

Investors Meeting FY2024/3

May 21, 2024

Director, President and Representative Executive Officer

Takayuki Kasama



JAPAN POST BANK

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Consolidated Subsidiaries, etc. (as of Mar. 31, 2024)

Consolidated subsidiaries	13 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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Financial Data (Non-consolidated Basis) disclosed on the Investors Meeting materials until FY2024/3 H1, is available in Selected Financial Information. Selected Financial Information For the Fiscal Year Ended March 31, 2024 https://www.jp-bank.japanpost.jp/en/ir/press/2024/pdf/pr240515_03.pdf

Executive Summary (1) FY2024/3 Results

For FY2024/3, net income attributable to owners of parent reached JPY 356.1bn, the highest on record since the Bank was listed on the stock exchange, and also exceeded the full-year forecast of JPY 335.0bn.

The dividend per share increased by JPY 1 to JPY 51.

Results of Operations (Consolidated)

Net income attributable to owners of parent	JPY 356.1bn	
	[Achievement rate to forecast 106.3%]	
Net ordinary income	JPY 496.0bn	
	[Achievement rate to forecast 105.5%]	

Net interest income	JPY 715.7bn	[YoY JPY (80.6)bn]
Net fees & commissions	JPY 153.0bn	[YoY JPY +5.2bn]
Net other operating income (loss)	JPY (135.1)bn	[YoY JPY (247.2)bn]
G&A expenses (Exclude non-recurring losses)	JPY 929.1bn	[YoY JPY +2.8bn]
Non-recurring gains (losses)	JPY 691.6bn	[YoY JPY +366.0bn]

FY2024/3 Annual Dividend

UP	Dividend per share	JPY 51 [Dividend payout ratio: 51.8%] (DPS increased by JPY 1 from the dividend forecast for FY2024/3 and the dividend for FY2023/3)
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Investment Assets (Non-consolidated)

Investment assets	JPY 231.0tn	[YoY JPY +4.6tn]
Securities	JPY 146.4tn	[YoY JPY +13.6tn]
JGBs	JPY 43.8tn	[YoY JPY +5.7tn]
Foreign securities, etc.	JPY 86.6tn	[YoY JPY +8.2tn]
More than 7 years to 10 years	JPY 5.1tn	[QoQ JPY +1.9tn]

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 122.4bn	[YoY JPY (91.5)bn]
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Capital Adequacy Ratio and CET1 Ratio (Consolidated)

Capital adequacy ratio	15.01%	[YoY (0.51)%]
CET1 ratio (estimate) *	13.23%	[YoY (0.78)%]

* On the finalized Basel III basis. Excluding unrealized gains on available-for-sale securities

Executive Summary (2) FY2025/3 Financial Forecasts

For financial forecasts, net income attributable to owners of parent is expected to amount to JPY 365.0bn and dividend per share is planned to be JPY 52.

Compared to FY2024/3, we expect an increase in income from the yen interest rate portfolio and recovery of private equity funds (PE), etc.

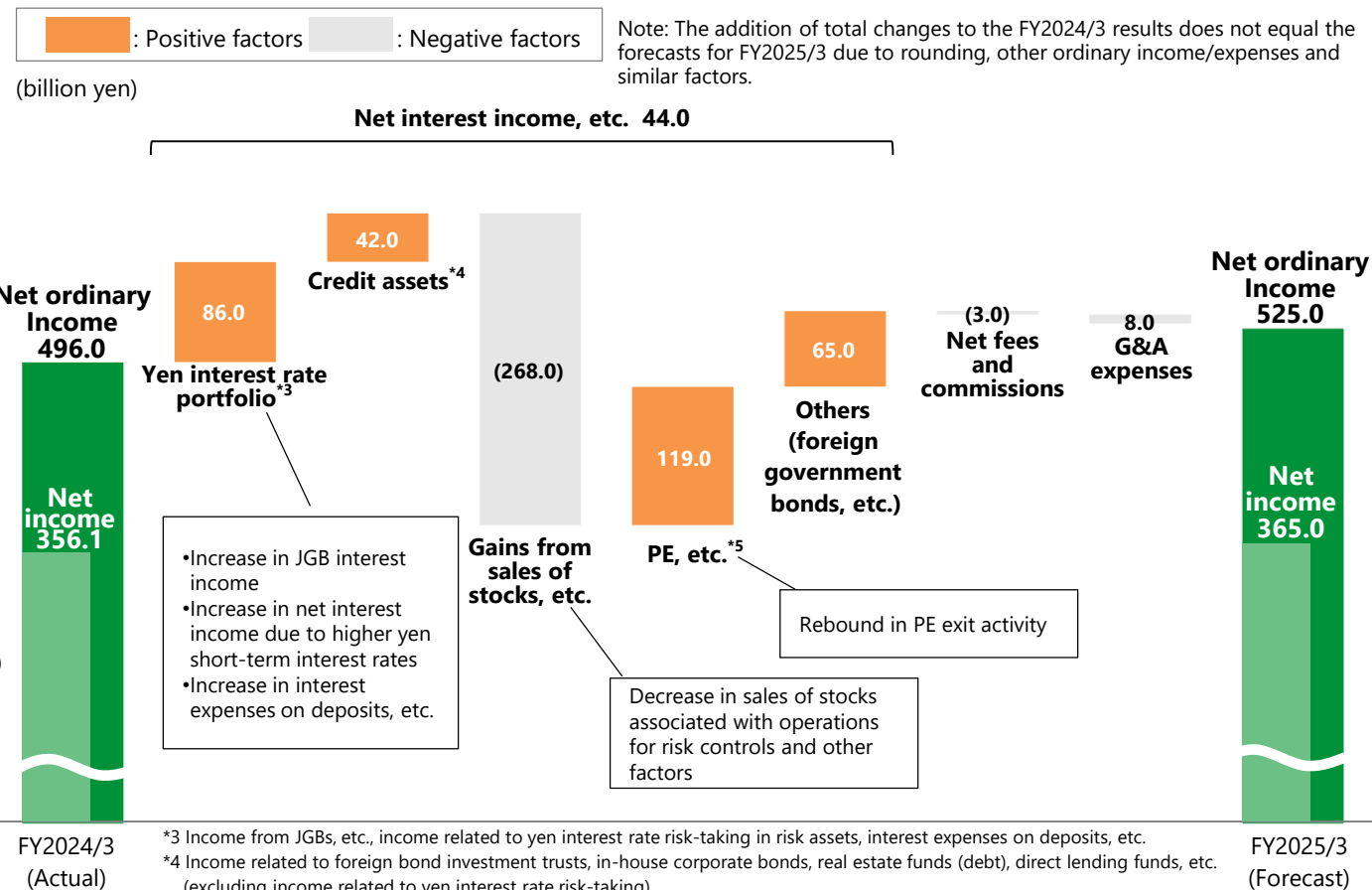
Earnings Forecasts (Consolidated)

	FY2024/3 (Actual) (A)	FY2025/3 (Forecast) (B)	Increase (Decrease) (B) – (A) ^{*2}
Net interest income, etc. ^{*1}	1,267.8	1,312.0	44.0
Net fees and commissions	153.0	150.0	(3.0)
General and administrative expenses	927.8	936.0	8.0
Net ordinary income	496.0	525.0	29.0
Net income attributable to owners of parent	356.1	365.0	9.0

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

^{*2} Figures are rounded.

	FY2024/3 (Actual) (A)	FY2025/3 (Forecast) (B)	Increase (Decrease) (B) – (A) ^{*2}
Dividend per share	JPY 51	JPY 52	JPY 1

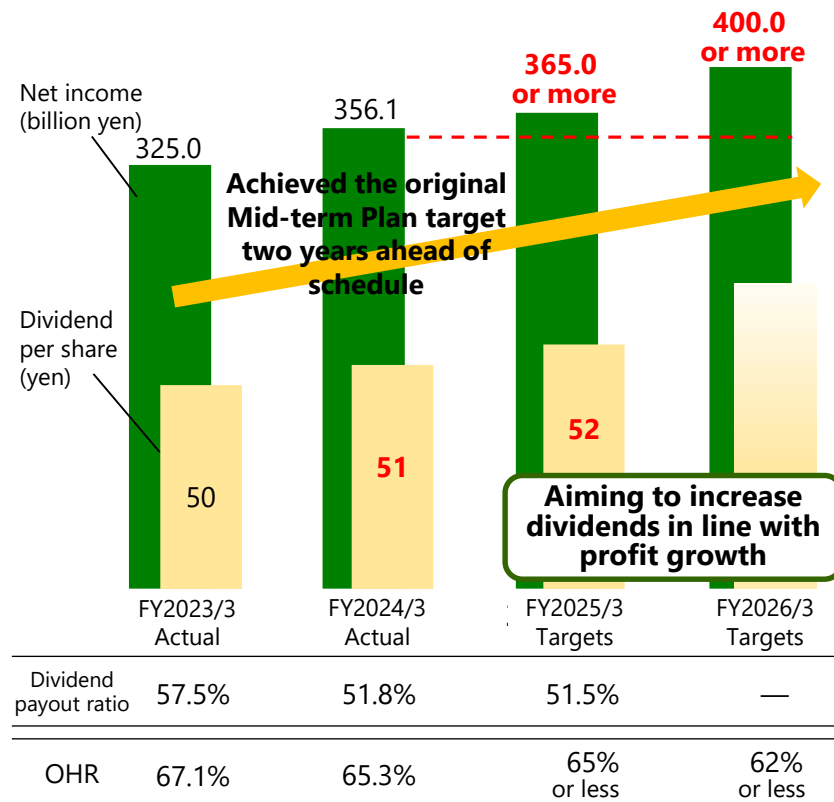


Executive Summary (3) Overview of Mid-term Plan Review

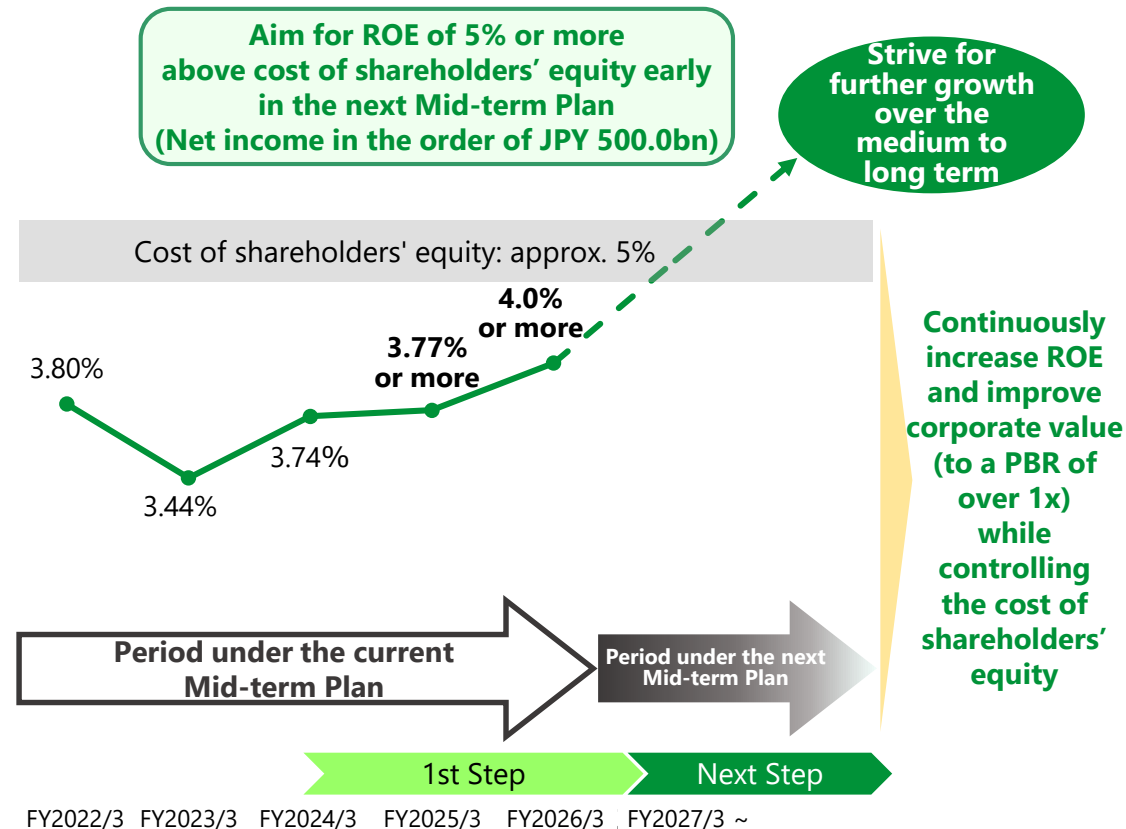
The FY2026/3 target for net income attributable to owners of parent has been revised upward to “JPY 400.0bn or more” (from the initial target of “JPY 350.0bn or more”), and the Bank is aiming to increase dividends in line with profit growth.

We are targeting an ROE of “4% or more” during the current Mid-term Plan and “5% or more”, exceeding the cost of shareholders’ equity, in the early stage of the next Mid-term Plan.

Financial Targets / Policy on Shareholder Returns



Medium- to Long-Term ROE Targets



Notes: 1. Consolidated basis.

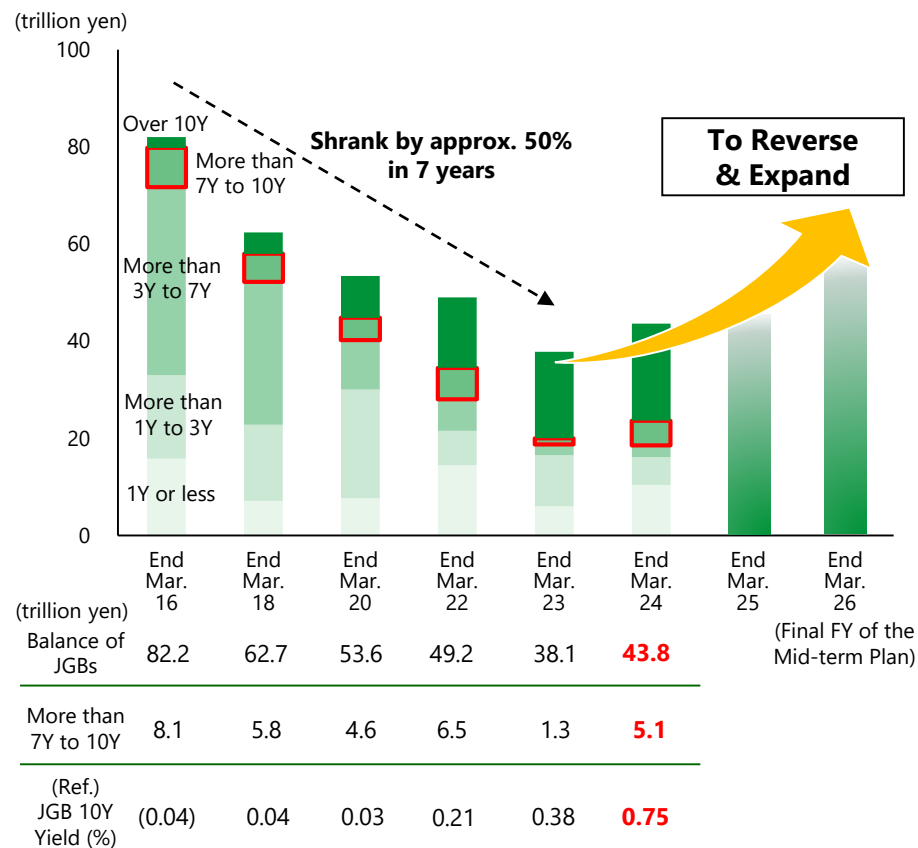
2. ROE is based on shareholders' equity; OHR includes gains (losses) from money held in trust, etc.

Executive Summary (4) Restructuring of the Yen Interest Rate Portfolio

Seizing the reversal of the trend in yen interest rates, the Bank is promoting an investment shift from due from banks, etc. to JGBs and is restructuring its yen interest rate portfolio.

The balance of JGBs, which had been decreasing under the low interest rate environment, expanded after bottoming out at the end of June 2023, and is growing steadily.

Balance of JGBs*



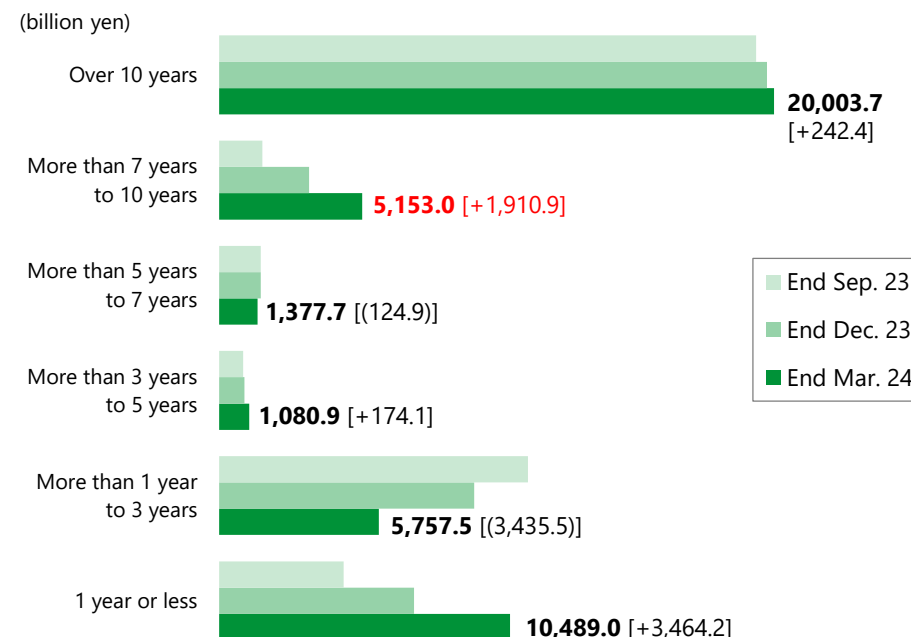
Source: JGB interest rate information – Ministry of Finance Japan

* Except JGBs in money held in trust.

Balance of JGBs* Based on the Remaining Time to Maturity (As of Mar. 31, 2024)

Note: Figures in [] represent changes from Dec. 31, 2023.

Balance of JGBs: JPY 43,862.0bn [JPY +2,231.3bn]



〈Balances based on the holding purpose〉

Held-to-maturity: JPY 20,549.1bn [JPY +2,518.3bn]

Available-for-sale: JPY 23,312.9bn [JPY (287.0)bn]

Executive Summary (5) ALM Policy

We maintain and sustain a stable funding base and balance of deposits, particularly retail deposits.

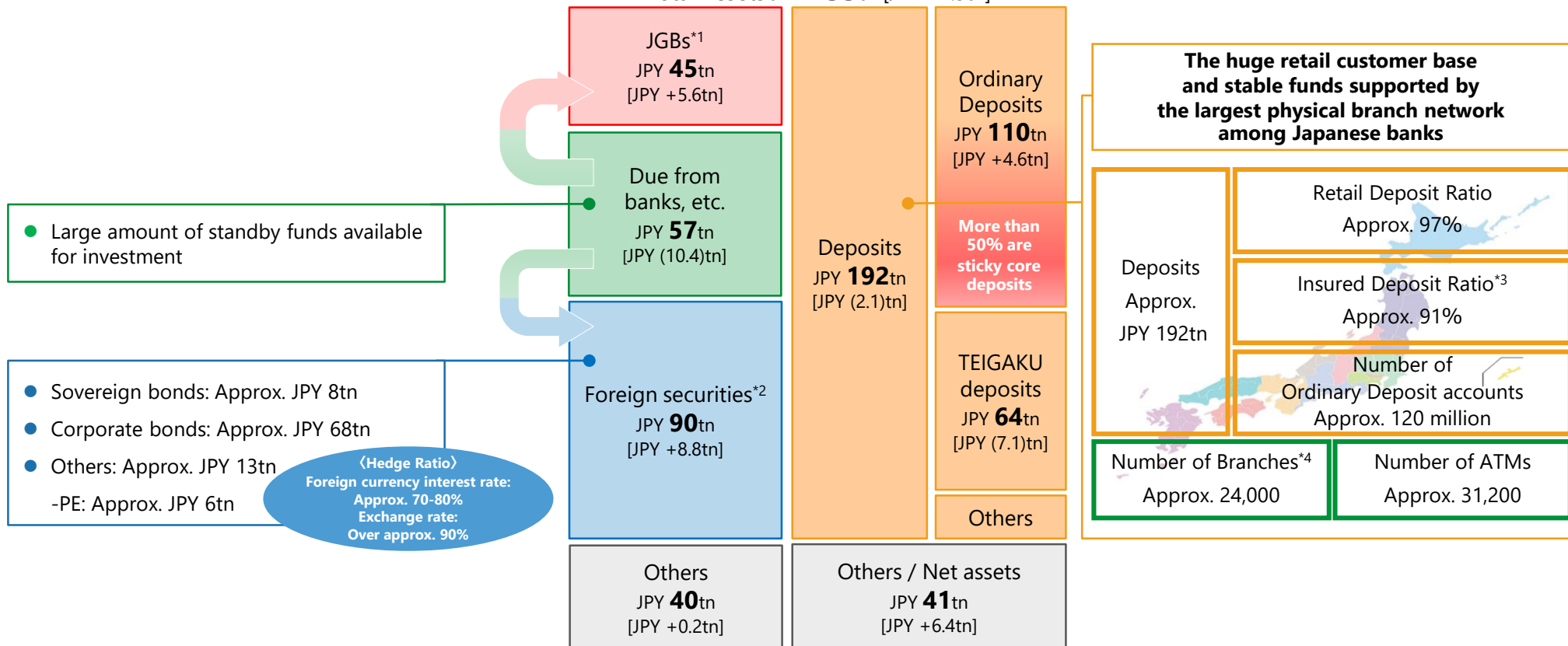
We pursue an optimal investment portfolio that combines yen interest assets (JGBs, due from banks, etc.) and risk assets (foreign securities, etc.) while strengthening risk management.

<The Bank's B/S (non-consolidated)>

Total Assets JPY **233**tn [JPY +4.3tn]

Note: As of Mar. 31, 2024.

Figures in [] represent changes from Mar. 31, 2023.



*1 Include JGBs in money held in trust.

*2 Include real estate funds, direct lending funds and infrastructure debt 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.

Executive Summary

(6) Impact of fluctuation in domestic and overseas interest rates on P/L (Simple Illustration)*1

The Bank's P/L is expected to improve (increase in interest income > increase in funding costs) due to higher yen long- and short-term interest rates and lower overseas short-term interest rates.

Restructuring of
the Yen Interest Rate
Portfolio (Ex.)

Rise of yen long-term interest rates

- Increase in yield on new investments and expansion in investment amount
 (An additional investment of JPY 10tn (10-year bonds) yielding 1%)
 → Annual earnings increase of **JPY 100bn**

Policy rate hike (BOJ)

- Increase in interest income
 (Rise of interest rates by 25 bps)
 → Annual earnings increase of **approx. JPY 115bn**

Rise of yen short-term interest rates

- Improvement in yield on yen short-term interest rate receivables position (position of approx. JPY 50tn)
 (Rise of yen short-term interest rates by 25 bps)
 → Annual earnings increase of **approx. JPY 125bn**

Decline of overseas short-term interest rates

- Decrease in foreign currency funding costs*4
 Improvement in yield on foreign currency interest rate position for taking on risk (position of approx. JPY 15tn)
 (Decline of overseas short-term interest rates by 50 bps)
 → Annual earnings increase of **approx. JPY 75bn**

<The Bank's B/S (non-consolidated)>

Total Assets JPY **233**tn [JPY +4.3tn]

Note: As of Mar. 31, 2024.

Figures in [] represent changes from Mar. 31, 2023.

JGBs*2
JPY **45**tn
[JPY +5.6tn]

Due from
banks, etc.
JPY **57**tn
[JPY (10.4)tn]

Foreign securities*3
JPY **90**tn
[JPY +8.8tn]

Others
JPY **40**tn
[JPY +0.2tn]

Deposits
JPY **192**tn
[JPY (2.1)tn]

Ordinary
Deposits
JPY **110**tn
[JPY +4.6tn]

More than
50% are
sticky core
deposits

TEIGAKU
deposits
JPY **64**tn
[JPY (7.1)tn]

Others

Others / Net assets
JPY **41**tn
[JPY +6.4tn]

Deposit interest rates hike (raised on Apr. 8, 2024)

- Increase in interest payments (**Impact on both existing deposits and new deposits.** However, margins would still be secured due to the lag behind the rise in market interest rates)

Deposit interest rates hike (raised on Apr. 8, 2024)

- Increase in interest payments (**Impact on only new deposits (including reposits).** However, margins 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.

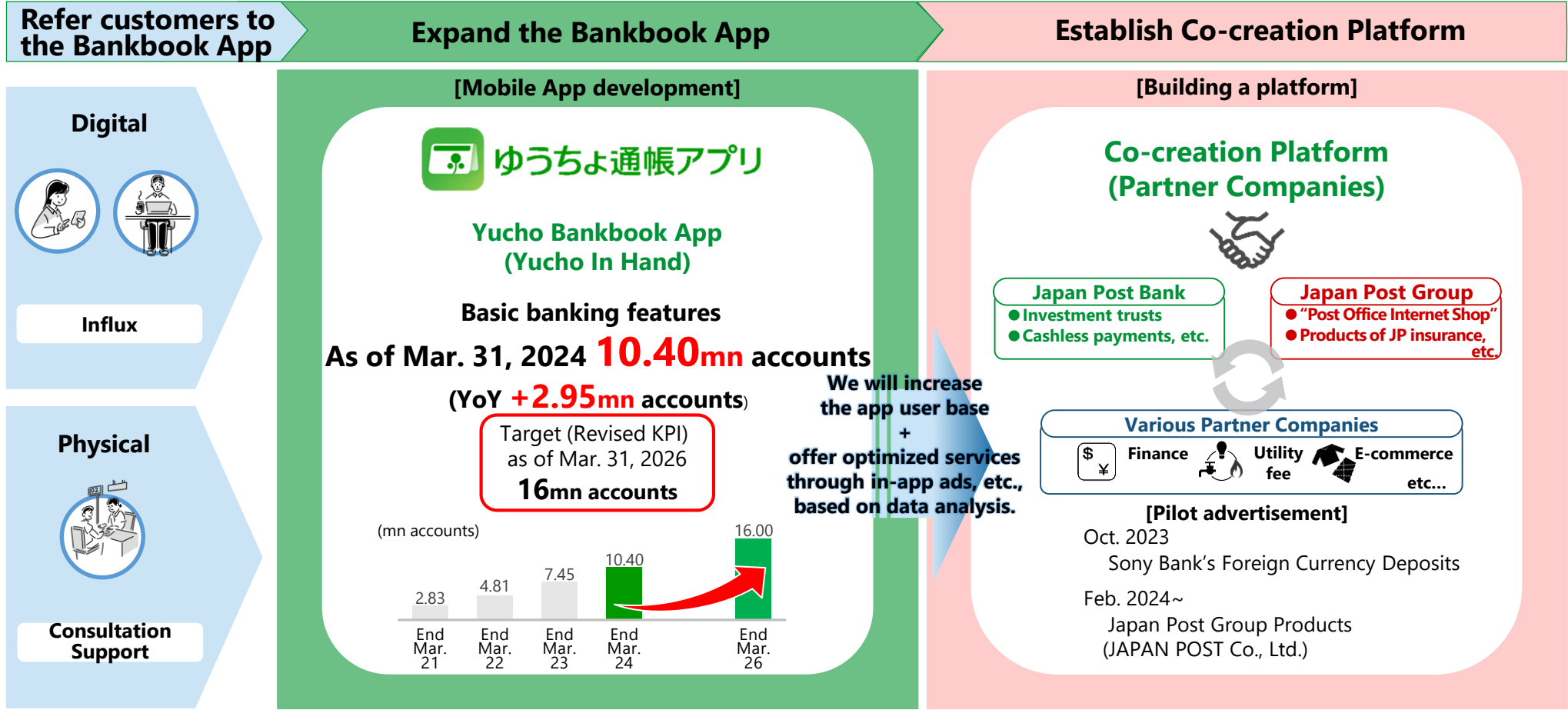
*3 Include real estate funds, direct lending funds and infrastructure debt funds in money held in trust.

*4 Include assets that raise capital within the fund, and foreign currency funding costs depend on differences in domestic and overseas interest rates.

Provide Safe Secure Convenient 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 apps,
while also expanding the number of the Bankbook App users.

[Platform Strategy]

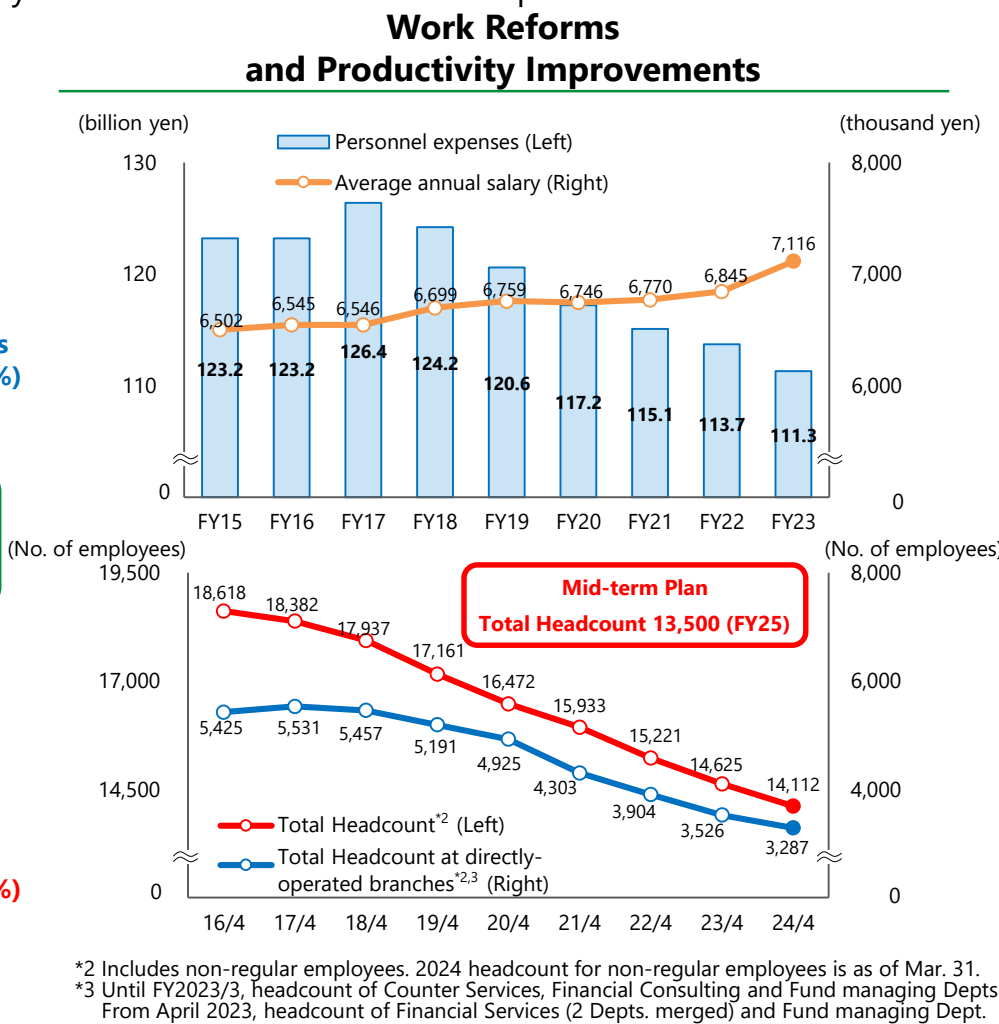
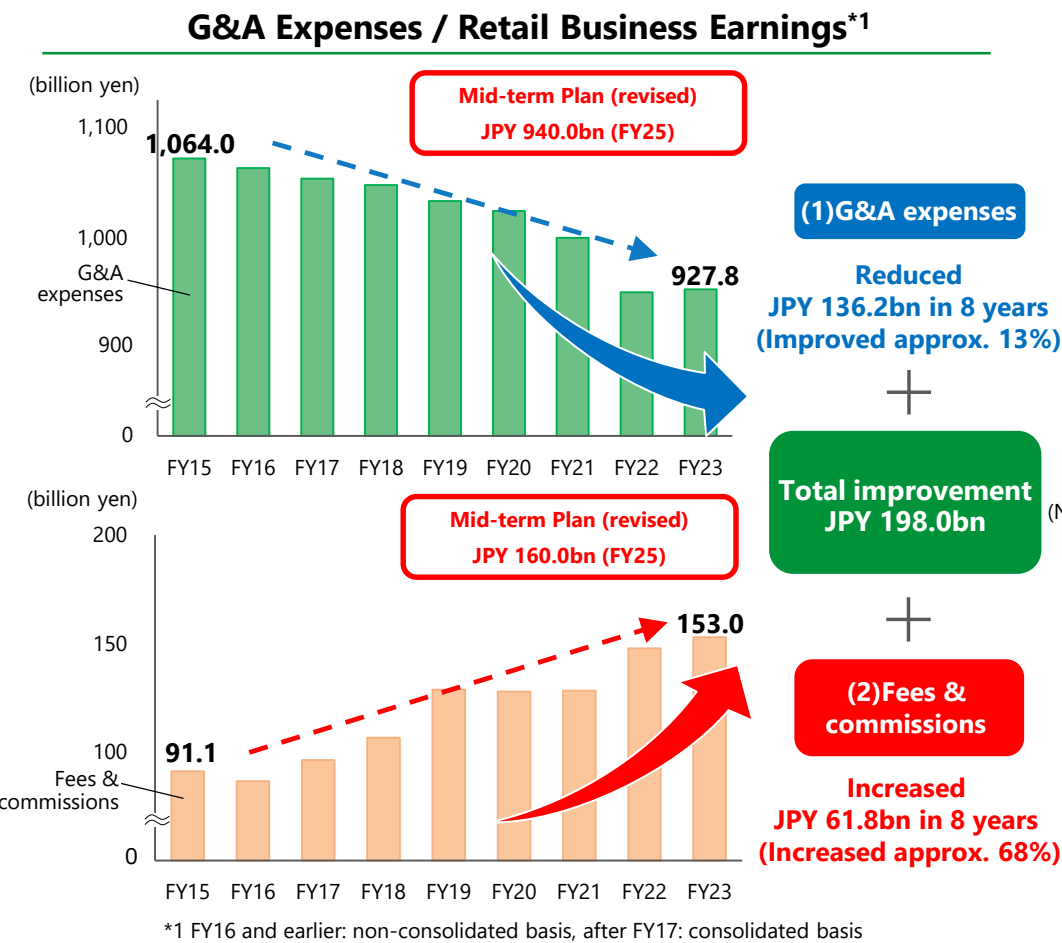


Executive Summary (8) Growing Retail Business

Progress in Improving the Work Efficiency from Quantitative Aspects

We have steadily reduced G&A costs and increased profits in our retail business. We will attempt to sustain G&A cost reductions through improving work efficiency. We will enhance the customer experience and maximize retail business earnings through increased transaction volume, price optimization, etc.

While reducing regular expenses, we will also invest actively in key areas such as DX and human capital enhancement.



Executive Summary (9) Full-scale Launch of the Σ Business

In FY2025/3, we launched “New Corporate Banking Business through Investment (we call ‘Σ Business’)” in full-scale to create the bright future of society and regions.

We create a “co-creation platform” through partnerships and collaborations with various partners such as regional financial institutions and promote “GP*1 business in a JPB appropriate manner.” By proceeding this business, we aim to secure “third engine” i.e. the new business comparable to the existing retail and market business, and to create sustainable revenue base.

Σ Business: Full-scale launch from FY2025/3

GP business in a JPB appropriate manner

- ✓ **Promoting Co-creation with regional financial institutions, etc.** for the development of society and regional economies
- ✓ Carefully identifying local funding needs by utilizing the Bank’s nationwide network
- ✓ Providing capital funds from a medium- to long-term perspective by utilizing the Bank’s stable funding base
- ✓ Accompanying and supporting investee companies to help them achieve growth and resolve issues

GP business (investment business)

Planning to establish JVs and subsidiaries with fund companies, trading companies, etc.

Newly established

JAPAN POST BANK CAPITAL PARTNERS Co., Ltd. (wholly owned subsidiary)



Co-Partners

Utilize the nationwide network



GP business in a JPB appropriate manner



Collaboration with co-partners

Business succession and business revitalization investment

Venture capital investment

ESG investment

Deal sourcing business

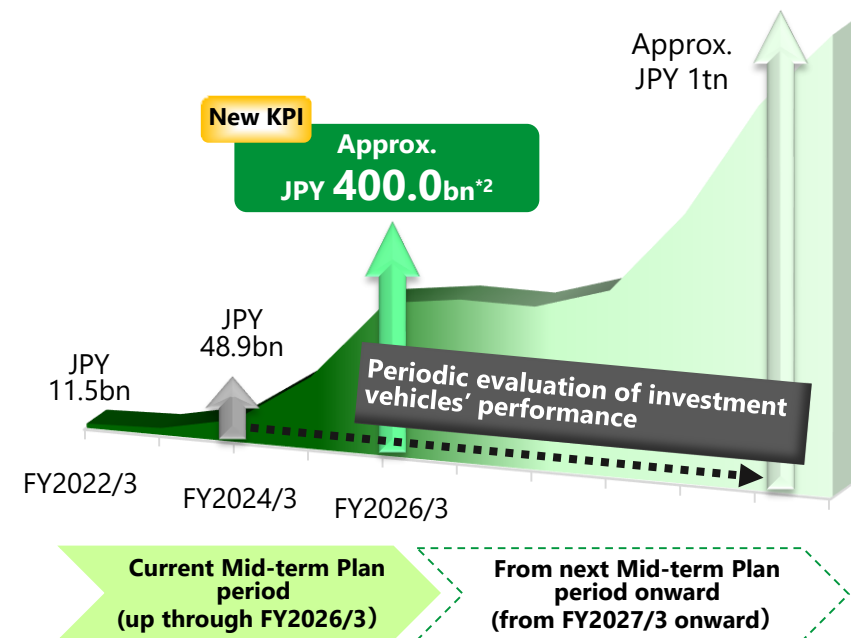
Identifying local customers with a willingness to grow and support them actively

Marketing support business

Propose products of investee companies that have potential to create new markets

GP Business-Related Investment Target

Assuming steady performance, challenges to investment commitments of JPY 1tn from the next Mid-term Plan period onward. (based on investment commitments)



*1 GP (General Partner): Fund management entity responsible for selecting projects, making investment decisions, etc.

*2 The amount of investment commitment currently planned; the amount may increase or decrease depending on future investment performance and evaluation, market conditions, risk-return ratio, and other factors.

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FY2025/3 Financial Forecasts (1) Earnings Forecasts (Consolidated)

Net income attributable to owners of parent is expected to reach JPY 365.0bn in FY2025/3 due to an increase in income from the yen interest rate portfolio and recovery of PE, etc. compared to FY2024/3.

