

UNOFFICIAL TRANSLATION

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

Current Status of JAPAN POST BANK and Outlook for the Second Half of the Medium-term Management Plan

— Realizing JAPAN POST BANK’s Vision —

November 30, 2023

Director, President and Representative Executive Officer

Norito Ikeda

1. JPB's Vision

- Support the growth of customers nationwide by fully harnessing the Bank's unique characteristics in partnership with local financial and other institutions

JPB's Unique Strategic Features

Strong JPB's network known throughout Japan

+

large number of savings and accounts

JPB's Vision

Growth Engines

Three strategic businesses driving growth

- ① Retail Business
- ② Market Business
- ③ Σ Business

with the aim of building a sustainable earnings base

Vision

Place the utmost importance on utilizing the Bank's vast assets and management resources to contribute to the vitality of the economy rather than simply transitioning to a private bank

Utilize useful management resources and work in partnership with local financial and other institutions **as a co-creation platform to become a bank that supports the growth of customers nationwide from a medium- to long-term perspective**

Local Financial and Other Institutions (Partners)

JPB is anticipating chronic shortages in each of the following:

- ① Necessary capital
- ② Information
- ③ Human resources (human capital)

Consider application of the Bank's useful management resources

2. Current Status of JPB (Six Months Ended September 30, 2023) and Outlook



Three Engines (earnings base) that underpin sustainable management

● **Number of accounts registered in the Yucho Bankbook app surpasses 9 million accounts**
(As of October 31, 2023)

• Also, steady net fees and commissions growth (¥77.5 billion)

● **Secured profits of ¥641.0 billion for the H1 period by expanding the balances of risk assets and strategic investment areas**

(FY2-24/3 net interest income, etc. forecast: ¥1.26 trillion)

R [1st Engine] Retail Business

M [2nd Engine] Market Business

■ **Working toward a new business model that goes beyond traditional banking operations**

- ▶ Build a more robust customer base in line with digitalization by expanding the number of accounts registered in the Bankbook app
- ▶ Expand investment trust acceptance channels using DX
- ▶ Realize complementarity between the physical and the digital

■ **Restructuring of the yen interest-rate portfolio**

- ▶ In addition to pursuing sustained growth of risk assets' net interest income, etc., which had expanded under the low yen Interest rate environment
- ▶ Take the next action toward reversing and expanding yen interest rate assets' net interest income, etc.

● Assuming that the domestic PE market will grow to the level of Europe and the U.S. in the future (*1), **contribute to the region with equity capital of ¥1 trillion**
Maintain a balance between screws and work toward long-term, stable profit

Σ [3rd Engine] Σ Business

■ **Working to realize a "Co-creation Platform" as a partner through collaboration and cooperation with various business operators**

- ▶ Solve local issues by utilizing the "7 Screws" (investment vehicles) of the Σ Business
- ▶ Collect, store, and utilize nationwide information through the "Σ Data Platform"
- ▶ Promote a local corporate banking business (*2) centered on a regional headquarters

*1 Current status of the domestic PE market 2014-20 average annual flow amount GDP ratio 0.2% (¥1-2 trillion)
⇔ US 1.3%, UK 1.5%

*2 Marketing support business for investee companies, Deal sourcing business

Digital Strategy
Establish Co-creation Platform

[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 Sony Bank

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

Considering trial distribution of ads from outside the financial domain. (Announced when ready)

A (advertisement)

3. Expand the Number of Bankbook App Users

Changes in the External Environment

- Entering an era in which growing digital needs position banks as the preferred choice for digital channel convenience
- Growing use of banking services in various aspects of daily life (cashless banking and the development of embedded finance)
- Growing fluidity between industries and dramatic changes in the concepts of traditional financial services

