

FY2024 H1 IR Presentation

November 19, 2024

Director, President and Representative Executive Officer

Takayuki Kasama



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Consolidated Subsidiaries, etc. (as of Sep. 30, 2024)

Consolidated subsidiaries	16 companies Principal companies: JAPAN POST BANK LOAN CENTER Co., Ltd. Japan Post Investment Corporation JAPAN POST BANK CAPITAL PARTNERS Co., Ltd.
Affiliates accounted for by the equity method	ATM Japan Business Service, Ltd. JP Asset Management Co., Ltd.

Notes: 1. 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.

2. This document has been translated from the Japanese original for reference purposes only.

In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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For more information on Financial Data (Non-consolidated Basis), see Selected Financial Information For the Six Months Ended September 30, 2024.
(https://www.jp-bank.japanpost.jp/en/ir/press/2024/pdf/pr241114_03.pdf)

Executive Summary (1) FY2024 H1 Results

For FY2024 H1, net income attributable to owners of parent increased by JPY 40.6bn year on year to JPY 222.8bn.

It equated to 61.0% of the original full-year forecast. Given market changes such as a BOJ rate hike, full-year forecast and annual dividend forecast were revised upward.

**Upward
Revision**

FY2024 Full-year Forecasts Annual Dividend Forecasts (Revised)

Net income (consolidated): JPY 400.0bn

[Increased by JPY 35.0bn from previous forecast]

DPS: JPY56 [Increased by JPY 4 from previous forecast]

Results of Operations (Consolidated)

Net income attributable to owners of parent JPY 222.8bn

[Progress rate to previous forecast 61.0%]

Net ordinary income JPY 321.4bn

[Progress rate to previous forecast 61.2%]

Net interest income JPY 452.6bn [YoY JPY +114.6bn]

Net fees & commissions JPY 78.7bn [YoY JPY +1.1bn]

Net other operating income (loss) JPY (2.9)bn [YoY JPY +34.7bn]

G&A expenses JPY 464.3bn [YoY JPY (3.2)bn]
(Exclude non-recurring losses)

Non-recurring gains JPY 257.3bn [YoY JPY (86.3)bn]
(losses)

Investment Assets (Non-consolidated)

Investment assets JPY 235.5tn [vs Mar. 31, 2024 JPY +4.5tn]

Securities JPY 147.6tn [vs Mar. 31, 2024 JPY +1.1tn]

JGBs JPY 44.7tn [vs Mar. 31, 2024 JPY +0.9tn]

Foreign securities, etc. JPY 86.8tn [vs Mar. 31, 2024 JPY +0.2tn]

More than 7 years to 10 years JPY 8.4tn
[QoQ JPY +1.5tn]

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 (170.0)bn [vs Mar. 31, 2024 JPY (292.5)bn]

Capital Adequacy Ratio and CET1 Ratio (Consolidated)

Capital adequacy ratio 15.08% [vs Mar. 31, 2024 +0.06%]

CET1 ratio (estimate) * 13.53% [vs Mar. 31, 2024 +0.30%]

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

Executive Summary (2) Revised Earnings and Dividends Forecasts for FY2024

Full-year net income attributable to owners of parent forecast and annual dividend forecast for FY2024 were revised upward to JPY 400.0bn and JPY 56, respectively.

