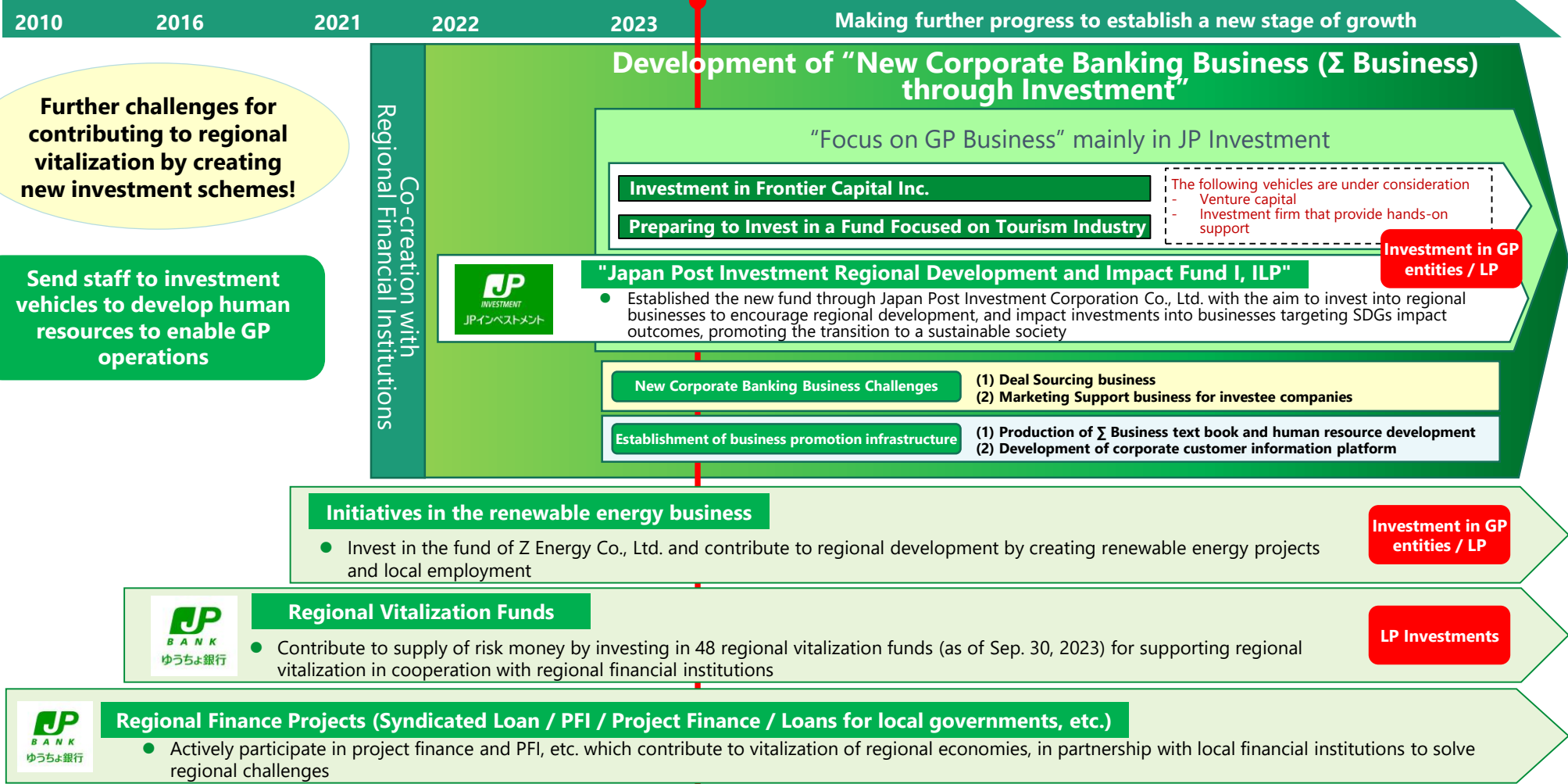
Dividends and fund's unrealized gains and losses (as of a specific date in early Sep.) are compared to classify whether revenue dividends or non-revenue dividends.

Non-revenue dividends are accounted for as the repayment of principal, therefore the gains and losses improve by the amount equivalent to the non-revenue dividends when investment trusts mature or contracts expire after bonds held are redeemed, unless there are defaults on bonds held, etc. or others.

New Corporate Banking Business (1) Contribution to Regional Communities via Various Frameworks

For the development of regional economies, a variety of investment schemes to contribute to regional vitalization by supplying funds are in progress. Our goal is to be “a essential bank for sustainable development of regional communities” by supporting regional vitalization throughout Japan.

In October 2022, we started “New Corporate Banking Business through Investment (we call ‘Σ Business’).”



New Corporate Banking Business

(2) Σ Business Advancement

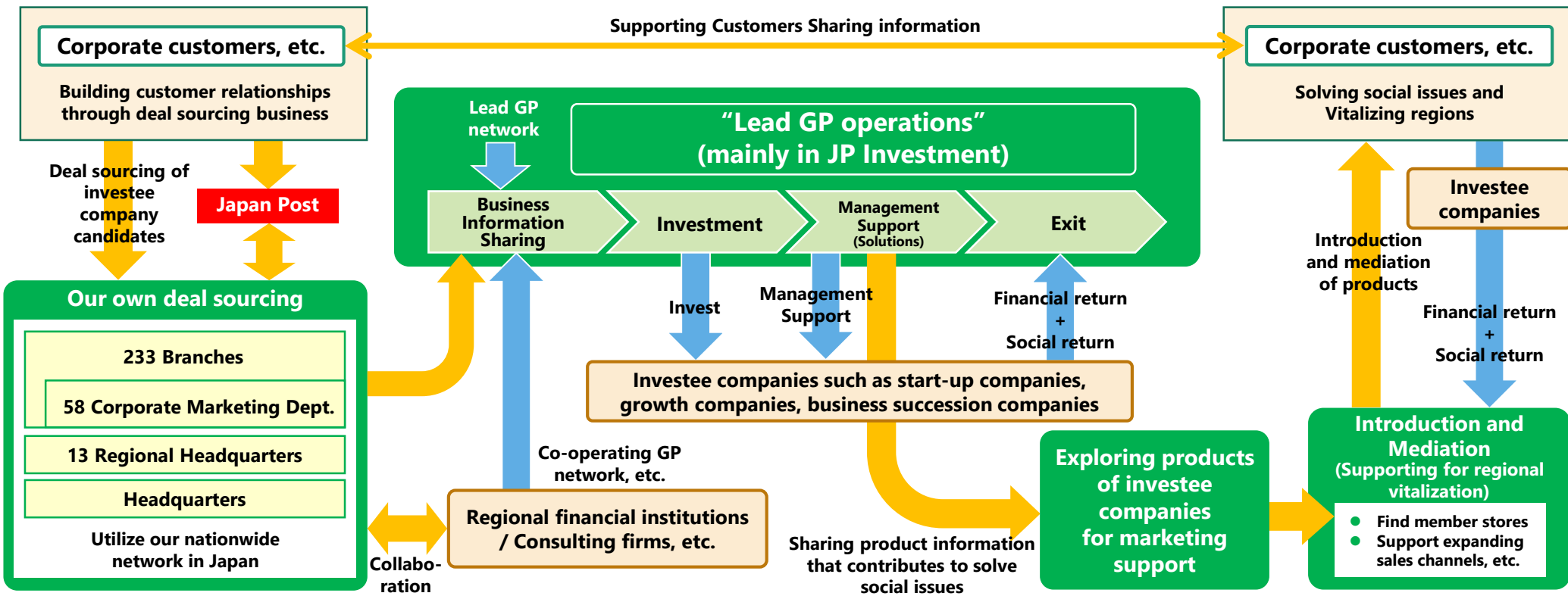
Definition of Σ Business: **“New Corporate Banking Business through Investment (GP Business in a JPB appropriate manner)”**

- Focus on GP Business in a JPB appropriate manner, mainly in JP Investment
- Utilize our nationwide network in Japan
- Collaborate with regional financial institutions, etc.