Expand Passbook App Use

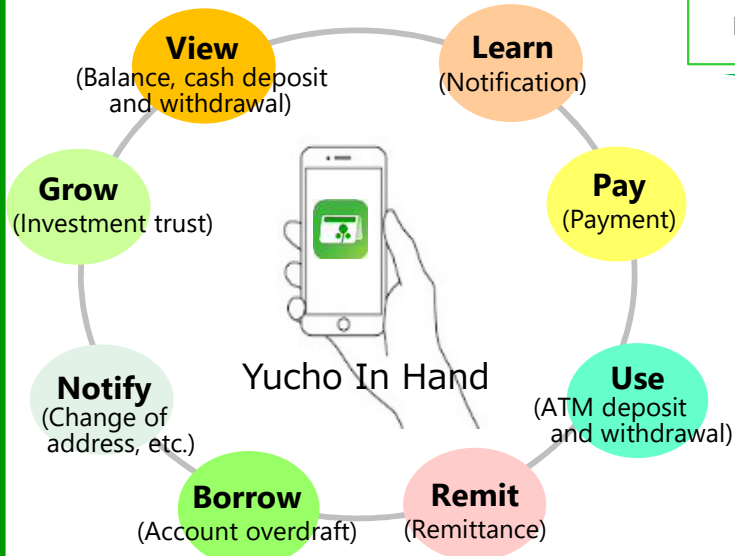
Help **customers to “live life on their own terms”** together with our partners by providing products and services that JPB does not offer **Become indispensable** through services that go beyond banking boundaries and closely center of clients

Digital Channels

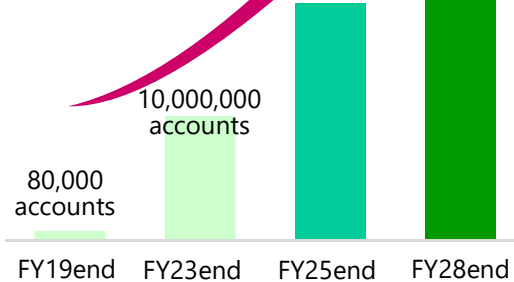


GOOD DESIGN AWARD
2020年度受賞

Convenience Improvements



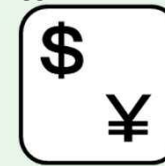
Dramatically expand Passbook app users



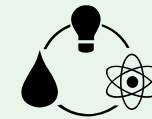
Maintain and enhance the customer base
Further promote administrative efficiency

Co-creation Platform (Advertising Business)

Provide customers with services that extend beyond the banking sector; Develop new profit-earning opportunities by introducing/advertising the services of various partner companies



Finance



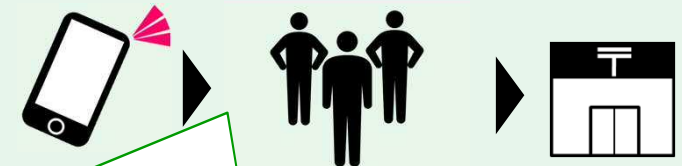
Public utility bills



E-commerce

Guide

Attracting Visitors (Sending Customers to Physical Locations)