Earnings Forecasts (Consolidated)

	FY2024/3 (Actual) (A)	FY2025/3 (Forecast) (B)	Increase (Decrease) (B) – (A) ^{*2}
Net interest income, etc. ^{*1}	1,267.8	1,312.0	44.0
Net fees and commissions	153.0	150.0	(3.0)
General and administrative expenses	927.8	936.0	8.0
Net ordinary income	496.0	525.0	29.0
Net income attributable to owners of parent	356.1	365.0	9.0

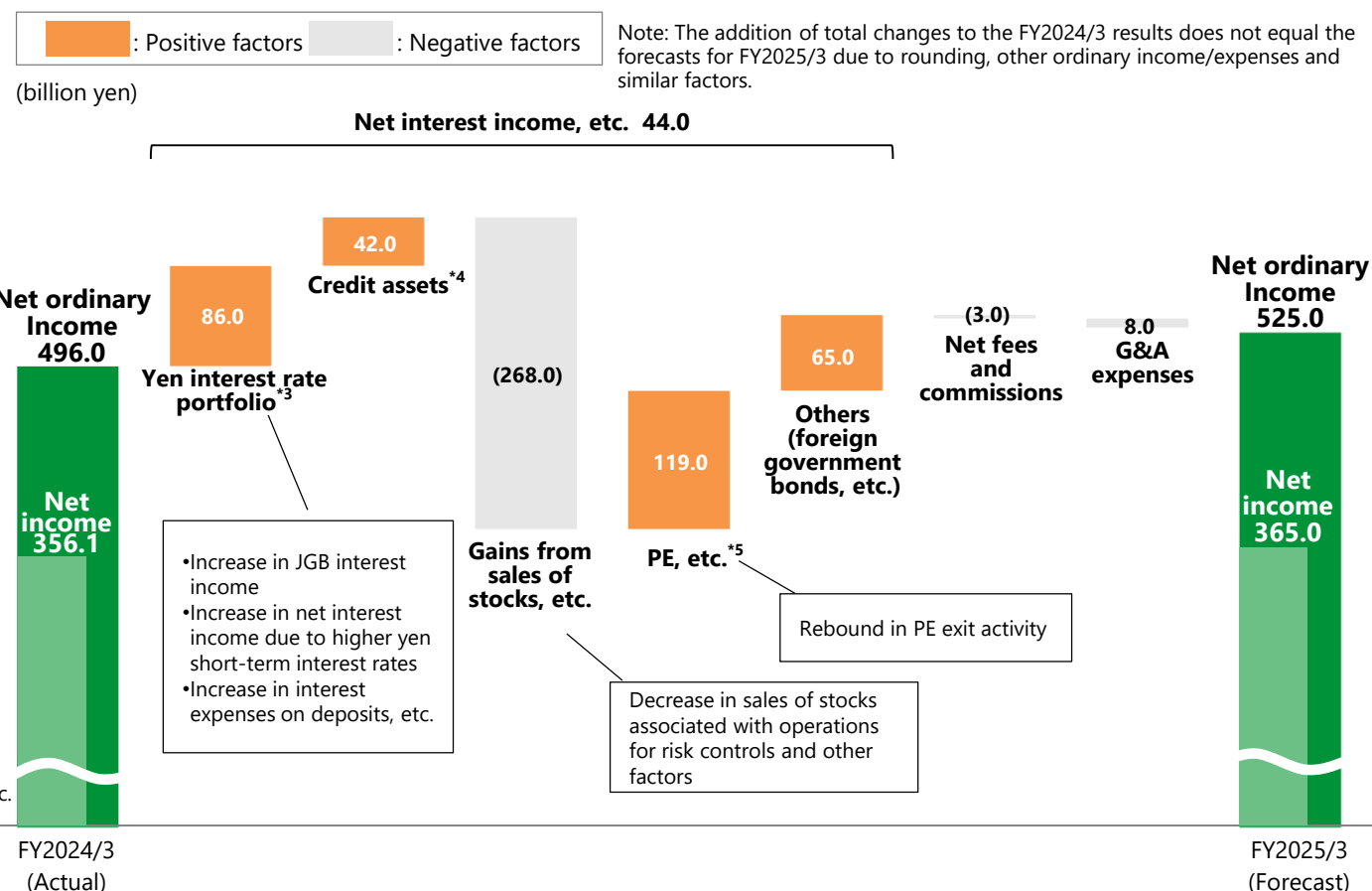
^{*1} Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.)

^{*2} Figures are rounded.

^{*3} Income from JGBs, etc., income related to yen interest rate risk-taking in risk assets, interest expenses on deposits, etc.

^{*4} Income related to foreign bond investment trusts, in-house corporate bonds, real estate funds (debt), direct lending funds, etc. (excluding income related to yen interest rate risk-taking)

^{*5} Income related to PE and real estate funds (equity) (excluding income related to yen interest rate risk-taking)



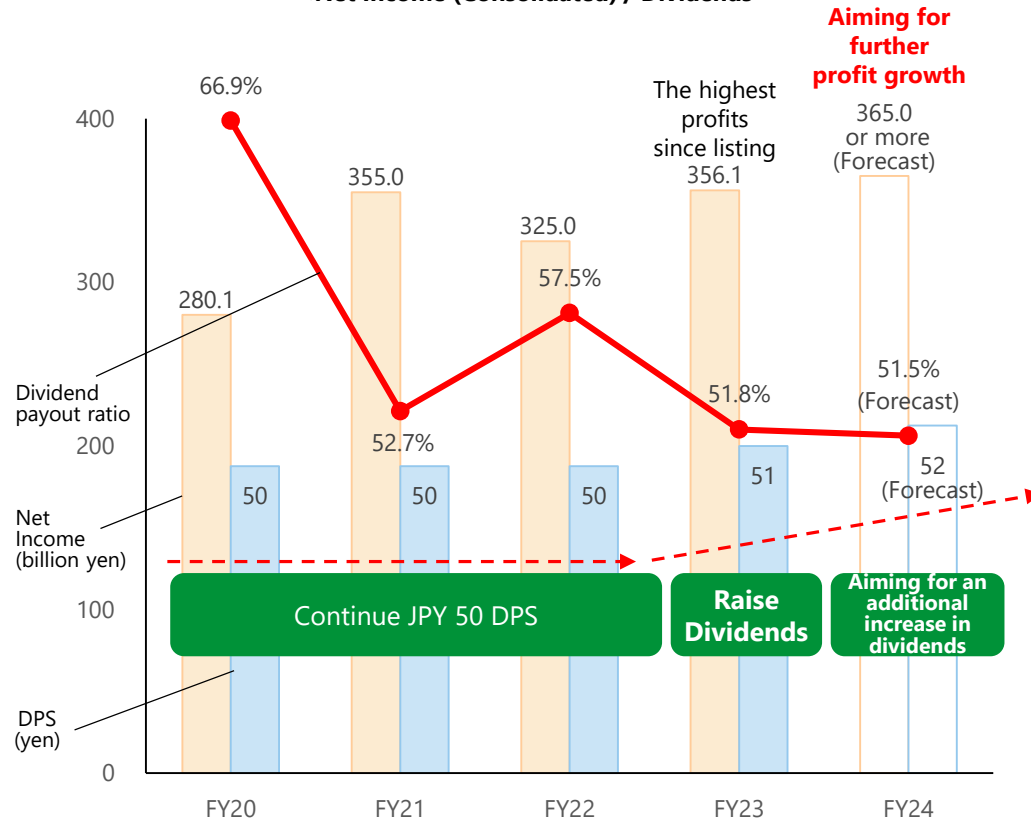
FY2025/3 Financial Forecasts (2) Shareholder Returns

A dividend per share (DPS) of JPY 52 is estimated for FY2025/3 based on the Bank's dividend policy, earnings forecasts, and future business environment.

We will continue with our existing dividend policy and aim to increase dividends in line with profit growth.

Increase Dividends in Line with Profit Growth

<Net Income (Consolidated) / Dividends>



Dividends Forecasts

	FY2024/3 (Actual)	FY2025/3 (Forecast)
Dividend per share	JPY 51 (Annual JPY 51)	JPY 52 (Annual JPY 52)
Total dividend payment	JPY 184.4bn	JPY 188.1bn
Dividend payout ratio	51.8%	51.5%

Shareholder Return Policy (after revision)

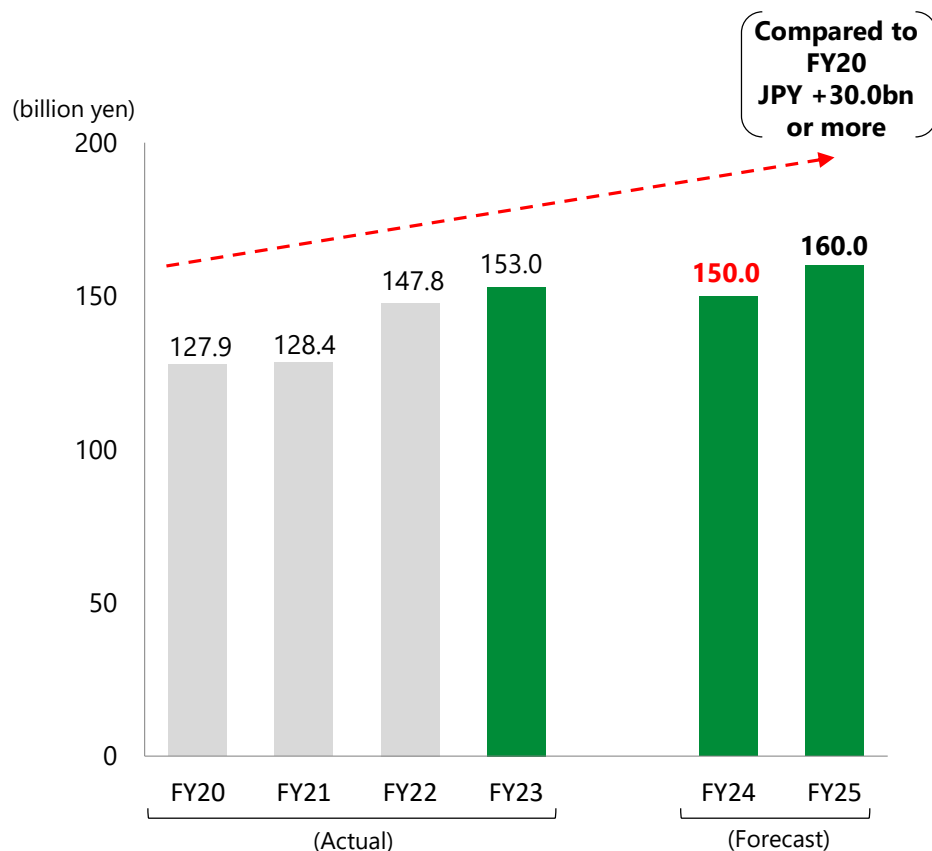
- Considering the balance between shareholder returns, financial soundness, and investment for growth, our basic policy is to maintain a dividend payout ratio of approximately 50% during the period of the Mid-term Plan (FY2022/3-FY2026/3)
- However, based on the stability and continuity of dividends, the Bank seeks to **increase the dividend per share from the level of the initial dividend forecast for FY2025/3**, by aiming for a payout ratio in the range of 50% to 60%

FY2025/3 Financial Forecasts (3) Fees and Commissions / G&A Expenses (Consolidated)

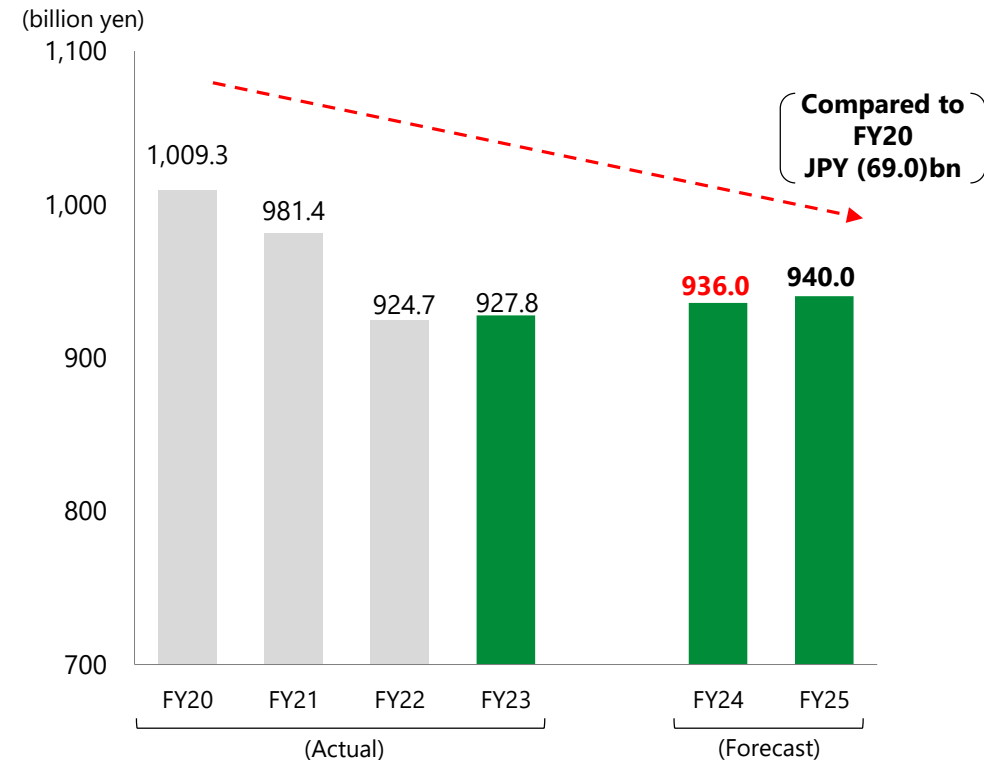
Net fees and commissions are projected to total JPY 150.0bn in FY2025/3. The amount is expected to decrease from the previous year, mainly due to eliminating the addition of a fee for using cash for payment services (effective January 2024).

General and administrative expenses are expected to increase from the previous year due to IT expenses and an increase in non-personnel expenses associated with important measures.

Fees and Commissions



G&A Expenses



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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.

The revision of Medium-term Management Plan (FY2022/3 through FY2026/3)

～ Deepening trust, and taking on the challenge for financial innovations～

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1. Highlight

Medium-term Management Plan Review: Highlight (1)

1. Review of financial targets and various KPIs

✓ **Net income for FY2025/3** is expected to increase from the year earlier to reach **"¥365 billion or more."** The **net income projection for FY2026/3** was **revised upward to "¥400 billion or more"** from the "¥350 billion or more" assumed in the original Medium-Term Management Plan (hereinafter referred to as "the Medium-term Plan"). Key KPIs were revised upward or newly established in accordance with the revised plan.

Financial Targets	FY2024/3 Actual	FY2025/3 Targets	FY2026/3 Targets (after revision)	FY2026/3 Targets (before revision)
Net income* ¹	¥356.1 bn	¥365.0 bn or more	¥400.0 bn or more	¥350.0 bn or more
ROE* ¹	3.74%	3.77% or more	4.0% or more	3.6% or more
OHR* ¹	65.39%	65% or less	62% or less	66% or less

*¹ Consolidated basis; ROE is based on shareholders' equity; OHR includes gains (losses) from money held in trust, etc.

- The plan calls for improving net income to ¥400.0bn in FY2026/3, on an increase in net fees and commissions, etc. in addition to an increase in income from the yen interest rate portfolio, credit assets, and PE (private equity), while gains from the sale of stocks and other securities associated with operations for risk controls are projected to decrease compared to FY2024/3.

Main KPIs		FY2026/3 Targets (after revision)	FY2026/3 Targets (before revision)
Retail business	No. of accounts registered in the Yucho Bankbook App	16 million accounts	10 million accounts
	No. of NISA accounts	940,000 accounts	—
Market business	Balance of risk assets	Approximately ¥114 trillion	Approximately ¥110 trillion
	Balance in strategic investment areas	Approximately ¥14 trillion	Approximately ¥10 trillion
Σ Business	GP* ² business-related investments (based on investment commitments)	Approximately ¥400 billion	—

*² GP (General Partner): Fund management entity responsible for selecting projects, making investment decisions, etc.

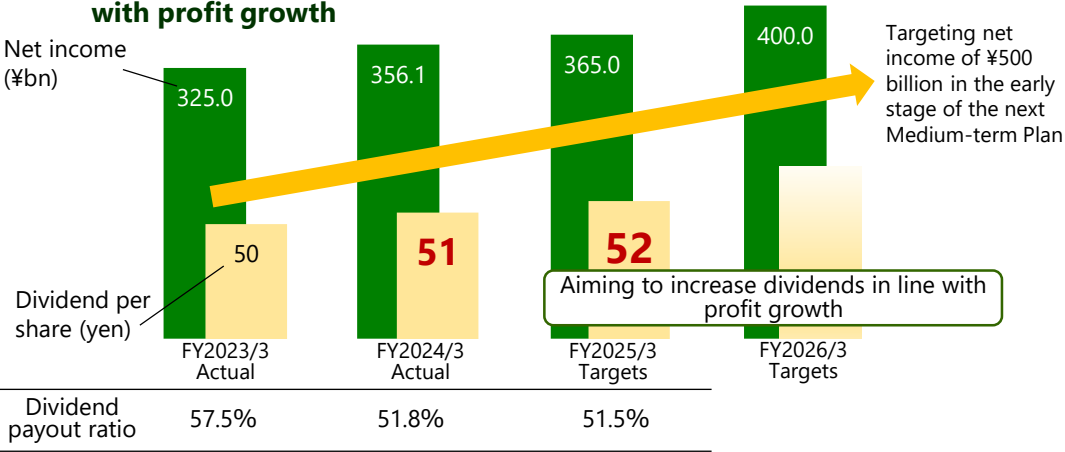
2. Medium- to long-term ROE targets

✓ **Aiming to achieve ROE of 4% or more** during the current Medium-term Plan (through FY2026/3) and **5% or more*** in excess of cost of shareholders' equity **early in the next Medium-term Plan (from FY2027/3)**, and further improvement over the medium to long term.

* Net income in the order of ¥500 billion

3. Actual and estimated dividend per share

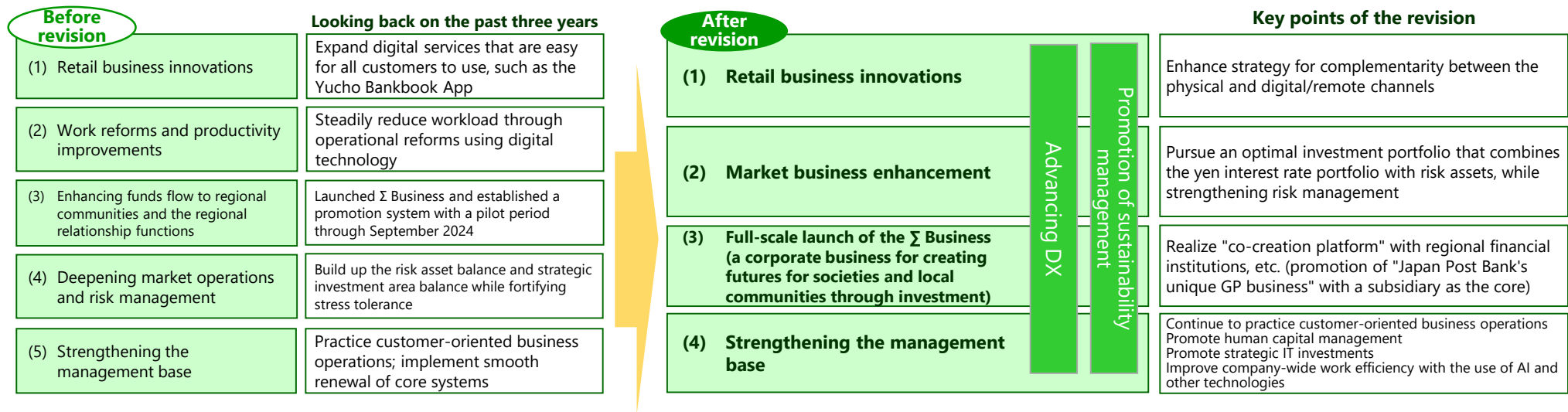
✓ **No change in shareholder return policy, aiming to increase dividends in line with profit growth**



Medium-Term Management Plan Review: Highlight (2)

4. Review of business strategies

- ✓ Revised the part of the plan covering the two years from FY2025/3 to FY2026/3 in light of changes in the business environment. While maintaining the basic direction of the Medium-term Plan, **we revised the framework around three business strategies** with a view to the next Medium-term Plan, **accelerating transformation to a sustainable business model**.



(Reference) Achievement of Medium-Term Plan Goals (up through FY2024/3)

- ✓ Net income for FY2024/3 was ¥356.1 bn.
In addition to achieving the FY2024/3 financial targets set forth in the Medium-term Plan, the FY2026/3 targets were achieved ahead of schedule.
Progress has been smooth, in general, for each KPI related to priority strategies.

Financial targets	FY2022/3 (Actual)	FY2023/3 (Actual)	FY2024/3 (Actual)	FY2024/3 (Medium-term Plan*)	FY2026/3 (Medium-term Plan)	Main KPIs	FY2024/3 (Actual)	FY2026/3 (Medium-term Plan)
Net income	¥355.0 billion	¥325.0 billion	¥356.1 billion	¥280.0 billion or more	¥350.0 billion or more	Number of accounts registered in the Yucho Bankbook App	10.4 million accounts	10 million accounts
ROE	3.80%	3.44%	3.74%	3.0% or more	3.6% or more	Balance of risk assets	¥107.4 trillion	Approximately ¥110 trillion
OHR	67.52%	67.15%	65.39%	72% or less	66% or less	Balance in strategic investment areas	¥12.1 trillion	Approximately ¥10 trillion

* FY2024/3 targets announced in May 2021; FY2024/3 forecast announced in May 2023 was for ¥335.0 billion.

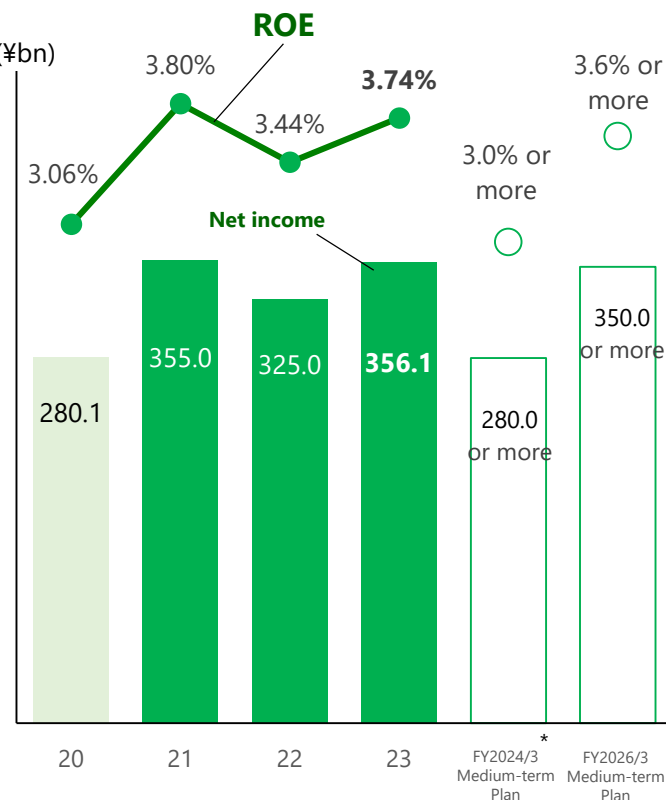
2. About the revision of Medium-term Management Plan

Review of the First Three Years of the Medium-term Management Plan: (1) Financial Targets

■ Net income for FY2024/3 was ¥356.1bn. In addition to achieving the FY2024/3 financial targets set forth in the Medium-term Plan, the targets for FY2026/3 were also achieved ahead of schedule.

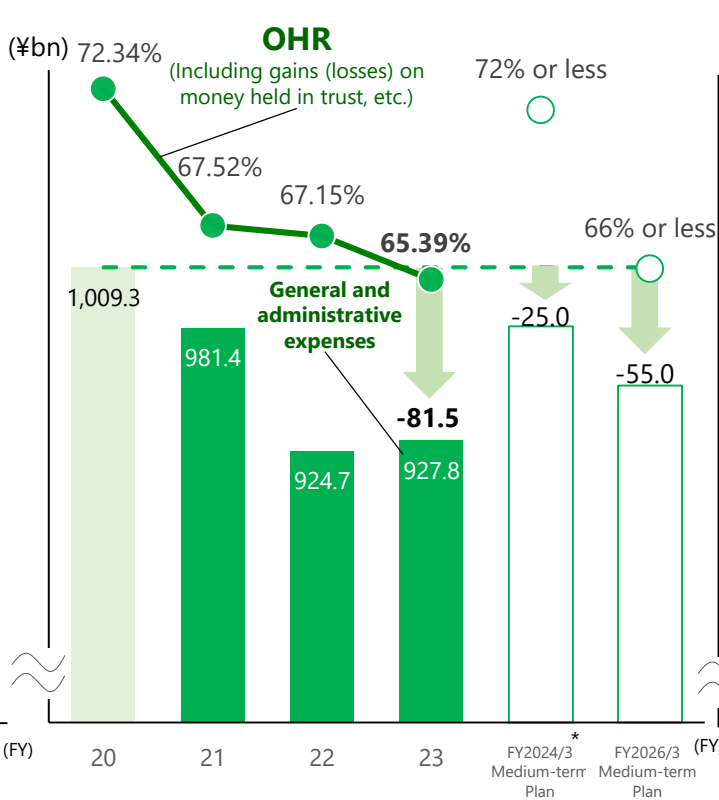
Profitability

Achievement of targets



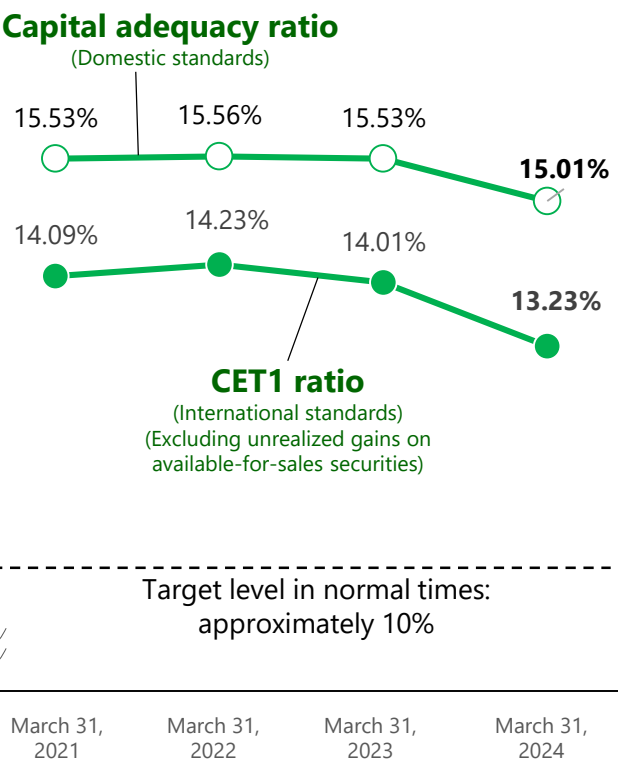
Efficiency

Achievement of targets



Soundness

Maintain target levels



* FY2024/3 targets announced in May 2021 ; FY2024/3 forecast announced in May 2023 was for ¥335.0 billion.

Review of the First Three Years of the Medium-term Management Plan: (2) KPIs

- Progress toward achieving the KPIs*¹ for the major strategies set forth in the Medium-term Plan is generally proceeding smoothly. For some items, FY2026/3 targets were achieved two years ahead of schedule.

Key strategic points	KPI	FY2021/3 Actual	FY2024/3 Actual	FY2026/3 Targets		Evaluation
Retail business innovations	Number of accounts registered in the Yuchu Bankbook App	2.83 million accounts	10.4 million accounts	10 million accounts	◎	Achieved FY2026/3 target two years ahead of schedule
	Number of active Tsumitate NISA accounts ²	130,000 accounts	370,000 accounts	400,000 accounts	○	Steady growth in the number of active accounts
Work reforms and productivity improvements	Personnel reduction (versus FY2021/3)	—	−1,850 employees	−3,000 employees	○	The increase of 960 employees in strengthened areas was largely in line with the plan. Meanwhile, the workforce was reduced by 2,810 on the back of a decrease in work volume resulting from work reforms
Enhancing funds flow to regional communities and the regional relationship functions	Number of regional vitalization fund participation cases	32 cases (cumulative)	51 cases (cumulative)	50 cases (cumulative)	◎	Achieved FY2026/3 target two years ahead of schedule
	Number of financial institutions that have aggregated operational processes	3 financial institutions	5 financial institutions (cumulative)	Approximately 20 financial institutions	△	Trended below initial expectations due to changes in the social environment, such as the introduction of "eL-QR" code
Deepening market operations and risk management	Balance of risk assets	¥91.1 trillion	¥107.4 trillion	Approximately ¥110 trillion	○	Steady growth in balances, especially in investment grade area
	Balance in strategic investment areas	¥4.2 trillion	¥12.1 trillion	Approximately ¥10 trillion	◎	Steadily expanding balances while making selective investments Achieved FY2026/3 target ahead of schedule
Promotion of sustainability management	CO2 emissions reduction rate (compared to FY2020/3)	−8.2%	−50.8% (FY2023/3 actual results)	−60% (FY2031/3 target)	◎	Completed transition to renewable electricity for company-owned facilities Target raised from −46% to −60% in March 2023
	Balance of ESG-themed investments	¥1.2 trillion	¥4.6 trillion	¥4 trillion	◎	Steadily expanding investment balance Target raised from ¥2 trillion to ¥4 trillion in March 2022
	Ratio of women in managerial positions	15.7% (As of April 2021)	18.4% (As of April 2024)	20% (Target by April 2026)	○	Steadily increasing the percentage toward achieving the target by April 2026
	Rate of employees taking childcare leave (regardless of gender)	99.5%	100%	100%	○	Noticeable increase in the number of days of childcare leave taken by male employees (65% took leave for 4 weeks or more)
	Rate of employees with disabilities	2.74% (As of June 2020)	2.94% (As of June 2023)	2.7% or more (Target by June 2025)	○	Maintaining employment rate above KPI

*1 KPI = Key Performance Indicator *2 Due to the NISA system revision in January 2024, "FY2024/3 Actual" includes the number of the NISA monthly investment account.

Change in Business Environment, Etc.

- Since the formulation of the Medium-term Plan (May 2021), the business environment surrounding the Bank has changed significantly.
- Although demand is increasing for the Bank to take action to implement management that is conscious of the cost of capital and stock price, the Bank's ROE (return on equity) stands below cost of shareholders' equity and the PBR (price book value ratio) remains below 1x. It is necessary to sustainably improve ROE while responding to changes in the business environment.

Major changes in the business environment since the formulation of the Medium-term Plan

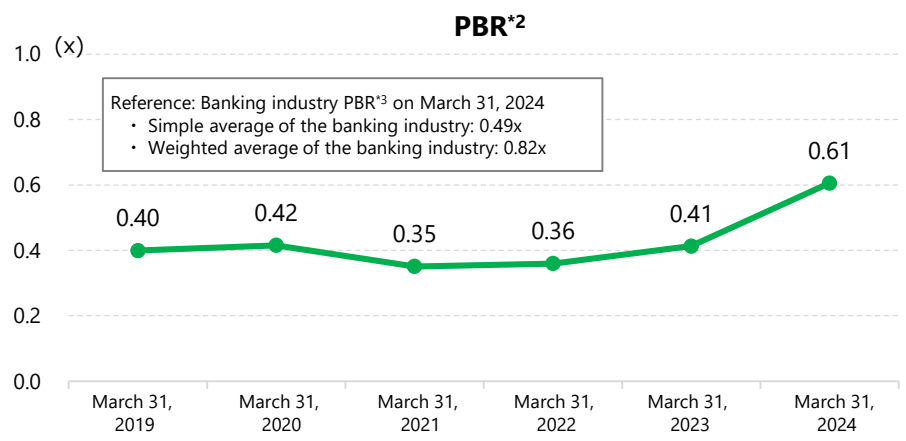
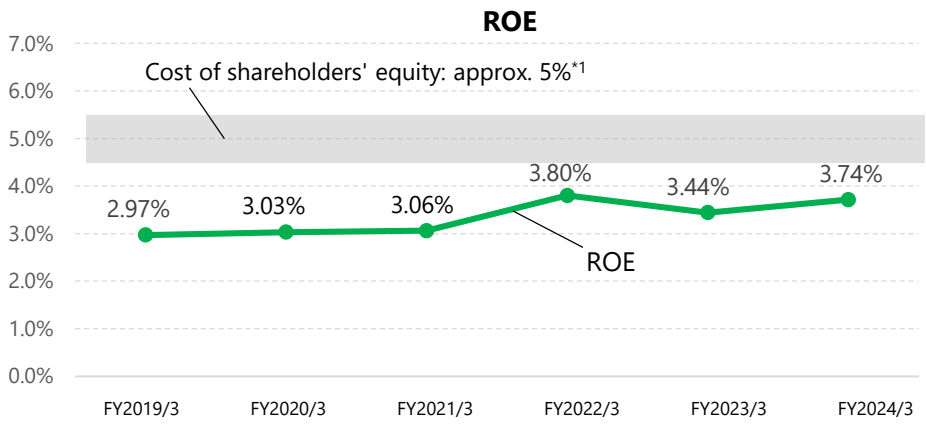
External environment

- Change in the BOJ's monetary policy (lifting of negative interest rate policy, removal of yield curve control, etc.), higher domestic interest rates
- Overseas interest rates rose sharply due to inflation overseas and monetary tightening by the US Fed and European Central Bank, whereas, interest rate cuts are expected to begin in 2024
- The digitalization of society progressed even more after the Covid-19 pandemic; digital technologies, such as generative AI, are evolving rapidly
- Government promotion of "Policy Plan for Promoting Japan as a Leading Asset Management Center" and launch of the new NISA system
- Increasing demand for action to implement management that is conscious of the cost of capital and stock price
- Increasing demand for the Bank to address and promote information disclosure on sustainability management and human capital management matters

Internal environment

- Enhancement of functionality of digital services and increase in the number of users
- Expansion in the risk asset balance and strategic investment area balance
- Launch of Σ Business (a corporate business for creating futures for societies and local communities through investment)
- Decrease in the shareholding ratio of Japan Post Holdings (from 89.0% to 61.5%) due to a secondary offering of the Bank's shares, and increase in the number of general shareholders

ROE and PBR



*1 Based on CAPM (Capital Asset Pricing Model)
Calculated based on risk free rate (10-year JGB yield) + adjusted beta (set based on the return of the TOPIX and the Bank's stock price over the last 60 months) x market risk premium (expected return on the stock market - 10-year JGB yield)

*2 Excluding treasury stock

*3 Prepared by the Bank based on each company's financial data, etc. (average of bank stocks included in the TOPIX)

Key Points of the Review of Business Strategies

- Based on changes in the business environment since the Medium-term Plan was formulated, revisions were made for the two years from FY2025/3 to FY2026/3 (the plan for the period through FY2026/3 remains unchanged).
- While maintaining the basic direction of the Medium-term Plan, and looking ahead to the next plan, the framework was revised to focus on the three strategic areas (retail business, market business, and Σ (sigma) Business) that leverage the Bank's unique strengths. Accelerate the transformation to a sustainable business model.

Medium-term Plan before the revision

“Deepening trust, and taking on the challenge for financial innovations”
Innovating our business model and enhancing business sustainability

Review of the past three years

(1) Retail business innovations	Expand digital services that are easy for all customers to use, such as the Yucho Bankbook App
(2) Work reforms and productivity improvements	Steadily reduce workload through operational reforms using digital technology
(3) Enhancing funds flow to regional communities and the regional relationship functions	Launched Σ Business and establish a promotion system with a pilot period through September 2024
(4) Deepening market operations and risk management	Build up the risk asset balance and strategic investment areas while fortifying stress tolerance
(5) Strengthening the management base	Practice customer-oriented business operations; implement smooth renewal of core systems

Shareholder return policy

Aim to increase dividends in line with profit growth, in accordance with a basic policy for a dividend payout ratio of approximately 50%

Medium-term Plan after the revision

"Deepening trust, and taking on the challenge for financial innovations"
Innovating our business model and enhancing business sustainability

No change

Key points of the revision

(1) Retail business innovations	Advancing DX	Promotion of sustainability management	Enhance strategy for complementarity between the physical and digital/remote channels
(2) Market business enhancement			Pursue an optimal investment portfolio that combines the yen interest rate portfolio with risk assets, while strengthening risk management
(3) Full-scale launch of the Σ Business (a corporate business for creating futures for societies and local communities through investment)			Realize "co-creation platform" with regional financial institutions, etc. (promotion of "Japan Post Bank's unique GP business" with a subsidiary as the core)
(4) Strengthening the management base			Continue to practice customer-oriented business operations Promote human capital management Promote strategic IT investments Improve company-wide work efficiency with the use of AI and other technologies

Shareholder return policy

Aim to increase dividends in line with profit growth, in accordance with a basic policy for a dividend payout ratio of approximately 50%

No change

Strengths unique to Japan Post Bank

The largest customer base of any Japanese bank
120 million
ordinary deposit accounts



Most extensive and stable deposit base in Japan
¥192 trillion in deposits,
 centered on retail banking customers



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

3. Medium-term Management Plan after the revision

Purpose, Management Philosophy, and Mission

Purpose Why: What is the purpose of the Bank's existence?

**We aim for the happiness of our customers and employees,
and to contribute to the development of societies and local communities.**

Management Philosophy Where: What should the Bank aim to be?

**We aim to be "the most familiar and trusted bank" by using customer feedback as
our compass for tomorrow**

Mission What: What will we do to realize our Purpose and Management Philosophy?

**Provide "reliable and thorough" financial services "safely and securely"
to anyone and everyone throughout Japan.**

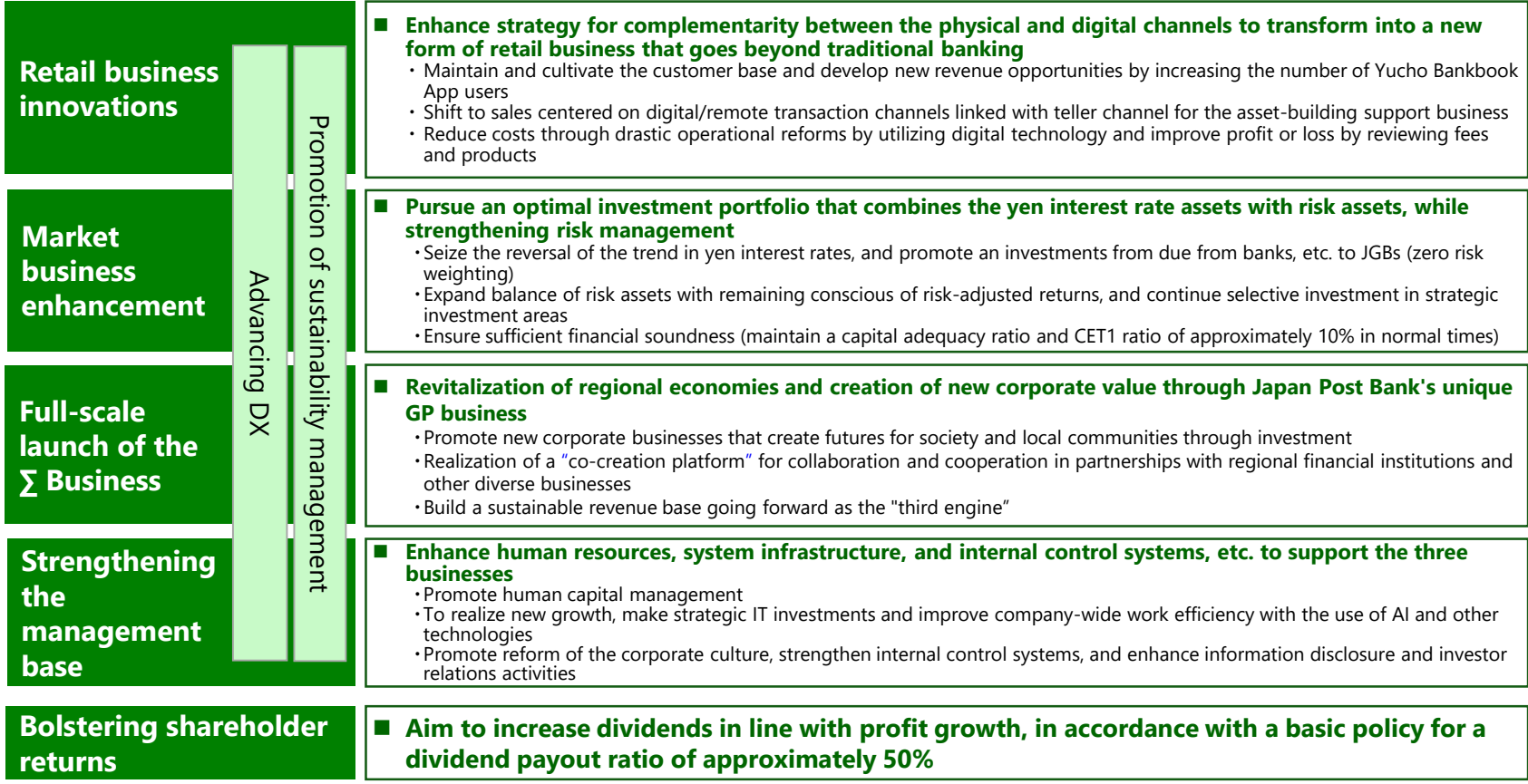
**Contribute to the development of regional economies by enhancing funds flow to,
and relationships with, local communities using various frameworks.**

**As one of the largest institutional investors in Japan, Japan Post Bank will work
to both realize sound and profitable operations, and contribute to the realization of a sustainable society.**

**Realize both the enhancement of corporate value and contributions to solutions to social issues,
such as by achieving the SDGs (Sustainability management)**

Basic Policies of the Revised Medium-Term Management Plan

- Accelerate transformation to a sustainable business model with appropriate allocation of management resources in light of changes in the business environment, including rising yen interest rates and faster-than-expected advancements in the digitalization of society.
- Promote growth strategies that leverage the Bank's unique strengths through the three business engines, aiming to continuously improve ROE and PBR.



Continuously increase ROE and improve corporate value (to a PBR of over 1x) while controlling the cost of shareholders' equity

The largest customer base of any Japanese bank
120 million
ordinary deposit accounts

×

Most extensive and stable deposit base in Japan
¥192 trillion in deposits,
centered on retail banking customers

×

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

Revised Financial Targets

- Financial targets for FY2026/3 have been revised as follows. Aim to achieve consolidated net income of ¥400.0 bn or more in FY2026/3.