We will **work to “Unify our passion and action toward new business”** with a focus on **efforts to foster corporate cultures and develop human resources that promote new corporate banking business.**

Targeting full-scale business after FY2027/3, we **will set an initial two-year preparation period (ending Sep. 30, 2024) and establish business promotion infrastructure.**

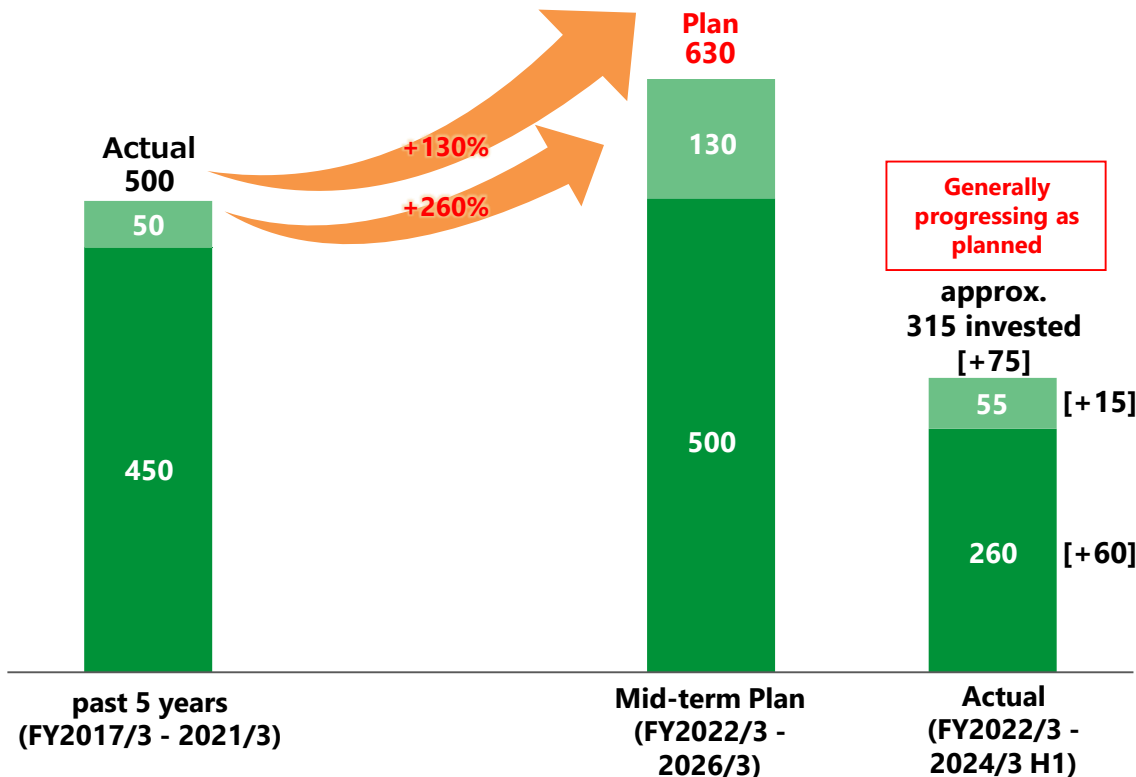


Trends in IT Investment (Cash Flow Basis)

(billion yen)

■ Strategic IT investments to realize new growth

■ IT investments to realize stable and sustainable business operations



Generally progressing as planned

Note: the actual results (on preliminary basis) for FY2024/3 H1 are given in square brackets.

IT Investments

To strengthen the management base, we advance investment in IT

- In May 2023, we renewed our systems on a massive scale for stable core system operation
- From FY2024/3 H2 onward, we will continue to invest in IT for "innovating our retail business"

Main projects (FY2024/3 H1)

- Renew core systems (May 2023)
- Renew branch teller terminals (May 2023 ~ Sep. 2024)
- Add new features to Yucho Bankbook App (ATM deposit/withdrawal, Ordinary in-payment, etc.) (May 2023)
- Add new features to the teller tablet system (Money transfers, etc.) (May 2023)

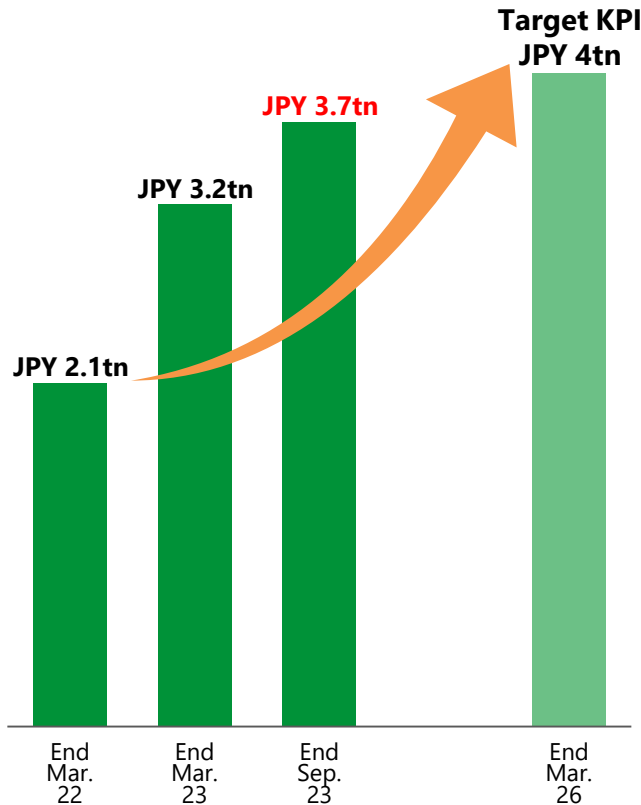
Main projects (FY2024/3 H2~)

- Add services in Yucho Reco (Personal Financial Management App) (within FY2024/3)
- Introduce Yucho Tetsuzuki App (Feb. 2024)
- Expand BPMS* functions and bases of operation (Jan. 2024)
- Develop corporate customer information platform (Jan. 2025)
- Develop a new AML system (Jan. 2024)

* Abbreviation of Business Process Management System. This system automatically activates RPAs, and systematically controls work flows that require human confirmation work, etc., and conducts automatic process management.

Balance of ESG-themed Investments*

As of September 30, 2023, the balance of ESG-themed Investments* stands at JPY 3.7tn, making steady progress toward the target KPI, JPY 4tn. We will also plan to set a higher target KPI in the future.



* ESG bonds (Green bonds, Social bonds, Sustainability bonds, etc.), Loans to the renewable energy sector, and Regional vitalization funds, etc.