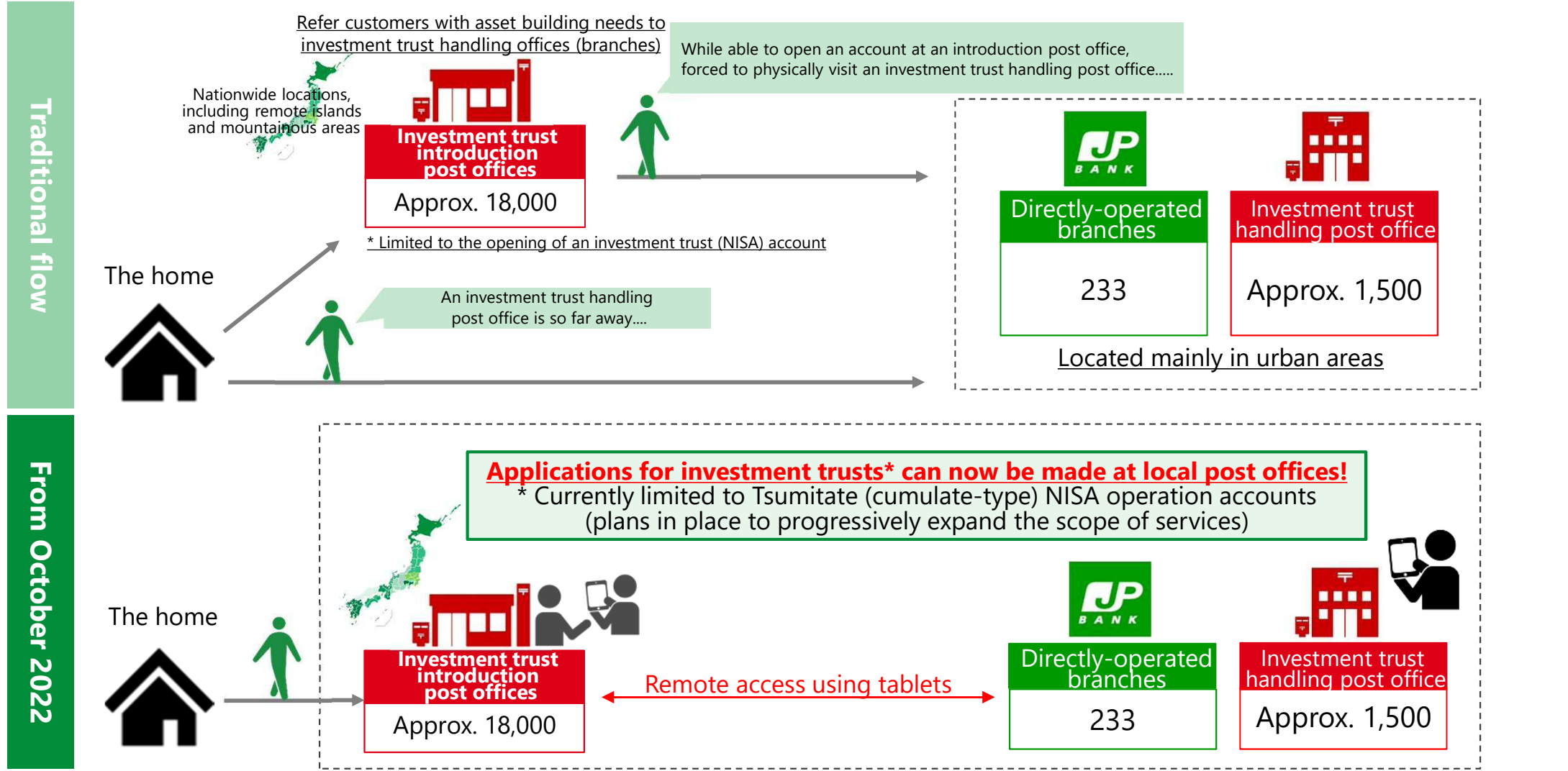
App notifications by region and customer segment

- ◇ Notifications regarding JPB and JP Group products
- ◇ Notifications regarding seminars and events
- ◇ Notifications regarding local products (coordination with the advertising business), etc.

Realize complementarity between the physical and the digital

4. Expand Investment Trust Acceptance Channels Using DX

- In applying for investments trusts, customers were historically required to visit directly-operated branches that handle investment trusts or post offices (investment trust handling post offices (branches))
- Launched a **service to accept investment trust proposals also at post offices that do not handle investment trusts** in October 2022
- This initiative **allows customers to apply for investment trusts (NISA) at approximately 20,000 locations nationwide, including local post offices**