Consolidated basis		FY2024/3 Actual	FY2025/3 Targets	FY2026/3 Targets (after revision)	FY2026/3 Targets (before revision)
Profitability	Consolidated net income (attributable to owners of parent)	¥356.1 billion	¥365.0 billion or more	¥400.0 billion or more	¥350.0 billion or more
	ROE (based on shareholders' equity)	3.74%	3.77% or more	4.0% or more	3.6% or more
Efficiency	OHR (expense ratio) (including gains (losses) from money held in trust, etc.) ^{*1}	65.39%	65% or less	62% or less	66% or less
	General and administrative expenses (compared to FY2021/3)	−¥81.5 billion	−¥73.0 billion	−¥69.0 billion	−¥55.0 billion
Soundness	Capital adequacy ratio (domestic standards)	15.01%	Approximately 10% (Target level in normal times)	Approximately 10% (Target level in normal times)	Approximately 10% (Target level in normal times)
	CET1 (Common Equity Tier 1 Capital) ratio (International standards) ^{*2}	13.23%	Approximately 10% (Target level in normal times)	Approximately 10% (Target level in normal times)	Approximately 10% (Target level in normal times)

^{*1} Considering that Japan Post Bank manages securities by using money held in trust of a considerable scope, the OHR is set as an indicator that includes investment gains (losses) related to money held in trust in the denominator. Calculated as general and administrative expenses ÷ (net interest income, etc. + net fees and commissions). Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales etc.).

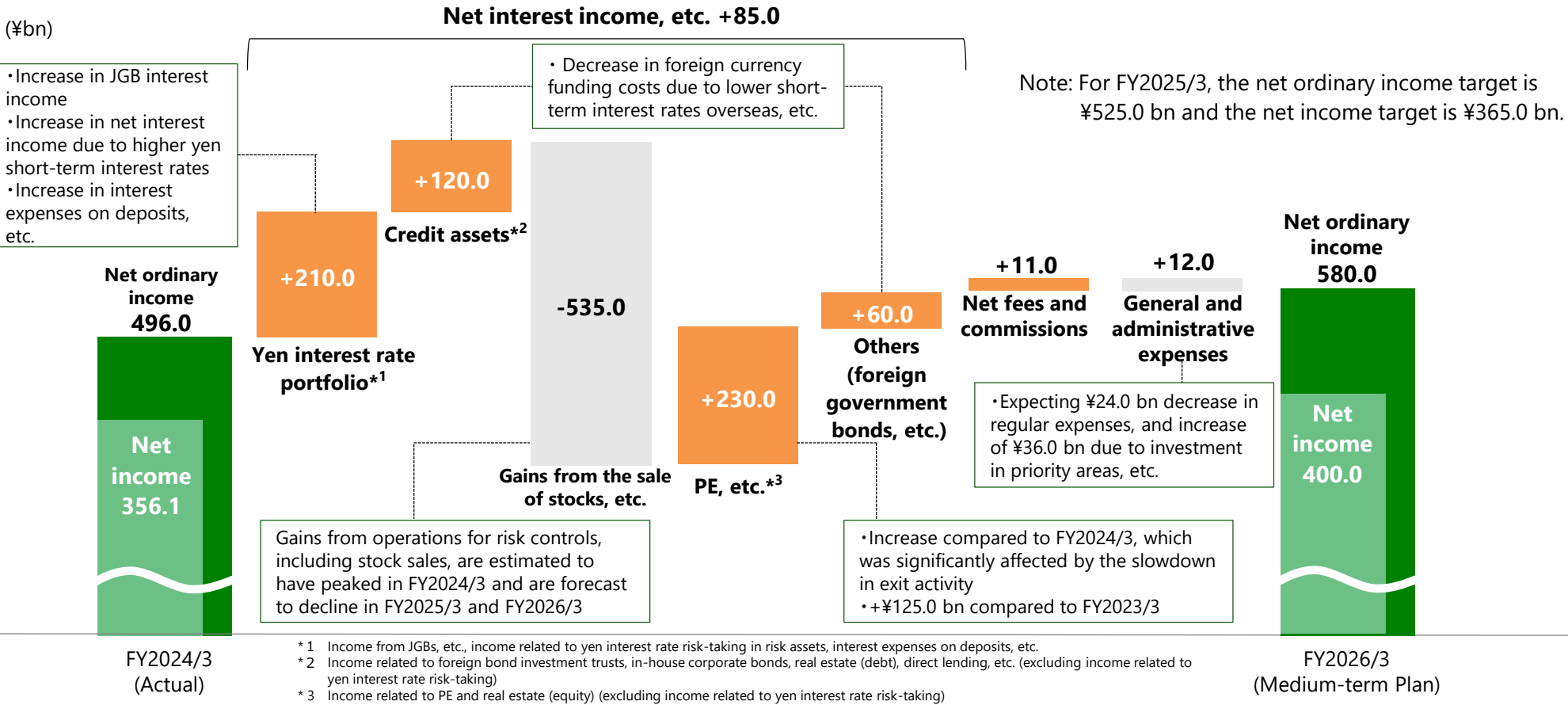
^{*2} Excluding unrealized gains on available-for-sale securities. In light of the finalization of Basel III regulations (full implementation) at the end of FY2029/3, the goal is to secure capital requirements equivalent to a fully applied basis from the end of FY2026/3 onward. If the amount temporarily falls below the target level due to an increase in unrealized losses on available-for-sale securities, we will aim to replenish capital to the target level by adjusting assets under management, etc. Although the Bank is a domestic bank (required to maintain a capital adequacy ratio of 4% or more), due to the size of its overseas credit exposure and other factors, the Bank has set a target CET1 ratio of approximately 10% in normal times, based on the idea of aiming for the same level of capital management as large domestic financial institutions.

Profit Roadmap

- The plan calls for improving net income to ¥400.0 bn in FY2026/3, on an increase in net fees and commissions, etc. in addition to an increase in income from the yen interest rate portfolio, credit assets, and PE (private equity), while gains from the sale of stocks and other securities associated with operations for risk controls are projected to decrease compared to FY2024/3.

Schematic of changes in net ordinary income (consolidated)

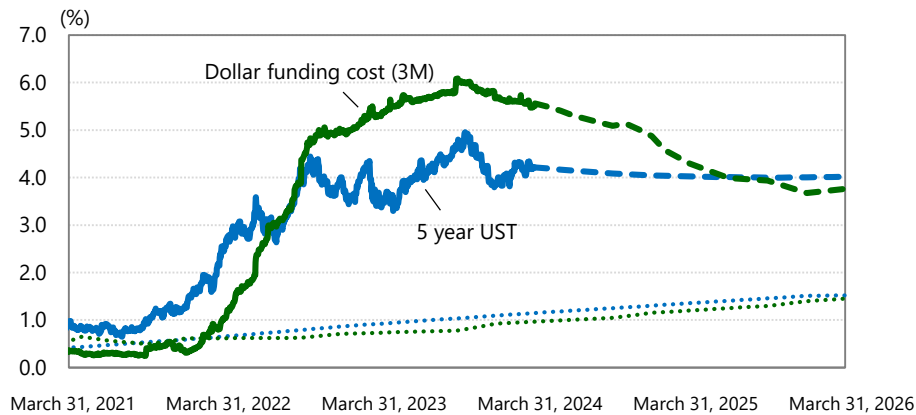
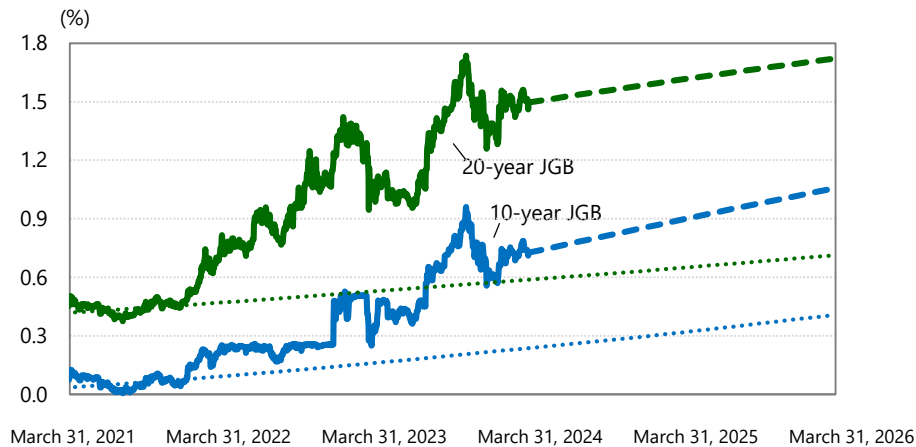
: Plus factors : Minus factors



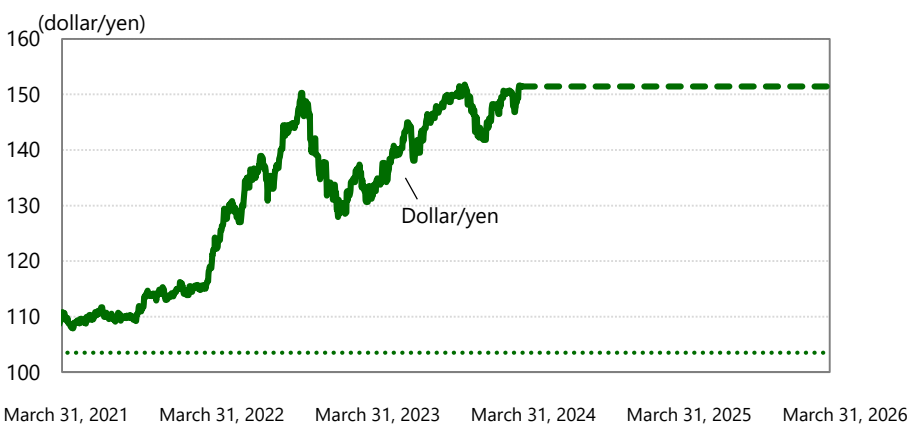
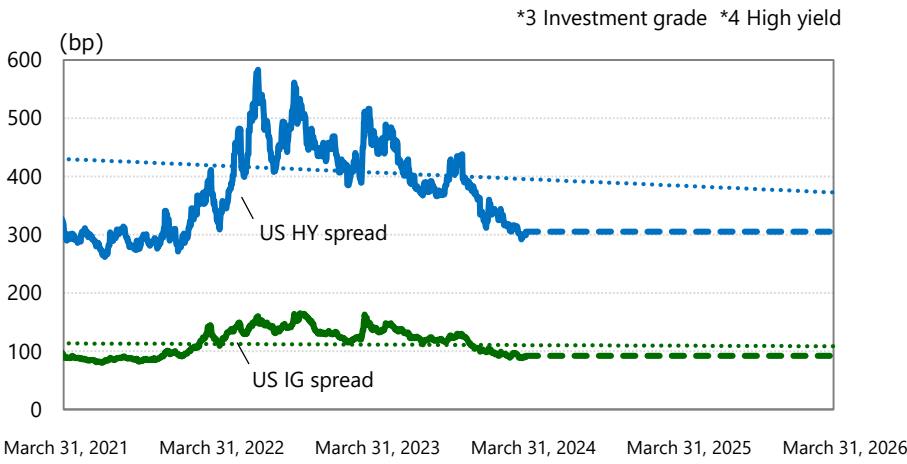
Assumptions for Profit Plan

- Domestic and foreign interest rates are projected to trend in line with implied forward rates*¹ as of March 31, 2024.
- Foreign credit spreads*² and foreign exchange rates are expected to remain largely stable at levels as of March 31, 2024.

Domestic and foreign interest rates / Dollar funding cost



US IG*³ and HY*⁴ spreads / Dollar-yen rate



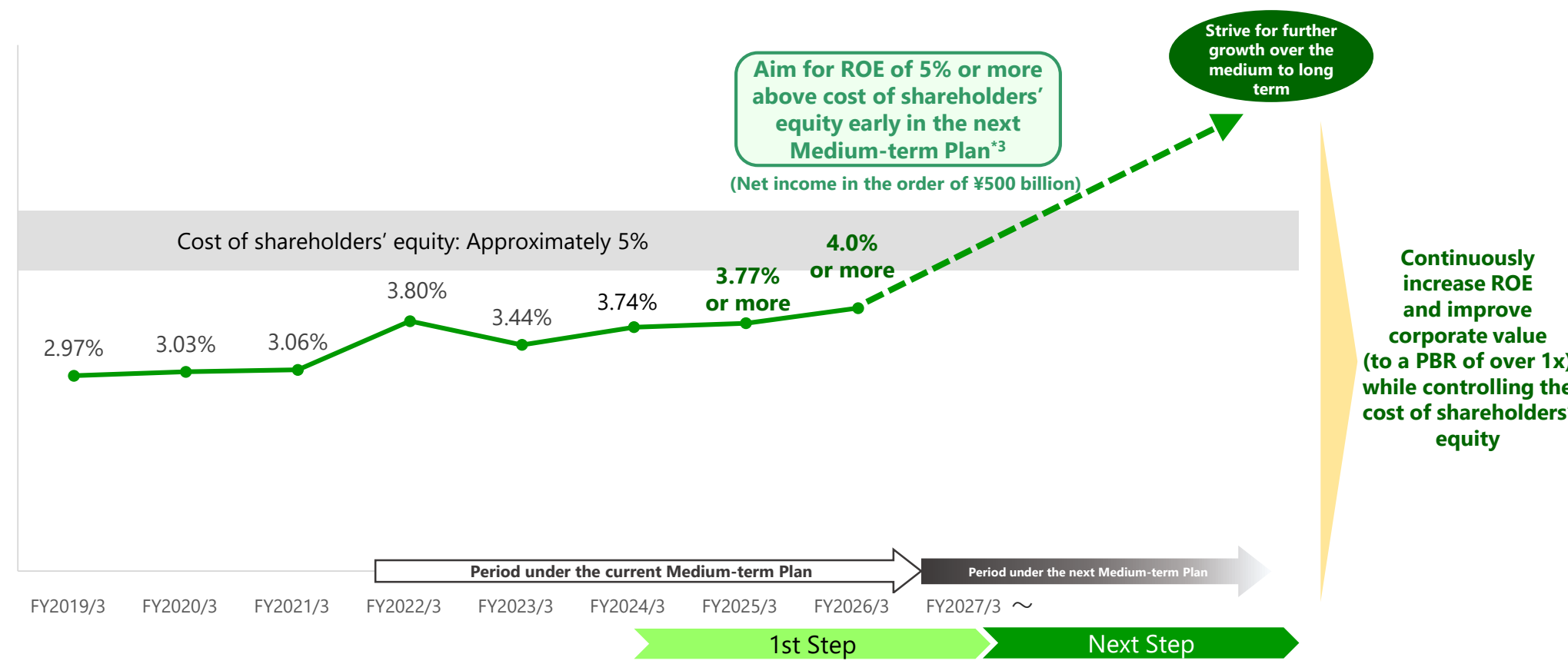
*¹ Theoretically calculated projected future interest rates based on the market interest rate (yield curve) as of March 31, 2024.

*² An interest rate that is added to the base interest rate for government bonds and other securities in accordance with the debt repayment capacity of the issuer.

Medium- to Long-Term ROE Targets

- Continuously improve ROE while complying with business regulations based on the Postal Service Privatization Act and fulfilling our responsibility to provide universal financial services*1.
- Aim to achieve ROE of 4% or more during the current Medium-term Plan (through FY2026/3) and 5% or more in excess of cost of shareholders' equity in the early stage of the next Medium-term Plan (from FY2027/3) (1st Step), and aim for further improvement over the medium to long term (Next Step).

ROE trend*2 and medium- to long-term targets

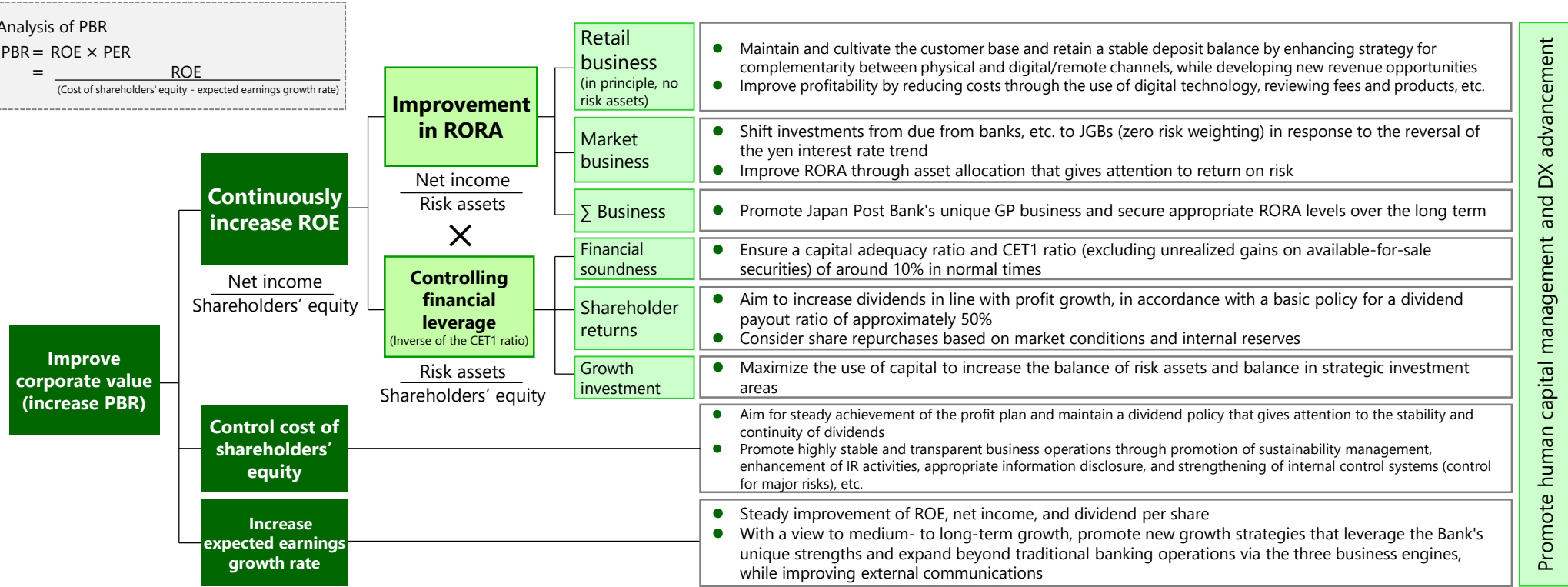


*1 In accordance with laws and regulations, the Bank pays contributions to the Organization for Postal Savings, Postal Life Insurance and Post Office Network as part of the cost of maintaining the post office network, which are indispensable costs for ensuring universal financial services (the amount of contributions paid in FY2024/3 was ¥243.6 billion).

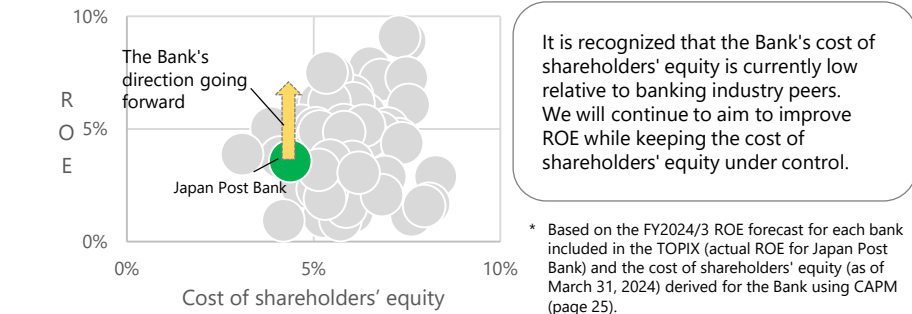
*2 Consolidated, based on shareholders' equity

*3 Assumptions are based on the market outlook on page 32 and the investment strategy shown on pages 40 and 41.

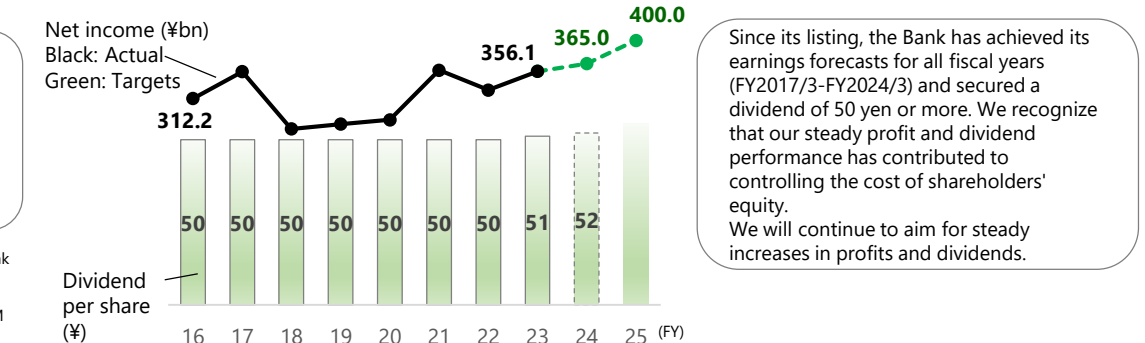
(Reference) Relationship Between Each Initiative in the Medium-term Management Plan and the Improvement of Corporate Value



Reference 1: Analysis of banking industry ROE/cost of shareholders' equity (CAPM)

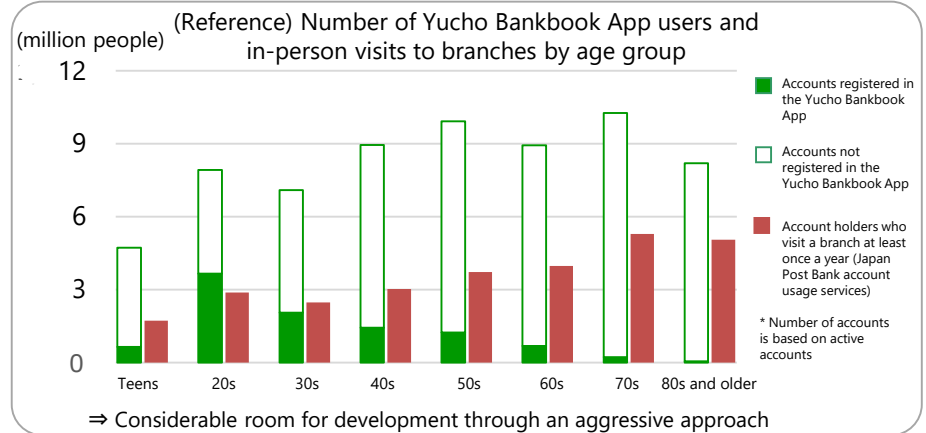
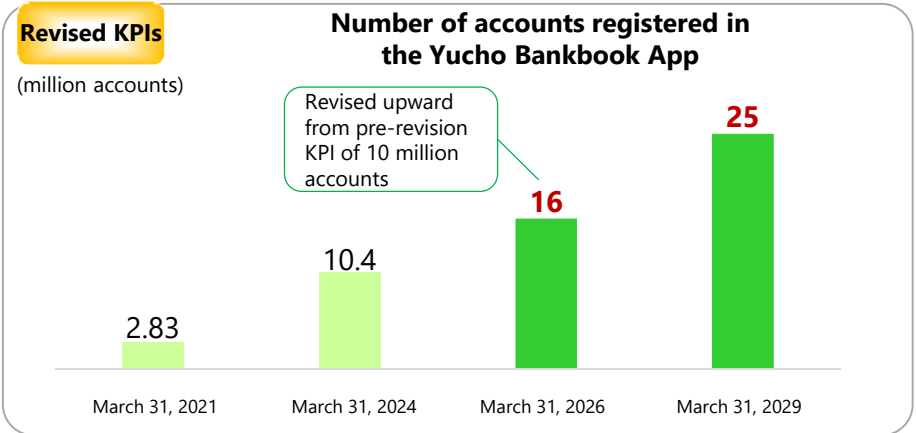
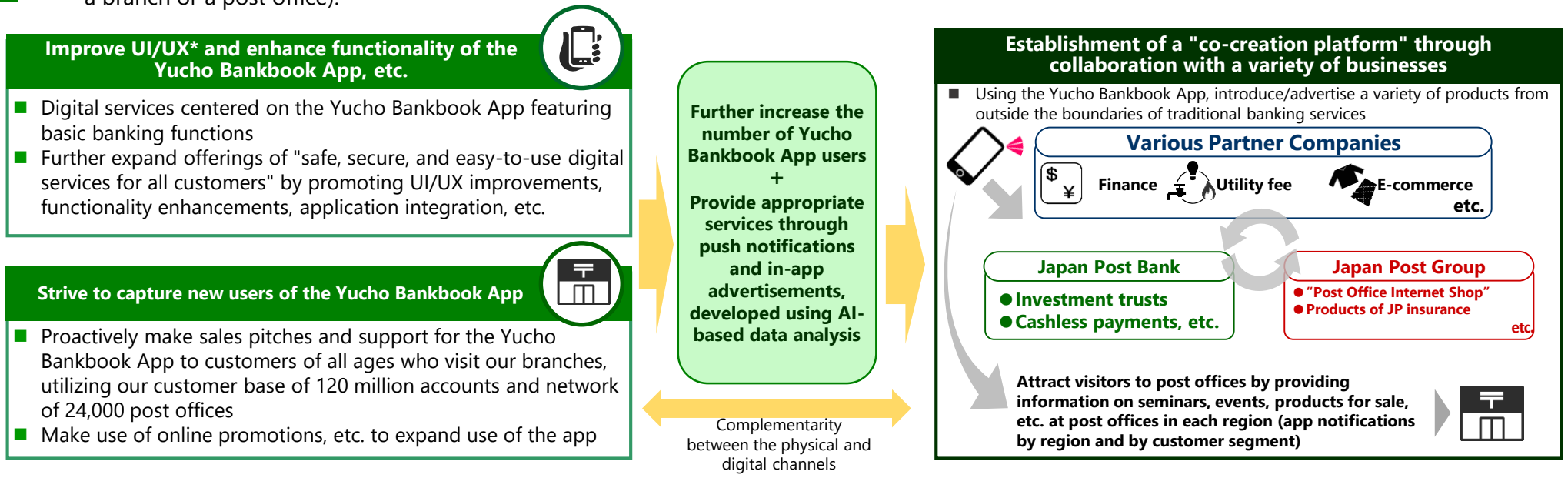


Reference 2: The Bank's net income and dividend trends



Retail Business Innovations: (1) Digital Services Strategy

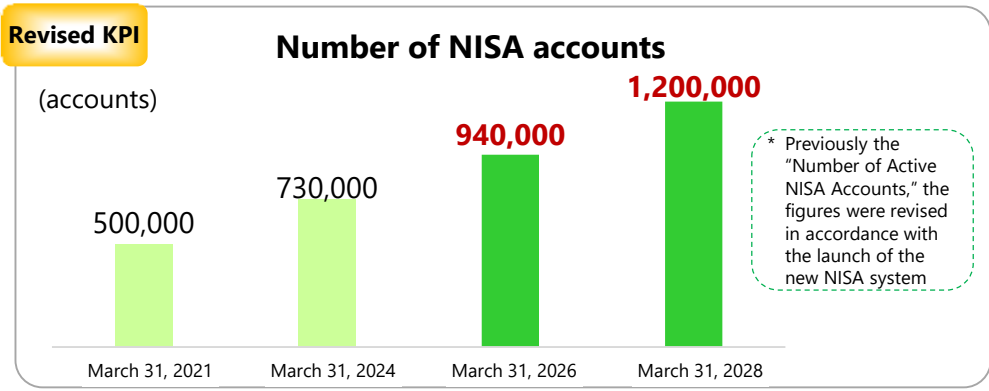
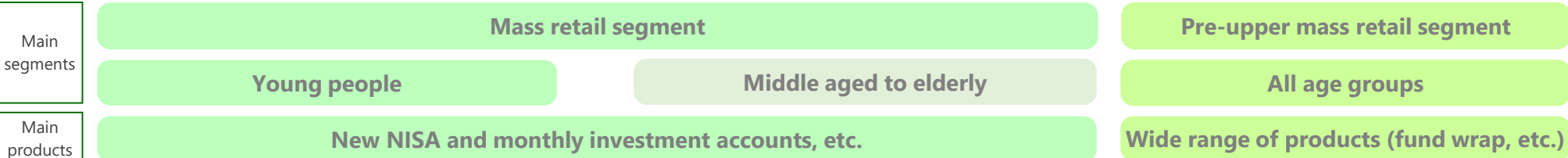
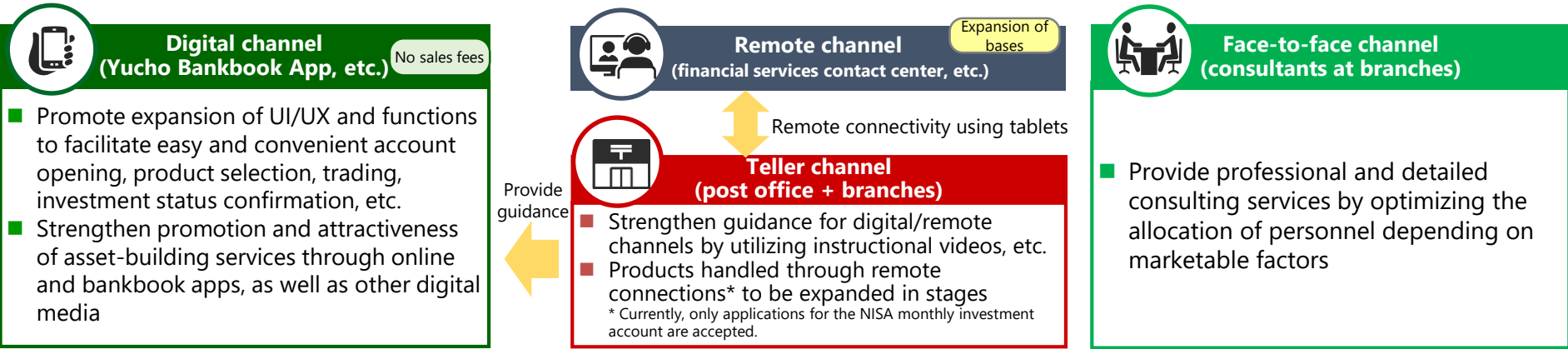
- Maintain and cultivate the customer base by further expanding the number of users of the Yucho Bankbook App through an aggressive approach that also utilizes physical transaction channels.
- Develop new revenue opportunities by using data starting with the App to guide customers to appropriate services (including attracting them to visit a branch or a post office).



*User Interface/User Experience : In addition to making the services easier to operate and use, we will work to improve the value of the experience customers gain from using services.

Retail Business Innovations: (2) Asset-Building Support Business

- Shift from sales centered on face-to-face interactions to sales via digital and remote transaction channels linked with teller channel in response to changes in the business environment, including the progress of digitalization of society and the launch of the new NISA system.
- Improve a sales structure that leverages the strengths of the Japan Post Group by integrating physical and digital technologies, enabling the handling of investment trusts (NISA) at approximately 20,000 locations by remotely connecting post offices nationwide with financial services contact centers and other facilities.



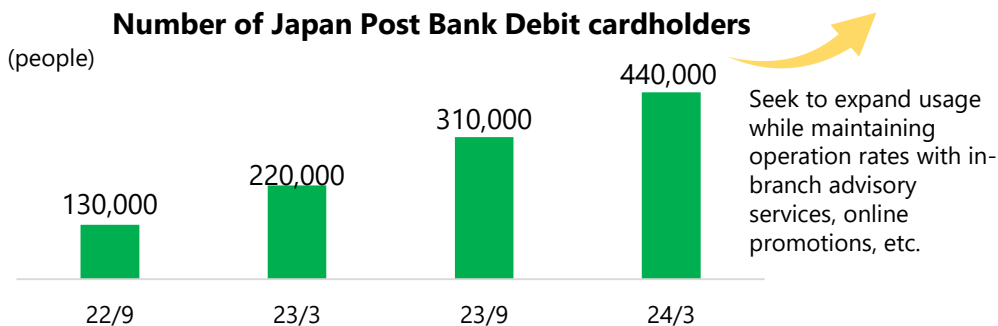
- Enhancement of products and services
- Automated robo-advertising services using AI in alliance with other companies (through advertisement distribution, etc.)
 - Digital channel support for retail sales of JGBs
 - Development of investment trust product lineup
 - Services related to asset succession (trusts, inheritance), etc. (approval required)

Retail Business Innovations: (3) Cashless, ATM, and Loan Business Strategies

■ Aim to improve customer convenience and secure and increase stable profits by developing services that leverage the strengths of the Bank's customer base, which is the largest among Japanese banks, and our nationwide network.

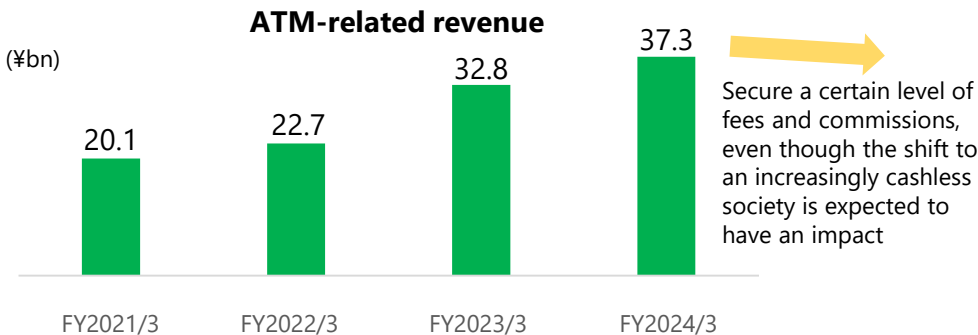
Card payments

- Expand the Bank's response to customers' needs for cashless services by focusing on the Japan Post Bank Debit card; debit cards represent a service specific to banks (immediate withdrawals from accounts)
- Yucho Pay will be integrated into the Yucho Bankbook App in the future



ATM

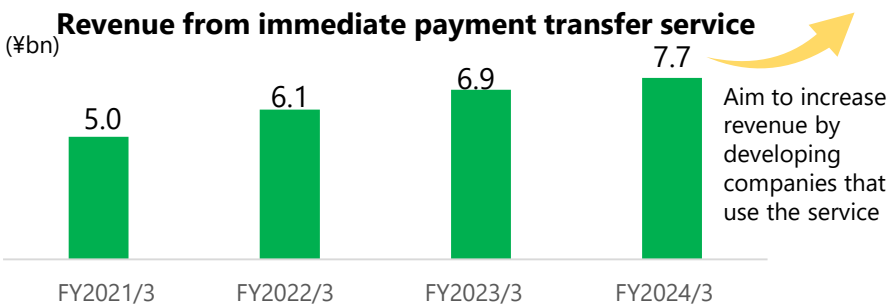
- Continue to position ATMs as an important transaction channel, while maintaining the total number of in-branch ATMs, improving convenience for customers, and reducing the workload at teller windows by incorporating more advanced functions
- Secure a certain level of fees and commissions through ATM partnership with other financial institutions utilizing the network and other means



Embedded finance

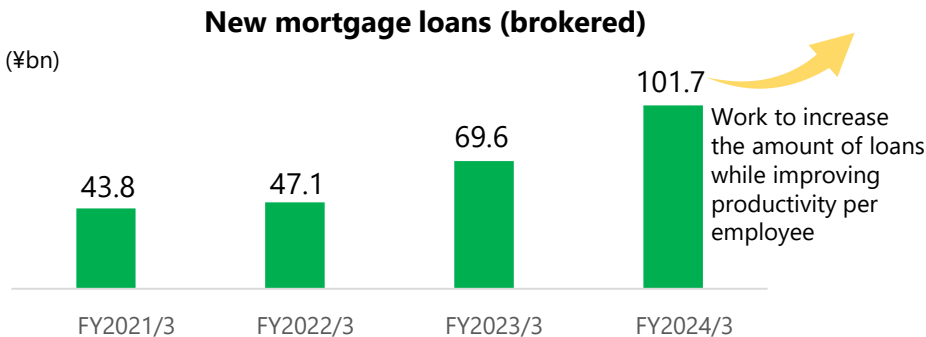
(i.e., provision of payment service infrastructure to non-financial companies)

- Promote the spread of the new settlement business using immediate payment transfers, API-based integration and other services by leveraging the Bank's extensive customer base and nationwide network



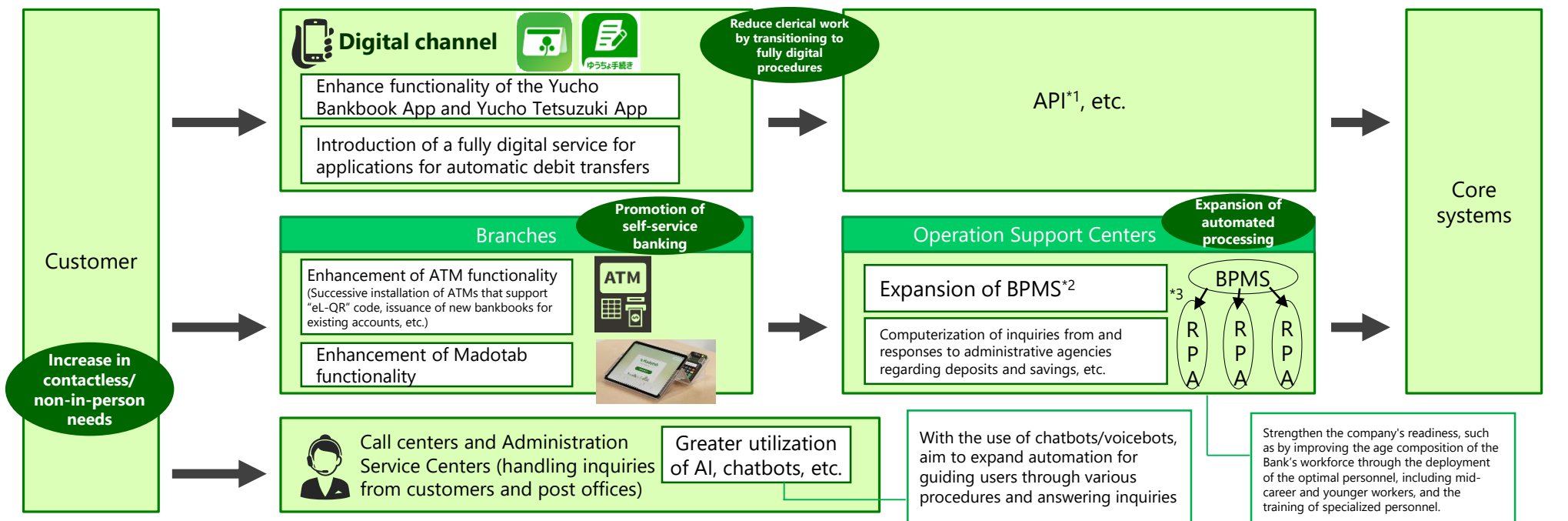
Mortgages, account overdraft service

- Mortgage loan business: Reorganize offices in stages to assign competent employees, strengthen management and training, and boost sales efficiency
- Expand usage of overdraft services through product improvements, digital marketing, etc.



Retail Business Innovations: (4) Work Reforms and Productivity Improvements

- Reduce workload at teller windows and in back office operations while improving convenience for customers through enhancement of digital channel functions and promotion of self-service banking by augmenting ATM and Madotab functions, etc. At the same time, expand automated processing at Operation Support Centers and the use of AI to improve the efficiency of inquiry handling.
- Promote measures to review fees to ensure stable operation of services and to reduce the volume of voucher documents in response to social needs,



*1 Acronym for Application Programming Interface. Standard technology for connecting digital channels such as smartphone apps and external systems to systems within a bank.
*2 Acronym for Business Process Management System. Systems that systematically control the workflow and automatically manage processes, such as by automatically starting RPA or identifying tasks requiring human verification, etc.
*3 Acronym for Robotic Process Automation. A software robot technology for automating routine tasks such as document preparation and data entry.