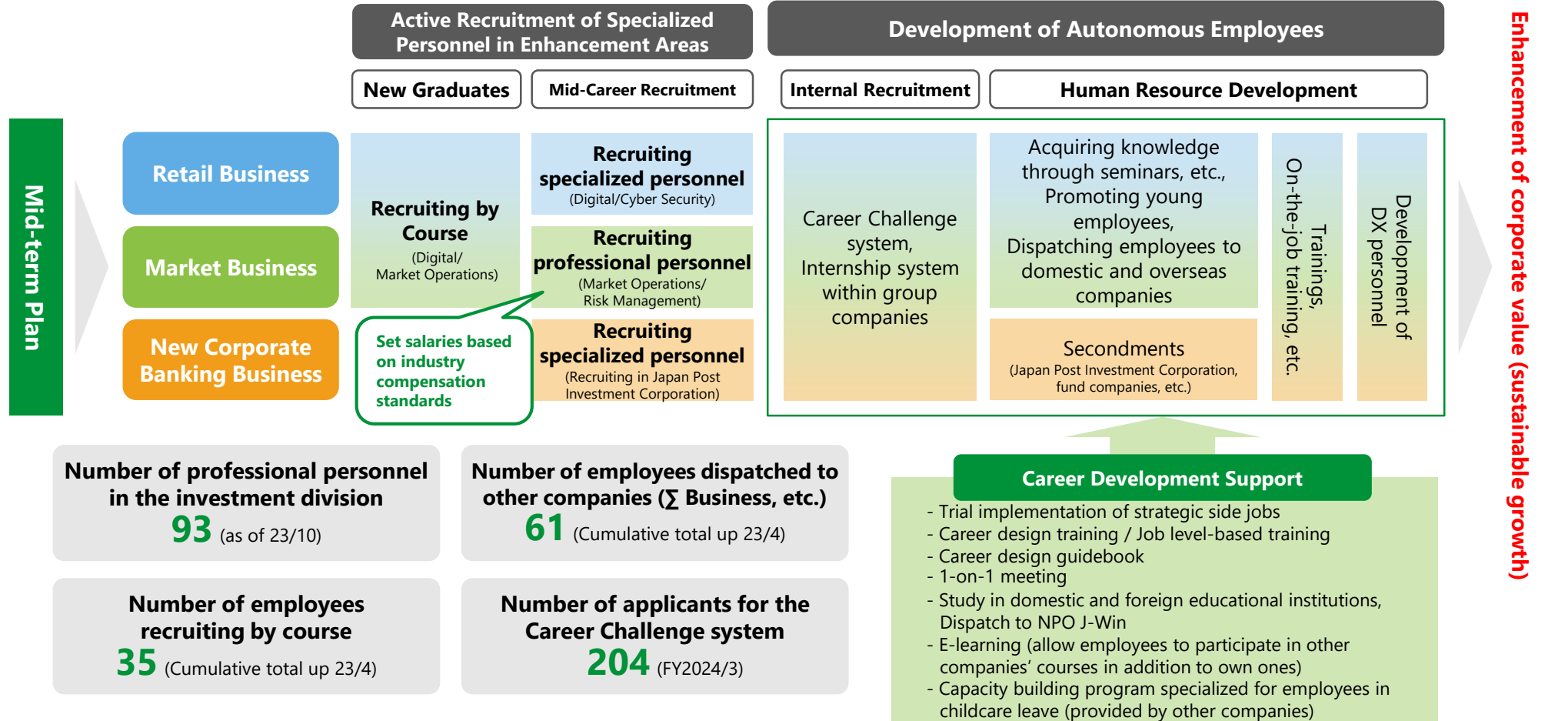
Roadmap to Decarbonization

We built the roadmap to achieve net zero GHG emissions targets by 2050.

Net zero GHG emissions	~ FY2023/3	FY2024/3	...	FY2026/3	...	FY2031/3	...	2050	
(1) Emissions from Own Operations (Scope1, 2)	FY2020/3 results approx. 48k t-CO2 Complete shift to renewable electricity in all our sites	Switching our car fleet to EV Shifting to renewable electricity, and more				Up vs. FY2020/3 (46%) → (60%)		Net Zero	
(2) Emissions from the finance portfolio (Scope3 Category15)	FY2022/3 results approx. 27mn t-CO2	Set interim targets for FY2031/3 to help achieve economy-wide reductions in GHG emissions							
Interim Target for Power Generation Sector (Emission Intensity)	FY2022/3 results 346gCO2e/kWh	Support the sector to shift through engagement				New 165~213g CO2e/kWh			
Interim Target for Other Sectors		Calculate results / set interim targets	Support the sector to shift through engagement		TBD				
Decarbonization through Financial Services	Contribute to solve social issues through ESG investment and financing								
Target KPI for the Balance of ESG-themed investments	Result as of Mar. 31 2023 JPY 3.2tn	Investment and Financing		Target as of Mar. 31 2026 JPY 4tn					
Zero-credit Balance for Coal-fired Power Generation (Project Finance)	Net Zero								

Note : Results and targets are subject to change in the future due to the upgrade and expansion of data on emissions from companies and data vendors as well as increasingly sophisticated estimation.

To promote human capital management, we focus on securing and nurturing human resources who will take on challenges. At the same time, we will enhance our measures for supporting self-motivated career development, making our employees' own growth and challenges the source of our competitiveness.



Governance Systems, etc. to Support Our Businesses

(2) ESG management - Structure of the Board of Directors

1. Summary

2. How to Increase Corporate Value

3. Appendix

4. Financial Data

Financial Results

Asset Management

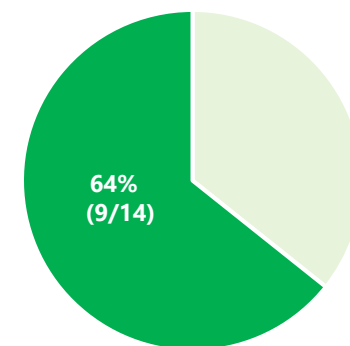
Σ Business

Governance

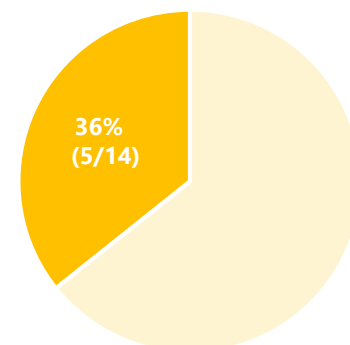
Skill Matrix of the Board of Directors

	Name	Independent Outside	Committee-related duties ^{*1,2}	Experience/Expertise								
				Management (Corporate Management)	Legal/Compliance	Financial Accounting	Finance	Market Operation/Risk Management	Sales/Digital Marketing	Human Resources Development	ESG	Administration
1	Norito Ikeda		Nomination	●			●		●		●	
2	Susumu Tanaka					●	●					●
3	Takayuki Kasama						●	●				
4	Hiroya Masuda		Nomination Compensation	●			●				●	●
5	Katsuyo Yamazaki		Audit Risk				●			●		●
6	Keisuke Takeuchi	●	Nomination <u>Compensation</u>	●							●	
7	Makoto Kaiwa	●	<u>Nomination</u>	●		●					●	
8	Risa Aihara	●	Compensation	●						●		
9	Hiroshi Kawamura	●	<u>Audit</u>		●							
10	Kenzo Yamamoto	●	Audit <u>Risk</u>				●	●				
11	Keiji Nakazawa	●	Audit Compensation		●	●						
12	Atsuko Sato	●	Risk				●	●		●		
13	Reiko Amano	●	Nomination					●			●	
14	Akane Kato	●	Audit	●						●		

Independent outside directors



Female directors



(as of June 20, 2023)

*1 Nomination: Nomination Committee member Compensation: Compensation Committee member Audit: Audit Committee member Risk: Risk Committee member

*2 Those underlined and in bold are the chairmen of their committees.

(Ref.) ESG Indices, Initiatives and External Assessments

ESG Indices



FTSE Blossom Japan Sector Relative Index



MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



External Assessments



Initiatives



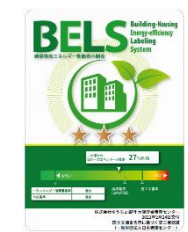
(Ref.) Japan Post Investment Corporation (consolidated subsidiary) signed

Signatory of:



Principles for Responsible Investment

インパクト志向金融宣言
Japan Impact-driven Financing Initiative



Note: More information for the indices and assessments, etc. can be found on our website.
<https://www.jp-bank.japanpost.jp/en/sustainability/evaluation/>

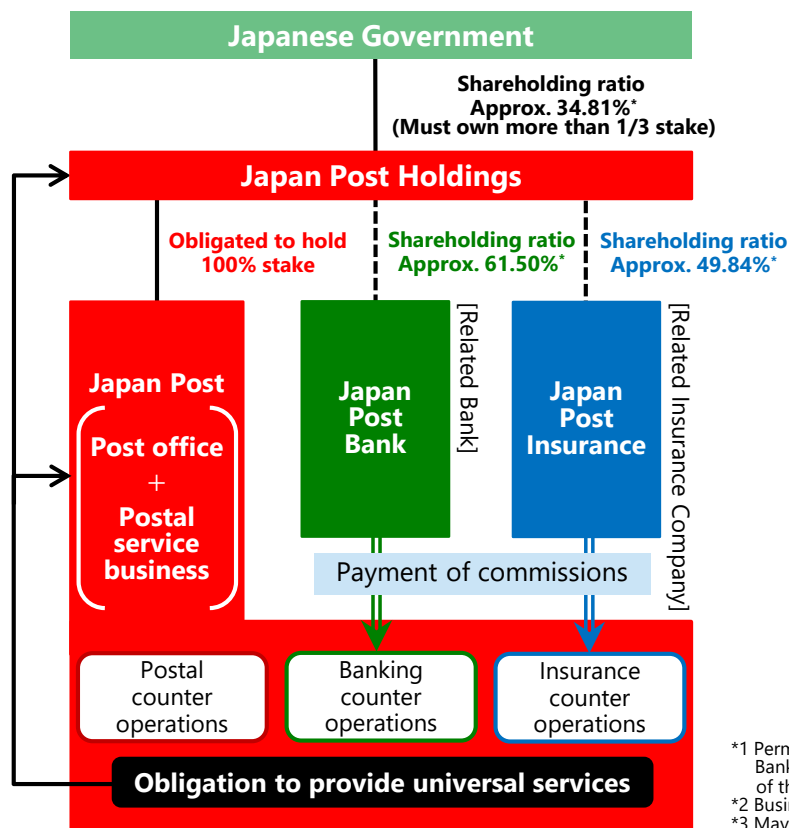
Current Status Regarding Privatization

(1) Relationship with Group Companies, etc.