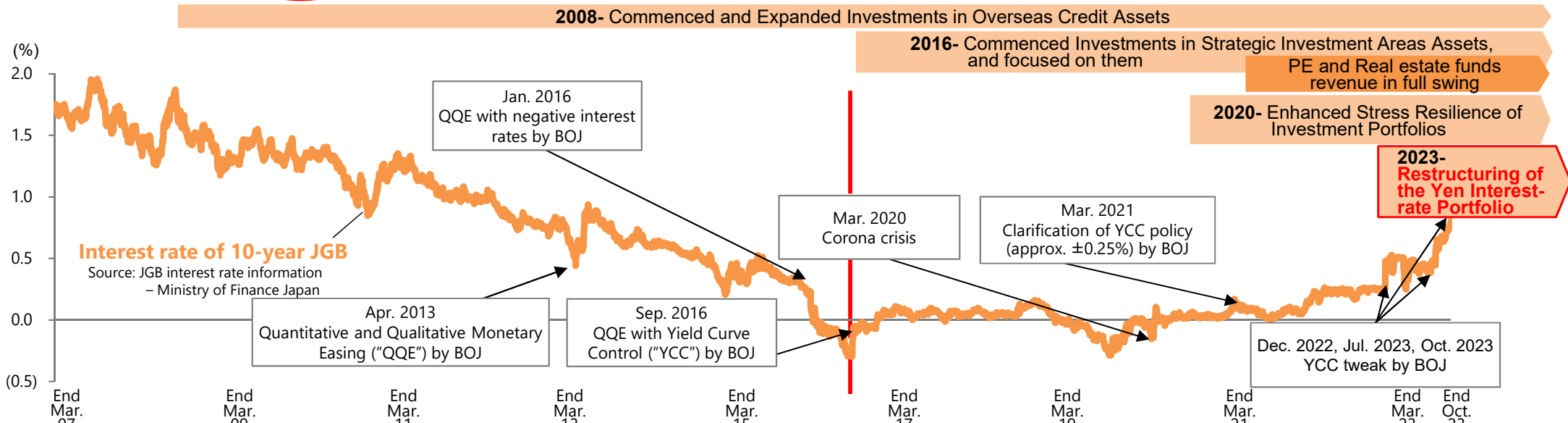
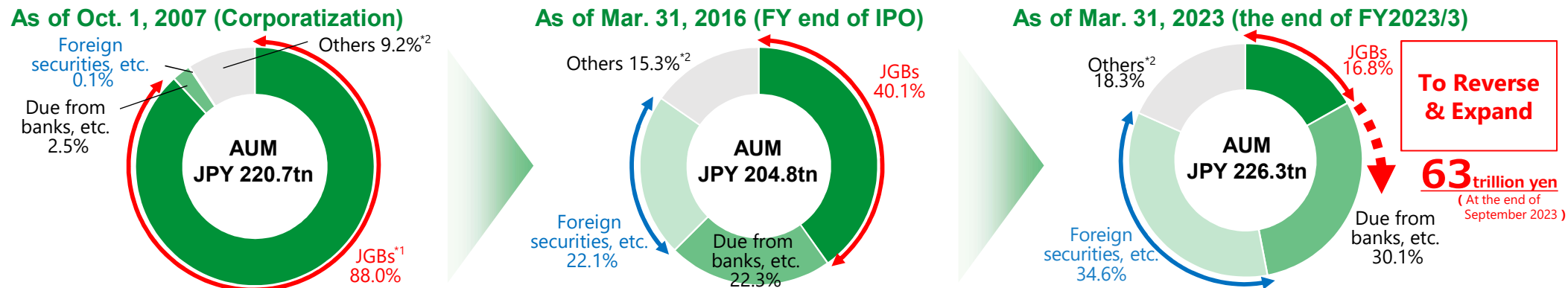


Work to secure a stable customer base by first expanding NISA accounts utilizing an overwhelming number of acceptance channels spread over approximately 20,000 locations

5. Restructuring of the Yen Interest-rate Portfolio: Paradigm Shift in Portfolio + Next Actions

- **Achieve a paradigm shift** by shifting investments from JGBs to risk assets in the face of declining yen interest rates
- **Began restructuring the yen interest-rate portfolio** in light of the current upward trend in long-term yen interest rates impacted by such factors as the Bank of Japan's decision to review its yield curve control operations in December 2022 and further flexibility in July and October of this year
- **In addition to the sustained growth in earnings associated with risk assets**, which have continued to expand against the backdrop of a low interest rate environment, **earnings from yen interest rate assets entering a reversal and expansion phase**