Review of fees

- Fundamentally, fees for digital channel transactions can be set lower than those for physical channel transactions
- Review and implement various fee revisions to ensure stable provision of services
- To date, revisions have been made to improve customer convenience and strengthen customer contact, such as a revision to the coin handling fee and eliminating the addition of a fee for using cash for payment services

Respond to social needs

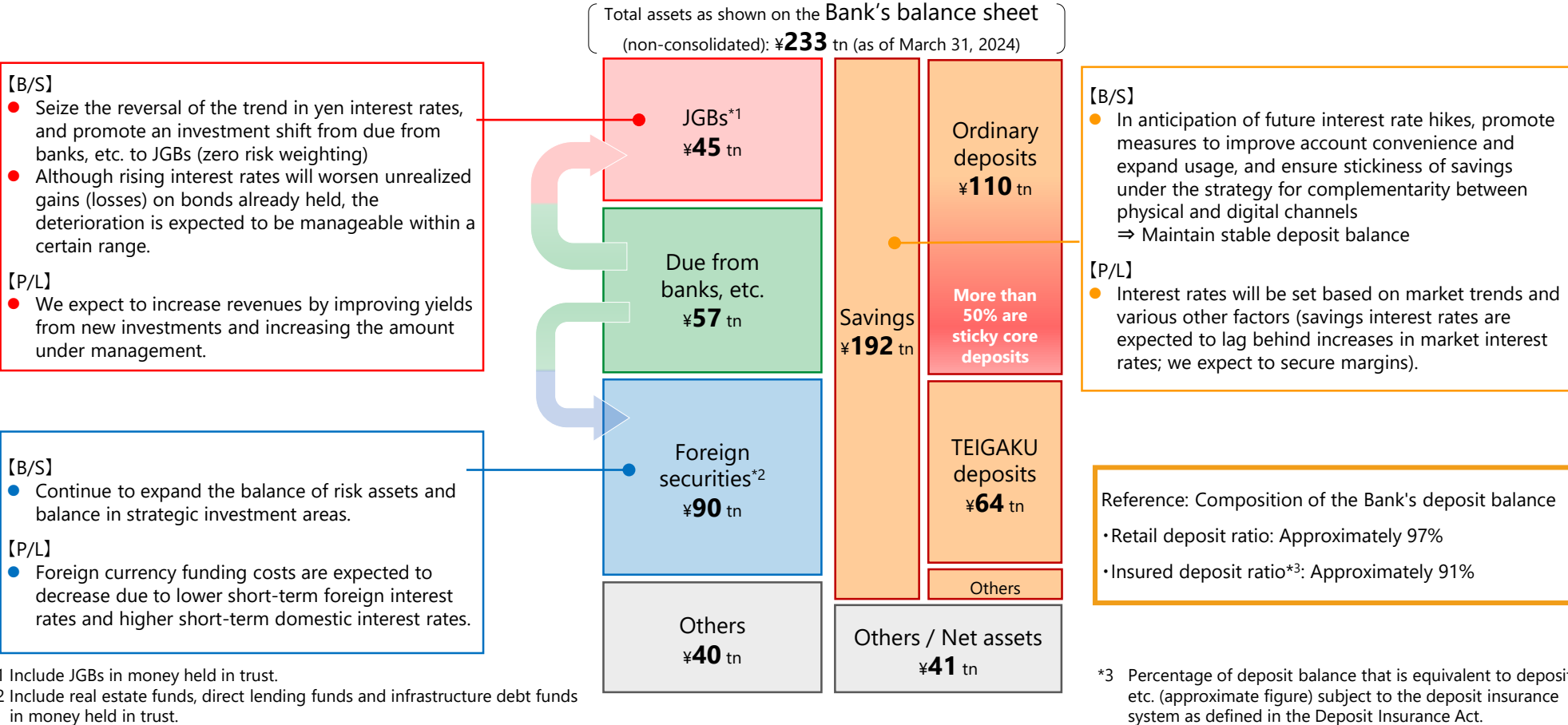
- To appropriately respond to social demands from the government, the Japanese Bankers Association, and others, such as to provide fully computerized functions for promissory notes and checks, reduce services requiring voucher documents (checks, money orders, etc.) while giving more attention to universal financial services, etc.
- For taxes and public funds, accommodate automatic payments and "eL-QR" code-based local tax payments

Market Business Enhancement: (1) ALM policy

- Maintain and sustain a stable funding base and balance of deposits, particularly retail deposits, through strategy for complementarity between physical and digital channels.
- Pursue an optimal investment portfolio that combines yen interest assets (Japanese government bonds, due from banks, etc.) and risk assets (foreign securities, etc.) while strengthening risk management.

ALM policy

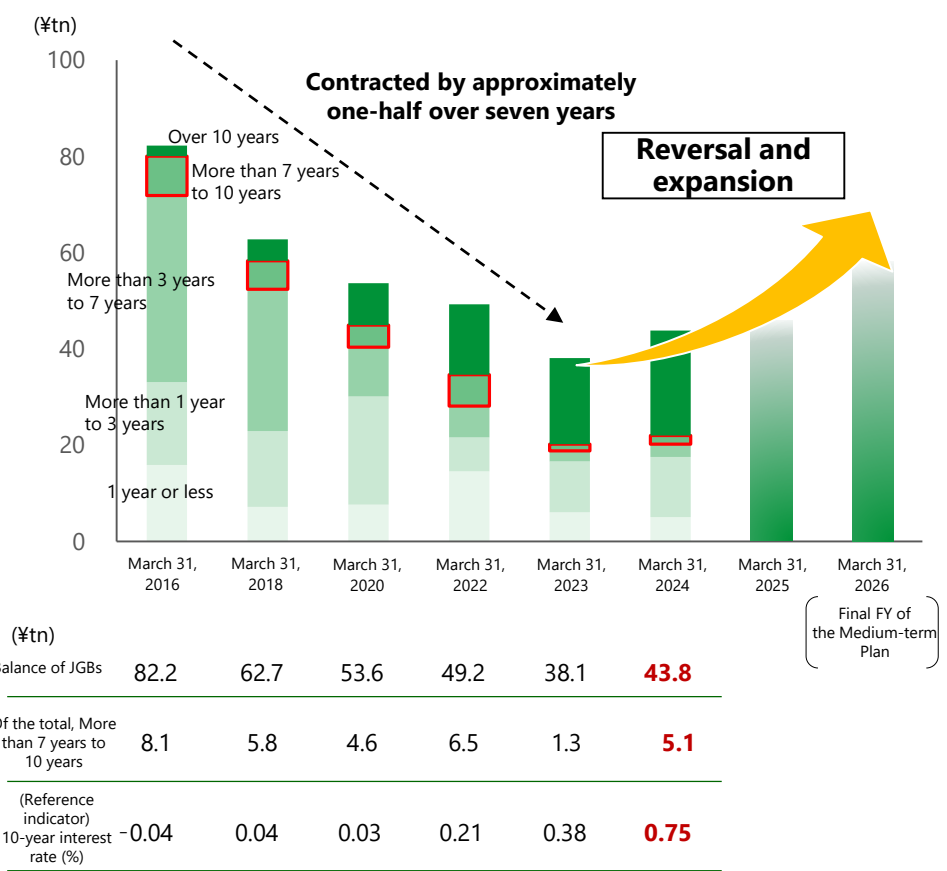
(based on the market outlook shown on page 32, which will be reviewed as necessary in response to changes in the market environment, etc.)



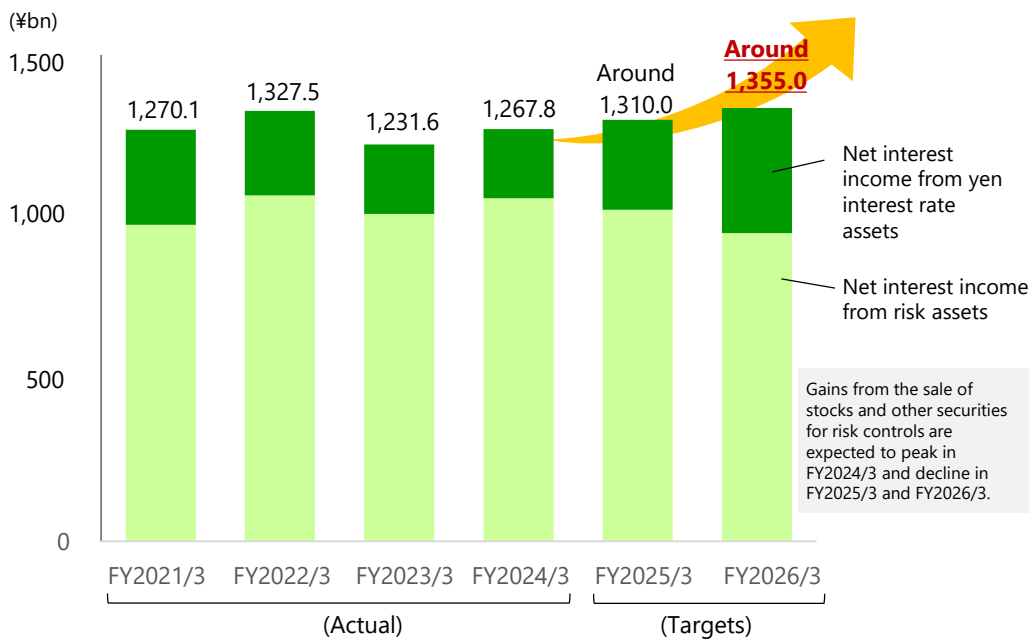
Market Business Enhancement: (2) Restructure the Yen Interest Rate Portfolio

- Seize the reversal of the trend in yen interest rates, and promote an investment shift from due from banks, etc. to JGBs and restructure its yen interest rate portfolio.
- While securing risk asset-related income, capitalize on the reversal and expansion of income from yen interest rate assets

Balance of JGB holdings*1



Net interest income, etc.*2



- Reversal and expansion of net interest income, etc. from yen interest rate assets
- Sustained growth in net interest income, etc. from risk assets, which have expanded under the low interest rate environment

*1 Except JGBs in money held in trust.

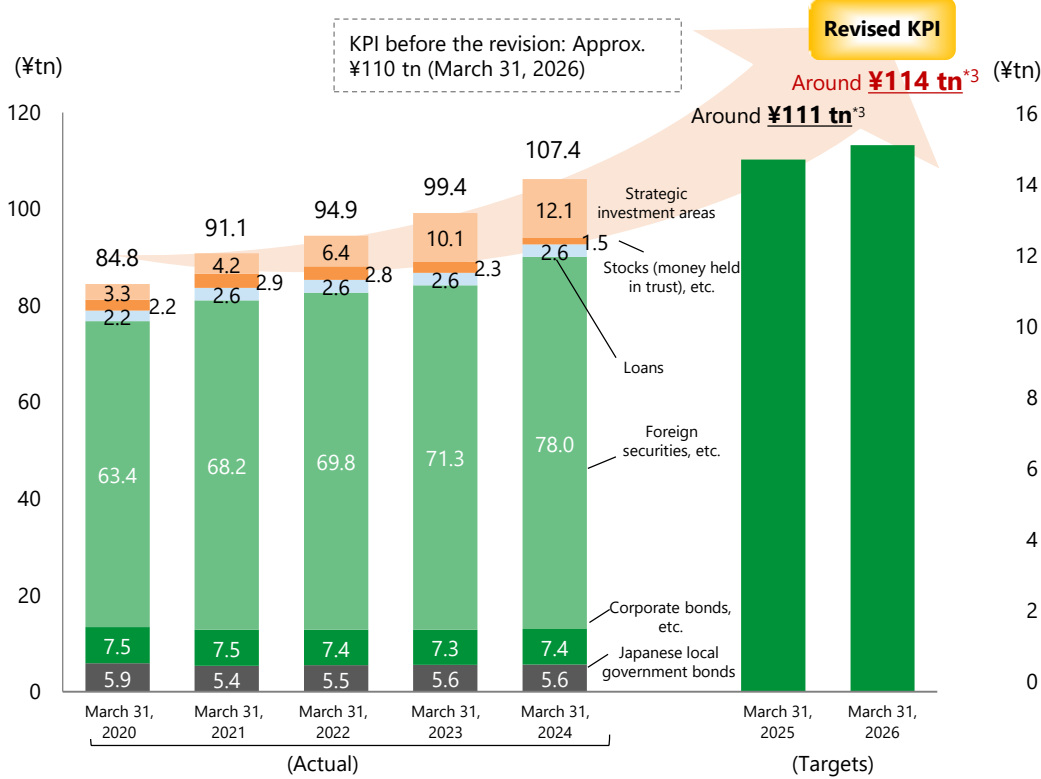
*2 Consolidated, management accounting basis. "Risk assets" consist of Japanese local government bonds, corporate bonds, loans, stocks (money held in trust), foreign securities, and strategic investment areas, etc. Yen interest assets and risk assets include income and expenses related to internal fund transactions among portfolios.

Market Business Enhancement: (3) Pursue Diversified Investment in Foreign Assets

- Continue to utilize capital to increase the balance of risk assets and balance in strategic investment areas up through the end of FY2026/3, while remaining conscious of risk-adjusted returns.
- Based on the accumulation of investment balances to date, the KPIs for the balance of risk assets and the balance in strategic investment areas for FY2026/3 were revised respectively.

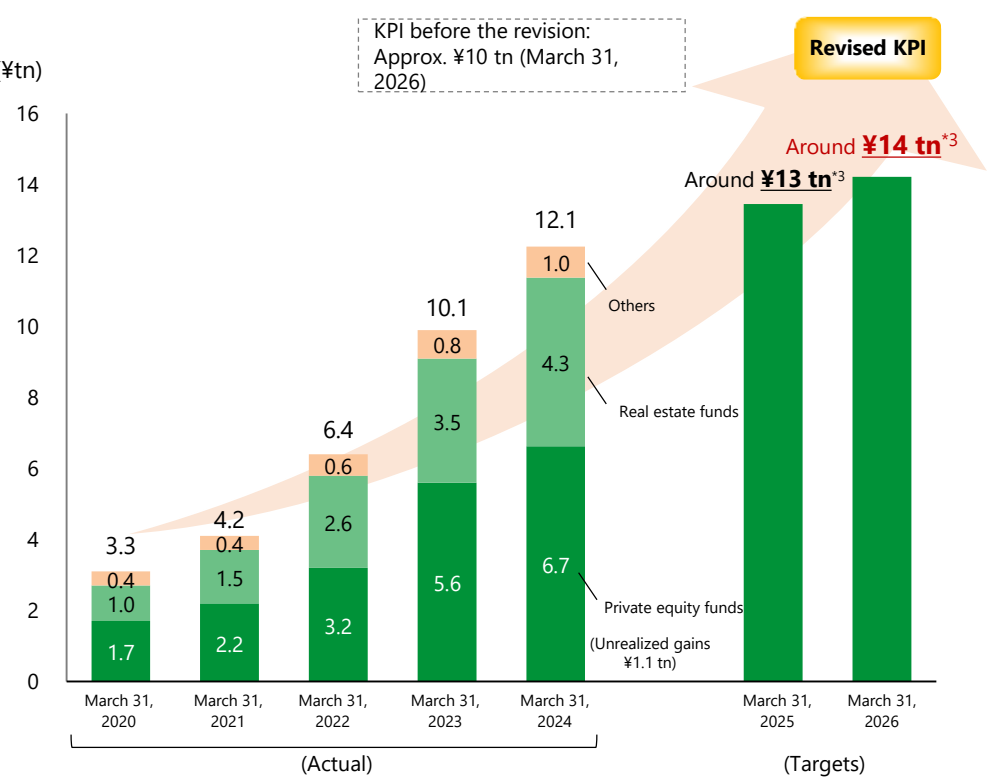
Balance of risk assets*1 (non-consolidated)

- Among credit assets, which are the core of the balance of risk assets, investment in investment grade (IG) areas will be made with an eye on the earnings prospects of yen interest rate assets. In the high yield (HY) area, selective investments will be made while monitoring market conditions, etc.



Balance in strategic investment areas*2 (non-consolidated)

- In strategic investment areas, the balance will be controlled by giving consideration to the impact on risk assets, while continuing the policy of selectively investing in quality funds, given that the overall investment has grown to a size that will make a full-scale contribution to earnings.



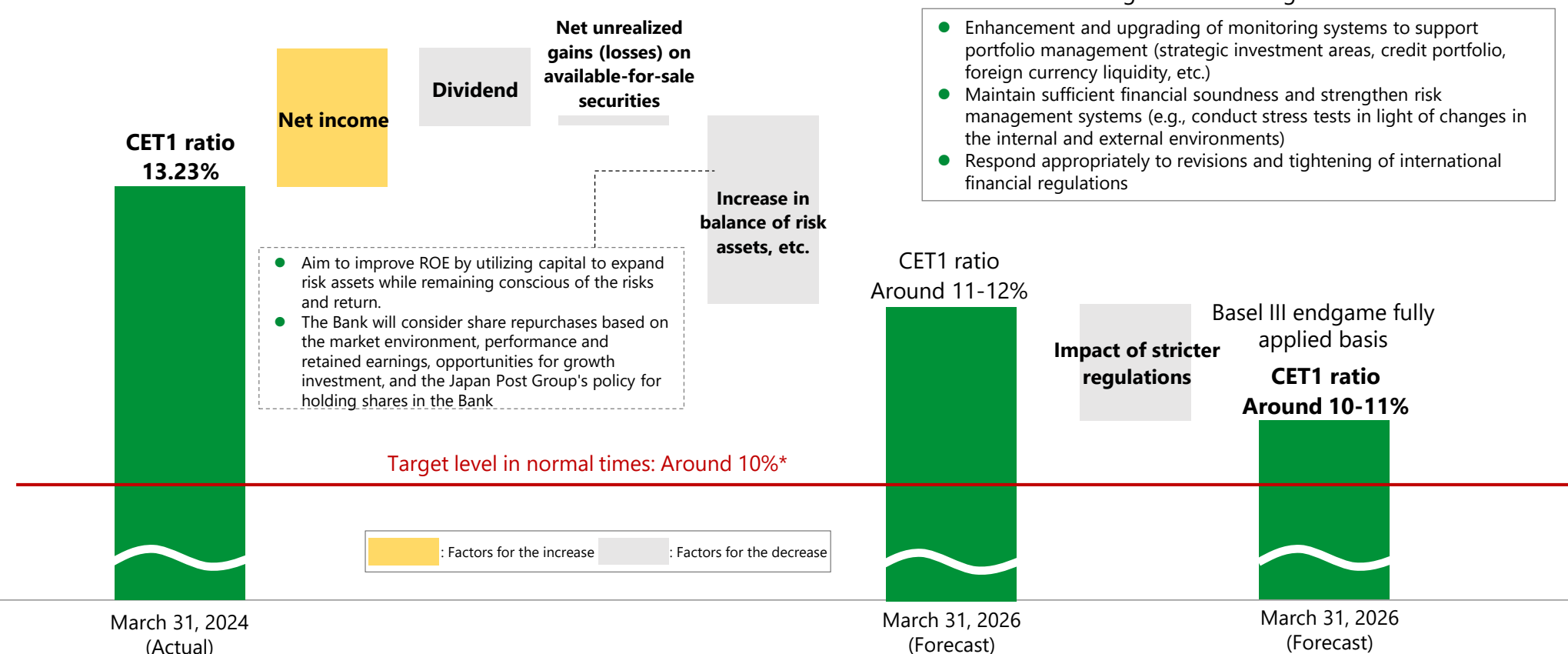
Note: In accordance with the implementation of the Guidance on Accounting Standard for Fair Value Measurement (revised in 2021), the balances of private equity funds and real estate funds are calculated based on fair value, except for some assets, effective from March 31, 2023.

*1 Assets other than yen interest rate assets (JGBs, etc.) *2 Private equity funds, real estate funds (equity and debt), direct lending funds, infrastructure debt funds, etc.
*3 The forecast of the balance is based on the market outlook shown on page 32, and may increase or decrease depending on changes in market conditions and other factors.

Market Business Enhancement: (4) Improve Management of Capital Allocation and Risk

- Target CET1 ratio set at “around 10%” in normal times. Aiming to improve ROE by building up the balance of risk assets, giving attention to risk-return metrics, and utilizing capital to return profits to shareholders, while maintaining sufficient financial soundness.
- Further strengthen risk management in line with an increase in the balance of risk assets and balance in strategic investment areas.

CET1 ratio forecast (capital allocation)



- Initiatives to strengthen risk management
 - Enhancement and upgrading of monitoring systems to support portfolio management (strategic investment areas, credit portfolio, foreign currency liquidity, etc.)
 - Maintain sufficient financial soundness and strengthen risk management systems (e.g., conduct stress tests in light of changes in the internal and external environments)
 - Respond appropriately to revisions and tightening of international financial regulations

* Excluding unrealized gains on available-for-sale securities. In light of the finalization of Basel III regulations (full implementation) at the end of FY2029/3, the goal is to secure capital requirements equivalent to a fully applied basis from the end of FY2026/3 onward. If the amount temporarily falls below the target level due to an increase in unrealized losses on available-for-sale securities, we will aim to replenish capital to the target level by adjusting assets under management, etc. Although the Bank is a domestic bank (required to maintain a capital adequacy ratio of 4% or more), due to the size of its overseas credit exposure and other factors, the Bank has set a target CET1 ratio of approximately 10% in normal times, based on the idea of aiming for the same level of capital management as large domestic financial institutions.

Full-scale Launch of the Σ Business: (1) Basic Policy for the Σ Business

- Realize a "co-creation platform" for social and regional development with regional financial institutions, etc., and promote "Japan Post Bank's unique GP business".
- Build a sustainable revenue base going forward with the Σ business as the "third engine" to complement the retail business and the market business.

Japan Post Bank's unique GP business

✓ Promoting co-creation with regional financial institutions and others for the development of society and regional economies

✓ Utilizing the Bank's nationwide network to carefully identify local funding needs

✓ Providing capital funds from a medium- to long-term perspective by leveraging our stable funding base

✓ Accompanying and supporting investee companies to help them achieve growth and resolve issues

External environment

Decreasing potential growth rate

Population decline / Aging society
Stagnation in productivity

Sluggishness of local economies

Heavy concentration in metro Tokyo
Absence of ecosystem

Realization of a sustainable society

Transition to a decarbonized society
Work toward achieving SDGs

GP business (investment business)

1. Support growth of existing businesses

(1) Provide funds by utilizing the Bank's capital, (2) promote co-creation with regional financial institutions, and (3) hone the acumen for identifying business potential, with the aim of becoming **a leader in regional revitalization**.

2. Provide assistance from start-up to growth phase

Nurture the next generation of leading companies in response to market expansion (build startup ecosystems in collaboration with regions)

3. Promote ESG investment

Pursue investment in decarbonization businesses by promoting joint projects with financial institutions and promotional organizations to realize a decarbonized society

Planning to establish JVs*1 and subsidiaries with fund companies, trading companies, etc.

JAPAN POST BANK CAPITAL PARTNERS Co.,Ltd.



Partners

Utilize the nationwide network



Japan Post Bank's unique GP business



System of collaboration with partners

Business succession and business revitalization investment

- Business succession and revitalization / growth support
- Cooperation with regional financial institutions, etc.

Venture capital investment

- Regional collaboration / ecosystem building

ESG investment

- Investment in renewable energy and hydrogen business

Sourcing operations

In cooperation with regional financial institutions, etc., actively support companies that will become **the foundation stones for new businesses in the region by discovering them** through sourcing activities

1. Strengthen cooperation with regional financial institutions, etc.
2. Establishment of sourcing systems at regional headquarters

Σ data platform



Systems that collect, store, and utilize data of business entities

Marketing support operations

Identify investee companies' latent needs, which have yet to manifest, and **propose commercial products that will create new markets**

1. Improve the value of commercial products and services by anticipating customer needs
2. Integrated sales with the Bank's existing corporate products*2

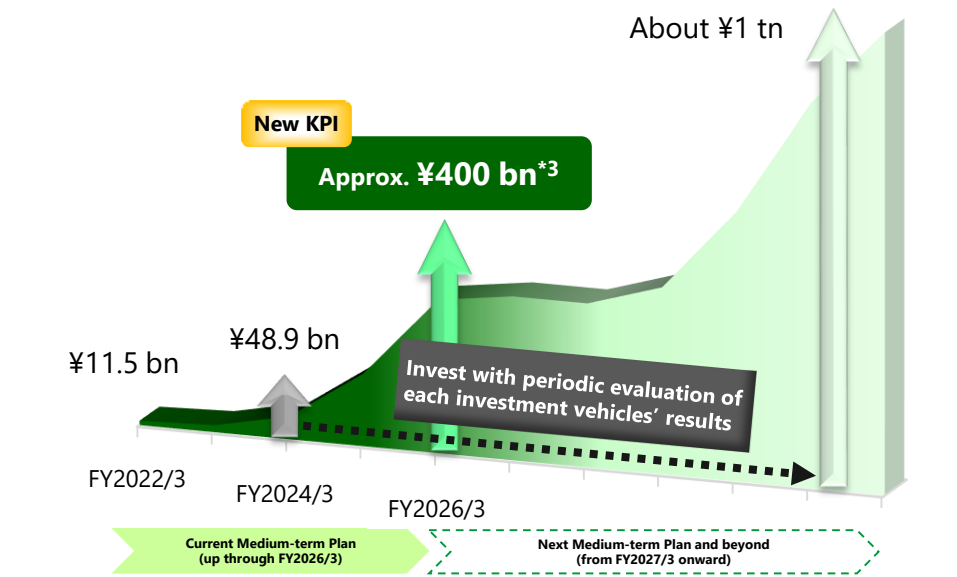
*2 Salary direct deposit, payment services, etc.

Full-scale Launch of the Σ Business: (2) Investment Commitment Targets, Income Roadmap, etc.

- While regularly evaluating investment performance and the market environment, we aim to appropriate approximately ¥400 billion by the end of FY2026/3 to GP business-related investments, and considering the nature of private equity investments (J-curve effect), we expect to achieve profitability in the period covered by the next Medium-term Plan or later.
- In addition to pursuing economic returns, the Bank aims to contribute to the revitalization of local economies and promote sustainability by reducing CO2 emissions, etc.

GP business-related investment target*1 (based on investment commitments)

Assuming steady performance, strive for investment commitments of ¥1 trillion during the period of the next Medium-term Plan and later*2.
(GP business-related balances will be disclosed annually)



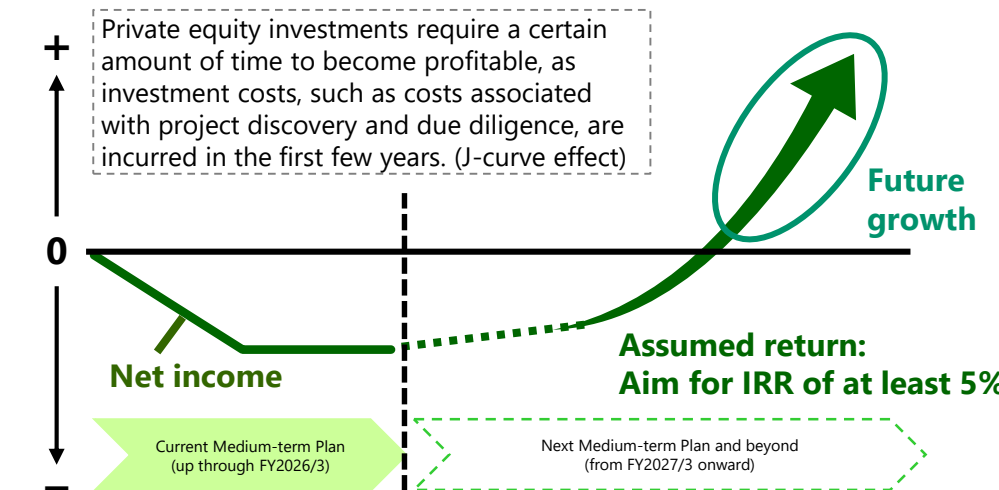
*1 Amount of investment commitment for investment vehicles related to "Japan Post Bank's unique GP business"

*2 Assumption that the domestic PE market will grow to the same level as in Europe and the U.S. in the future

	Japan	U.S.	U.K.
Average annual flows as a percentage of GDP, 2014-20:	0.2%	1.3%	1.5%

*3 The amount of investment commitment currently planned; the amount may increase or decrease depending on future investment performance and evaluation, market conditions, risk-return ratio, and other factors

Schematic of the income roadmap

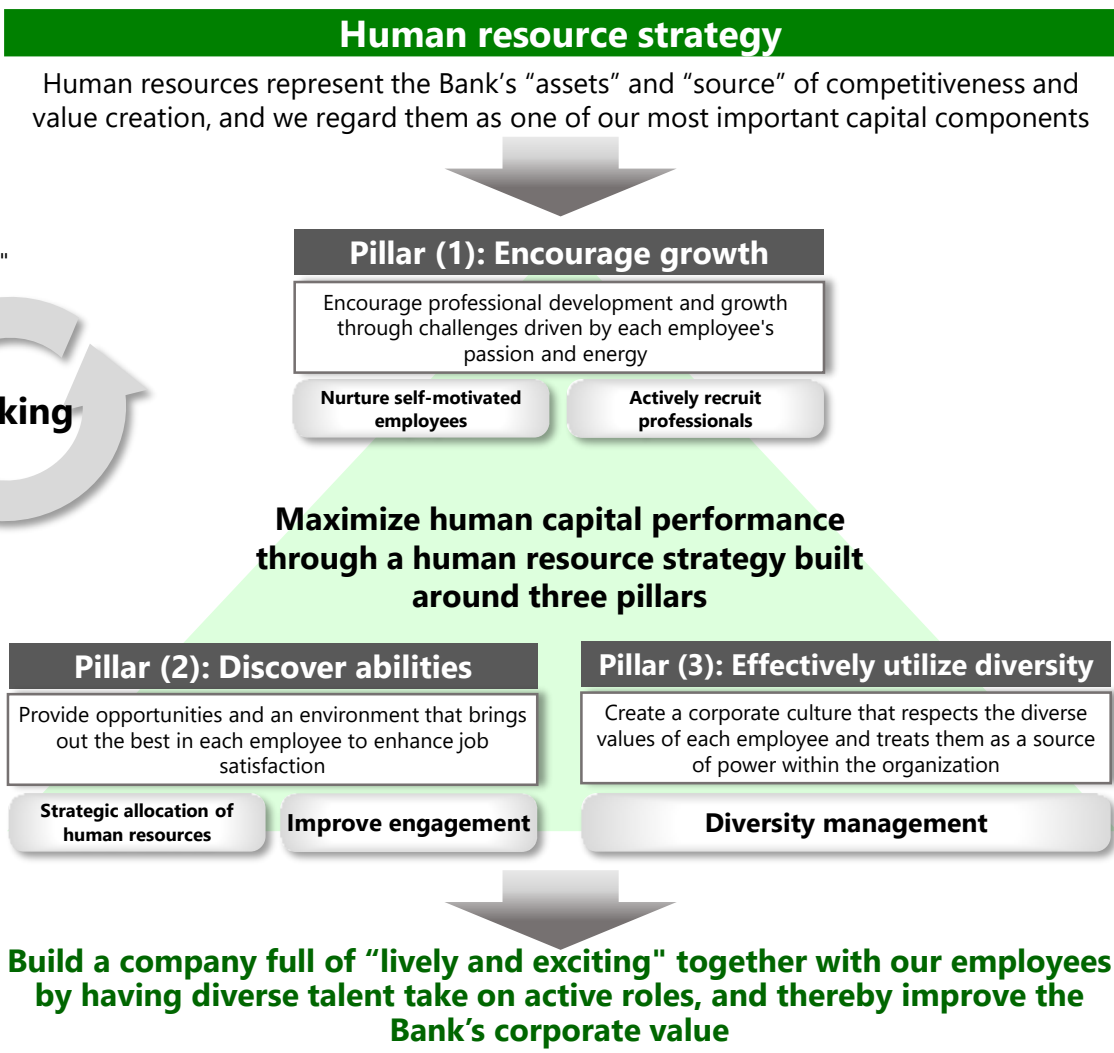
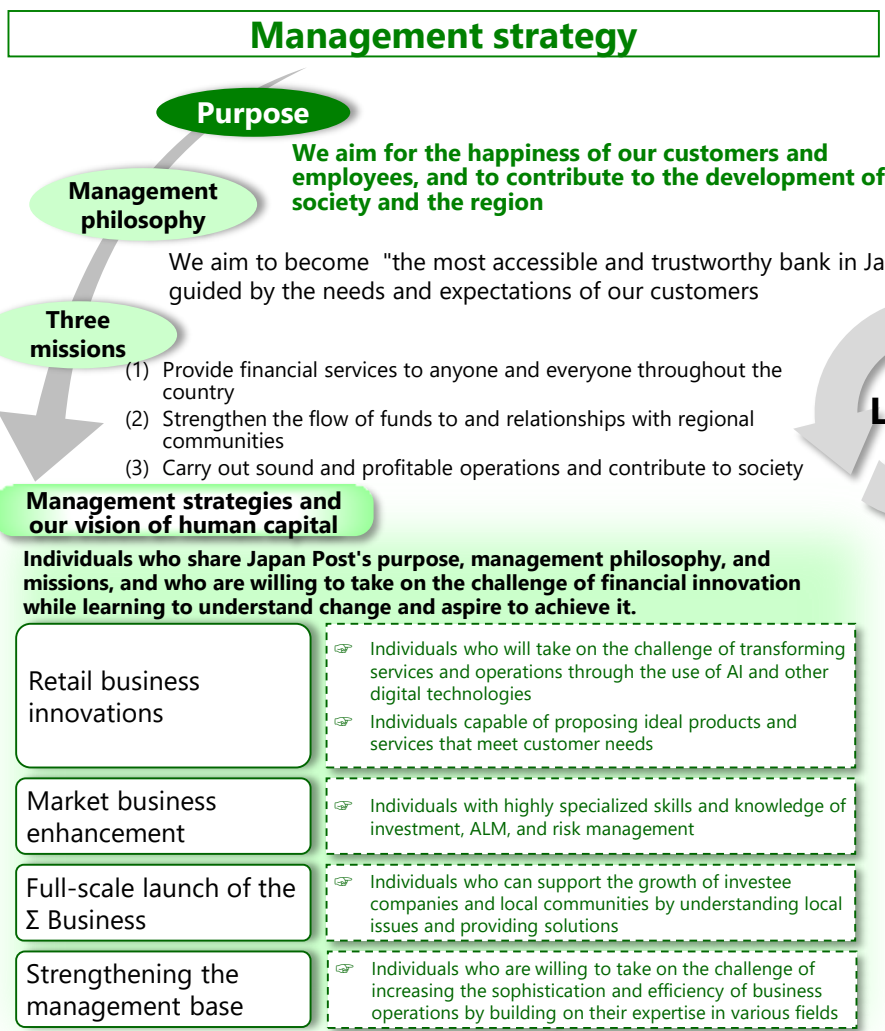


Effects other than economic return

- The goal is to establish an evaluation methodology, as the development of the Σ Business is expected to generate the following benefits in addition to economic returns.
- ✓ Contribution to revitalization of local economies
 - ✓ Reduction of CO2 emissions (consider conversion to monetary values)

Strengthening the Management Base: (1) Promote Human Capital Management

- We regard human resources, which are “assets” and the “source” of the Bank’s competitiveness and value creation, as one of the most important components of our capital. We are promoting our human resource strategy linked with our management strategy.
- By implementing a human resource strategy centered on the three pillars of “encouraging growth,” “discovering abilities,” and “effectively utilizing diversity,” we are building a company filled with “lively and exciting” together with our employees, and thereby improving our corporate value.



Strengthening the Management Base: (2) Human Resource Strategy Formed Around Three Pillars

- Promote the growth of the Bank's human resources by nurturing self-motivated employees who hone their expertise and carve out their own career path.
- Create an environment where human resources can maximize their potential and promote diversity management to respects the diverse values, backgrounds, and expertise of our employees. Also enhance corporate value and achieve sustainable growth by responding to the needs of diverse stakeholders and creating innovation.

Pillar (1): Encourage growth

Pillar (2): Discover abilities

Pillar (3): Effectively utilize diversity

Priority issues

Nurture self-motivated employees

- **Foster employee motivation toward developing careers independently and enhance learning opportunities for career advancement**
(⇒ Career design training, enhance 1-on-1 meeting, selectable training where participants can choose the topics they want to learn, etc.)
- **Expansion of opportunities for career choices** (⇒ Career challenge system, strategic side jobs, internships within the company and Japan Post Group, etc.)
- **Develop human resources, including employees of Japan Post, to support regional communities**, based on the unique characteristics of the Bank's nationwide network that stretches to every corner of Japan
(Especially regarding the Bank's employees, strengthen the development of Σ Business human resources (GP business personnel: secondment to GP companies; marketing support and sourcing personnel: nurture internal human resources through on-the-job training/training).
- Promote exchanges with other companies in order to **gain expertise** and **expand horizons through understanding of different organizational cultures**

Actively recruit professionals

- Strengthen **mid-career hiring of specialized talent (market operations, digital technology, GP, etc.)** to support strengthened areas (including recruitment of some new graduates)

Strategic allocation of human resources

- **Assign the right people to the right positions** by visualizing the human capital portfolio through the use of talent management systems
- Actively promote the **selection of younger employees and their promotion to key positions** (including fostering their motivation for advancement and improving the work environment for managers)

Improve engagement

- **Create an environment that rewards self-directed hard work** (Improve the personnel evaluation and salary system mainly for specialized talent)
- **Maintain a psychologically safe workplace** through detailed checks of the work environment using engagement surveys, etc.
- **Promote reform of the corporate culture** (p. 47) by strengthening internal communication , etc.
- Encourage employees to attain a state of “well-being” by **promoting health management** through various wellness events, in-house newsletters, etc.

Diversity management

- Implement measures to **improve the workplace environment to promote active roles for women** (expansion of 1-on-1 dialogues between female managers and female employees, training of female managerial candidates, etc.)
- Promote the development of an environment and culture through interactive events, etc. to **encourage male employees to take childcare leave** and to **lengthen the childcare leave period**
- **Actively promote the employment of and employment support for people with disabilities**, and expand opportunities for people with disabilities to play active roles in various fields

Main KPIs

New KPIs

Number of market operation professionals	105
DX training attendance ratio (Head Office)	100%
Number of Career Challenge applicants	100 or more

New KPIs

Overall employee satisfaction rate	70% or higher
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Revised KPIs

Ratio of women in managerial positions* ¹	20%
Rate of employees taking childcare leave (regardless of gender)	100%
Rate of employees with disabilities ²	3.0% or higher

*1 Target to be achieved by April 2026 *2 Revised up from "2.7% or higher"

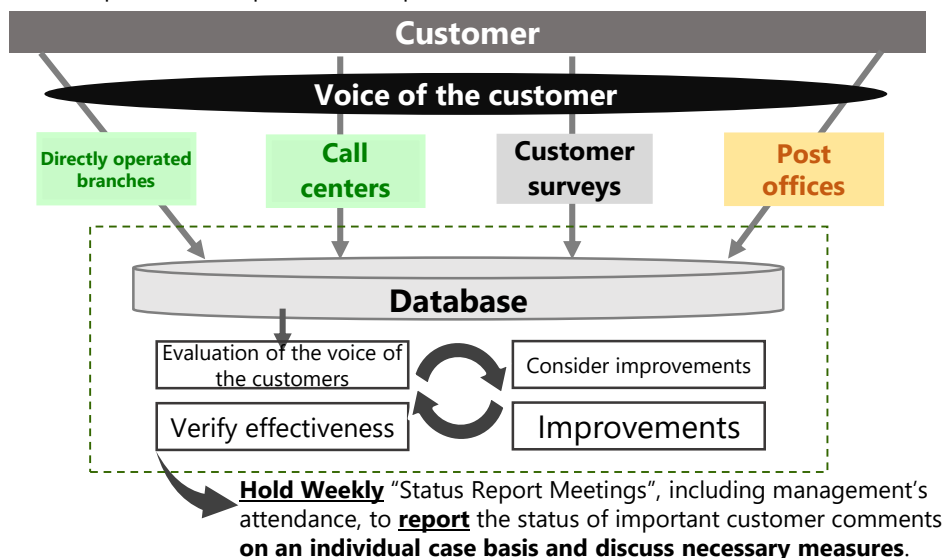
Strengthening the Management Base:

(3) Promote Reform of the Corporate Culture and Strengthen Internal Control Systems

- We are promoting customer-oriented business operations and reform of the corporate culture through a scheme to utilize customer and employee feedback to improve services and operations.
- In light of increasing cyberattacks, money laundering risks, etc., the Bank is strengthening internal control systems to appropriately control major risks.

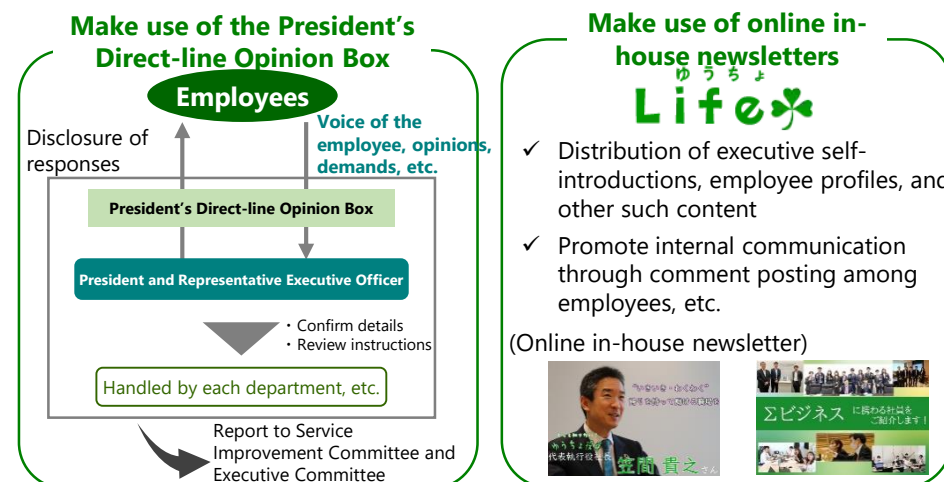
Further emphasis on customer-orientated business operations

- Centralize management and sharing of **customer feedback** for use in the development and improvement of products and services



Reform of the corporate culture

- Utilize **employee feedback** to improve operations and services, and strengthen communication within and between organizations by internal communication tools.