Currently, the regulations of the Postal Service Privatization Act (additional regulations) apply in addition to the regulations of the Banking Act.

Once Japan Post Holdings has disposed of all of its shares in the Bank, the additional regulations will be rescinded and only the regulations of the Banking Act will apply.

Relationship with Group Companies (As of Sep. 30, 2023)



* Excluding treasury stock. Figures are rounded to two decimal places.

Limitations on New Business, etc.

		Japan Post Holdings' shareholding ratio (Voting rights basis)		
		Over 50%	50% or less	0%
New business	E.g. : Personal loans, trust and inheritance services and bilateral loans for corporations	None	None	None
	Banking Act ^{*1} Postal Service Privatization Act ^{*1,2}	Permission	Notification	None
Owning affiliates	Banking Act ^{*1}	Notification	Notification	Notification
	Postal Service Privatization Act ^{*1}	Notification	Notification	None
Owning subsidiaries				
Banks	Banking Act ^{*1}	Permission	Permission	Permission
	Postal Service Privatization Act ^{*1}	Prohibited	Prohibited	None
Other	Banking Act ^{*1}	Permission ^{*3}	Permission ^{*3}	Permission ^{*3}
	Postal Service Privatization Act ^{*1}	Permission ^{*4}	Permission ^{*4}	None
Mergers and acquisitions (M&A)				
Financial Institutions ^{*5}	Banking Act ^{*1}	Permission	Permission	Permission
	Postal Service Privatization Act ^{*1}	Prohibited ^{*6}	Prohibited ^{*6}	None
Other	E.g. : Banks	Permission	Permission	Permission
	E.g. : Securities firms	Permission	Permission	None
Restrictions on the maximum amount of deposit	Banking Act ^{*1}	None	None	None
	Postal Service Privatization Act ^{*1}	Regulated	Regulated	None

*1 Permission is to be sought from, and notifications are to be made to: the Commissioner of the Financial Services Agency (Japan) in the case of the Banking Act; the Commissioner of the Financial Services Agency (Japan) and also the Minister for Internal Affairs and Communications in the case of the Postal Service Privatization Act.

*2 Businesses that require permissions and notifications are limited to those businesses stipulated in Article 110 of the Postal Service Privatization Act.

*3 May provide notification for making into subsidiaries companies that exclusively perform dependent services or specific financial operations.

*4 May provide notification for making into subsidiaries companies that exclusively perform dependent services, engaged in financial research and studies, and companies that provide consultation in relation to the accumulation of personal wealth.

*5 Banks, long-term credit banks, shinkin banks, credit cooperatives, labor banks, shinkin bank associations, credit cooperative associations, labor bank associations, and Shoko Chukin Bank.

*6 Permitted in the case of acquisitions of operations other than deposit operations.

Current Status Regarding Privatization

(2) Overview of Regulations Surrounding the Bank

**Universal Service Obligation Related to Banking Service
(Imposed on Japan Post Holdings and Japan Post)**

**Share Disposal
(Japan Post Holdings ⇒ the Bank)**

Regulations on the Bank

Regulations under the Banking Act

Additional Regulations*1

Restrictions on the Maximum Amount of Deposit

Restrictions on Scope of Business

Current

After Japan Post Holdings disposes of 50% or more (Voting rights basis)

After Japan Post Holdings disposes of all shares

Summary of Regulations

- Obligation to provide basic banking services (acceptances and withdrawals of ordinary, TEIGAKU and time deposits, and remittance, etc.) through the post office network
- Japan Post has Bank Counter Services Agreement with the Bank
- Japan Post Holdings must aim to dispose of all of their shares within the earliest possible timeframe while considering the management situation of the Bank, and the impact on the fulfillment of obligations to provide universal services
- Same regulation is imposed as a "Bank" under the Banking Act
- Maximum amount of deposits (ordinary deposits: JPY 13mn/fixed-term deposits: JPY 13mn) are stipulated by the enforcement order of the Privatization Act
- **Permission** from the Commissioner of the Financial Services Agency (of Japan)*2 and the Minister for Internal Affairs and Communications required (+ Consultation with the Postal Privatization Committee + Supervision)
- **Notification** to the Commissioner of the Financial Services Agency (of Japan)*2 and the Minister for Internal Affairs and Communications (+ Obligation to care for fair competition + Notice to Postal Privatization Committee + Supervision)
- Same regulation is imposed as a "Bank" under the Banking Act

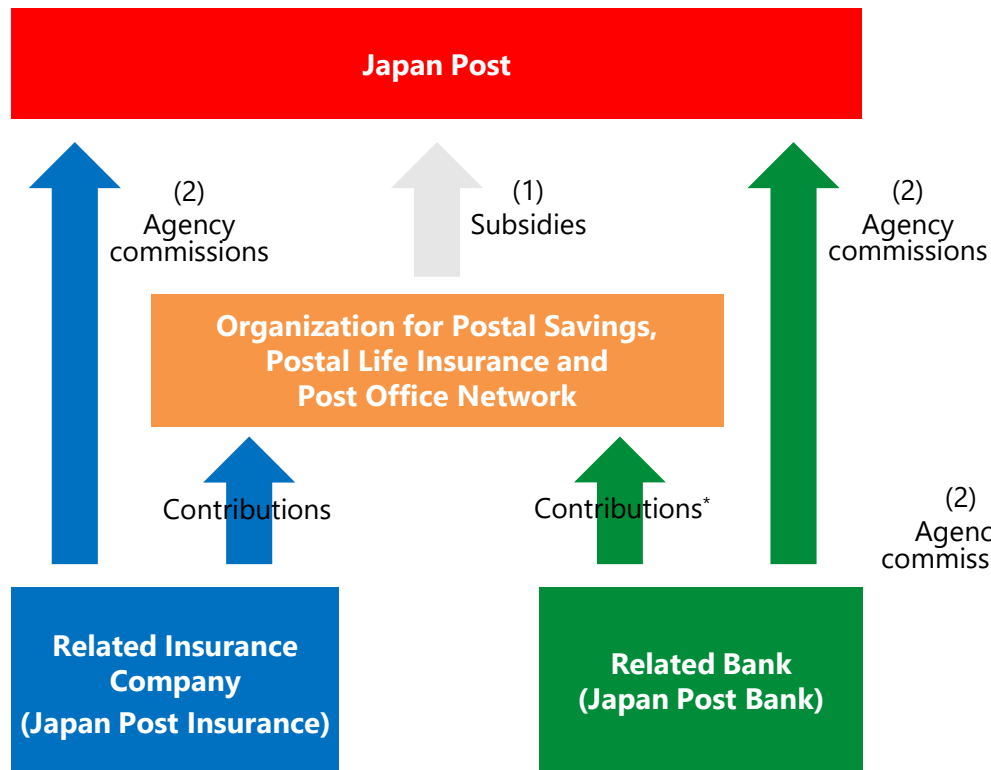
*1 The regulations of the Postal Service Privatization Act apply in addition to the regulations of the Banking Act.

*2 The authority of the Prime Minister of Japan has been delegated to the Commissioner of the Financial Services Agency (of Japan), with some exceptions (such as the decision not to apply part of the Postal Service Privatization Act when 50% or more of shares have been disposed of).