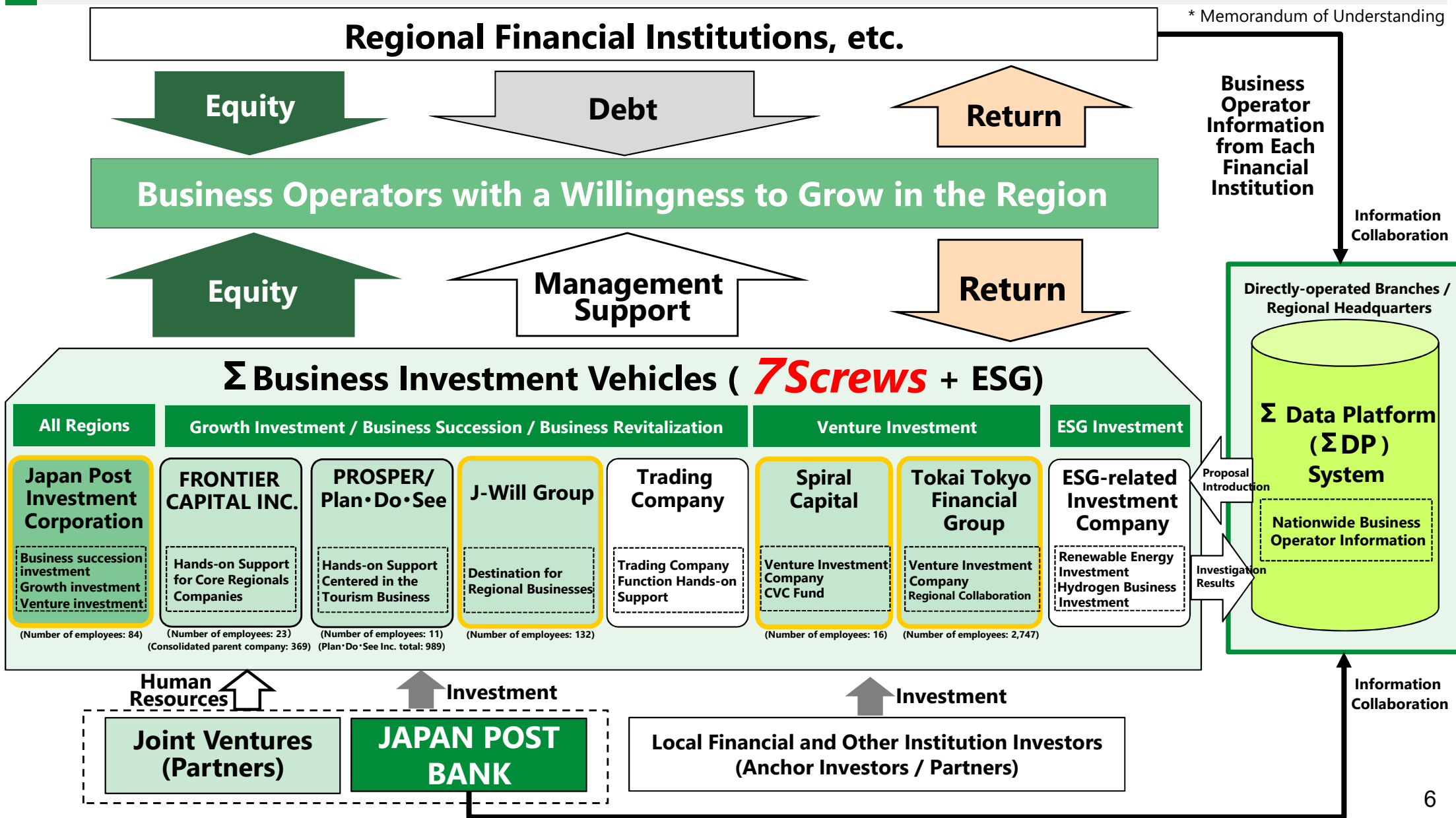
Sophisticated Risk Management and Timely and Appropriate Actions in Line with Market Fluctuation



*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.