Fortify internal control systems

(1) Further strengthen cybersecurity readiness

- Strengthen management systems in response to third-party assessments and changes in the external environment

(3) Strengthen compliance framework

- Implement cooperation with Japan Post to prevent recurrence of misconduct incidents based on lessons learned from past cases at directly operated branches and post offices, etc.

(2) Increase sophistication of countermeasures against money laundering, terrorist financing and proliferation financing

- Improve data analysis through AML* analysis system, enhance effectiveness verification system, expand AML system functions, and strengthen efforts to prevent financial crimes * Anti-money laundering

(4) Ensure operational resilience

- Address identified issues, conduct periodic verifications, strengthen BCP continuously and enhance disaster prevention with Japan Post Group.

Strengthening the Management Base: (4) IT Investment Plan

- IT investments totaling approximately ¥675.0 billion*1 are planned over the five-year period of the Medium-term Plan.
- In the second half of the Medium-term Plan, the Bank will continue to promote strategic “IT investments for new growth” and “IT investments for stable and sustainable business operations”, as well as begin to study a future vision of a sustainable system for responding to changes in the social and business environments.

Strategic IT investments for new growth

Retail business innovations

- Expansion of digital services that are easy for all customers to use, giving top priority to safety and security (e.g., enhancement of the functions of the Yucho Bankbook App and Yucho Tetsuzuki App)
- Strengthen infrastructure and improve reliability in response to increased use of digital services
- Make use of digital technologies to implement fundamental operational reforms and productivity improvements for work performed at teller counters, in back offices, etc.,

Full-scale launch of the Σ Business

- Introduction of a system that collects information on businesses and other data, and utilizes the data for sourcing and marketing support operations (Σ data platform)

Proactive use of new technologies, such as generative AI

Strengthen AML, CFT, CPF measures*2

- More closely manage customers, comply with tightened regulations, and increase sophistication of data analysis

Market business enhancement

- Improvement of risk measurement and other functions, and operational efficiency

Strengthen security readiness

- Establish a robust security posture to respond to changes in the environment

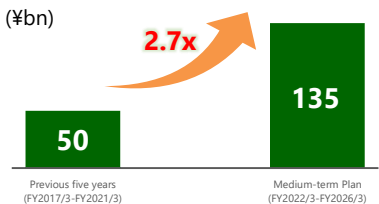
IT investments for stable and sustainable business operations

System renewal and other work is being steadily implemented

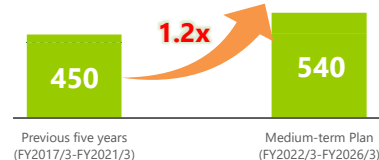
Renewal and improvement of teller counter terminals and ATMs at post offices nationwide

Looking 10 years ahead, commence studies on a future vision of a sustainable system for responding to changes in the social and business environments

Strategic IT investments of **approx. ¥135 bn** are planned over 5 years (Medium-term Plan before revision: ¥130 bn)



IT investments of **approx. ¥540 bn** are planned over 5 years (Medium-term Plan before revision: ¥500 bn)



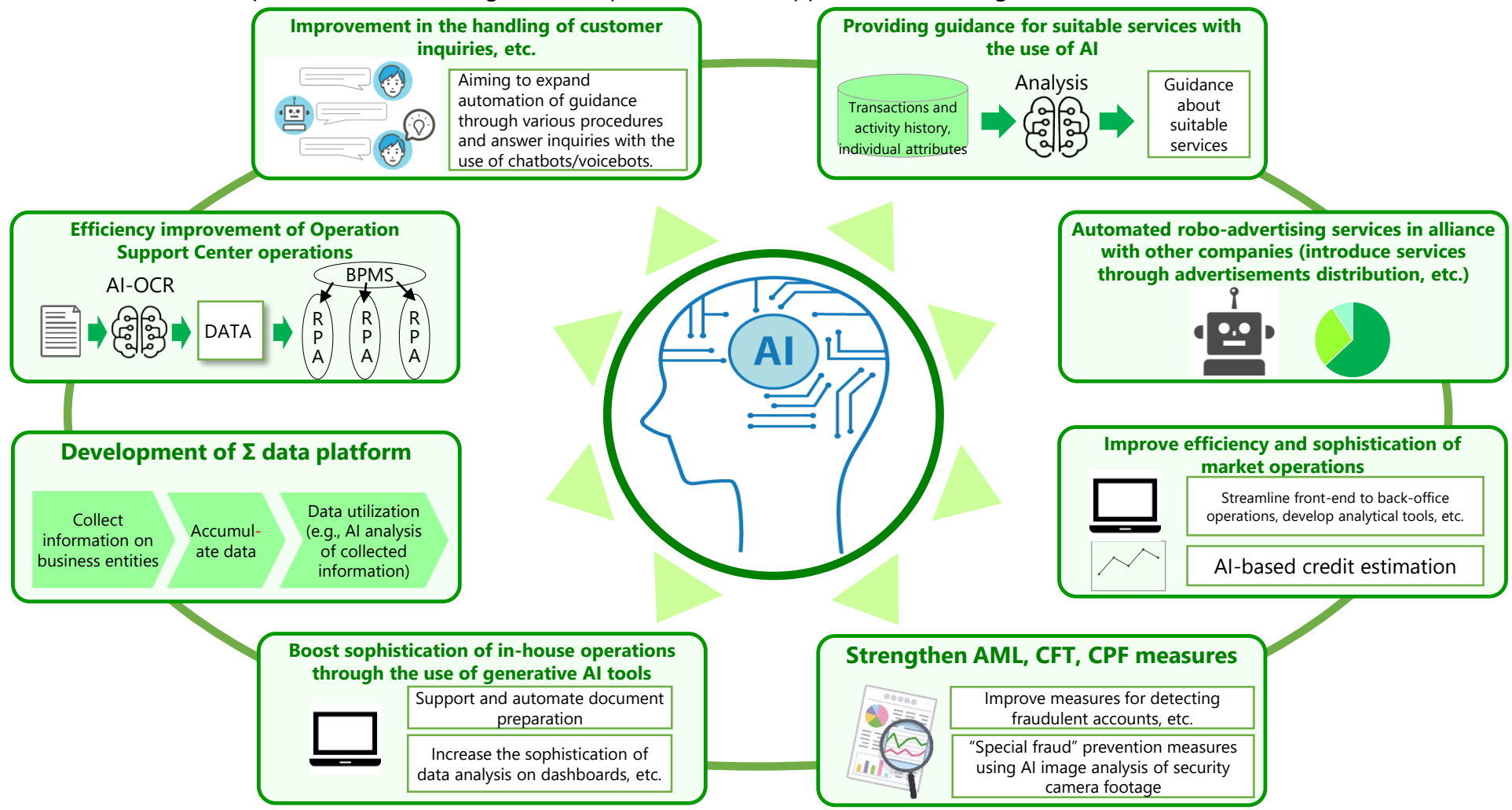
Total: Approx. ¥675 bn
(Medium-term Plan before revision: ¥630 bn)

*1 Cash flow basis for capital investment + expenses

*2 Anti-money laundering, countering the financing of terrorism, counter proliferation financing

Strengthening the Management Base: (5) Evolve Operations With the Use of AI

- The Bank is developing and securing human resources with proficiency in AI, and actively utilizing AI in all internal operations to improve services and enhance the sophistication and efficiency of operations. Particularly in the retail business, we are pursuing a fundamental transformation of operations and working to develop new revenue opportunities through the use of AI.



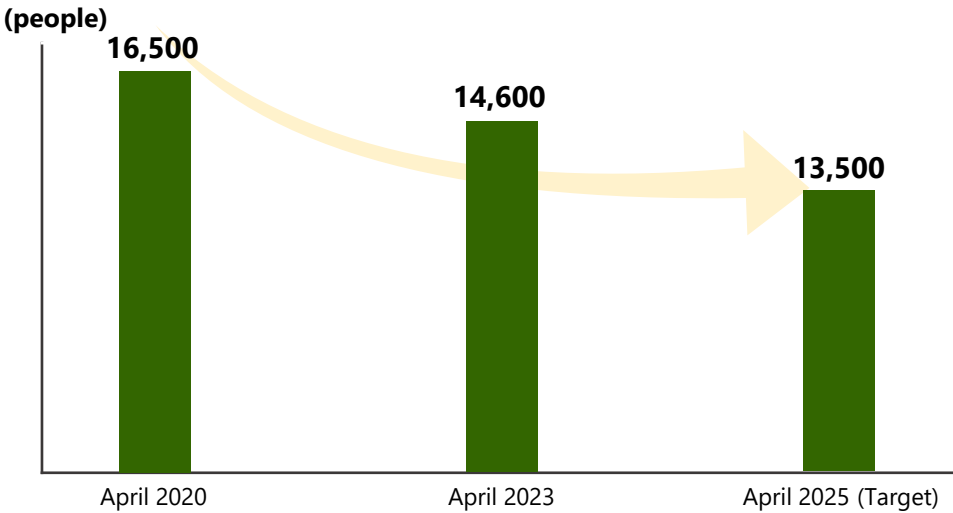
Stay abreast of the latest advanced technologies and case studies, and build a system to deploy such technologies internally (e.g., establish communication channels with system partners, establish an organization to accelerate digitalization of internal departments and provide relevant consultation, etc.)

Strengthening the Management Base:
(6) Plan for Personnel Expenses and General and Administrative Expenses

- While increasing the number of employees in strengthened areas, such as DX promotion, market operations, and GP business, the plan is to reduce the total number of employees by 1,100 over the next two years through company-wide efficiency improvements utilizing AI and other digital technologies, as well as through optimized allocation of sales personnel and other means.
- Aggressively invest in areas to be strengthened, such as DX promotion, while continuing to reduce regular expenses.

Personnel plan

- ✓ Persist with the plan to reduce headcount by about 3,000 over the five years of the Medium-term Plan (to be achieved through natural attrition due to hiring adjustments)



Reduction of workload

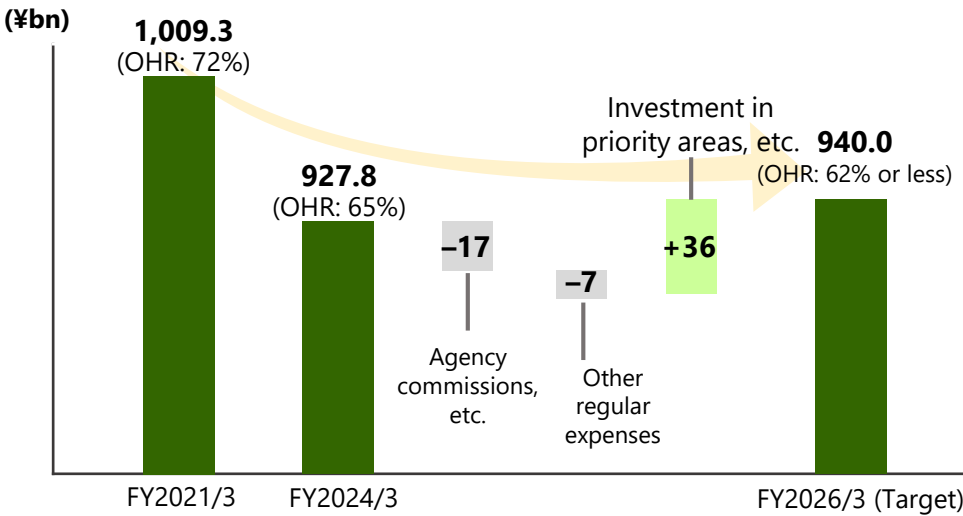
- Increase efficiency through expansion of automated processing at Operation Support Centers, etc.
- Improve operational efficiency at the Head Office
- Reduction of consultants, loan service department employees, etc.

Increase personnel in strengthened areas

- Strengthen human resources in specialized fields such as market operations (including ALM and risk management), DX promotion, Σ Business, cybersecurity, etc.

Reduce general and administrative expenses, improve OHR*

- ✓ Reduce G&A expenses by ¥69.0 billion over the five years of the Medium-term Plan (amount revised up from the decrease of ¥55.0 billion set in the Medium-term Plan before the revision)



Reduction in regular expenses

- Headcount reduction due to workload reduction
- Reduction of agency commissions according to plan
- Reduction of various non-personnel expenses, etc.

Investment in priority areas, etc.





















- Investments to promote DX, such as functional enhancements to apps
- Strengthen AML, CFT, CPF and security measures
- Increase personnel in areas to be strengthened
- Improvement of employee compensation, etc.

* OHR includes gains (losses) from money held in trust, etc.

Promotion of Sustainability Management: (1) Solving Social Issues Through Business Activities

- Maintain the framework of the four material issues that the Bank has identified as social issues to be addressed through its business activities. (The priority issue described as “advancement of work style reforms, and sophistication of governance” has been changed to the “diversity promotion of human resources and sophistication of governance”)
- Promote sustainability management by linking the four material issues to management strategies and specific initiatives, and by setting KPIs.

* The underlined items are KPIs that have been revised

Materiality	Key initiatives taken to solve issues	Target KPIs (FY2026/3)	Realizing SDGs
<div>Providing “safe and secure” financial services to anyone and everyone throughout Japan</div> 	<ul style="list-style-type: none">• Provide services through the post office network and support the use of digital services (address the digital divide)• Expand offerings of digital/remote services that are accessible and easy to use by all customers, with top priority placed on safety and security• Support asset-building such as with the new NISA investment program, etc. focusing on retail customers	<ul style="list-style-type: none">• Number of accounts registered in the Yucho Bankbook App: 16 mn• <u>Number of NISA accounts: 940,000</u>	<div></div>
<div>Contributing to regional economic expansion</div> 	<ul style="list-style-type: none">• Realization of “co-creation platform” with regional financial institutions, etc.• The challenge to revitalize local economies and create new corporate value through “Japan Post Bank’s unique GP business”• Fund flows to regional areas through various frameworks	<ul style="list-style-type: none">• <u>GP business-related investments: Approx. ¥400 bn (based on investment commitments)</u>	<div></div>
<div>Reducing environmental impact</div> 	<ul style="list-style-type: none">• Strengthen efforts in accordance with TCFD*1 recommendations• Reduce GHG (greenhouse gas) emissions, promote shift to paperless operations• Promote ESG investments and loans	<ul style="list-style-type: none">• GHG emissions*2 reduction rate: -60% (target by FY2031/3, compared to FY2020/3 levels)• <u>Business forms usage reduction rate: -20%</u> (compared to FY2021/3)• ESG-themed investment and loan balance: ¥7 tn	<div></div>
<div>Diversity promotion of human resources and sophistication of governance</div> 	<ul style="list-style-type: none">• Promote human capital management based on the principles of “Encourage growth” + “Discover abilities” + “Effectively utilize diversity”• Further improve the effectiveness of the Board of Directors	<ul style="list-style-type: none">• <u>Overall employee satisfaction rate: 70% or higher</u>• Ratio of women in managerial positions: 20%*3,4• Rate of employees taking childcare leave (regardless of gender): 100%• Rates of employee with disabilities: 3.0% or higher	<div></div>

*1 Acronym for Task Force on Climate-Related Financial Disclosures
*2 Greenhouse gas (GHG) emissions volume attributable to the Bank’s own operations (Scope 1 and 2)

*3 Target to be achieved by April 2026
*4 (Japan Post Group target) Aim to have 30% of Head Office managerial posts filled by women by April 1, 2031

Promotion of Sustainability Management:
(2) Provide “Safe and Secure” Financial Services to Anyone and Everyone Throughout Japan

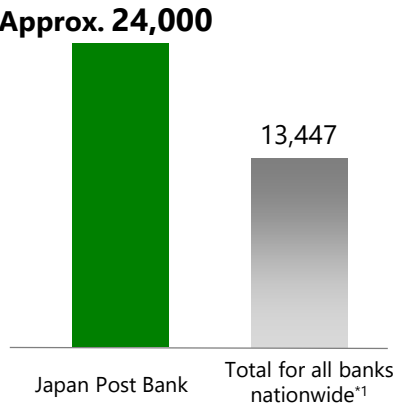
- Provide “safe and secure” financial services to anyone and everyone throughout Japan through the Bank’s extensive network
- To ensure customer trust, continue to maintain and strengthen the stability and solidity of the system infrastructure that supports a vast volume of financial transactions.

Network

Total number of branches

Approx. 24,000 branches

Comparison of domestic branch network



Number of ATMs

Approx. 31,200 units

Of which are small ATMs (installed in FamilyMart convenience stores, etc.)
Approx. 5,400 units

Partner financial institution cards usable at ATMs

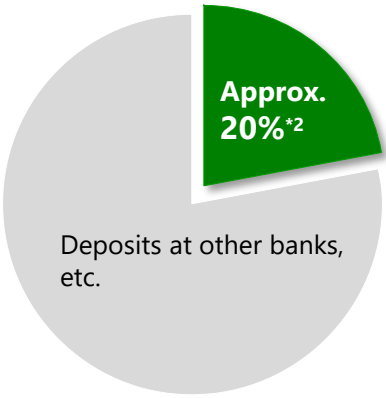
Approx. 1,200 companies

Customer base

Number of ordinary deposit accounts (total deposit balance)

Approx. 120 mn accounts
(Approx. ¥192 tn)

The Bank's savings deposits as a percentage of total household bank deposits in Japan



Digital services

▶ Number of accounts registered in the Yucho Bankbook App

Approx. 10.4 mn accounts
⇒ To 16 mn accounts^{*3}

▶ Number of accounts registered with the Yucho Direct service

Approx. 11.74 mn accounts

Asset building

▶ Number of investment trust accounts

Approx. 1.42 mn accounts

▶ Number of NISA accounts

Approx. 730,000 accounts
⇒ To 940,000 accounts^{*3}

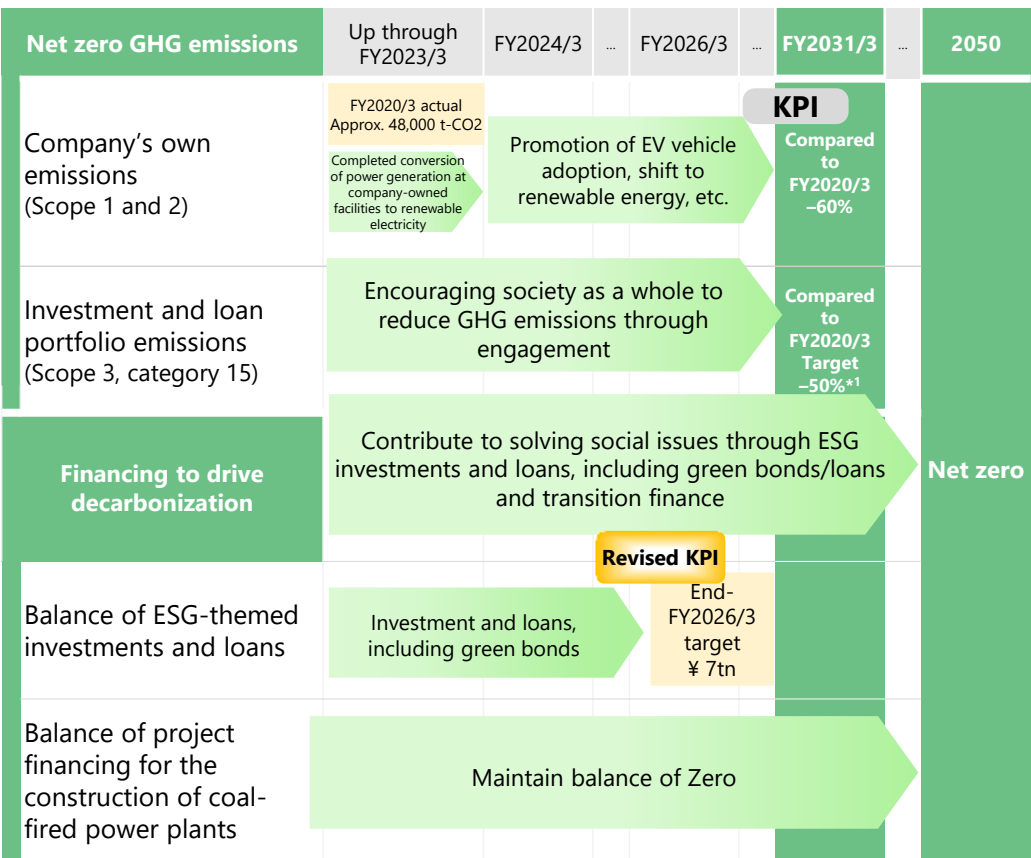
High-quality system infrastructure to support massive volume of financial transactions

Note: The above figures represent totals as of March 31, 2024, except as noted in *1 through *3 below.
*1 Source: Japanese Bankers Association website, "Analysis of Financial Statements of All Banks in Japan (data on capital, number of branches, number of banking agencies, and number of officers and employees of all banks in Japan)," total of domestic head offices, branches, and sub-branches (as of September 30, 2023)
*2 This figure represents Japan Post Bank's balance of retail deposits (as of September 30, 2023) divided by total household deposits in the Bank of Japan's Flow of Funds Accounts Statistics (as of September 30, 2023)
*3 Target KPI value by March 31, 2026

Promotion of Sustainability Management: (3) Reducing Environmental Impact

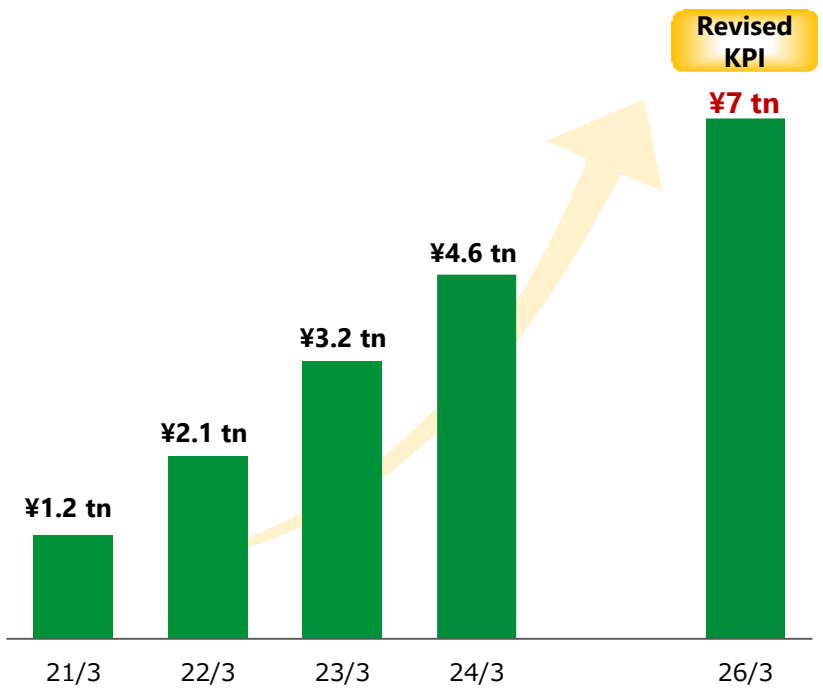
- Promoting initiatives in line with the roadmap to decarbonization to achieve "net zero GHG emissions by 2050."
- Target for the balance of ESG-themed investments and loans raised from ¥4 trillion to ¥7 trillion (to be achieved by end-FY2026/3) to support decarbonization efforts, etc. through financing.

Roadmap to decarbonization



*1 Emissions per investment unit (¥100 million) (t-CO2/¥100 million)

Balance of ESG-themed investments and loans*2



*2 ESG bonds (green bonds, social bonds, sustainability bonds, transition bonds, etc.), loans to the renewable energy sector, regional revitalization funds, etc.

Reduction in use of business forms

Aim to reduce the amount of business forms used by 20% by FY2026/3 (compared to FY2021/3) by computerizing various procedures, etc.

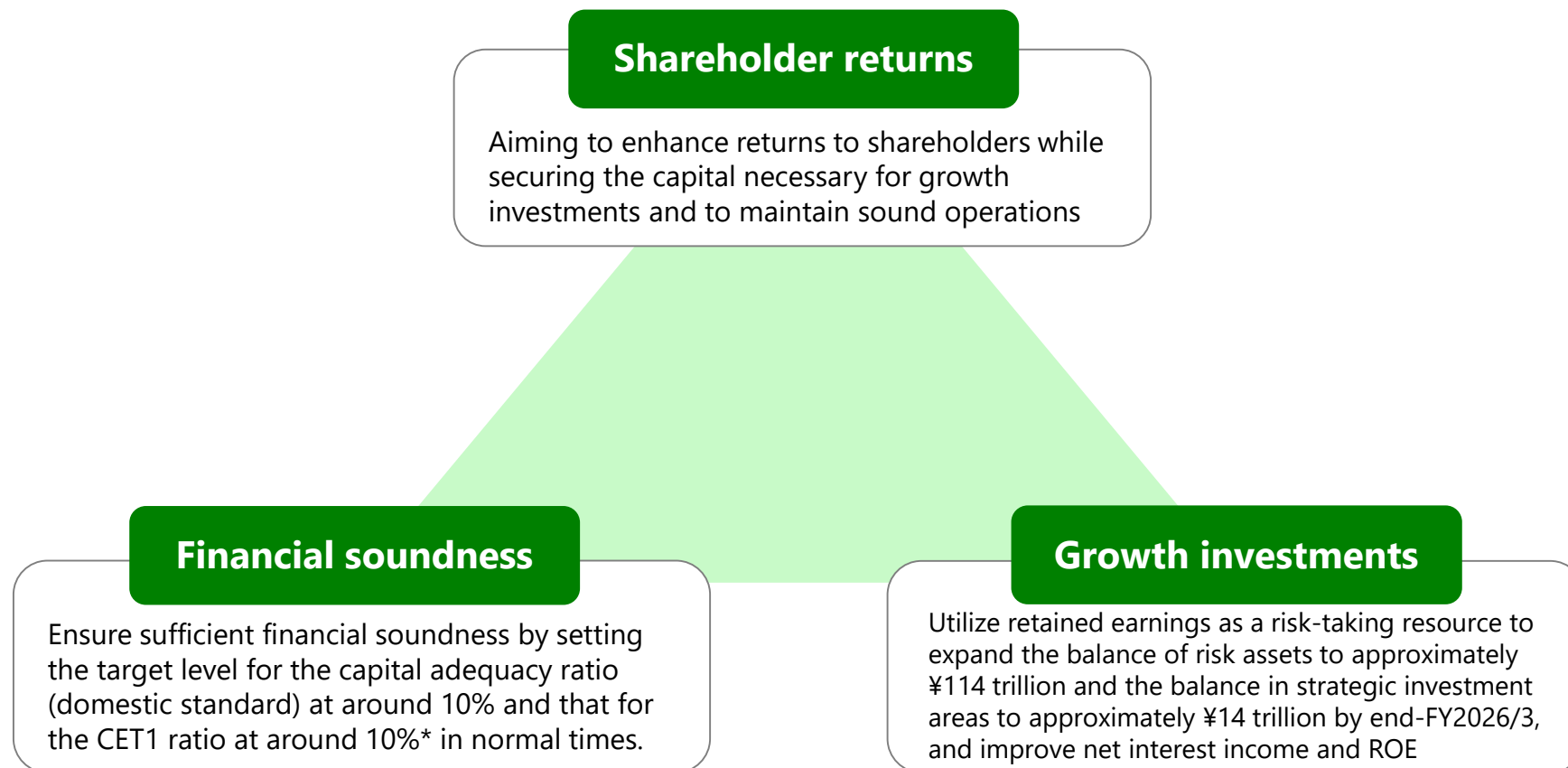
New KPI

(Reference) Overview of Revised KPIs (FY2026/3 Targets)

	Before the revision		After the revision		Reason/background for revision
Retail business innovations	Number of accounts registered in the Yucho Bankbook App	10 mn accounts	Number of accounts registered in the Yucho Bankbook App	16 mn accounts	Further advancements in the digitalization of society and achievement of initial targets ahead of schedule
	Number of active Tsumitate NISA accounts	400,000 accounts	Number of NISA accounts	940,000 accounts	Launch of new NISA system, etc., accelerating trend of shift "from savings to investment"
Market business enhancement	Balance of risk assets	Approx. ¥110 tn	Balance of risk assets	Approx. ¥114 tn	Steady progress in investments and change in the method of recording balances in some strategic investment areas from book value basis to fair value basis, etc.
	Balance in strategic investment areas	Approx. ¥10 tn	Balance in strategic investment areas	Approx. ¥14 tn	
Full-scale launch of the Σ Business	Number of regional vitalization fund participation cases	50 cases (cumulative)	GP business-related investments (based on investment commitments)	Approx. ¥400 bn	Set new KPI due to the full-scale launch of the Σ Business
	Number of financial institutions that have aggregated operational processes	Approx. 20 financial institutions			
Strengthening the management base	(Newly established KPIs)		Number of expert market operations professionals	105 employees	New KPIs set due to increased momentum for promoting and further strengthening human capital management
			DX training attendance ratio (Head Office)	100%	
			Number of Career Challenge applicants	100 or more employees	
			Overall employee satisfaction rate	70% or higher	
	Ratio of women in managerial positions	20% (Target to achieve by April 2026)	Ratio of women in managerial positions	20% (Target to achieve by April 2026)	No change (steady progress being made toward the final year of the Medium-term Plan)
	Rate of employees taking childcare leave (regardless of gender)	100%	Rate of employees taking childcare leave (regardless of gender)	100%	
	Rates of employee with disabilities	2.7% or higher	Rates of employee with disabilities	3.0% or higher	Increased social responsibility, including a rise in the legally mandated employment rate
	Reduction in personnel (compared to FY2021/3)	−3,000 employees	Reduction in personnel (compared to FY2021/3)	Around −3,000 employees	No change (steady progress being made toward the final year of the Medium-term Plan)
	GHG emissions reduction rate (compared to FY2020/3)	−60% (Target for FY2031/3)	GHG emissions reduction rate (compared to FY2020/3)	−60% (Target for FY2031/3)	Increased social responsibility for sustainability management, some targets achieved ahead of schedule
	(Newly established KPIs)		Business forms usage reduction rate (compared to FY2021/3)	−20%	
Promotion of sustainability management	Balance of ESG-themed investments	¥4 tn	Balance of ESG-themed investments and loans	¥7 tn	

Capital Policy: (1) Basic Thought Process

- We manage our capital policy in a way that balances shareholder returns, financial soundness, and investment for growth.
- In a policy of the Japan Post Group, it says “We aim to lower the holding ratio of our equity interests in the two financial subsidiaries to 50% or less by FY2025. We keep this goal unchanged and continue efforts to dispose of Japan Post Bank shares. Even after the holding ratio drops to below 50%, we will proceed with deliberations on the disposal of our equity interests in the two financial subsidiaries.” The Bank has been steadily promoting the privatization process in line with this policy.



* Excluding unrealized gains on available-for-sale securities.
FY2026/3 figures are based on full implementation of Basel III.

Capital Policy: (2) Policy on Shareholder Returns, Etc.

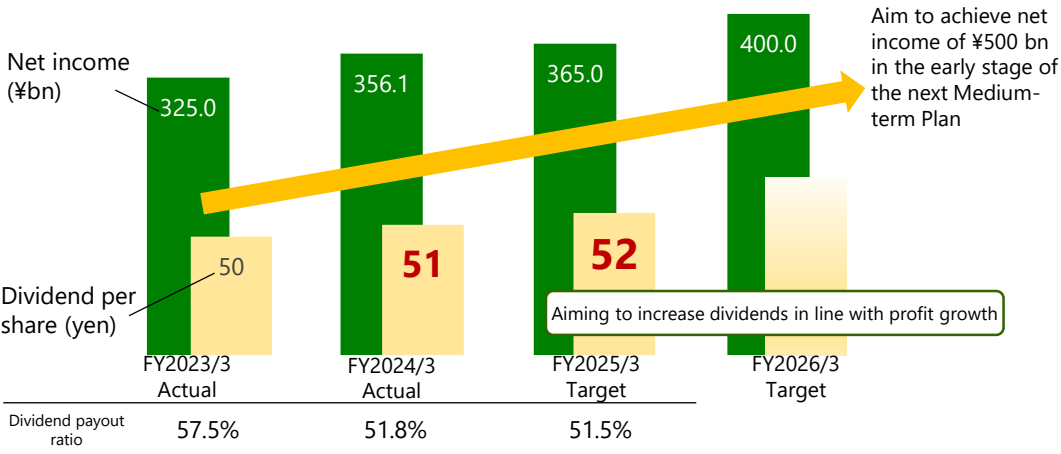
- Continue with the policy on shareholder returns during the Medium-term Plan and aim to increase dividends in line with profit growth.

Policy on shareholder returns

- Considering the balance between shareholder returns, financial soundness, and investment for growth, our basic policy is to maintain a dividend payout ratio of approximately 50% during the period of the Medium-term Plan (FY2022/3-FY2026/3).
- However, based on the stability and continuity of dividends, the Bank seeks to increase the dividend per share (DPS) from the level of the initial dividend forecast for FY2025/3, by aiming for a payout ratio in the range of 50% to 60%.

Basic policy on shareholder returns

- Aim to enhance shareholder returns through medium- and long-term profit growth through corporate efforts.
- The Bank's policy is to maintain a dividend payout ratio of approximately 50% from the perspective of ensuring financial soundness, utilizing retained earnings as a risk-taking resource, and continuously improving earnings and increasing corporate value.



Other policies concerning shareholder returns, etc.

- Consideration of share repurchases will be based on market conditions, performance and retained earnings, opportunities for investment in growth, and the Japan Post Group's policy for holding the Bank's shares.
- The Bank has implemented a shareholder special benefit program to show gratitude to shareholders for their ongoing support, and to increase the attractiveness of investment in the Bank's shares and thereby encourage more people to hold shares in the Bank.
- Based on the status of the Bank's investment portfolio, the current policy is to pay dividends once a year, at the end of the fiscal year.

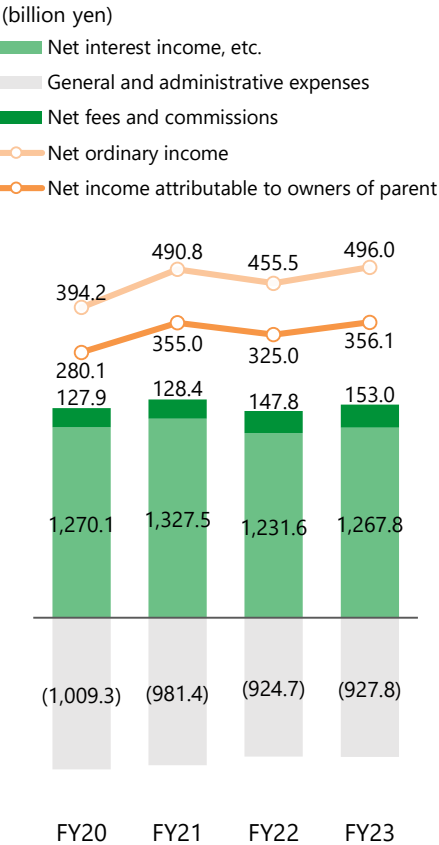
01	Executive Summary	P.3
02	FY2025/3 Financial Forecasts	P.13
03	The revision of Medium-term Management Plan (Mid-term Plan)	P.17
04	Appendix	P.58

Overview of FY2024/3 Results

(1) Results

Net income attributable to owners of parent amounted to JPY 356.1bn, the highest since the Bank was listed on the stock exchange, and dividend per share increased to JPY 51.