Current Status Regarding Privatization

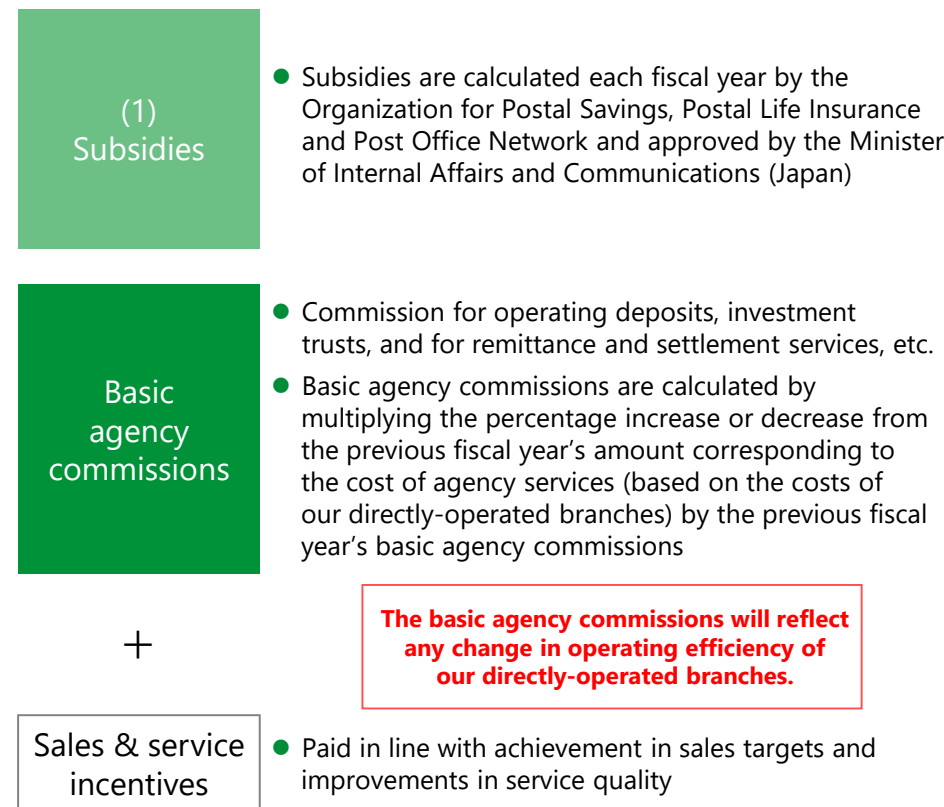
(3) Agency Commissions Paid to Japan Post, etc.

Contribution System



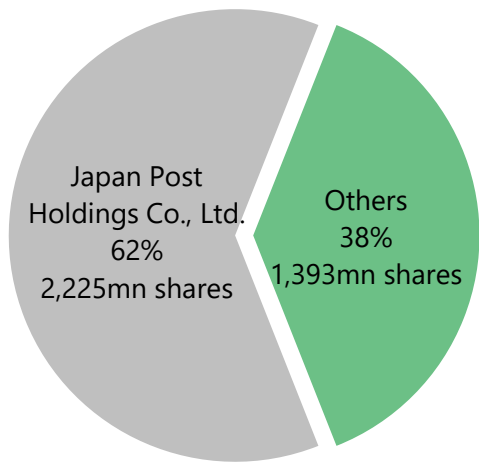
* Contributions are the subsidies plus the administrative expenses (those incurred by related bank) of the Organization for Postal Savings, Postal Life Insurance and Post Office Network.

Structure of Expenses Associated with Outsourcing to Japan Post



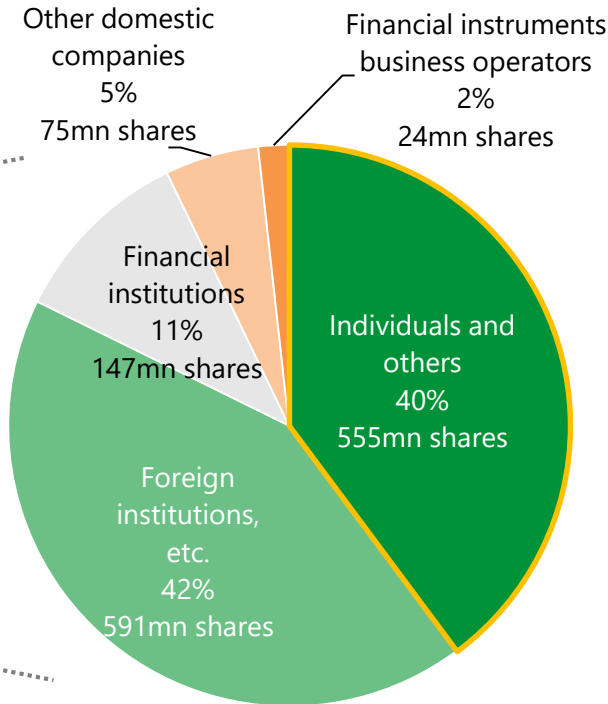
Current Status Regarding Privatization

(4) Shareholder Composition

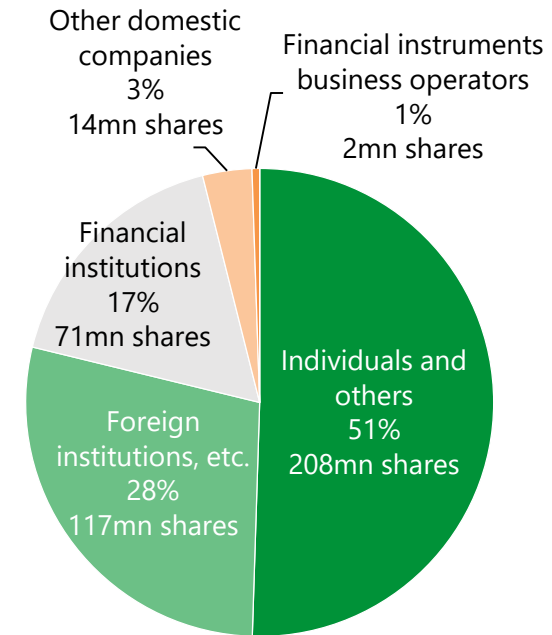


[Total No. of shares excluding treasury stock*: 3,617,532,417]

As of Sep. 30, 2023



(Ref.) As of Sep. 30, 2022



(Ref.)

Total No. of outstanding shares	3,617,602,420
No. of treasury stock*	70,003

* Treasury stock excludes the Bank's shares held by stock benefit trust.

Note: All figures are rounded.

Current Status Regarding Privatization

(5) Market Restructuring (Tokyo Stock Exchange)

Situation to Date

Japan Post HLDGS.