6. Σ Business Strategies (Current Status and Outlook)

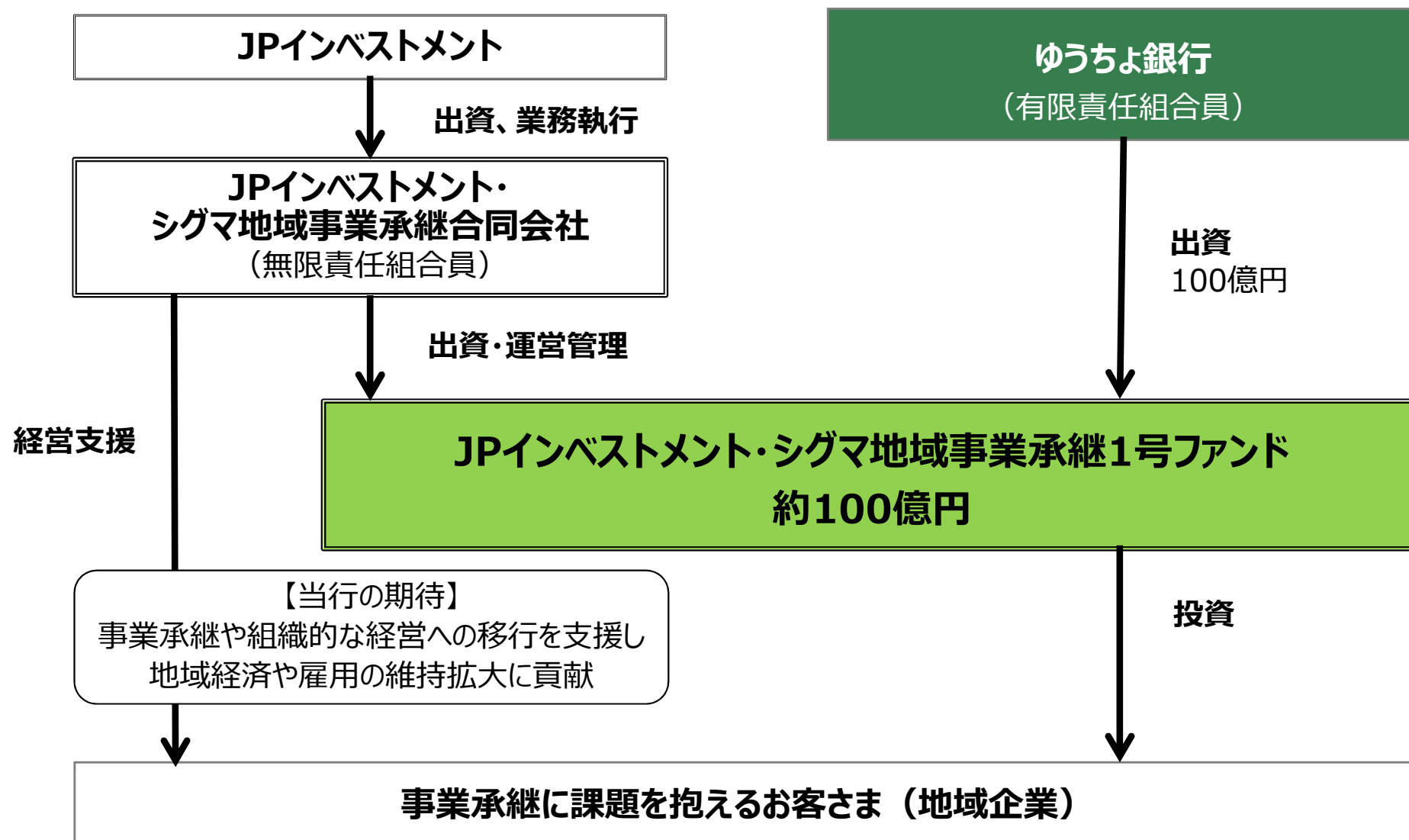
- Selected 7 screws (investment vehicles) in a bid to fully develop the GP Business in a JPB appropriate manner; concluded an MOU* common to 6 companies
- In addition to the ESG investment vehicle included in the aforementioned screws, efforts to develop a structure that is capable of injecting equity funds in the order of ¥1 trillion currently underway



7. JPインベストメント・シグマ地域事業承継1号ファンドへの投資確約

Please refer to the original Japanese text.