Results for FY2024/3 (Consolidated)



	FY2023/3 Actual (A)	FY2024/3 (billion yen)			
		Forecast (B)	Actual (C)	YoY (C) – (A)	vs Forecast (C) – (B)
Net interest income, etc. ^{*1}	1,231.6	1,260.0	1,267.8	(1) 36.2	7.8
Net fees and commissions	147.8	153.0	153.0	(2) 5.2	0.0
General and administrative expenses	924.7	944.0	927.8	(3) 3.0	(4) (16.1)
Net ordinary income	455.5	470.0	496.0	40.4	26.0
Net income attributable to owners of parent [Achievement rate ^{*2}]	325.0 [101.5%]	335.0	356.1 [106.3%]	31.0	21.1
Dividend per share [Dividend payout ratio]	JPY 50 [57.5%]	JPY 50 [54.0%]	JPY 51 [51.8%]	JPY 1	JPY 1

- Main drivers of increase and decrease
- (1) Operations for risk controls [Gains on sales of stocks, etc. approx. JPY +316.0bn]
 - Foreign bond investment trusts [approx. JPY +30.0bn]
 - Strategic investment areas [approx. JPY (119.0)bn]
 - Private equity funds [approx. JPY (95.0)bn]
 - Real estate funds [approx. JPY (20.0)bn]
 - Others [approx. JPY (190.0)bn]
 - Increase in foreign currency funding costs, etc.
 - (2) ATM related commissions [approx. JPY +4.0bn]
 - (3) Increase in IT expenses [approx. JPY +16.0bn]
 - Commissions and Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network [approx. JPY (11.0)bn]
 - (4) Decrease in IT expenses [approx. JPY (7.0)bn]

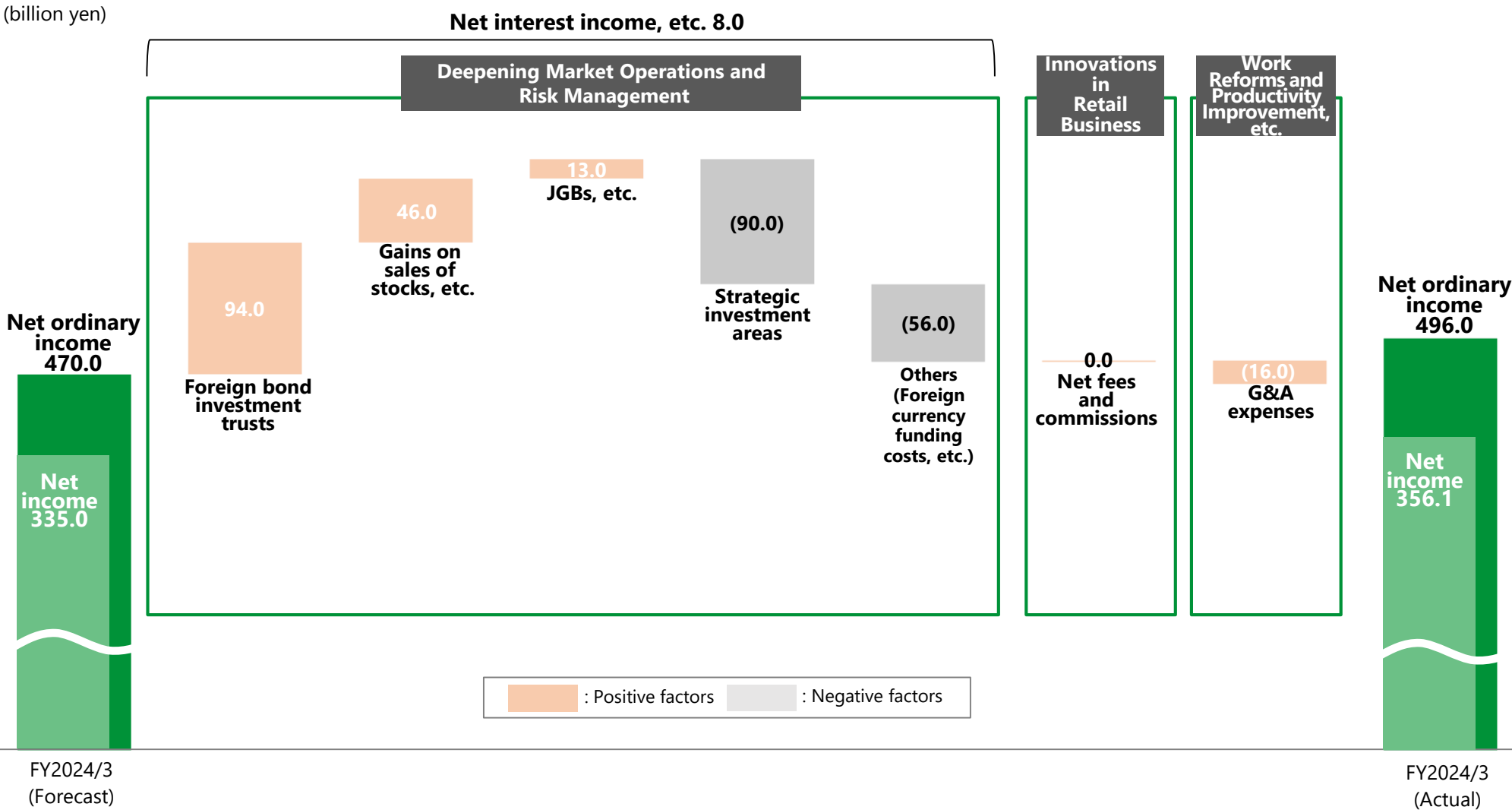
^{*1} Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.)
^{*2} The achievement rate to forecast for net income attributable to owners of parent

(Ref.) Changes in Net Ordinary Income

(1) vs Forecasts (Simple Illustration)

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

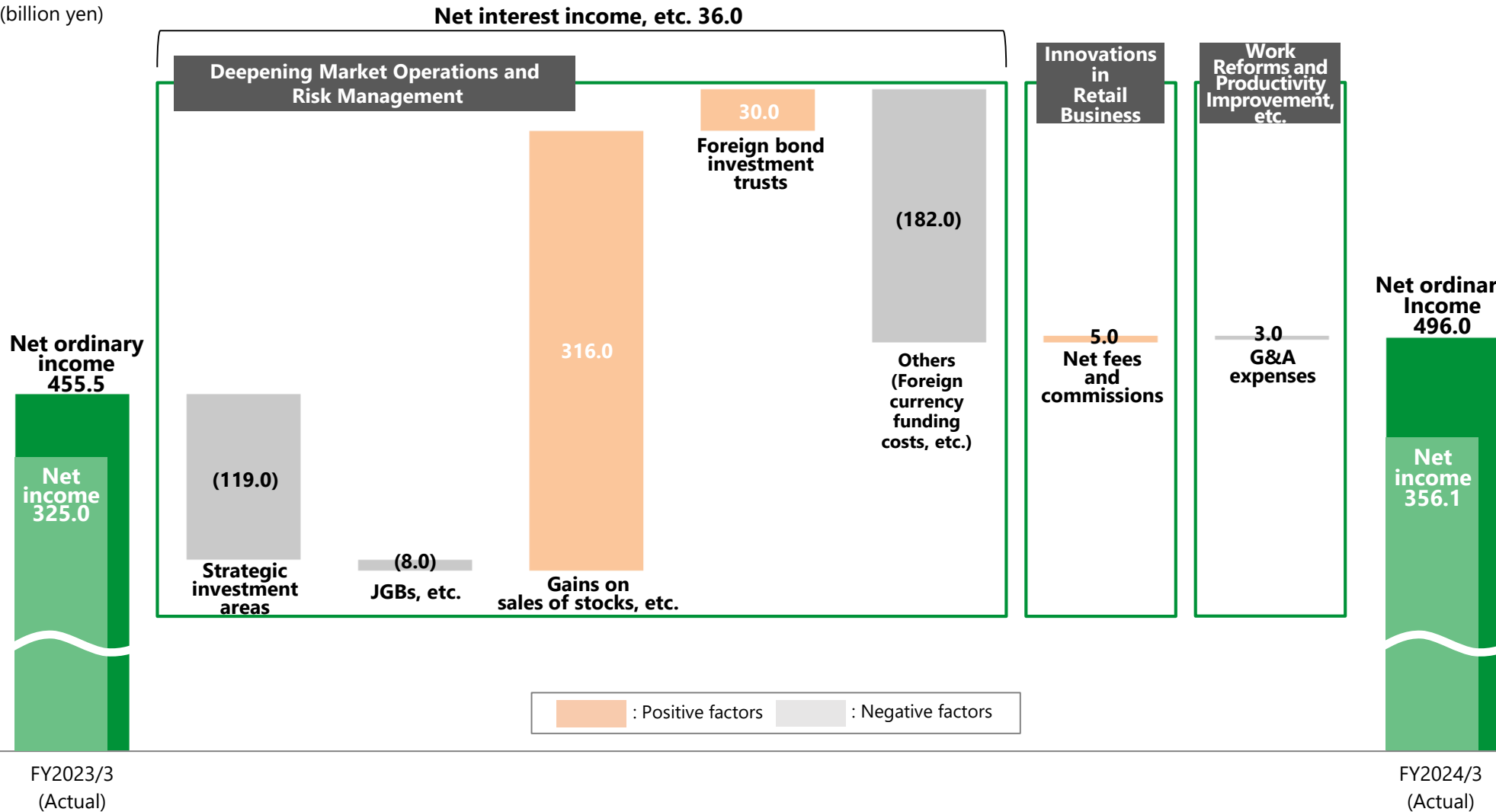
Note: The addition of total changes to the forecast for FY2024/3 does not equal the FY2024/3 results due to rounding, other ordinary income/expenses and similar factors.



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

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

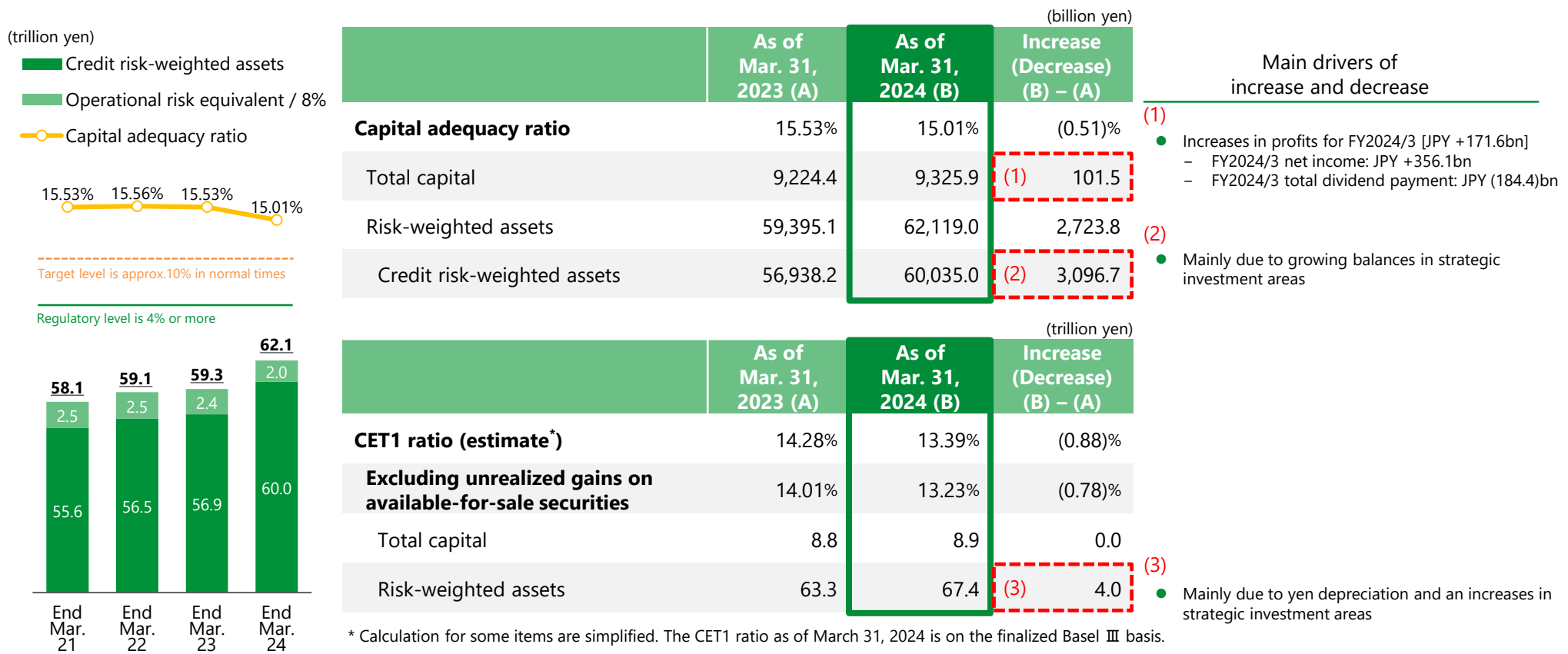
Note: The addition of total changes to the FY2023/3 results does not equal the FY2024/3 results due to rounding, other ordinary income/expenses and similar factors.



The consolidated capital adequacy ratio as of March 31, 2024 was 15.01%, down 0.51% compared to March 31, 2023.

The Bank has increased in the balance of strategic investment areas, contributing to an increase in risk weighted assets (denominator) and a decline in capital adequacy ratio.

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



Deposit Balance

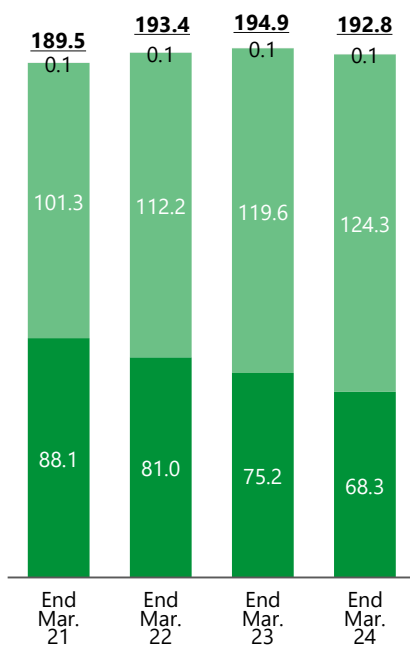
Deposits have remained stable, amounted to JPY 192.8tn on March 31, 2024, down JPY 2.1tn from March 31, 2023. Ordinary deposits increased by JPY 4.6tn due to transfers from time and TEIGAKU deposits at maturity, etc.

Deposit Balance (Non-consolidated)

(trillion yen)

■ Fixed-term deposits ■ Liquid deposits

■ Other deposits



(trillion yen)

	As of Mar. 31, 2023 (A)	As of Mar. 31, 2024 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	119.6	124.3	4.7
Transfer deposits	12.7	12.6	(0.0)
Ordinary deposits, etc.*	106.1	110.8	(1) 4.6
Savings deposits	0.7	0.8	0.0
Fixed-term deposits	75.2	68.3	(2) (6.8)
Time deposits	3.3	3.5	0.2
TEIGAKU deposits	71.9	64.7	(7.1)
Other deposits	0.1	0.1	(0.0)
Total	194.9	192.8	(2.1)

Main drivers of
increase and decrease

(1) (2)

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

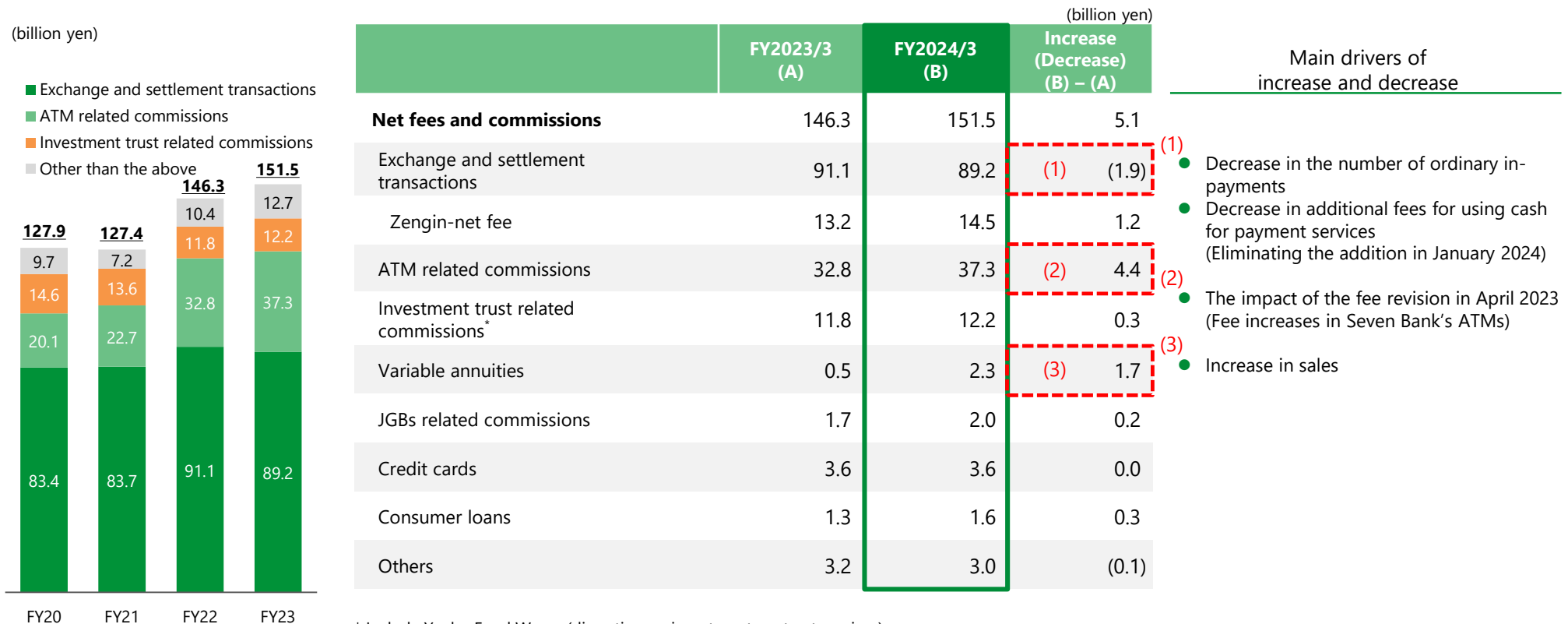
* Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)

Fees and Commissions

Net fees and commissions for FY2024/3 increased by JPY 5.1bn year on year to JPY 151.5bn.

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)

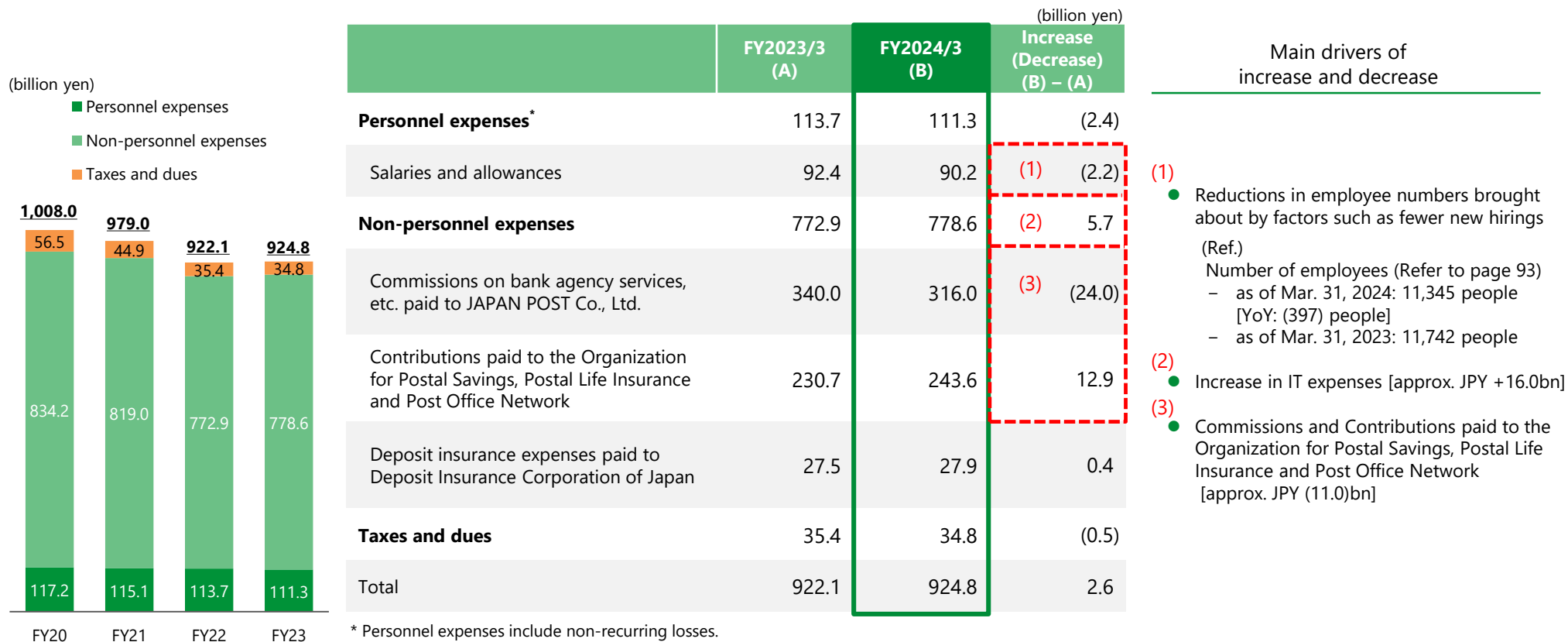


General and Administrative Expenses

General and administrative expenses for FY2024/3 increased by JPY 2.6bn year on year to JPY 924.8bn.

While personnel expenses and commissions decreased due to improving the work efficiency, IT expenses have increased due to core system renewals and other factors.

G&A Expenses (Non-consolidated)



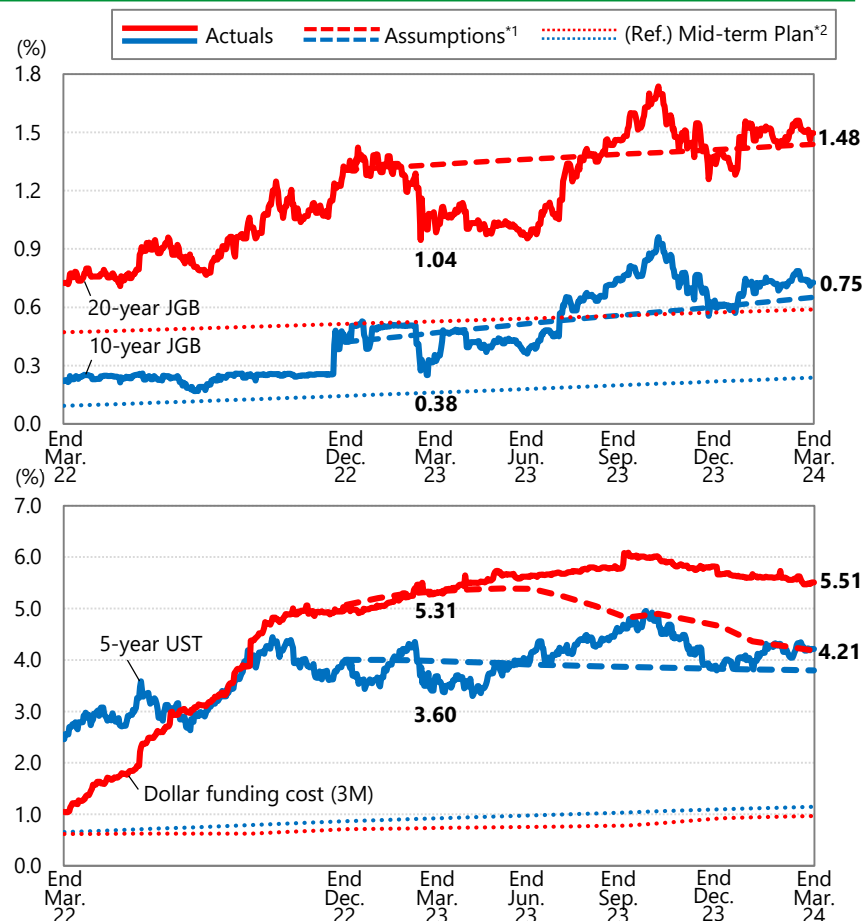
Market Situation

In FY2024/3, domestic and foreign interest rates, etc. trended above expectations*¹ due to a number of issues, such as monetary policy moves in Japan and the U.S.

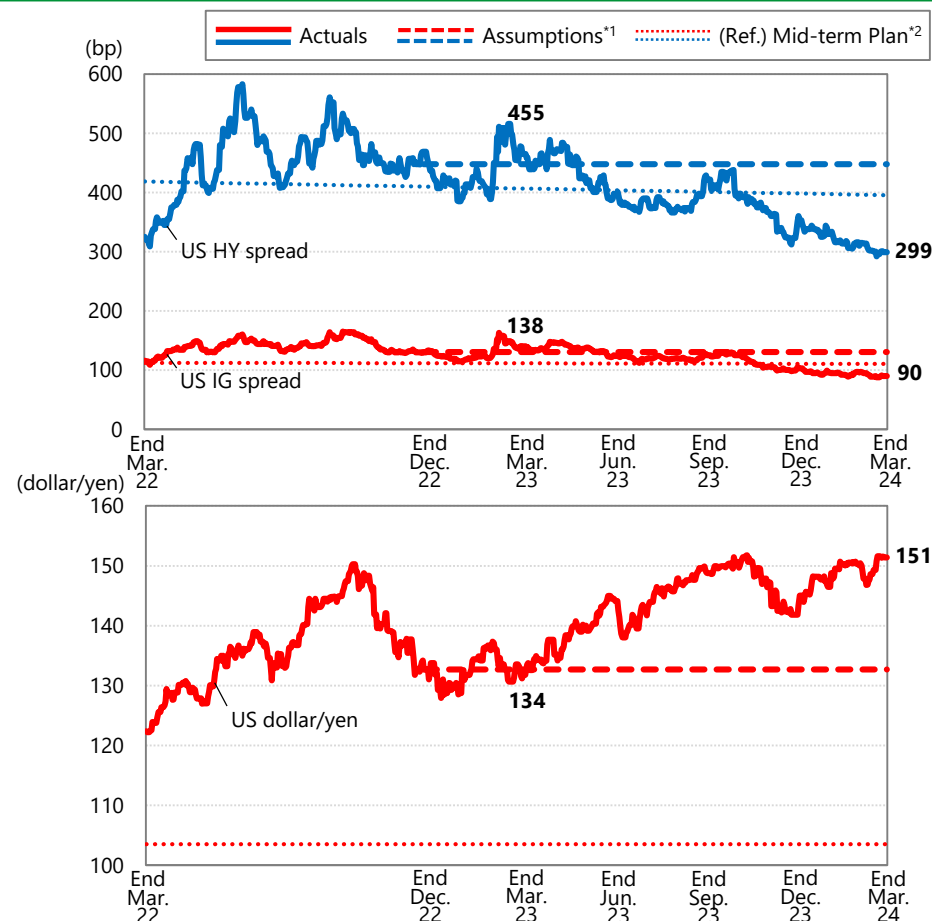
On the other hand, credit spreads were tighter than expected*¹.

*¹ Assumptions at the time of formulating the FY2024/3 earnings forecast *² Assumptions for the Mid-term Plan before revision

Domestic and Foreign Interest Rates / Dollar Funding Cost



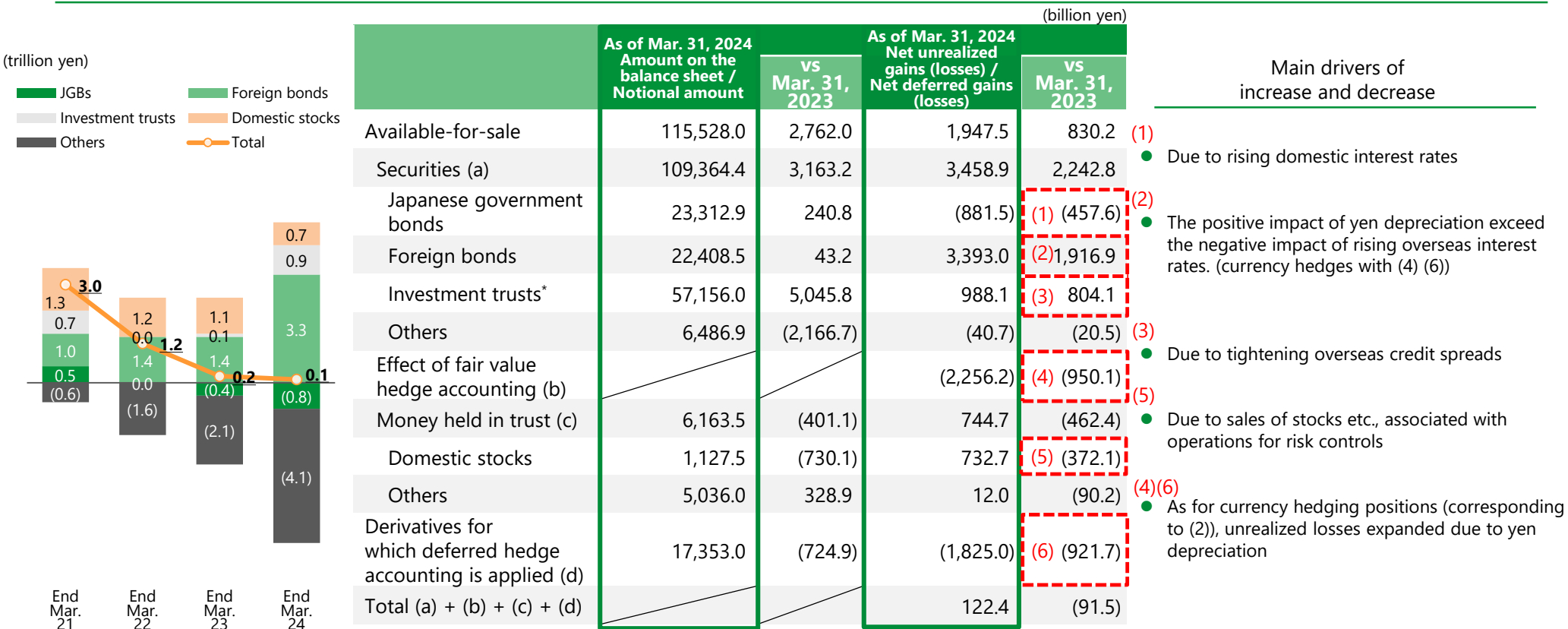
US IG and HY Spread / US Dollar/Yen



Unrealized Gains (Losses) on Financial Instruments

Net unrealized gains on financial instruments (available-for-sale) after taking into consideration gains (losses) from hedge accounting were JPY 122.4bn as of Mar. 31, 2024 (before application of tax effect accounting), decreasing by JPY 91.5bn YoY. Despite the impact of rising domestic and overseas interest rates, unrealized gains declined only slightly, due in part to tightening credit spreads.

Available-for-sale Securities (Non-consolidated)



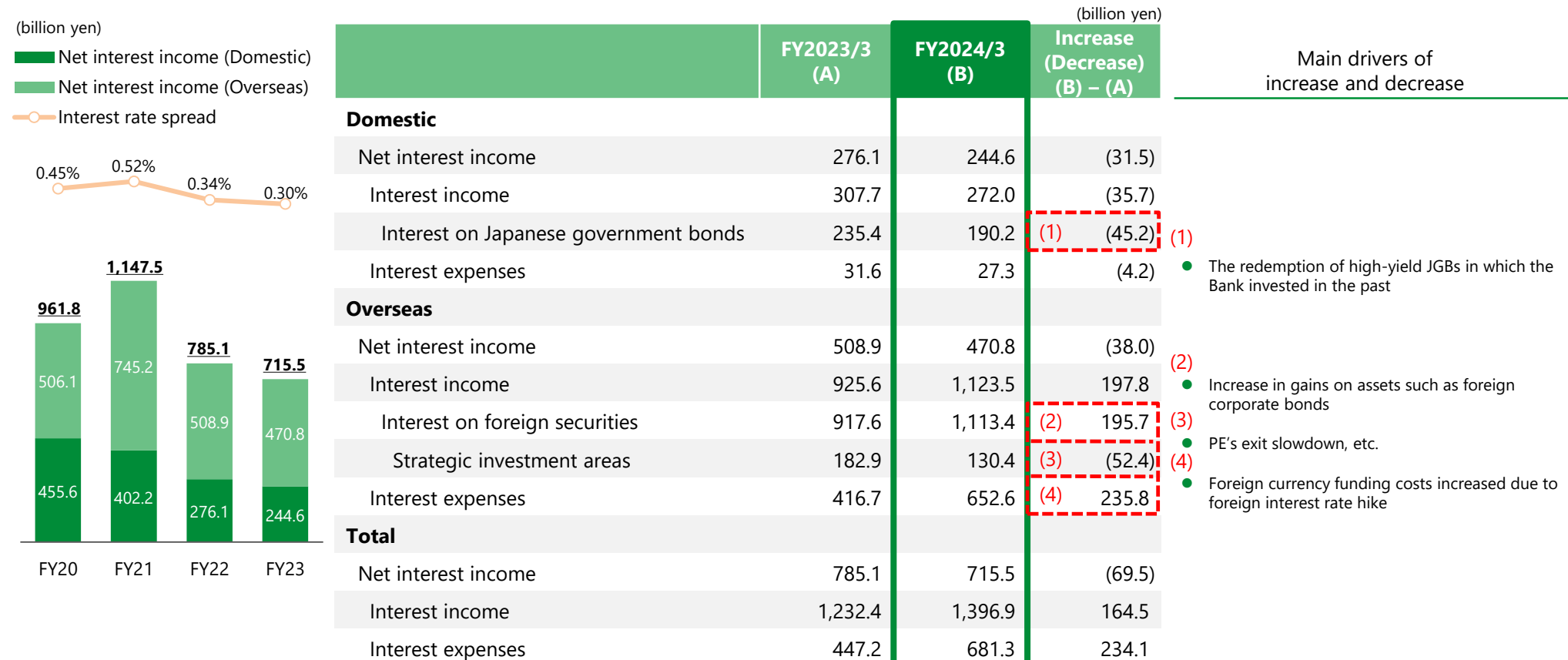
* Investment trusts are mainly invested in foreign bonds. Including unrealized gains on private equity funds (as of March 31, 2024, JPY 1,172.6bn; as of March 31, 2023, JPY 1,050.0bn).

Income Analysis

Net interest income for FY2024/3 decreased by JPY 69.5bn year on year to JPY 715.5bn.

One of the reasons for the decline is rising foreign currency funding costs due to foreign interest rate hike.

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.

Asset Management (1) Investment Assets

At the end of March 2024, investment assets were JPY 231.0tn, up by JPY 4.6tn 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)

(trillion yen)

■ Japanese government bonds
■ Japanese local government bonds, corporate bonds, etc.
■ Foreign securities, etc.
■ Money held in trust
■ Loans
■ Due from banks, etc.
■ Short-term investments and others

	Balance As of Mar. 31, 2024	%	vs Mar. 31, 2023
Securities	146,459.3	63.3	13,689.9
Japanese government bonds	43,862.0	18.9	(1) 5,747.3
Japanese local government bonds, corporate bonds, etc.*1	15,992.3	6.9	(305.0)
Foreign securities, etc.	86,604.8	37.4	8,247.5
Foreign bonds	29,326.7	12.6	(2) 3,187.7
Investment trusts*2	57,156.0	24.7	(3) 5,045.8
Money held in trust	6,163.5	2.6	(401.1)
Domestic stocks	1,127.5	0.4	(730.1)
Loans	6,848.3	2.9	1,244.0
Due from banks, etc.*3	57,872.3	25.0	(4) (10,411.2)
Short-term investments and others*4	13,714.4	5.9	556.0
Total	231,058.0	100.0	4,677.5

Main drivers of
increase and decrease

- (1) Increase in balances of long-term bonds
- (2) Impact of currency exchange rate fluctuations (yen depreciation), etc.
- (3) Increase in balances of private equity funds, foreign bond investment trusts, etc.
- (4) Impact of using Bank of Japan deposits as investment capital

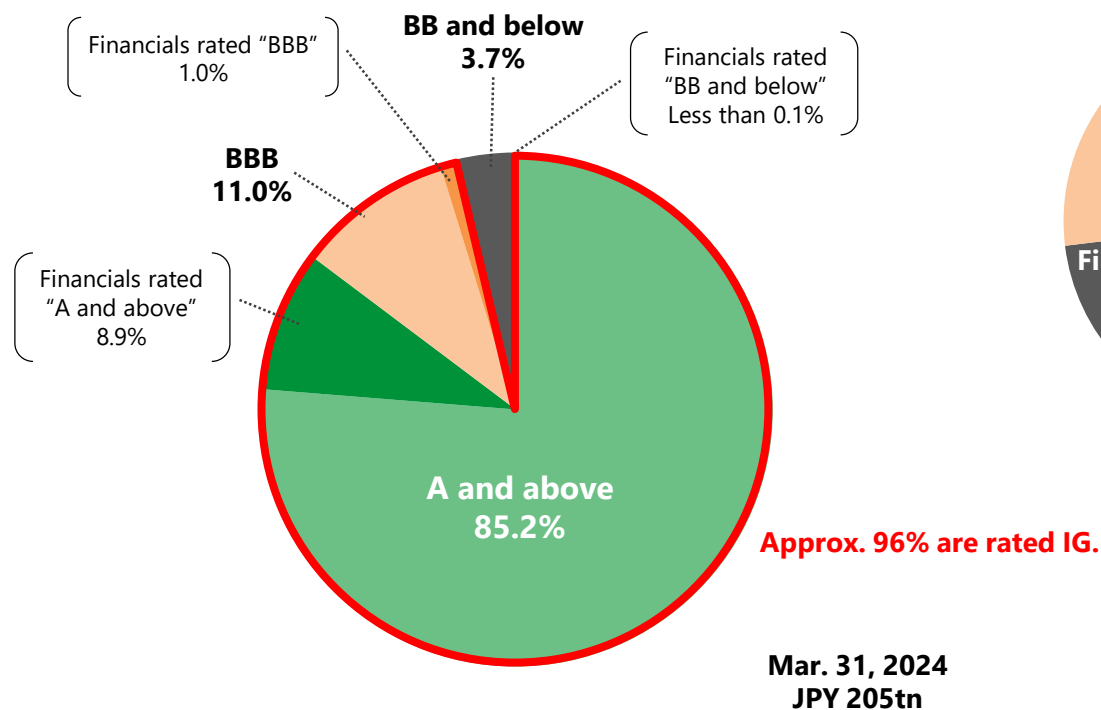
*1 "Japanese local government bonds, corporate bonds, etc." consists of Japanese local government bonds, short-term corporate bonds, Japanese corporate bonds and Japanese stocks.

*2 Investment trusts are mainly invested in foreign bonds. Investment trusts include private equity funds, etc.

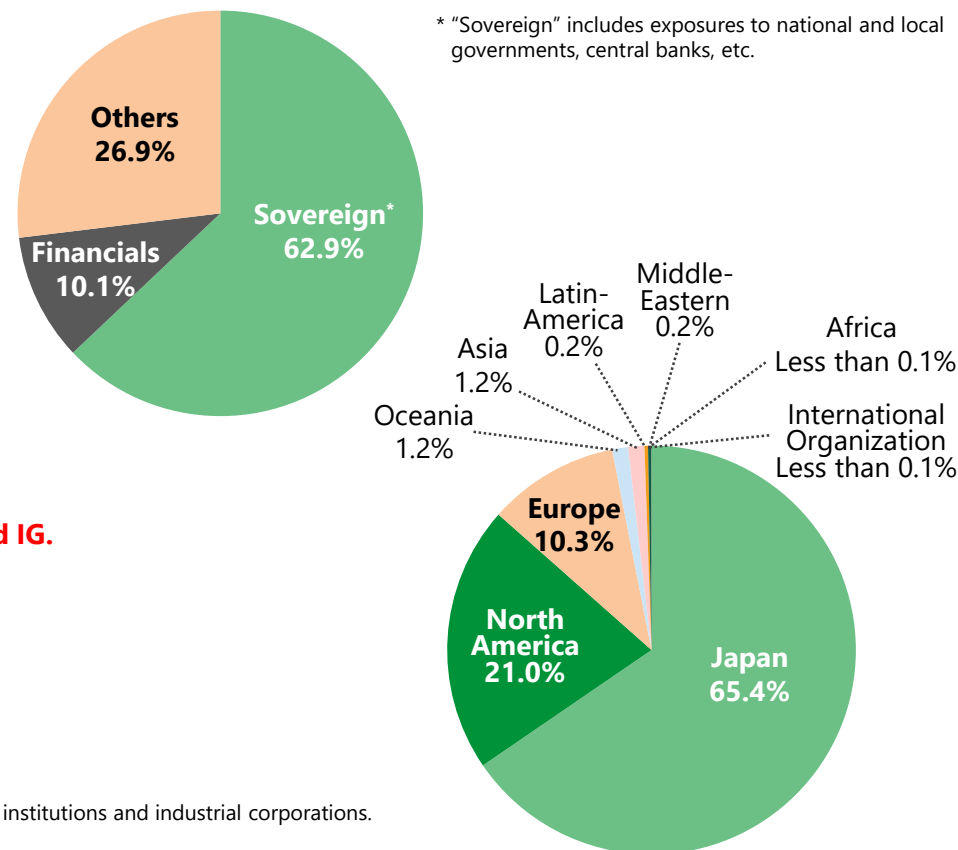
*3 "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.

*4 "Short-term investments and others" consists of call loans and receivables under resale agreements, etc.

Exposures Classified by Ratings (Non-consolidated)



Exposures Classified by Sector and Region (Non-consolidated)

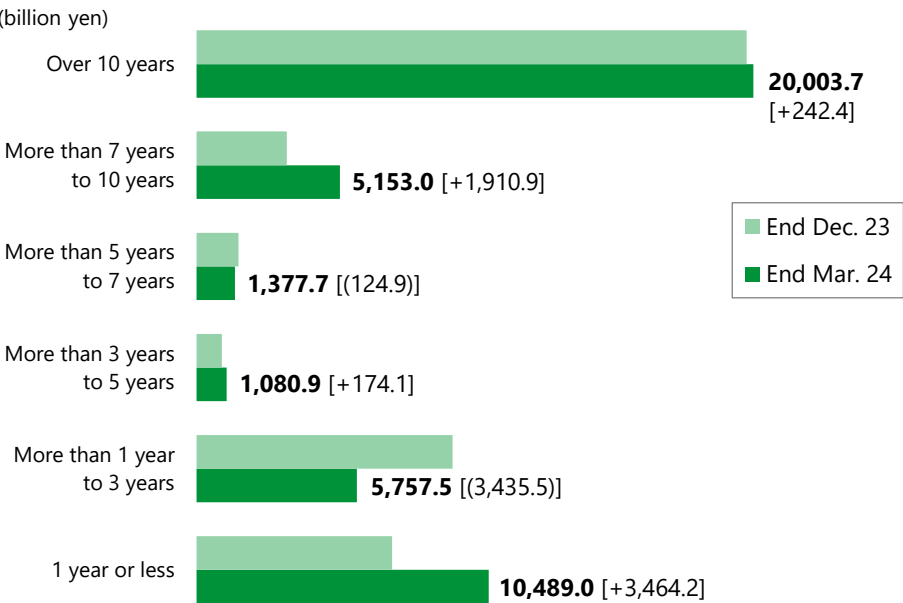


Notes: 1. The range of assets covered in this page includes bonds and loans to sovereign entities, financial institutions and industrial corporations.
2. Exposures are calculated on the management accounting basis.
3. Rating categories are calculated based on the Bank's internal ratings and the external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

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

JGBs (As of Mar. 31, 2024)

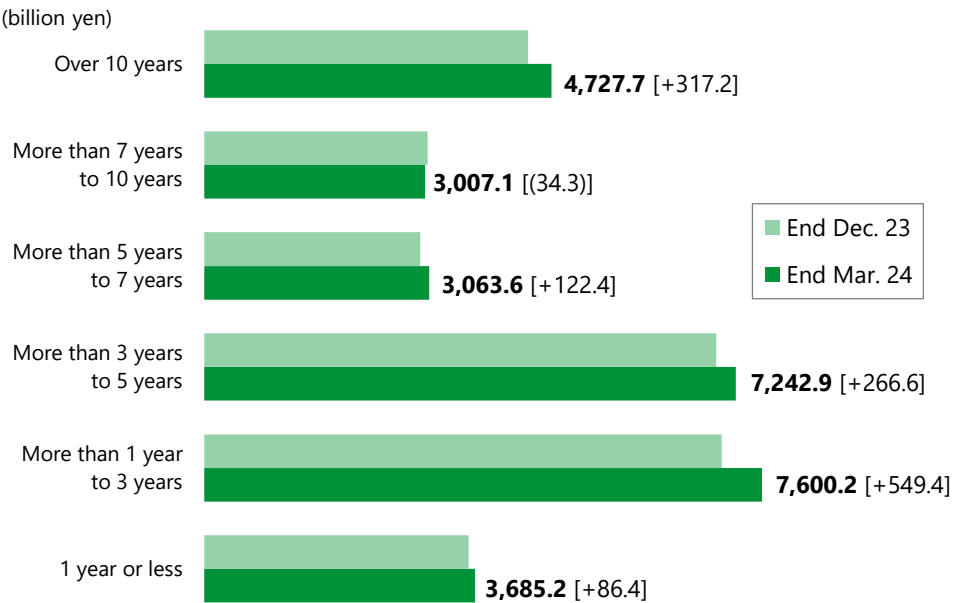
Balance of JGBs: JPY 43,862.0bn [JPY +2,231.3bn]



〈Balances based on the holding purpose〉
Held-to-maturity: JPY 20,549.1bn [JPY +2,518.3bn]
Available-for-sale: JPY 23,312.9bn [JPY (287.0)bn]

Foreign Bonds (As of Mar. 31, 2024)

Balance of Foreign Bonds: JPY 29,326.7bn [JPY +1,307.9bn]



〈Balances based on the holding purpose〉
Held-to-maturity: JPY 6,918.2bn [JPY +920.3bn]
Available-for-sale: JPY 22,408.5bn [JPY +387.5bn]

Note: Figures in [] represent changes from Dec. 31, 2023.