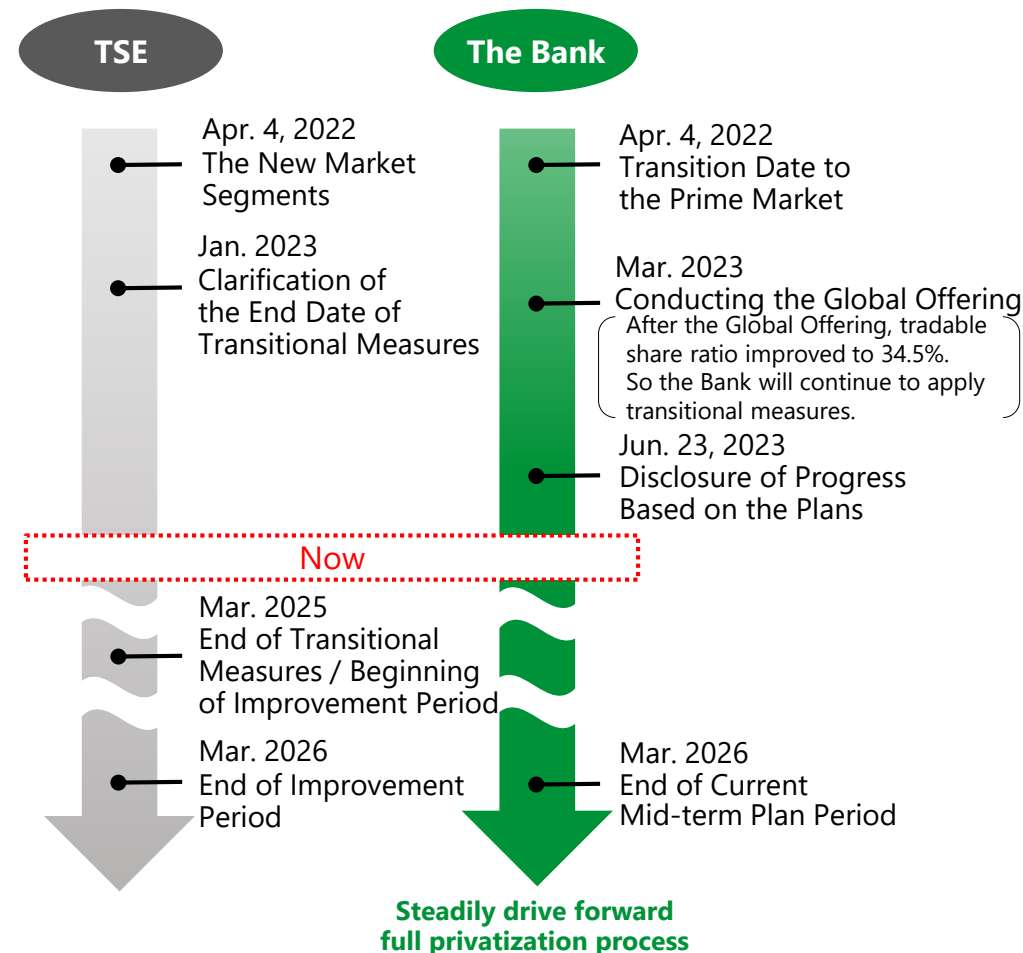
- Japan Post Holdings conducted the offer and sale of shares of stock of the Bank (the Global Offering). The shareholding ratio declined from 89.00 % to 61.50% (as of Sep. 30, 2023)*
- As a Japan Post Group policy, Japan Post Holdings aims to dispose of their equity interests in the Bank to lower the shareholding ratio to 50% or less as early as possible during the Mid-term Plan

The Bank

- After the Global Offering, tradable share ratio improved significantly to 34.5% (as of Mar. 31, 2023). But slightly, we have yet to achieve requirements level (at least 35%) for continued listing the Prime Market, so the Bank will continue to apply transitional measures
- Progress based on the Plans was disclosed on Jun. 23, 2023 <https://www.jp-bank.japanpost.jp/en/ir/press/2023/pdf/pr230623.pdf>
- Based on the Plans, we will continue to make efforts to create an environment in which it is easy for Japan Post Holdings to reduce its shareholding ratio (increase profits and enhance corporate value)

* Shareholding ratio is the ratio of the number of shares held by Japan Post Holdings against the aggregate number of issued shares (excluding treasury stock). Figures are rounded to two decimal places.

Upcoming Schedule



01	Executive Summary	P.3
02	How to Increase the Corporate Value	P.7
03	Appendix	P.22
04	FY2024/3 H1 Financial Data (Non-consolidated Basis)	P.62

Income Analysis

(Millions of yen)

	For the six months ended		(B) - (A)
	September 30, 2022 (A)	September 30, 2023 (B)	
Gross operating profit	574,789	376,107	(198,682)
Net interest income	429,777	337,580	(92,197)
Net fees and commissions	74,286	76,882	2,595
Net other operating income (loss)	70,725	(38,354)	(109,080)
Gains (losses) on foreign exchanges	51,186	(24,545)	(75,731)
Gains (losses) on bonds	19,377	(13,925)	(33,303)
General and administrative expenses	(465,015)	(466,305)	(1,289)
Personnel expenses	(57,089)	(56,074)	1,014
Non-personnel expenses	(389,811)	(392,731)	(2,919)
Taxes and dues	(18,114)	(17,499)	614
Operating profit (before provision for general reserve for possible loan losses)	109,774	(90,198)	(199,972)
Core net operating profit	90,396	(76,272)	(166,668)
Excluding gains (losses) on cancellation of investment trusts	49,803	(79,289)	(129,093)
Provision for general reserve for possible loan losses	4	—	(4)
Net operating profit	109,778	(90,198)	(199,976)
Non-recurring gains (losses)	104,598	344,717	240,119
Gains (losses) related to stocks	51,629	(133,848)	(185,478)
Gains (losses) on money held in trust	53,170	488,932	435,761
Net ordinary income	214,376	254,519	40,142

	For the six months ended		(B) - (A)
	September 30, 2022 (A)	September 30, 2023 (B)	
Extraordinary income (loss)	(185)	(508)	(322)
Gains (losses) on sales and disposals of fixed assets	(185)	(504)	(319)
Losses on impairment of fixed assets	(0)	(3)	(2)
Income before income taxes	214,190	254,010	39,820
Income taxes – current	(79,025)	(75,522)	3,502
Income taxes – deferred	20,300	3,422	(16,878)
Total income taxes	(58,724)	(72,100)	(13,376)
Net income	155,466	181,910	26,444
Gains (losses) on money held in trust	53,170	488,932	435,761
Dividends and interest income	70,047	65,622	(4,425)
Gains (losses) on sales of stocks	18	460,491	460,472
Impairment losses	(3,281)	(581)	2,699
Withholding income tax, etc.	(13,614)	(36,599)	(22,985)
Credit-related expenses	3	(2)	(5)
Provision for general reserve for possible loan losses	3	(2)	(5)

- Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (JPY 692 million and JPY 814 million recorded as profits for the six months ended September 30, 2023 and 2022, respectively).
2. Core net operating profit = Operating profit (before provision for general reserve for possible loan losses) - Gains (losses) on bonds
3. Credit-related expenses are those expenses related to problem assets disclosed under the Financial Reconstruction Act.
4. Numbers in parenthesis indicate the amount of loss, expense or decrease.

Summarized Balance Sheets

	As of March 31, 2023 (A)	As of September 30, 2023 (B)	Increase (Decrease) (B) – (A)
Total assets	229,545,202	230,356,168	810,965
Cash and due from banks	68,217,495	63,281,408	(4,936,087)
Call loans	2,460,000	2,340,000	(120,000)
Receivables under resale agreements	9,788,452	9,547,389	(241,062)
Receivables under securities borrowing transactions	250,241	—	(250,241)
Monetary claims bought	478,286	457,452	(20,833)
Trading account securities	19	31	12
Money held in trust	6,564,738	6,314,922	(249,815)
Securities	132,769,420	137,740,687	4,971,267
Loans	5,604,366	5,750,933	146,566
Foreign exchanges	124,943	194,262	69,319
Other assets	2,994,691	4,194,379	1,199,687
Tangible fixed assets	190,216	190,015	(201)
Intangible fixed assets	77,118	82,625	5,506
Deferred tax assets	26,245	263,069	236,824
Reserve for possible loan losses	(1,033)	(1,010)	22

(Millions of yen)

	As of March 31, 2023 (A)	As of September 30, 2023 (B)	Increase (Decrease) (B) – (A)
Total liabilities and net assets	229,545,202	230,356,168	810,965
Total liabilities	219,936,223	221,336,186	1,399,963
Deposits	194,951,503	194,143,823	(807,679)
Payables under repurchase agreements	18,316,621	19,687,186	1,370,564
Payables under securities lending transactions	1,941,872	2,310,811	368,939
Borrowed money	1,632,600	1,759,900	127,300
Foreign exchanges	1,411	1,052	(359)
Other liabilities	2,891,096	3,232,190	341,094
Reserve for bonuses	7,150	6,950	(200)
Reserve for employees' retirement benefits	138,375	140,951	2,575
Reserve for employee stock ownership plan trust	511	269	(241)
Reserve for management board benefit trust	424	448	24
Reserve for reimbursement of deposits	54,655	52,601	(2,053)
Total net assets	9,608,979	9,019,981	(588,998)
Capital stock	3,500,000	3,500,000	—
Capital surplus	3,500,000	3,500,000	—
Retained earnings	2,480,262	2,398,684	(81,578)
Treasury stock	(24,510)	(1,523)	22,986
Total shareholders' equity	9,455,752	9,397,161	(58,591)
Net unrealized gains (losses) on available-for-sale securities	779,268	652,173	(127,095)
Net deferred gains (losses) on hedges	(626,041)	(1,029,352)	(403,311)
Total valuation and translation adjustments	153,227	(377,179)	(530,406)

Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

(1) Domestic

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2022 (A)			September 30, 2023 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	212,137,338	280,498	0.26	211,088,794	132,719	0.12	(0.13)%pt
Loans	4,973,257	4,890	0.19	5,609,423	4,678	0.16	(0.02)%pt
Securities	67,285,237	148,476	0.44	59,291,337	112,242	0.37	(0.06)%pt
Due from banks, etc.	63,054,105	14,066	0.04	64,937,779	16,170	0.04	0.00 %pt
Interest-bearing liabilities	206,171,509	23,306	0.02	205,074,771	15,157	0.01	(0.00)%pt
Deposits	194,436,929	6,768	0.00	195,317,191	5,565	0.00	(0.00)%pt
Payables under securities lending transactions	7,747	3	0.09	32,681	16	0.09	(0.00)%pt

(2) Overseas

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2022 (A)			September 30, 2023 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	75,589,035	445,151	1.17	79,829,622	544,939	1.36	0.18 %pt
Loans	28,014	74	0.53	29,959	83	0.55	0.02 %pt
Securities	75,350,555	442,801	1.17	79,602,064	539,519	1.35	0.17 %pt
Due from banks, etc.	—	—	—	—	—	—	—
Interest-bearing liabilities	72,380,378	272,564	0.75	75,949,224	324,922	0.85	0.10 %pt
Payables under securities lending transactions	1,612,498	13,281	1.64	2,040,535	56,112	5.48	3.84 %pt

Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

(3) Total

	For the six months ended						(Millions of yen, %)
	September 30, 2022 (A)			September 30, 2023 (B)			Increase (Decrease) (B) – (A)
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	221,864,850	611,050	0.54	220,624,767	677,644	0.61	0.06 %pt
Loans	5,001,272	4,965	0.19	5,639,382	4,761	0.16	(0.02)%pt
Securities	142,635,792	591,277	0.82	138,893,402	651,761	0.93	0.10 %pt
Due from banks, etc.	63,054,105	14,066	0.04	64,937,779	16,170	0.04	0.00 %pt
Interest-bearing liabilities	212,690,364	181,272	0.16	210,730,345	340,064	0.32	0.15 %pt
Deposits	194,436,929	6,768	0.00	195,317,191	5,565	0.00	(0.00)%pt
Payables under securities lending transactions	1,620,246	13,285	1.63	2,073,217	56,128	5.39	3.76 %pt

Notes: 1. "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").

2. Income and expenses for money held in trust are included in "other ordinary income" and "other ordinary expenses", respectively. Accordingly, the average balance of money held in trust (six months ended September 30, 2023, JPY 5,211,247 million; six months ended September 30, 2022, JPY 4,928,131 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (six months ended September 30, 2023, JPY 5,211,247 million; six months ended September 30, 2022, JPY 4,928,131 million) and the corresponding interest (six months ended September 30, 2023, JPY 8,409 million; six months ended September 30, 2022, JPY 8,574 million) are excluded from interest-bearing liabilities.

3. For investment trusts, the distribution of profits, which was deducted from the book value as the repayment of principal, was JPY 48,980 million for the six months ended September 30, 2023 (JPY 72,967 million for the six months ended September 30, 2022).

4. Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals. And, the Bank revised calculation method of the interest from the fiscal year ended March 31, 2023.

5. "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.

6. Earnings yield is annualized.

Interest Rate Spread

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2022 (A)	September 30, 2023 (B)	
Yield on interest-earning assets (a)	0.54	0.61	0.06 %pt
Total cost of funding (including general and administrative expenses) (b)	0.60	0.76	0.15 %pt
Interest rate on interest-bearing liabilities (c)	0.16	0.32	0.15 %pt
Overall interest rate spread (a) - (b)	(0.05)	(0.15)	(0.09)%pt
Interest rate spread (a) - (c)	0.37	0.29	(0.08)%pt

Note: All numbers are annualized.

Unrealized Gains (Losses) on Financial Instruments

(1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2023 (A)		As of September 30, 2023 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese government bonds	15,042,583	(236,650)	16,231,556	(834,287)	1,188,972	(597,636)
Japanese local government bonds	3,581,661	(26,442)	4,047,196	(54,878)	465,535	(28,435)
Japanese corporate bonds	4,655,700	(33,719)	5,217,708	(80,159)	562,007	(46,439)
Others	3,773,727	(8,507)	5,412,359	189,097	1,638,632	197,604
Foreign bonds	3,773,727	(8,507)	5,412,359	189,097	1,638,632	197,604
Total	27,053,673	(305,320)	30,908,820	(780,227)	3,855,147	(474,907)

Note: Net unrealized gains (losses) shown above are calculated by deducting the amount on the balance sheet from the fair value.

(2) Available-for-sale Securities

(Millions of yen)

	As of March 31, 2023 (A)		As of September 30, 2023 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese stocks	18,827	—	18,827	—	—	—
Bonds	31,110,108	(443,394)	30,387,042	(994,179)	(723,066)	(550,784)
Japanese government bonds	23,072,127	(423,816)	22,673,014	(949,062)	(399,113)	(525,246)
Japanese local government bonds	2,059,206	2,210	1,695,021	(2,486)	(364,185)	(4,697)
Short-term corporate bonds	1,400,895	—	1,917,433	—	516,537	—
Japanese corporate bonds	4,577,878	(21,788)	4,101,573	(42,630)	(476,304)	(20,841)
Others	75,072,343	1,659,553	76,879,708	3,132,598	1,807,365	1,473,045
Foreign bonds	22,365,282	1,476,129	22,560,928	2,769,973	195,645	1,293,844
Investment trusts	52,110,200	184,011	53,740,238	365,750	1,630,037	181,738
Total	106,201,280	1,216,159	107,285,578	2,138,419	1,084,298	922,260

Notes: 1. Securities shown above include "securities", negotiable certificates of deposit, which is recorded under "cash and due from banks", and "monetary claims bought".

2. Net unrealized gains (losses) shown above are calculated by deducting the acquisition cost from the amount on the balance sheet.

3. Of net unrealized gains (losses) shown above, JPY 2,226,494 million and JPY 1,306,052 million profits were included in the statement of income for the six months ended September 30, 2023 and the fiscal year ended March 31, 2023, respectively, because of the application of fair value hedge accounting.

4. Investment trusts are mainly invested in foreign bonds. Net unrealized gains on investment trusts include those of private equity funds.

5. No impairment losses were recognized for the six months ended September 30, 2023 and the fiscal year ended March 31, 2023.

Unrealized Gains (Losses) on Financial Instruments

(3) Money Held in Trust Classified as Available-for-sale

(Millions of yen)

	As of March 31, 2023 (A)		As of September 30, 2023 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Money held in trust classified as available-for-sale	6,564,738	1,207,209	6,314,922	1,015,514	(249,815)	(191,694)
Domestic stocks	1,857,660	1,104,910	1,471,483	961,023	(386,177)	(143,886)
Domestic bonds	1,270,609	(58,856)	1,202,971	(100,111)	(67,637)	(41,255)

Notes: 1. Net unrealized gains (losses) shown above are calculated by deducting the acquisition cost from the amount on the balance sheet.

2. Impairment losses for the six months ended September 30, 2023 and the fiscal year ended March 31, 2023 amounted to JPY 581 million and JPY 3,195 million, respectively.

(4) Derivatives under Hedge Accounting (Deferred Hedge Accounting)

(Millions of yen)

	As of March 31, 2023 (A)		As of September 30, 2023 (B)		Increase (Decrease) (B) – (A)	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	8,888,437	(47,645)	8,933,919	125,651	45,481	173,297
Currency swaps	9,189,575	(855,658)	8,833,361	(1,609,565)	(356,214)	(753,906)
Foreign exchange forward contracts	—	—	—	—	—	—
Total	18,078,012	(903,304)	17,767,280	(1,483,913)	(310,732)	(580,609)

Notes: 1. Net deferred gains (losses) are those before application of tax effect accounting.