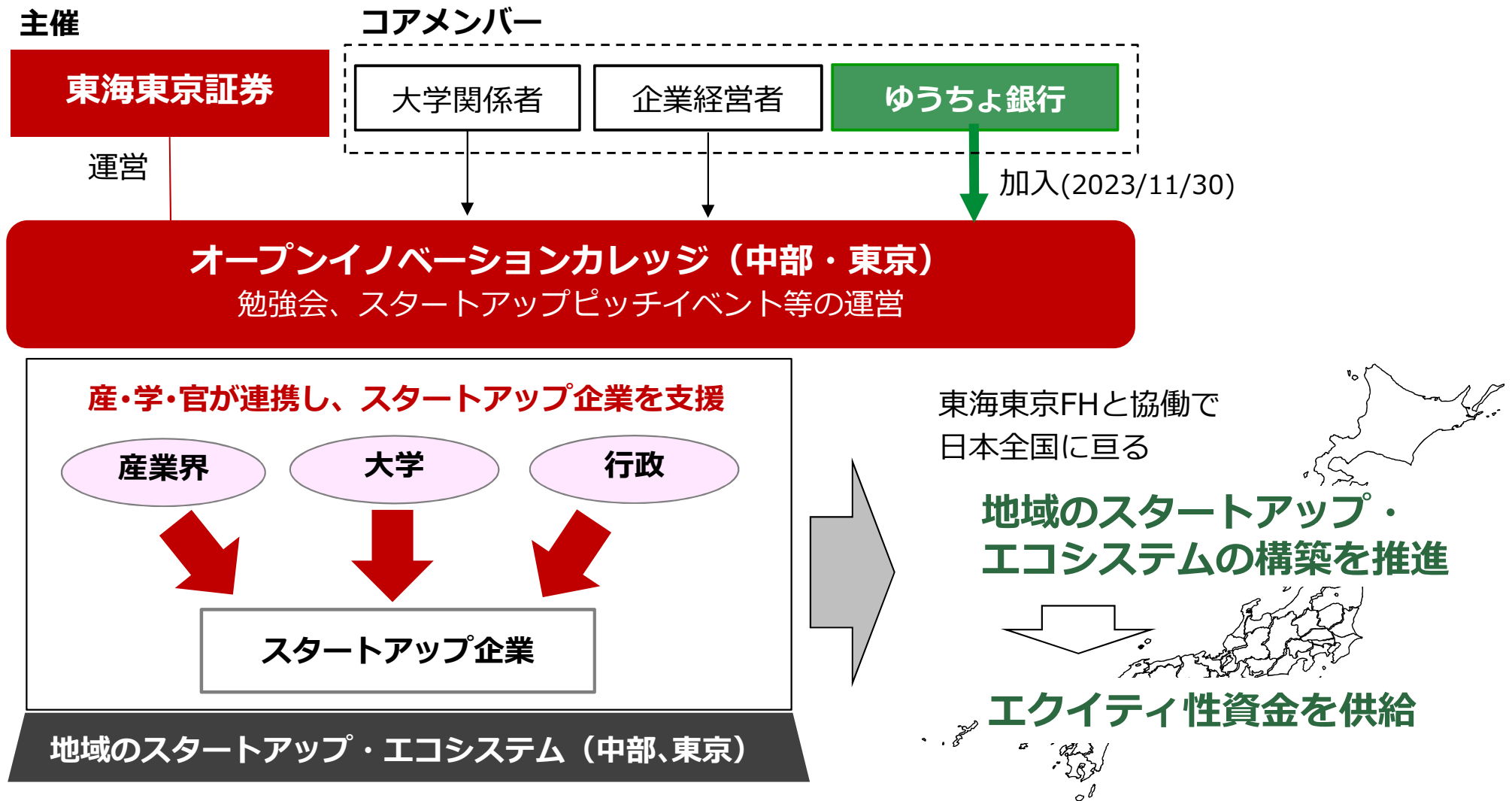
- Σビジネスの一環として、JPインベストメント(株)の子会社を通じて組成された、マジョリティ出資を前提とする地域の事業承継投資を行う「JPインベストメント・シグマ地域事業承継1号ファンド」に投資確約(LP出資)。
- 本ファンドの設立により、地域で事業承継に課題を抱える企業のニーズにより広く応え、地域金融機関等と協働して、地域活性化に貢献して参ります。