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 (Domestic) (Overseas)		Medium-term investment policy	(Ref.) Capital Efficiency FY2025/3 (Expected RORA*)
Interest				<ul style="list-style-type: none"> Continue to restructure the portfolio of yen interest rate assets, taking into account the Bank of Japan's monetary policy trends For 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"> In investment grade (IG) area, invest with a focus on the income prospects of yen interest rate assets Continue to invest in CLOs, while paying attention to market share Invest selectively in high yield (HY) area while monitoring market conditions, etc. 	1-2% (CLO: 7%)
	CLO				
	XOVER				
	HY				
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"> As strategic investment areas have grown to a size that will make a full-scale contribution to overall earnings, control the balance in consideration of the impact on risk assets, while continuing with the policy of selectively investing in quality funds from a medium- to long-term perspective 	3%
	Real estate funds				1%
					1%
	Direct lending funds				2%
	Infrastructure debt funds				2%

* Return on Risk Asset (RORA) is an indicator of the rate of return on risk assets. RORA is calculated by dividing the expected yield on new investments for FY2025/3 (expected investment yield for strategic investment areas) by the risk weight.

Building a Strong Operational Structure (1)

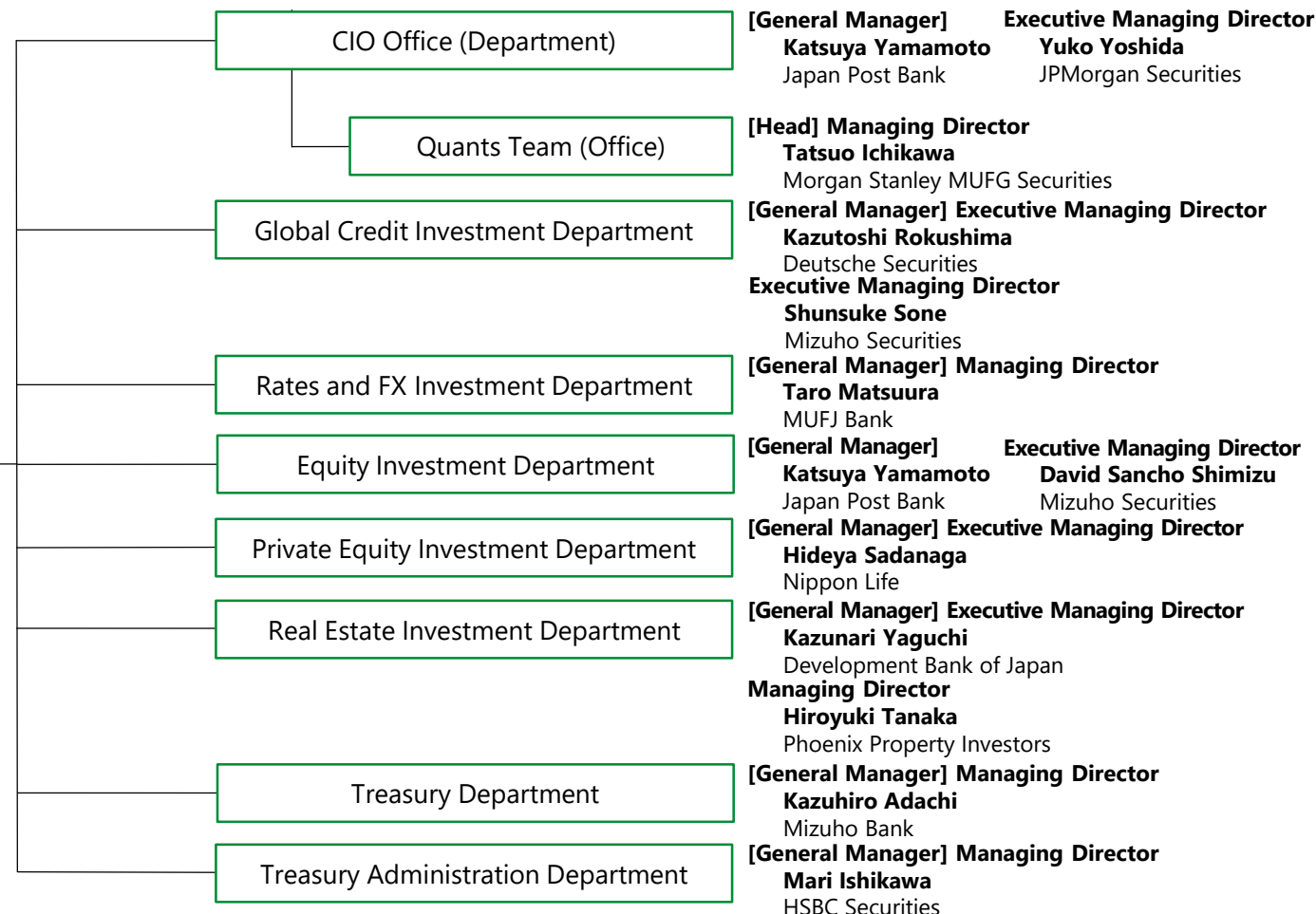
The organization comprises eight departments and one office, specializing in different fields, under the supervision of the dedicated Executive Officer in charge of the Investment Division.

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 Apr. 2024)

Executive Officer in charge of
the Investment Division

Managing Executive Officer
Hideki Nakao
Japan Post Bank

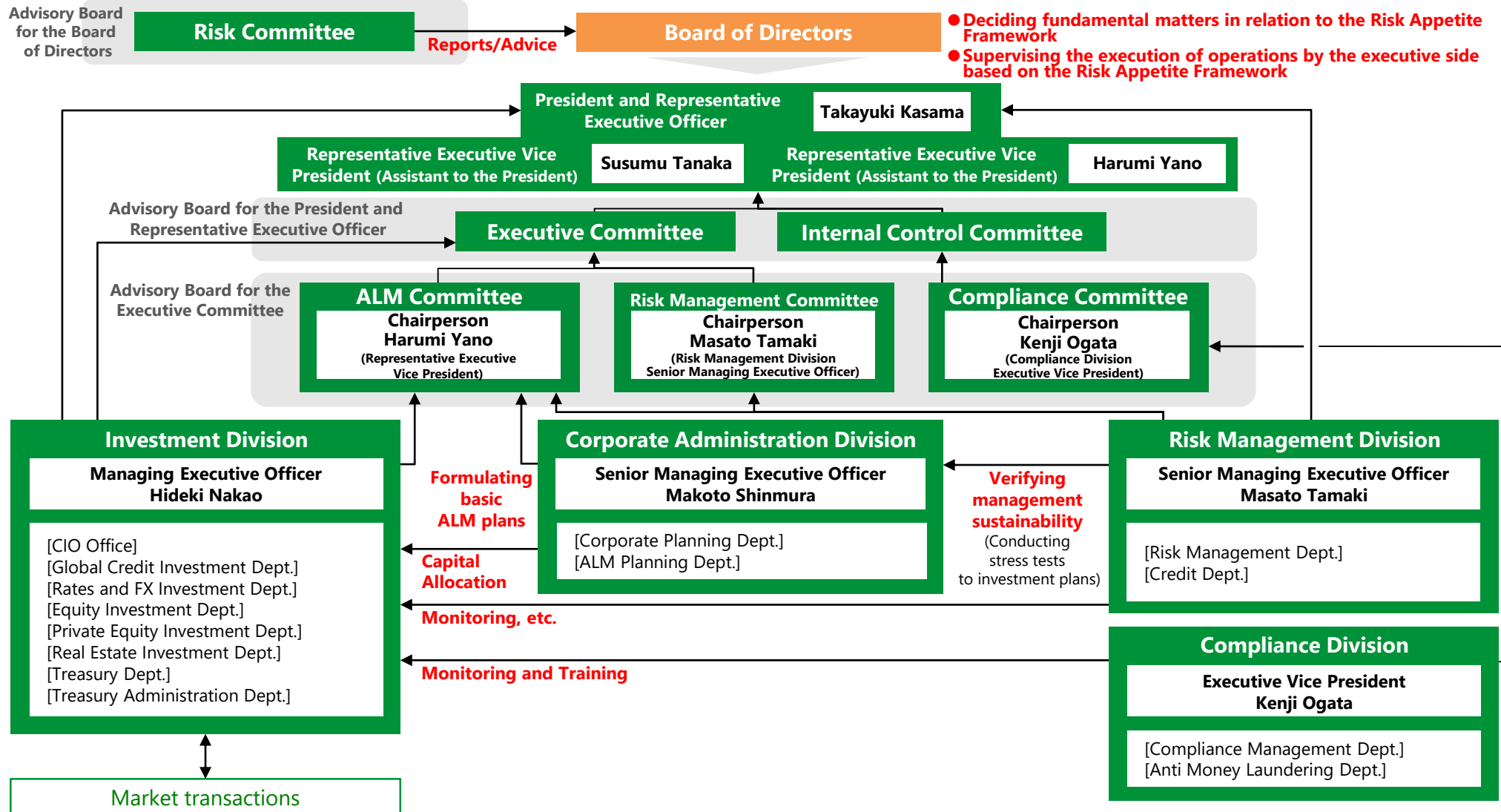


Note: Main former appointment listed below name.

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 Apr. 2024)



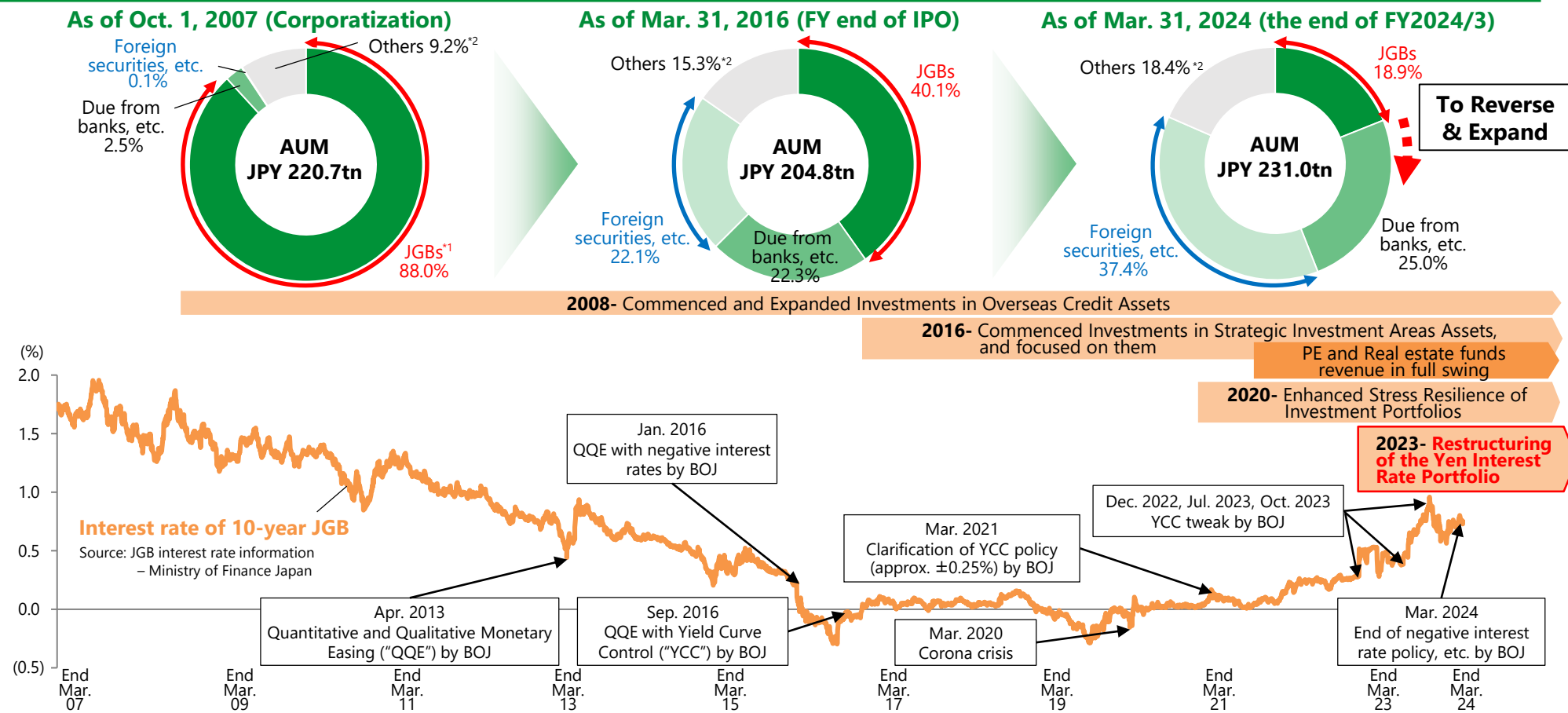
Restructuring of the Yen Interest Rate Portfolio

(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 are capturing the reversal trend of yen interest rates by shifting investments from due from banks, etc. to JGBs (restructuring of the yen interest rate portfolio).

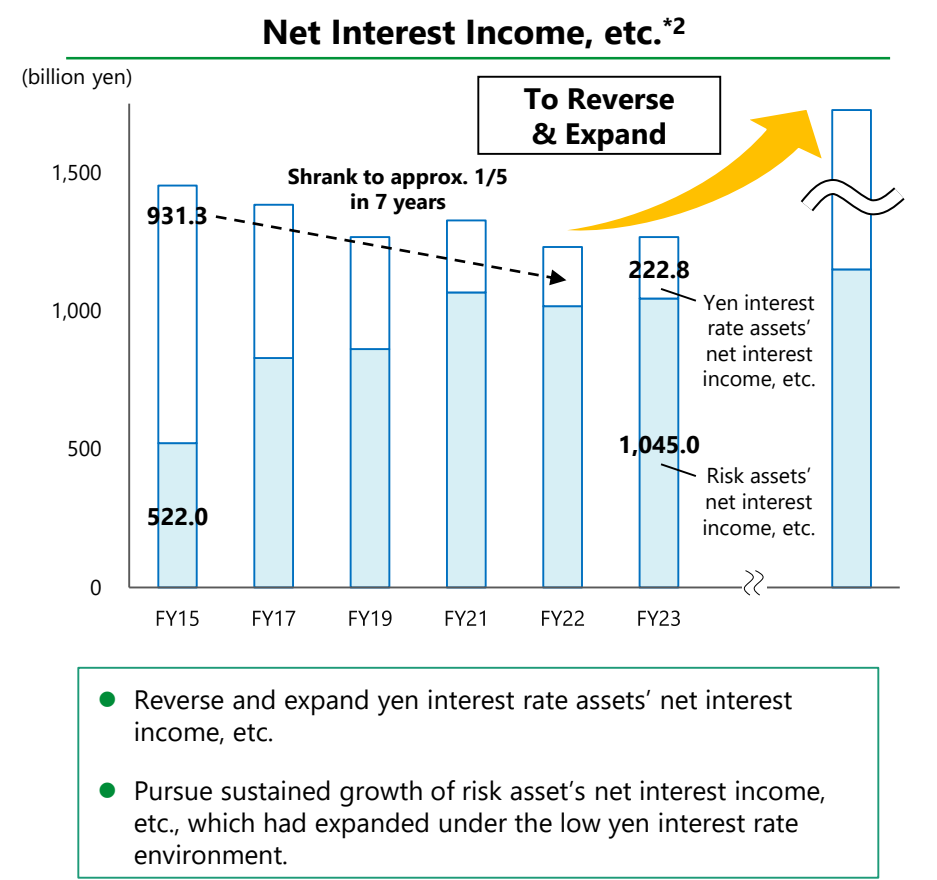
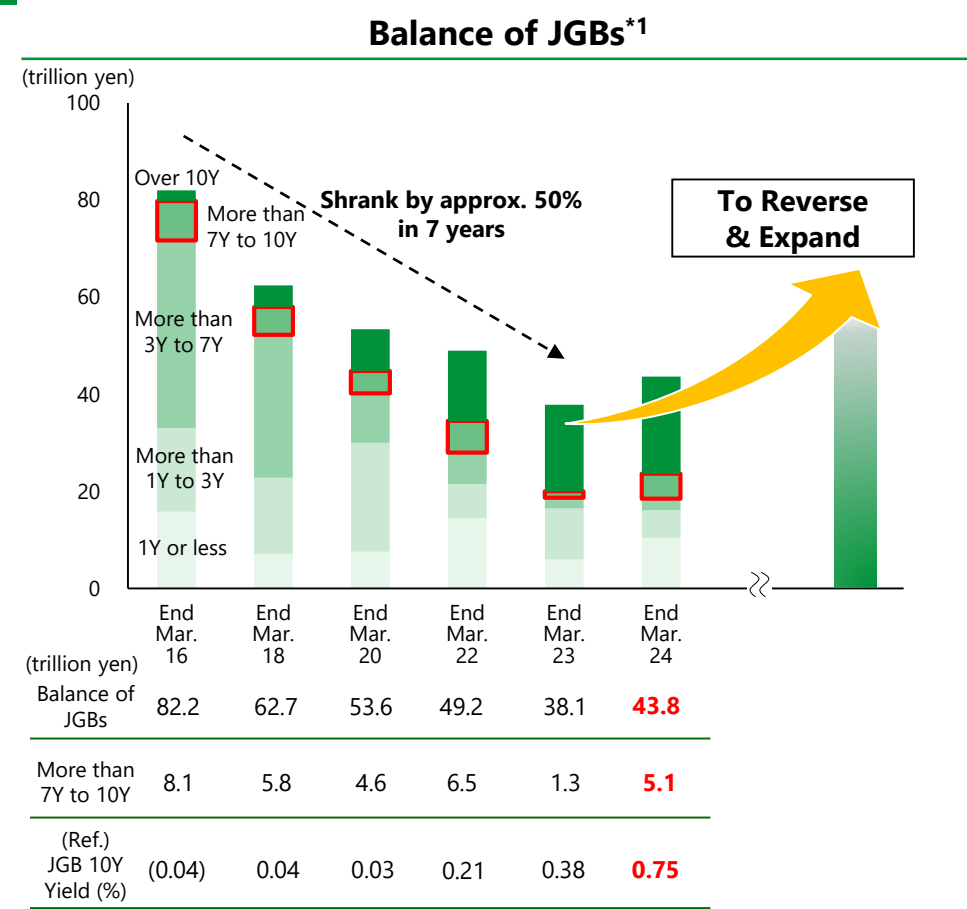
Sophisticated Risk Management and Timely and Appropriate Actions in Line with Market Fluctuation



*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 Nov. 2010.

*2 Consist of Japanese local government bonds, corporate bonds, money held in trust, loans, short-term investments, etc.

In FY2024/3, we reversed the balance of JGBs, which had been continuously declining since the BOJ adopted a negative interest rate policy in 2016, turning into a phase of earnings expansion.



Source: JGB interest rate information – Ministry of Finance Japan
*1 Except JGBs in money held in trust.
*2 Consolidated, management accounting basis (FY2016/3: non-consolidated, 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. Yen interest assets and risk assets include income and expenses related to internal fund transactions among portfolios.

ALM Policy

We maintain and sustain a stable funding base and balance of deposits, particularly retail deposits.

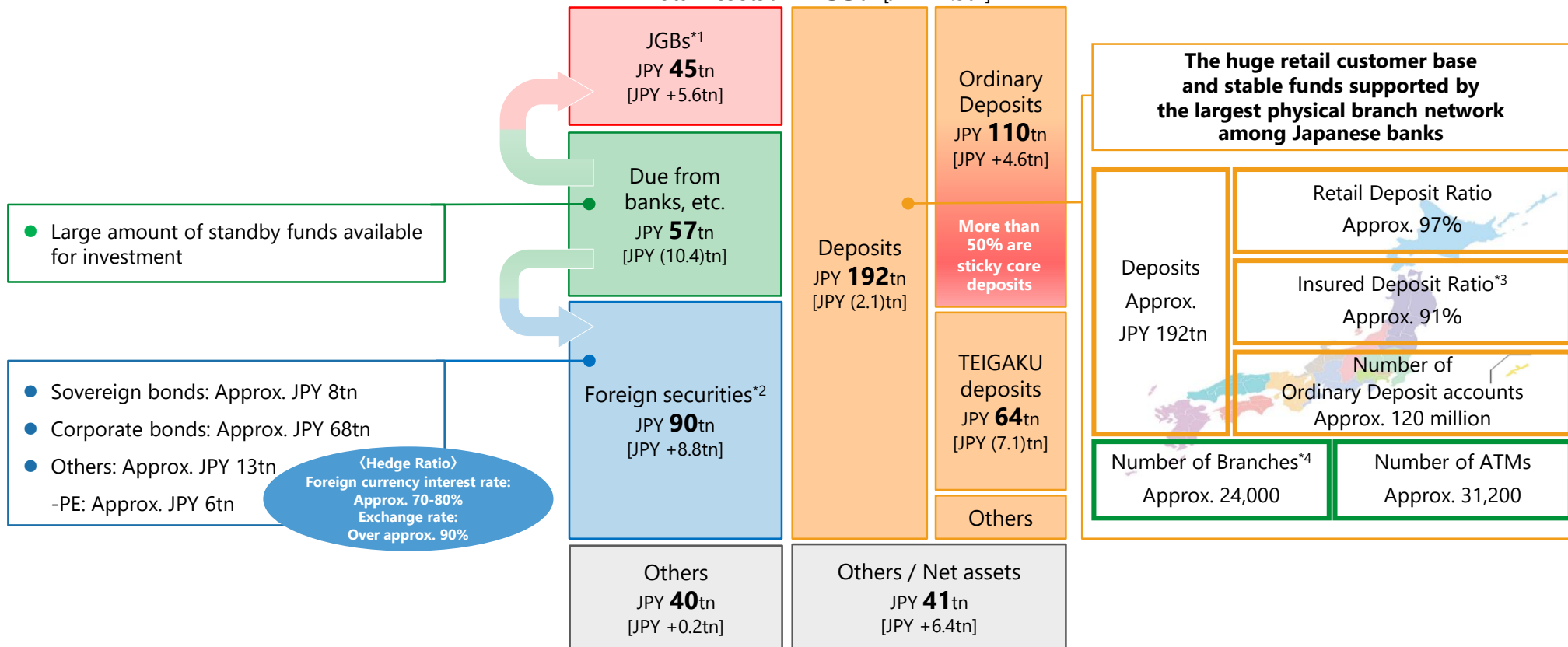
We pursue an optimal investment portfolio that combines yen interest assets (JGBs, due from banks, etc.) and risk assets (foreign securities, etc.) while strengthening risk management.

<The Bank's B/S (non-consolidated)>

Total Assets JPY **233**tn [JPY +4.3tn]

Note: As of Mar. 31, 2024.

Figures in [] represent changes from Mar. 31, 2023.



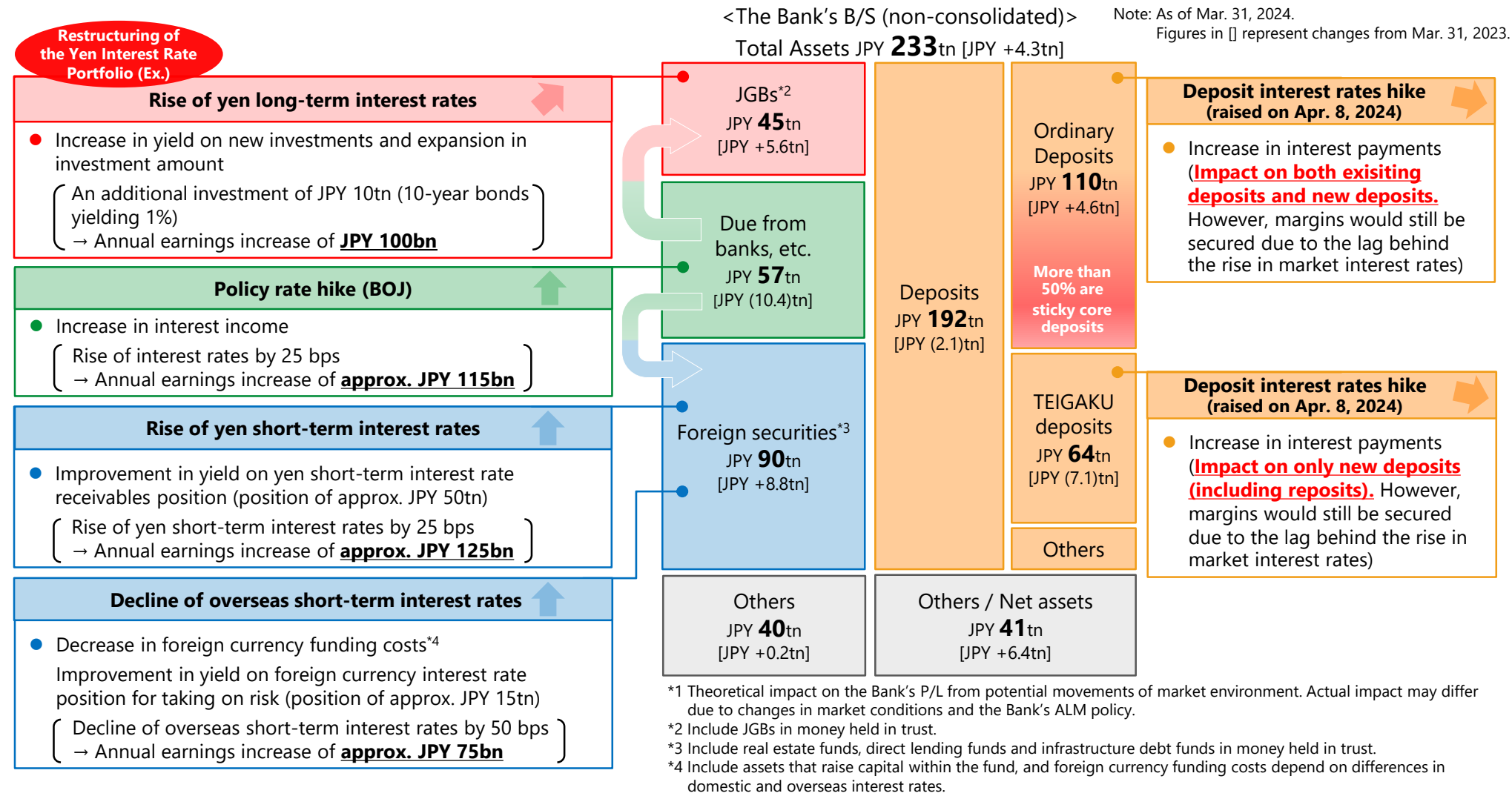
*1 Include JGBs in money held in trust.

*2 Include real estate funds, direct lending funds and infrastructure debt 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.

The Bank's P/L is expected to improve (increase in interest income > increase in funding costs) due to higher yen long- and short-term interest rates and lower overseas short-term interest rates.



Private Equity Investments (1) Situation to Date

The book value balance stands at JPY 5.5tn. The portfolio has maintained unrealized gains of JPY 1.1tn due to strong earnings of investee companies and the impact of yen depreciation.

Net Realized Gains^{*1} were weaker due to sluggish exits as a result of market conditions including M&A slowdown since 2022.

^{*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

[Target]

- Net^{*2} IRR : 8.0%
- Net^{*2} TVPI : 1.30x
(TVPI: Total Value to paid in)
- Net Realized Gains :
JPY 200bn or more per annum

[Actual Results] (as of Mar. 31, 2024)

- Net^{*2} IRR : 10.1%
- Net^{*2} TVPI : 1.29x

^{*2} After deduction of expenses; Japanese yen basis

The net IRR remains ahead of original plan.

Status of Balance and Net Realized Gains

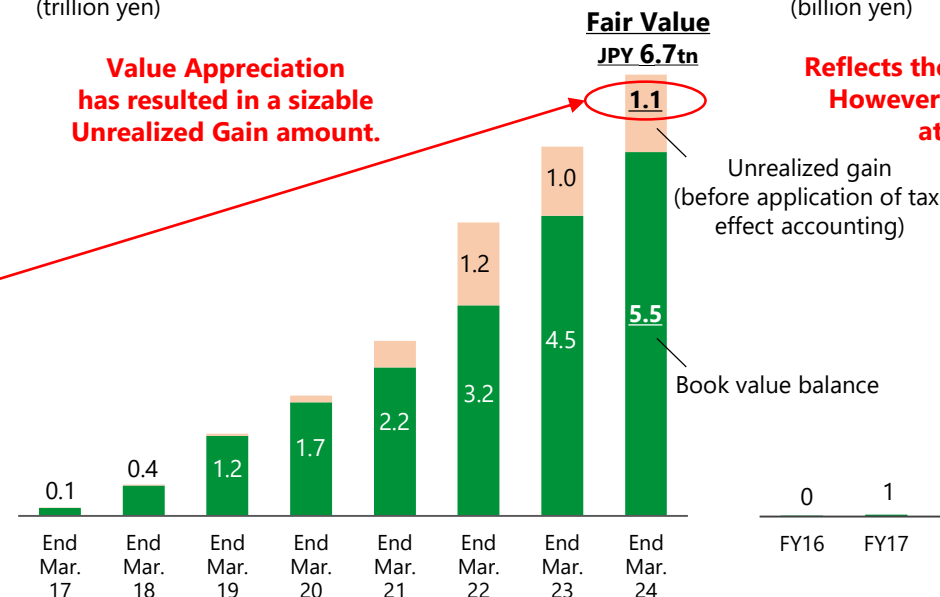
<Balance>

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)

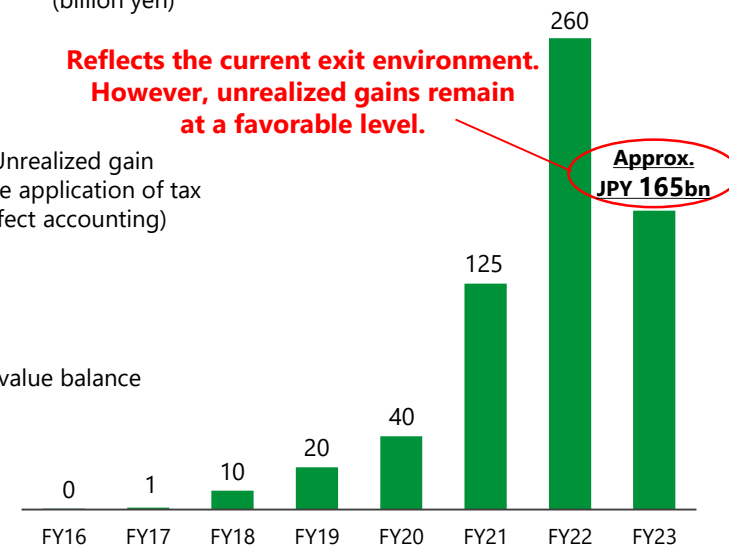


<Net Realized Gains>

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

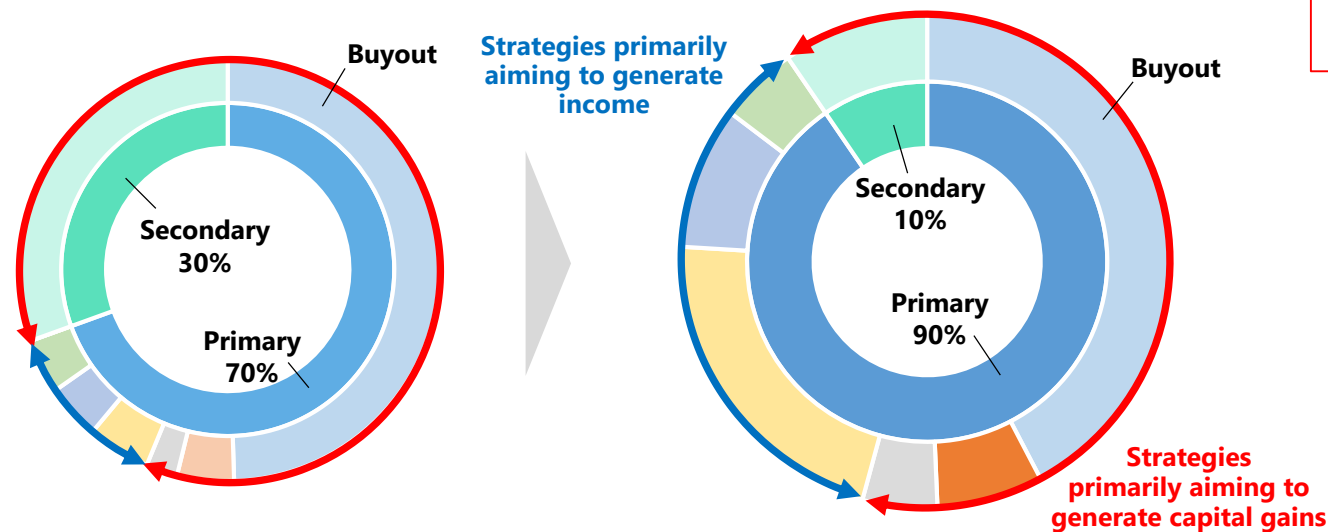
While the aim is to earn capital gains by predominantly focusing on buyouts, we are also allocating to income strategies*, we are aiming to earn stable interest or dividend income to supplement realizations from our buyout-centric portfolio in case the economy should experience weakness.

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

Strategy Diversification (Capital Commitment Basis)

FY2017/3 Strategy

FY2025/3 Strategy (Plan)



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

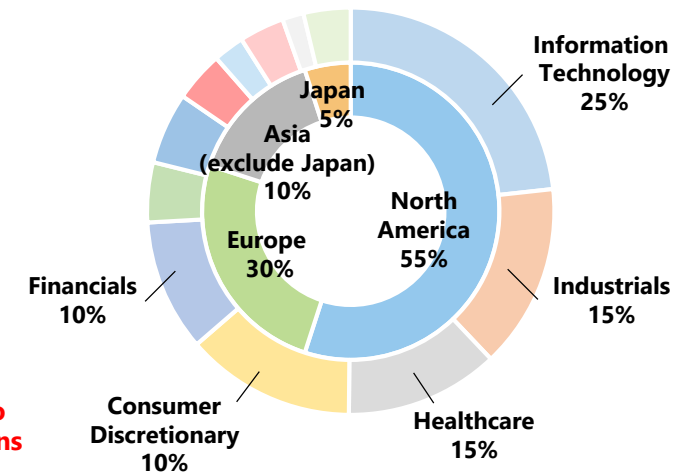
Geography/Sector Diversification (Fair Value Basis)

As of Mar. 31, 2024

<Total number of investee companies>

approx. 52,100

(Average investment amount: **approx. JPY 122mn** per company)



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

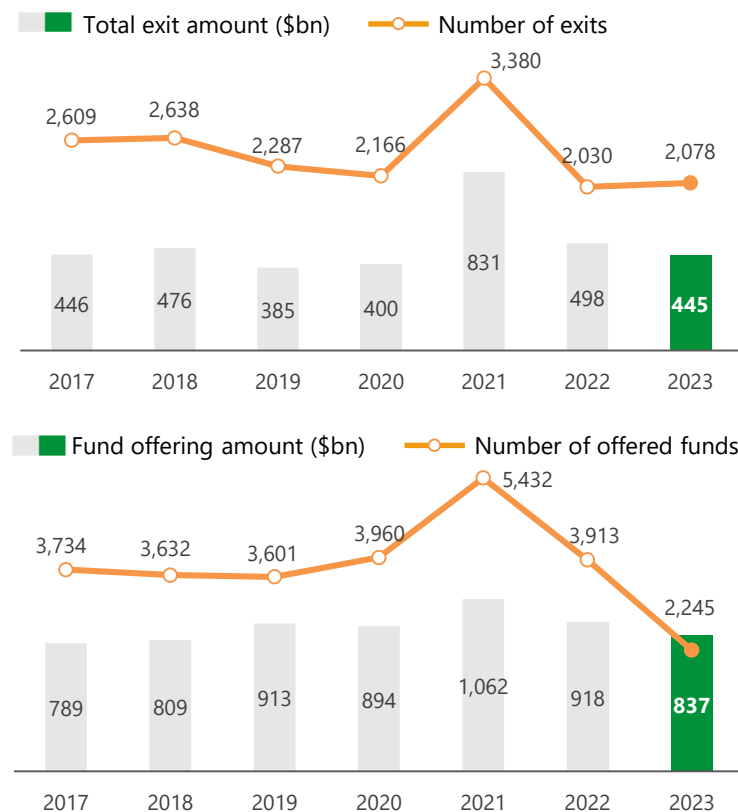
Private Equity Investments (3) Current Investment Market

Both exit activity and fund offerings slowed in 2023.

As there are signs of a slight recovery in exit activity at present, we will closely monitor trends in M&A activity.

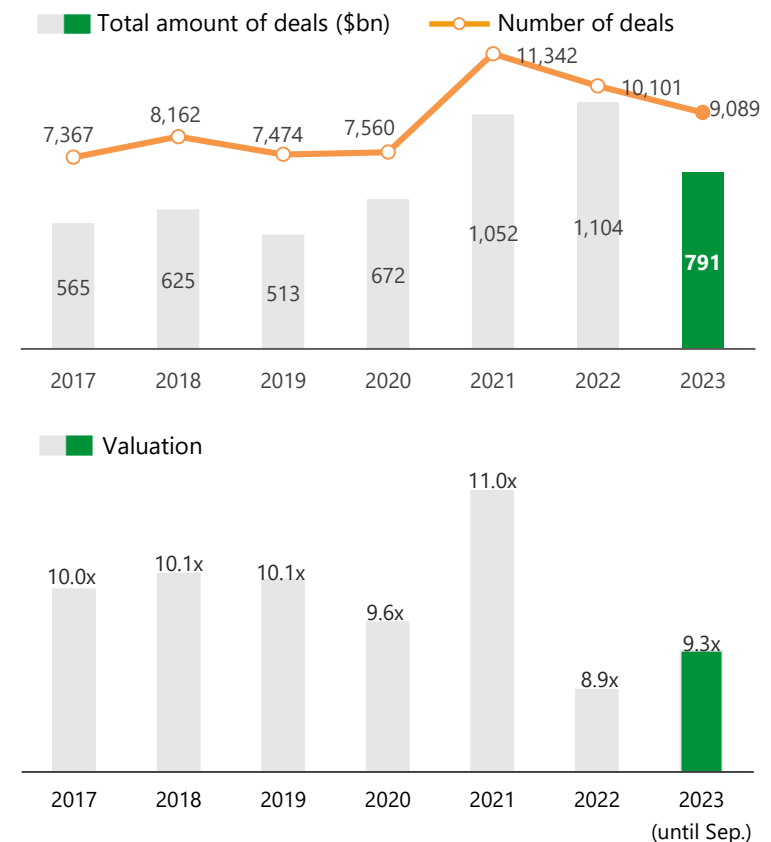
Status of PE Fund Exits / Fund Offering Amounts and Number of Offered Funds (Global)

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 43 of the material for the Investors Meeting FY2024/3 H1).

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 4.3tn. Unrealized gain on the equity portfolio is JPY 0.1tn.

Net realized gains decreased from the previous fiscal year due to allowances recorded for some loans to office properties and higher FX hedging costs.