2. Hedged instruments are mainly available-for-sale securities.

Total (2) + (3) + (4)

(Millions of yen)

	As of March 31, 2023 (A)	As of September 30, 2023 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	214,011	(556,472)	(770,484)

Note: Total net unrealized gains (losses) exclude gains (losses) which are included in the statements of income because of the application of fair value hedge accounting.

General and Administrative Expenses

	For the six months ended				(Millions of yen, %)
	September 30, 2022 (A)		September 30, 2023 (B)		Increase (Decrease) (B) – (A)
	Amount	%	Amount	%	Amount
Personnel expenses	56,275	12.12	55,382	11.89	(892)
Salaries and allowances	45,900	9.88	45,088	9.68	(811)
Others	10,374	2.23	10,293	2.21	(80)
Non-personnel expenses	389,811	83.97	392,731	84.34	2,919
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	174,297	37.54	163,388	35.09	(10,909)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network*	115,355	24.85	121,814	26.16	6,458
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	13,757	2.96	13,962	2.99	205
Rent for land, buildings and others	5,414	1.16	5,283	1.13	(130)
Expenses on consigned businesses	33,077	7.12	34,554	7.42	1,476
Depreciation and amortization	17,879	3.85	20,693	4.44	2,814
Communication and transportation expenses	7,330	1.57	7,145	1.53	(185)
Maintenance expenses	8,226	1.77	9,219	1.98	993
IT expenses	6,075	1.30	7,592	1.63	1,516
Others	8,397	1.80	9,076	1.94	678
Taxes and dues	18,114	3.90	17,499	3.75	(614)
Total	464,201	100.00	465,613	100.00	1,411

* The Bank makes payments of contributions to the Organization for Postal Savings, Postal Life Insurance and Post Office Network in accordance with Article 18-3 of the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network.

Capital

(Millions of yen)

	Domestic Standard					
	Non-consolidated			Consolidated		
	As of March 31, 2023 (A)	As of September 30, 2023 (B)	Increase (Decrease) (B) – (A)	As of March 31, 2023 (C)	As of September 30, 2023 (D)	Increase (Decrease) (D) – (C)
Core Capital: instruments and reserves (a)	9,272,542	9,397,437	124,894	9,280,410	9,405,559	125,148
Core Capital: regulatory adjustments (b)	55,580	59,466	3,885	56,003	59,953	3,950
Total capital (a) - (b) = (c)	9,216,961	9,337,970	121,008	9,224,407	9,345,605	121,198
Total amount of risk-weighted assets (d)	59,383,662	61,033,437	1,649,775	59,395,184	61,051,195	1,656,011
Credit risk-weighted assets	56,934,898	58,751,668	1,816,770	56,938,257	58,760,540	1,822,282
Market risk equivalent / 8%	—	—	—	—	—	—
Operational risk equivalent / 8%	2,448,764	2,281,768	(166,995)	2,456,926	2,290,655	(166,271)
Capital adequacy ratio (c) / (d)	15.52%	15.29%	(0.22)%pt	15.53%	15.30%	(0.22)%pt

Securitized Products Exposure

As of March 31, 2023 and September 30, 2023, the Bank held the following securitized products.

The Bank's holdings of securitized products were limited to securitization exposure as final investor. The Bank has never originated any securitized products and thus has no exposure as an originator and no exposure to special purpose entities (SPEs) that should be consolidated.

(Millions of yen)

	As of March 31, 2023			As of September 30, 2023		
	Acquisition cost	Net unrealized gains (losses)	Credit ratings	Acquisition cost	Net unrealized gains (losses)	Credit ratings
Domestic						
Residential mortgage-backed securities (RMBS)	1,274,002	(11,695)	AAA	1,251,916	(34,117)	AAA
Held-to-maturity	350,366	(10,365)	AAA	366,969	(18,422)	AAA
Available-for-sale	923,635	(1,330)	AAA	884,947	(15,695)	AAA
Collateralized loan obligations (CLO)	—	—	—	—	—	—
Other securitized products	288,156	(111)	AAA	260,139	(397)	AAA
Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—
Collateralized debt obligations (CDO)	561	11	AAA	532	9	AAA
Domestic subtotal	1,562,720	(11,795)		1,512,588	(34,505)	
Overseas						
Residential mortgage-backed securities (RMBS)	27,906	3,161	AAA	24,093	4,658	AAA
Collateralized loan obligations (CLO)	2,326,005	293,625	AAA	2,568,627	652,194	AAA
Held-to-maturity	1,408,606	106,062	AAA	1,660,045	319,197	AAA
Available-for-sale	917,398	187,563	AAA	908,581	332,996	AAA
Overseas subtotal	2,353,911	296,787		2,592,721	656,853	
Total (domestic + overseas)	3,916,631	284,991		4,105,309	622,347	

Notes: 1. The figures in the above table are reference value calculated not on financial accounting basis but on management accounting basis.

2. The underlying assets provided are only those from multiple debtors comprising securitized products.

3. The above table does not include securitized products that might be included in investment trusts.

4. Net unrealized gains (losses) do not reflect the effect of foreign exchange hedging. No hedging activities against credit risks were made.

5. Other securitized products are securitized products of which underlying assets are mainly auto loan claims.

6. "Overseas" does not include U.S. government sponsored enterprises, etc. (GSEs) related products.

7. The overseas collateralized loan obligations (CLO) are only those in the United States and Europe. Net unrealized gains (losses) on the overseas CLO including foreign exchange hedging were as follows. Held-to-maturity securities (fair value hedge accounting was not applicable): JPY (8,705) million as of September 30, 2023, compared with JPY (23,642) million as of March 31, 2023.

Available-for-sale securities (fair value hedge accounting was applicable): JPY (3,550) million as of September 30, 2023, compared with JPY (17,158) million as of March 31, 2023.

Selected Historical Financial Data

	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2023/3 H1	FY2024/3 H1
(billion yen)						
Consolidated						
Consolidated gross operating profit	1,314.0	1,319.1	1,292.0	1,056.3	576.3	377.7
Net interest income ^{*1}	976.6	961.9	1,147.4	796.3	429.9	337.9
Net fees and commissions	128.8	127.9	128.4	147.8	75.0	77.5
Net other operating income (loss)	208.4	229.1	16.0	112.1	71.3	(37.7)
General and administrative expenses ^{*2}	(1,021.5)	(1,011.4)	(983.2)	(926.3)	(466.0)	(467.6)
Provision for general reserve for possible loan losses	(0.0)	—	(0.0)	—	0.0	—
Consolidated net operating profit	292.5	307.6	308.7	130.0	110.2	(89.8)
Non-recurring gains (losses)	86.6	86.5	182.1	325.5	109.8	343.6
Net ordinary income	379.1	394.2	490.8	455.5	220.1	253.8
Extraordinary income (losses)	(0.5)	(1.5)	5.6	(1.1)	(0.1)	(0.6)
Net income attributable to owners of parent	273.4	280.1	355.0	325.0	158.6	182.1
Consolidated capital adequacy ratio (Domestic standard) ^{*3}	15.58%	15.53%	15.56%	15.53%	15.29%	15.30%
Consolidated total net assets ^{*3}	9,003.2	11,394.8	10,302.2	9,651.8	9,479.3	9,065.7
Consolidated total assets ^{*3}	210,910.8	223,870.6	232,954.4	229,582.2	226,644.9	230,396.3
Non-consolidated						
Number of employees (people) ^{*3}	12,477	12,408	12,169	11,742	12,138	11,852
Average number of temporary employees (people) ^{*3}	3,865	3,601	3,243	2,898	2,947	2,662
New employees (people) ^{*4}	234	230	147	141	—	—

*1 Net interest income is calculated by deducting interest expenses (excluding the expenses related to money held in trust) from interest income.

*2 General and administrative expenses exclude non-recurring expenses. *3 As of the end of each fiscal period. *4 As of the beginning of each fiscal year. The number of new employees in FY2024/3 is 141.