8. 東海東京証券(株) 主催「オープンイノベーションカレッジ」への加入

Please refer to the original Japanese text.

- Σビジネスにおけるベンチャー投資に関する戦略「地域のスタートアップ・エコシステム構築」の実現に向け、2023年11月30日、東海東京証券(株)が主催する「オープンイノベーションカレッジ」(中部及び東京)の**コアメンバー**として加入しました。
- 今後、オープンイノベーションカレッジで開催される各種交流会等に参加し、同社と協働で、地域のスタートアップ・エコシステムの構築を推進して参ります。



9. Major Σ Business Initiatives Since the Last Symposium (June to November 2023)

- An initial 2-year pilot program currently underway (October 2022 to September 2024) following in the launch of the ΣBusiness in October 2022; roughly 1 year has passed since the pilot began; major initiative results since the last symposium are presented as follows
- Steps to put in place a medium-term management plan for the Σ Business are currently underway (plans to announced details in May 2024) in line with a review of the JBP Group’s Medium-term Management Plan

Item	Summary of Main Tasks	Main Task Achievements & Efforts
<p>① GP Business</p>	<ul style="list-style-type: none"> ● Put in place a management system and build and investment portfolio that take advantage of the characteristics of each investment company and fund ● Put in place a development system for human resources responsible for GP operations 	<ul style="list-style-type: none"> ● November 2023: LP investment in the JP Investment Sigma Regional Business Succession No. 1 Fund ● November 2023: Concluded an MOU with 6 screw companies that summarizes the Σ Business Philosophy and agreement details on the maintenance of a long-term relationship, etc. ● November 2023: Joined the Open Innovation College managed by Tokai Tokyo Securities Co., Ltd. and is participating in steps to build a regional startup ecosystem
<p>② Marketing Support Business for Investee Companie</p>	<ul style="list-style-type: none"> ● Develop commercial products that have an affinity with the Bank based on information from investee companies, etc. ● Draw up sales strategies and promote introduction and mediation operations in accordance with investee companies ● Develop human resources and put in place a marketing system with a view to fully fledged operations 	<ul style="list-style-type: none"> ● July 2023: Concluded a business partnership agreement with Pie Systems Tokai Tokyo Digital Platform Co., Ltd. (Premium Digital Gift Certificate Operations) ● October 2023: Established Pie Systems Japan Co., Ltd. member stores: Set up PIE VAT Station a tax free counter at Asakusa Nishisando shopping street
<p>③ Deal Sourcing Business</p>	<ul style="list-style-type: none"> ● Foster corporate cultures and unify our passion and action toward new corporate banking business ● Utilize our nationwide network in Japan and develop our own deal sourcing system ● Develop the corporate customer information platform by using regional community information 	<ul style="list-style-type: none"> ● May 2023: Commenced training using the Σ Business text book ● August 2023: Started weekly meetings with area general managers to promote sourcing operations in the region ● November 2023: Decision made to develop the Σ Data Platform (ΣDP) system to collect, store, and utilize nationwide business operator information

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