Return Target/Actual

[Target]

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

[Actual (as of Mar. 31, 2024)]

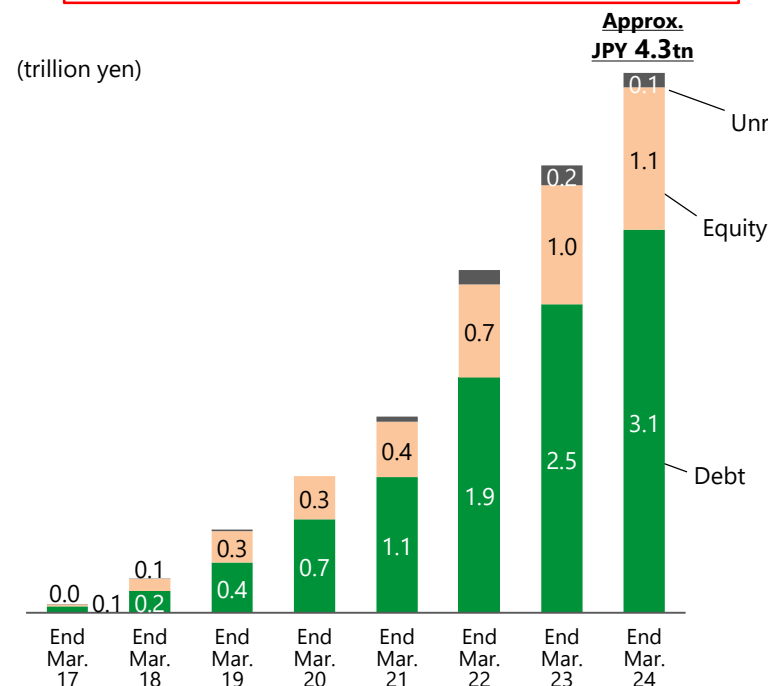
- Equity
Net*² IRR: **6.7%**
- Debt
Excess spread of **approx. +90bps**

Status of Balance and Net Realized Gains*¹

<Balance>

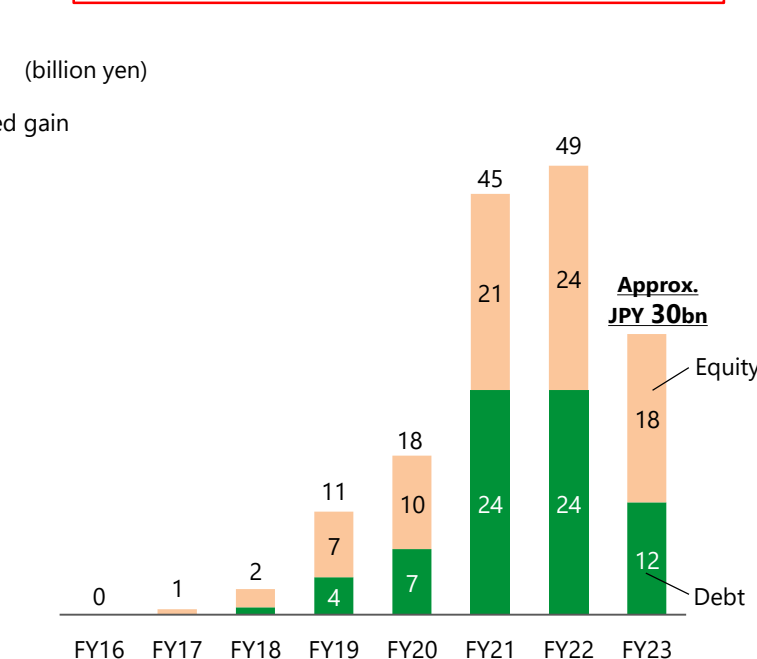
The reported fair value generally **lags three months** behind the fair value of real estate fund, NRL and CMBS.

(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

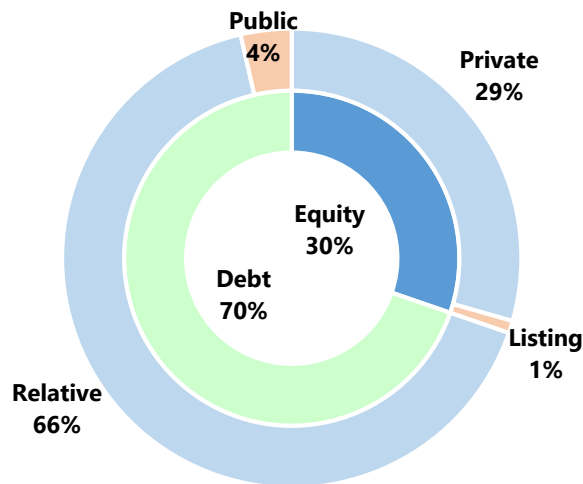
*2 After fees, expenses, and hedging costs

Real Estate Fund (2) The Portfolio

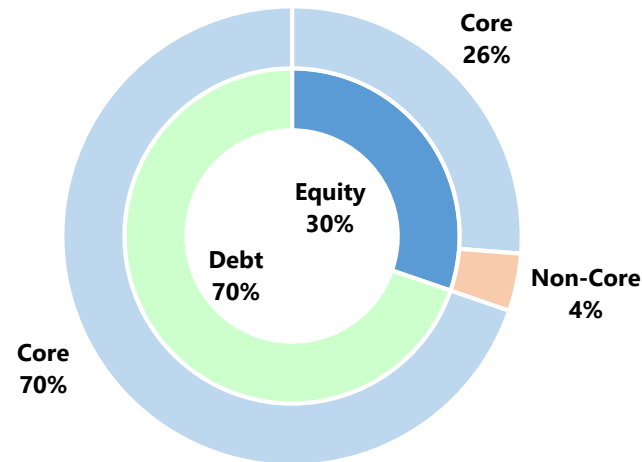
Pursue income gain backed by the stable rental revenue and capital gain by the long-term value growth of underlying properties. Highly and strategically diversify the portfolio with regard to the strategy, region, sector, timing, manager as well as property. Mainly invest in highly occupied properties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

Strategy Diversification (Fair Value Basis, As of Mar. 31, 2024)

Product Allocation



Strategy Allocation



[Core]

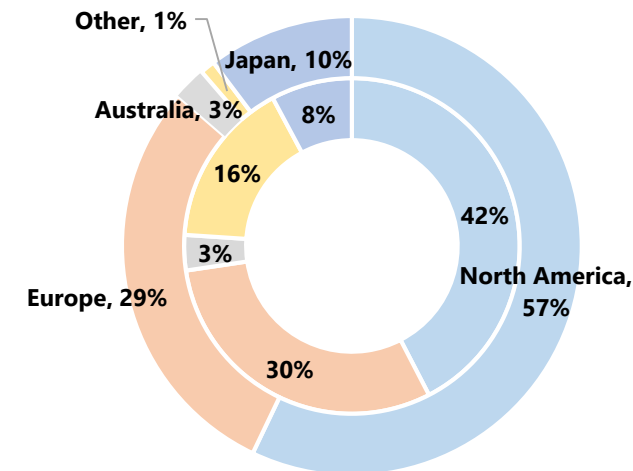
Strategy pursuing the stable rental income earned by the high occupancy properties.

[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 Mar. 31, 2024)

Geography Allocation



<Note>

Inner ring: Market size
(as of Dec. 31, 2022, estimate by MSCI*)
Outer ring: Portfolio (as of Mar. 31, 2024)

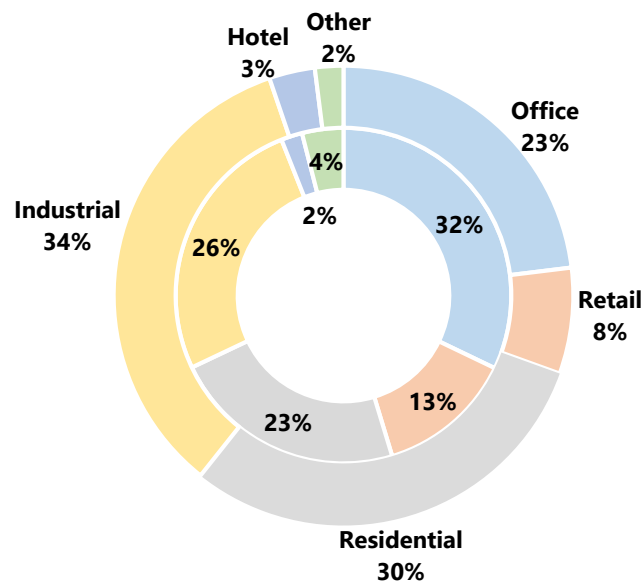
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Real Estate Fund (3) The Portfolio

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.

Accelerated the investment commitment in FY2022/3 to capture the timing of recovery in prices post Covid-19 disruption.

Sector Diversification (Fair Value Basis, As of Mar. 31, 2024)

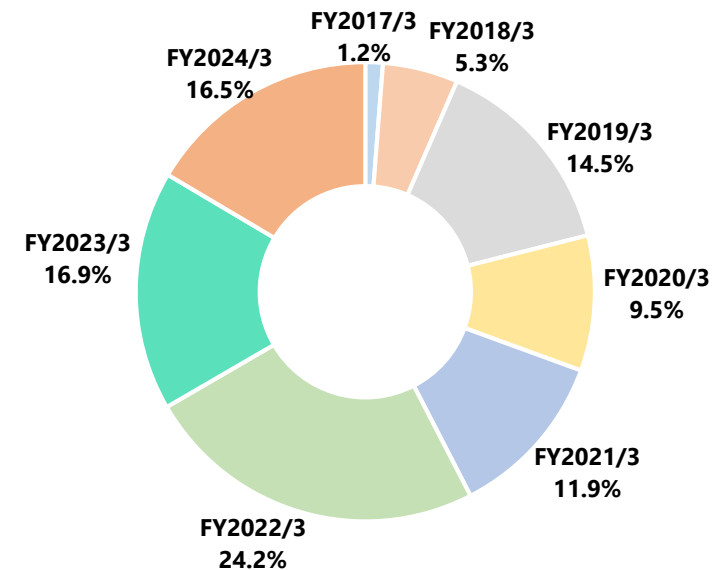


<Note>

Inner ring: Market size
(as of Dec. 31, 2022, estimate by MSCI*)
Outer ring: Portfolio (as of Mar. 31, 2024)

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Vintage Diversification (Capital Commitment Basis)



Investment Diversification (As of Mar. 31, 2024)

No. of Funds

218

No. of Loans

305

No. of underlying property

Approx. 15,000

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.

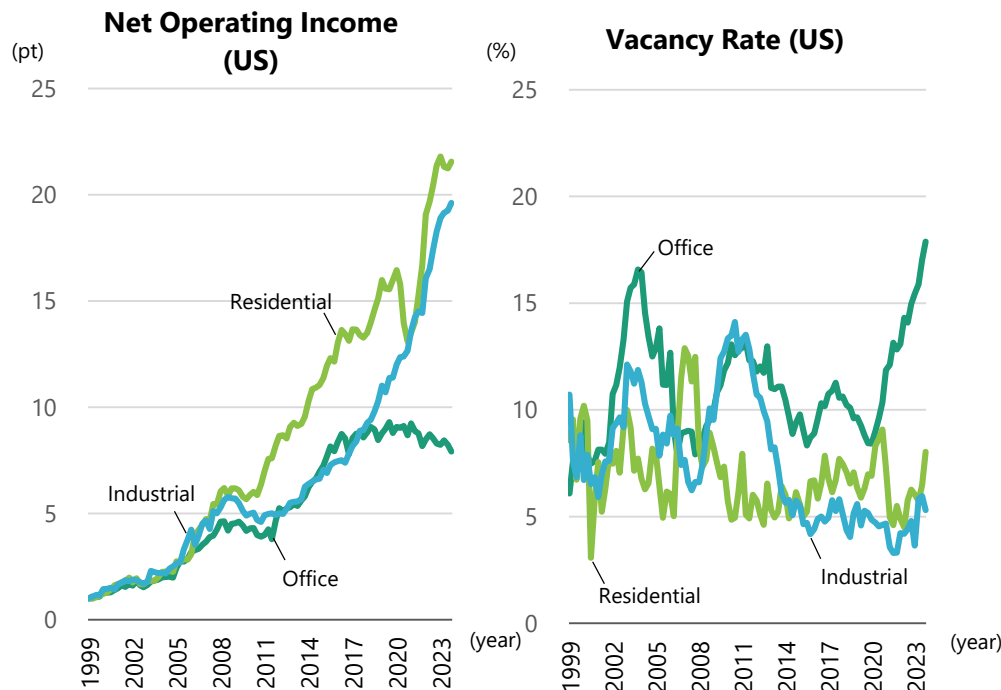
*1 NOI (Net Operating Income) is all revenues including rent from the property minus all operating expenses.

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

Rental Market

Source: Created based on data from MSCI*

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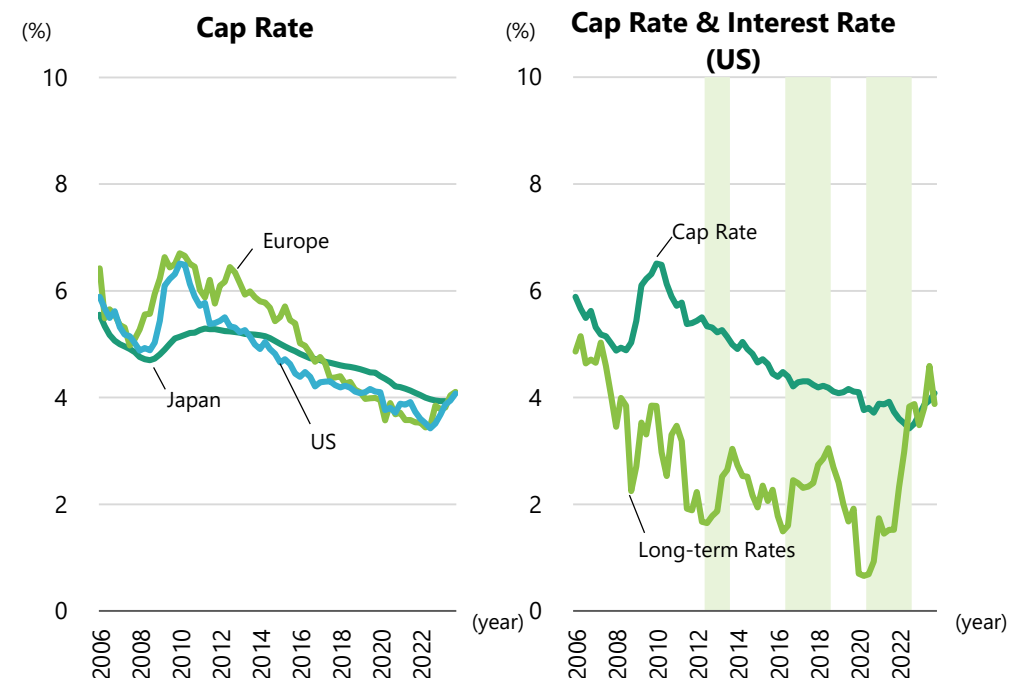


Note: Calculated based on NOI of end of March, 1999 being 1

Transaction Market

Source: Created based on data from MSCI*

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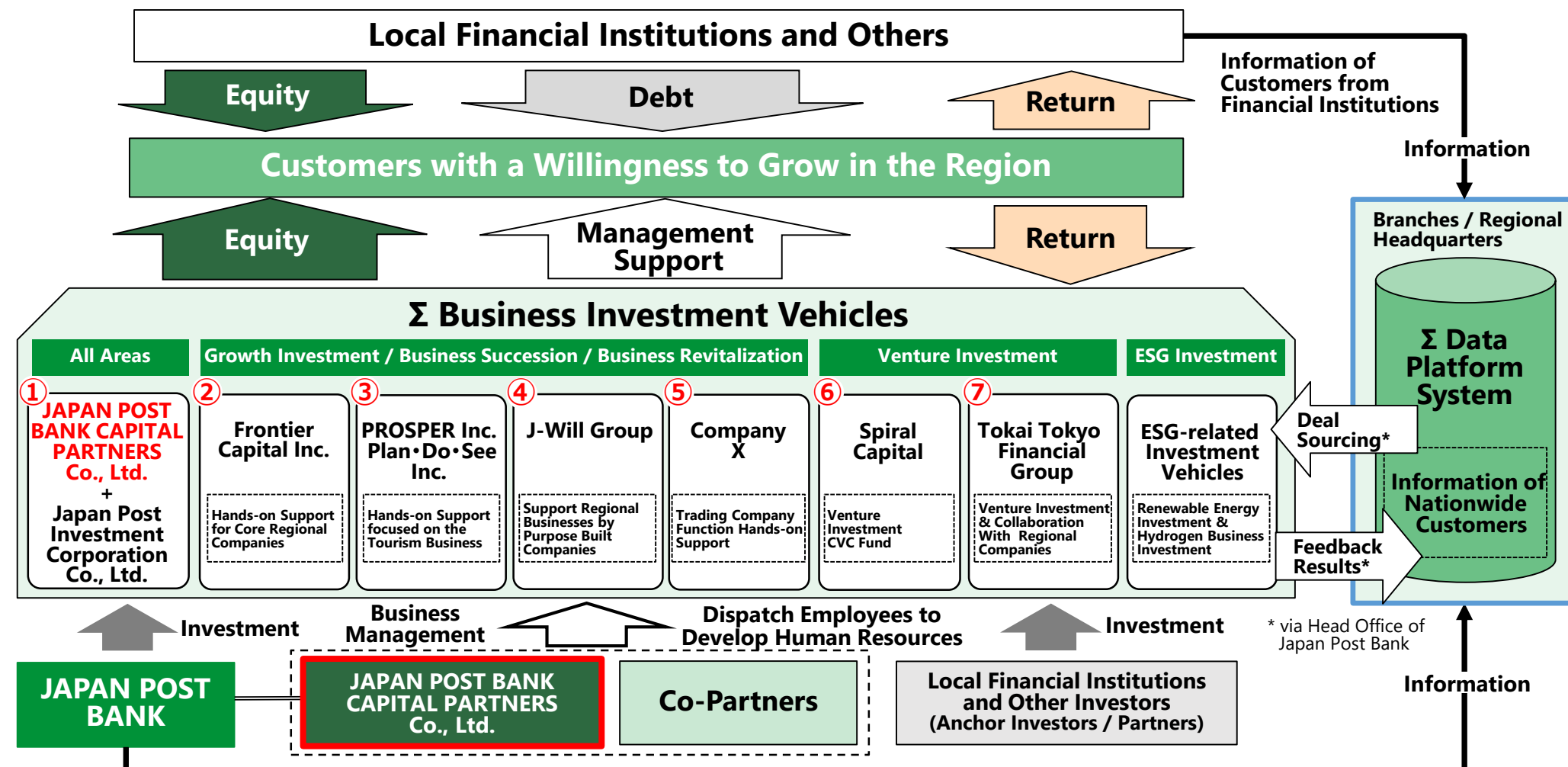


Note: The shaded area in the graph shows the interest rate rise

(1) Shift to Full-scale GP Business in a JPB appropriate manner

We are currently launching investment vehicles with co-partners to fully ramp up and promote GP business.

With the new wholly owned subsidiary "JAPAN POST BANK CAPITAL PARTNERS (JPCP) Co., Ltd.", established in May 2024 as the core, we promote the Full-scale GP business in a JPB appropriate manner.



1. Summary	2. Forecasts	3. Revision of Mid-term Plan	4. Appendix
FY24/3 Results	Growth Strategy	Governance	Privatization

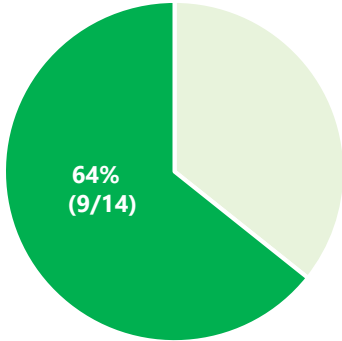
We aim to become a bank that supports the growth of customers throughout Japan from a medium- to long-term perspective while collaborating with regional financial institutions.



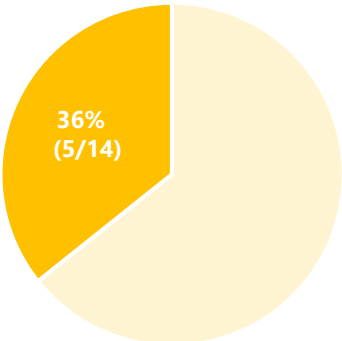
Skill Matrix of the Board of Directors

	Name	Independ- ent 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 Develop- ment	ESG	Administ- ration
1	Takayuki Kasama		Nomination	●			●	●			●	
2	Susumu Tanaka					●	●					●
3	Harumi Yano						●	●		●	●	
4	Hiroya Masuda		Nomination Compensation	●			●				●	●
5	Katsuyo Yamazaki		Audit Risk				●			●		●
6	Keisuke Takeuchi	●	Nomination Compensation	●							●	
7	Makoto Kaiwa	●	Nomination	●		●					●	
8	Risa Aihara	●	Compensation	●					●			
9	Hiroshi Kawamura	●	Audit		●							
10	Kenzo Yamamoto	●	Audit Risk				●	●				
11	Keiji Nakazawa	●	Compensation Audit		●	●						
12	Atsuko Sato	●	Risk				●	●		●		
13	Reiko Amano	●	Nomination					●			●	
14	Akane Kato	●	Audit	●						●		

Independent outside directors



Female directors



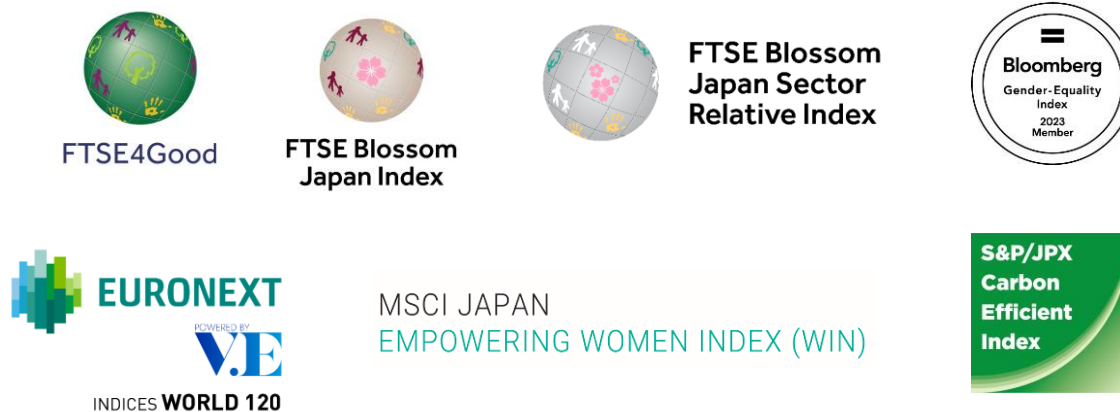
(as of June 18, 2024)

*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



Initiatives



External Assessments



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

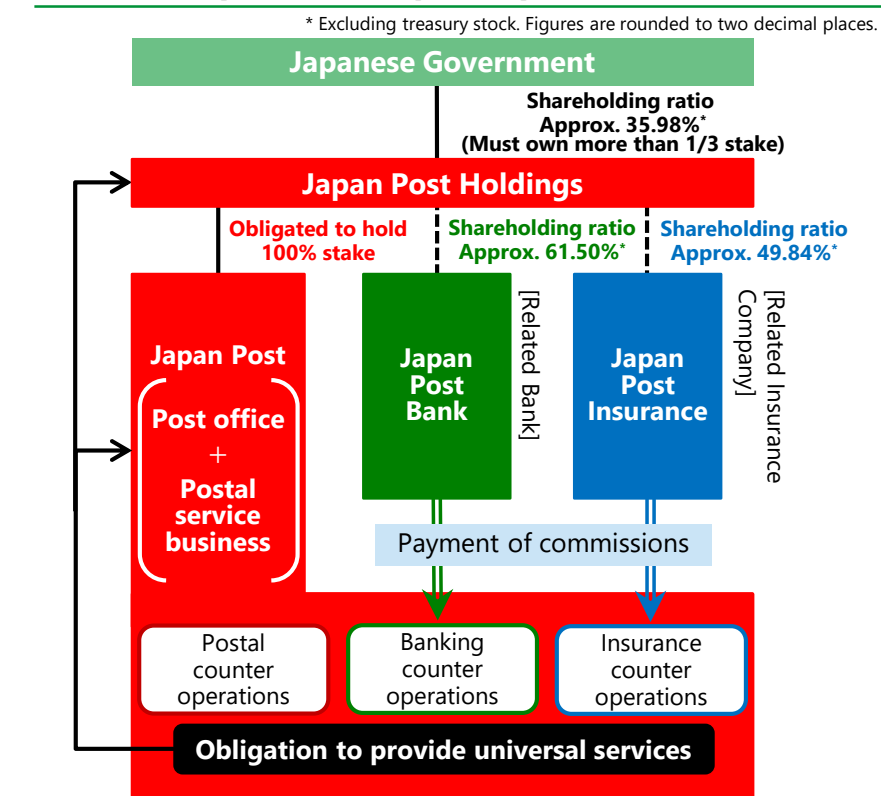
Current Status Regarding Privatization

(1) Relationship with Group Companies, etc.

The Postal Service Privatization Act stipulates that Japan Post Holdings should dispose of its shares in the two financial services companies as soon as possible.

As a Japan Post Group policy, Japan Post Holdings will continue to work toward its target of reducing its shareholding in the Bank to 50% or less by FY2026/3. The Bank has been steadily driving forward the privatization process in line with this policy.

Relationship with Group Companies (As of Mar. 31, 2024)



Limitations on New Business, etc.

		Japan Post Holdings' shareholding ratio (Voting rights basis)		
		Over 50%	50% or less	0%
New business	Banking Act ^{*1}	None	None	None
	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	Banking Act ^{*1}	Permission	Permission	Permission
	Postal Service Privatization Act ^{*1}	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.

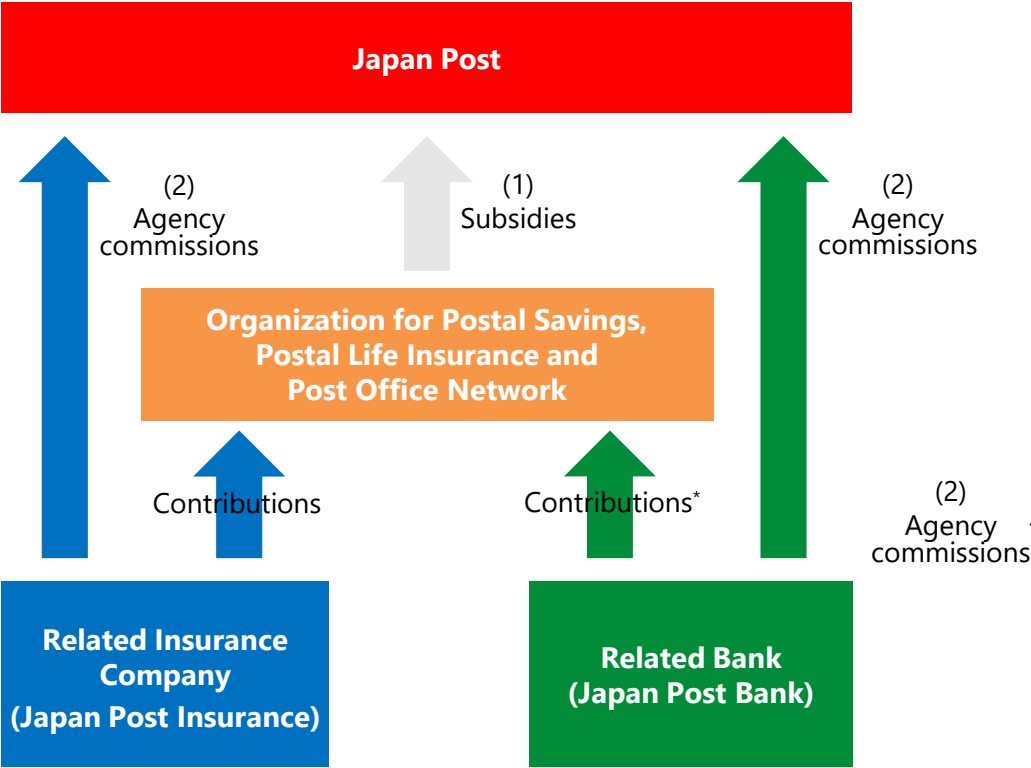
^{*3} May provide notification for making into subsidiaries companies that exclusively perform dependent services or specific financial operations.

^{*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.

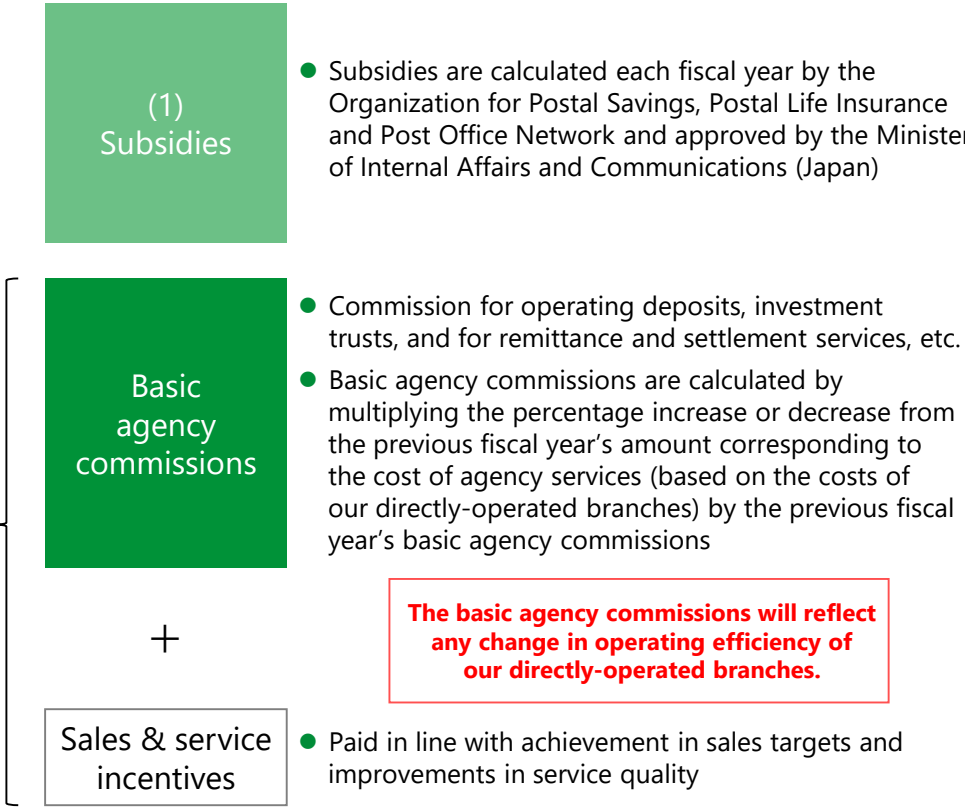
^{*6} Permitted in the case of acquisitions of operations other than deposit operations.

Contribution System

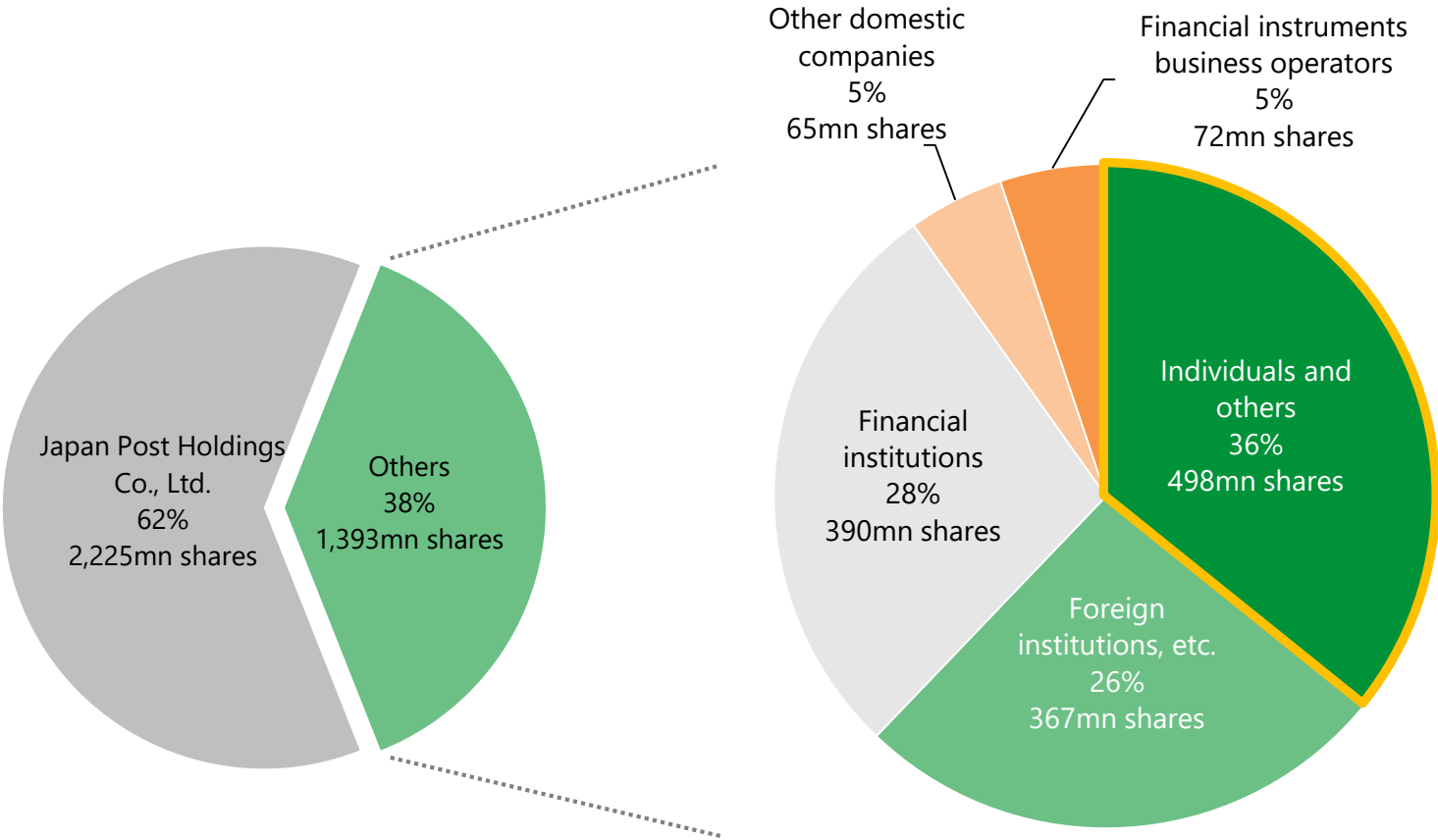


* Contributions are the subsidies plus the administrative expenses (those incurred by related bank) of the Organization for Postal Savings, Postal Life Insurance and Post Office Network.

Structure of Expenses Associated with Outsourcing to Japan Post



Shareholder Composition (Excluding treasury stock*, As of Mar. 31, 2024)



(Ref.)

Total No. of outstanding shares	3,617,602,420
No. of treasury stock*	70,064

* Treasury stock excludes the Bank's shares held by stock benefit trust.
Note: All figures are rounded.

Current Status Regarding Privatization

(4) Market Restructuring (Tokyo Stock Exchange)

1. Summary

2. Forecasts

3. Revision of
Mid-term Plan

4. Appendix

FY24/3 Results

Growth Strategy

Governance

Privatization

Situation to Date

Japan
Post
HLDGS.

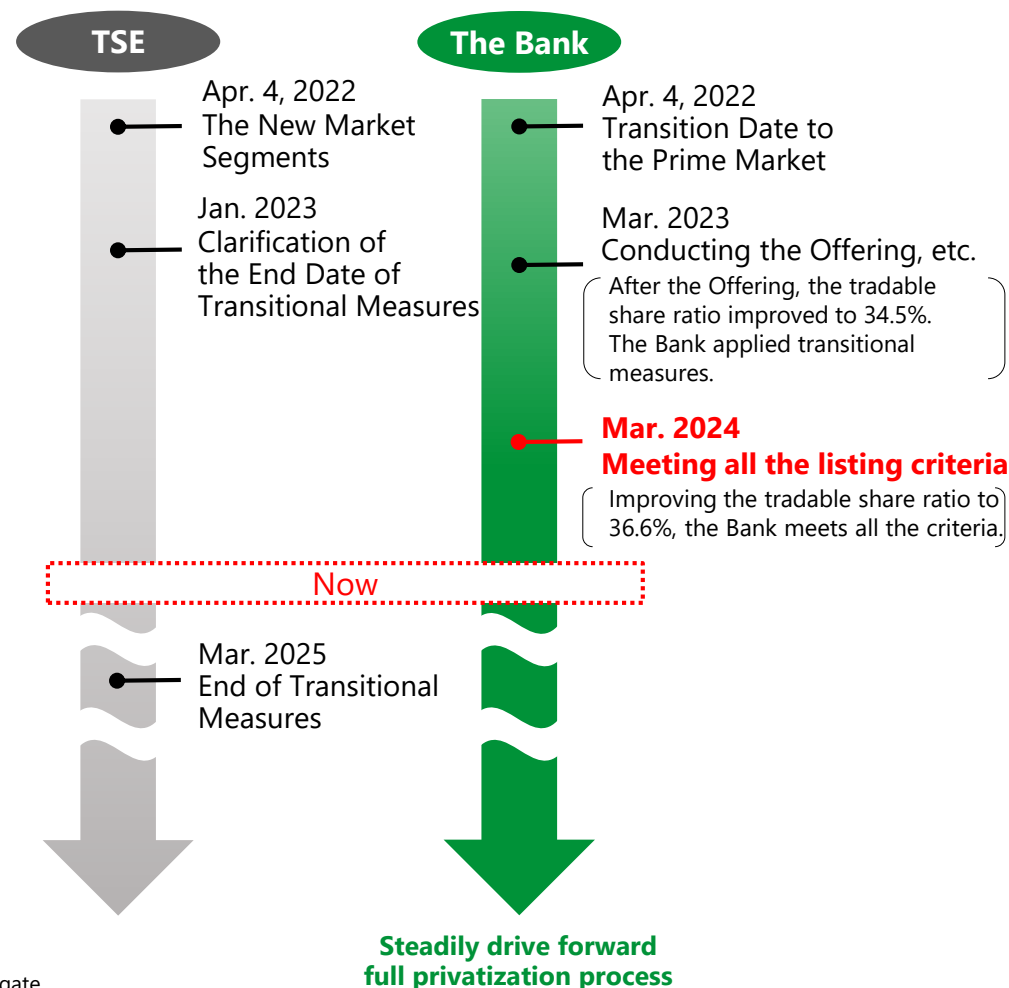
- Japan Post Holdings conducted the offer and sale of shares of stock of the Bank (the Offering). The shareholding ratio declined from 89.00 % to 61.50% (as of Mar. 31, 2024)*
- As a Japan Post Group policy, Japan Post Holdings aims to dispose of their equity interests in the Bank to lower the shareholding ratio to 50% or less by FY2026/3

The Bank

- The tradable share ratio improved (34.5% as of Mar. 31, 2023 → 36.6% as of Mar. 31, 2024) due to the trends in the stock market after the Offering, etc., in March 2023; we have finally achieved requirements level (at least 35%) in March 2024 and met all the criteria for continued listing the Prime Market
https://www.jp-bank.japanpost.jp/en/ir/press/2024/pdf/pr240426_02.pdf
- We will continue to aim to further improve the tradable share ratio in order to remain in stable compliance with the criteria, and 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



Selected Historical Financial Data

Financial Data (Non-consolidated Basis) disclosed on the Investors Meeting materials until FY2024/3 H1, is available in Selected Financial Information.
Selected Financial Information For the Fiscal Year Ended March 31, 2024 https://www.jp-bank.japanpost.jp/en/ir/press/2024/pdf/pr240515_03.pdf

(billion yen)

	FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Consolidated						
Consolidated gross operating profit	1,326.8	1,314.0	1,319.1	1,292.0	1,056.3	733.6
Net interest income	1,015.9	976.6	961.9	1,147.4	796.3	715.7
Net fees and commissions	106.7	128.8	127.9	128.4	147.8	153.0
Net other operating income (loss)	204.1	208.4	229.1	16.0	112.1	(135.1)
General and administrative expenses ^{*1}	(1,038.5)	(1,021.5)	(1,011.4)	(983.2)	(926.3)	(929.1)
Provision for general reserve for possible loan losses	—	(0.0)	—	(0.0)	—	(0.0)
Consolidated net operating profit	288.2	292.5	307.6	308.7	130.0	(195.5)
Non-recurring gains (losses)	85.7	86.6	86.5	182.1	325.5	691.6
Net ordinary income	373.9	379.1	394.2	490.8	455.5	496.0
Extraordinary income (losses)	(4.1)	(0.5)	(1.5)	5.6	(1.1)	(1.9)
Net income attributable to owners of parent	266.1	273.4	280.1	355.0	325.0	356.1
Consolidated capital adequacy ratio (Domestic standard) ^{*2}	15.80%	15.58%	15.53%	15.56%	15.53%	15.01%
Consolidated total net assets ^{*2}	11,362.3	9,003.2	11,394.8	10,302.2	9,651.8	9,707.9
Consolidated total assets ^{*2}	208,974.1	210,910.8	223,870.6	232,954.4	229,582.2	233,907.9
Non-consolidated						
Number of employees (people) ^{*2}	12,800	12,477	12,408	12,169	11,742	11,345
Average number of temporary employees (people) ^{*2}	4,184	3,865	3,601	3,243	2,898	2,613
New employees (people) ^{*3}	404	234	230	147	141	141

*1 General and administrative expenses exclude non-recurring expenses. *2 As of the end of each fiscal period. *3 As of the beginning of each fiscal year. The number of new employees in FY2025/3 is 110.