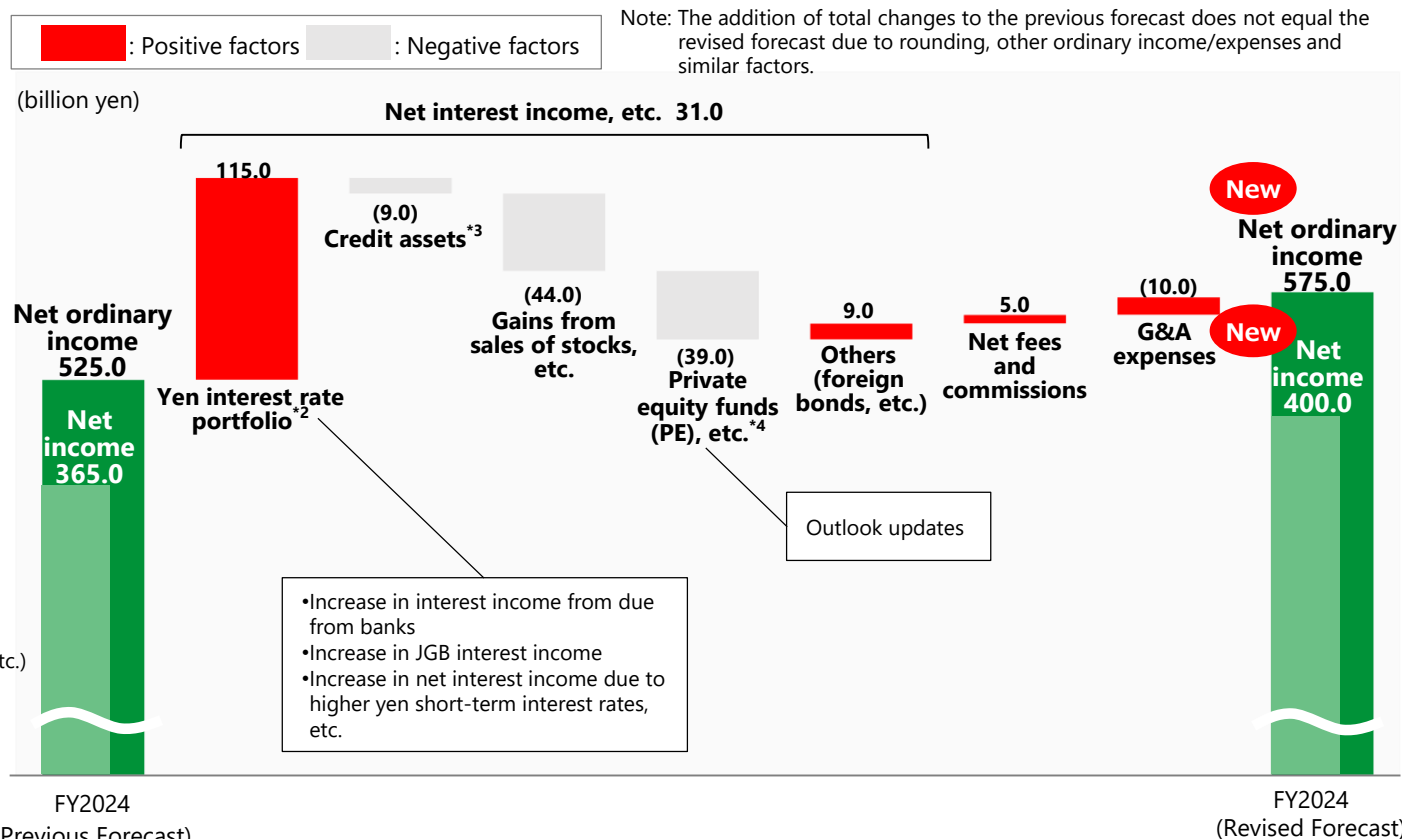
Due to recent BOJ's policy changes, we anticipate an increase in interest income from due from banks (BOJ demand deposits) compared to our previous forecast.

Earnings Forecasts (Consolidated)

	Forecasts (Previous) (A)	Forecasts (Revised) (B)	Increase (Decrease) (B) – (A)
Net interest income, etc.* ¹	1,312.0	1,343.0	31.0
Net fees and commissions	150.0	155.0	5.0
General and administrative expenses	936.0	926.0	(10.0)
Net ordinary income	525.0	575.0	50.0
Net income attributable to owners of parent	365.0	400.0	35.0

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

	Forecasts (Previous) (A)	Forecasts (Revised) (B)	Increase (Decrease) (B) – (A)
Dividend per share	JPY 52	JPY 56	JPY 4



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

*3 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)

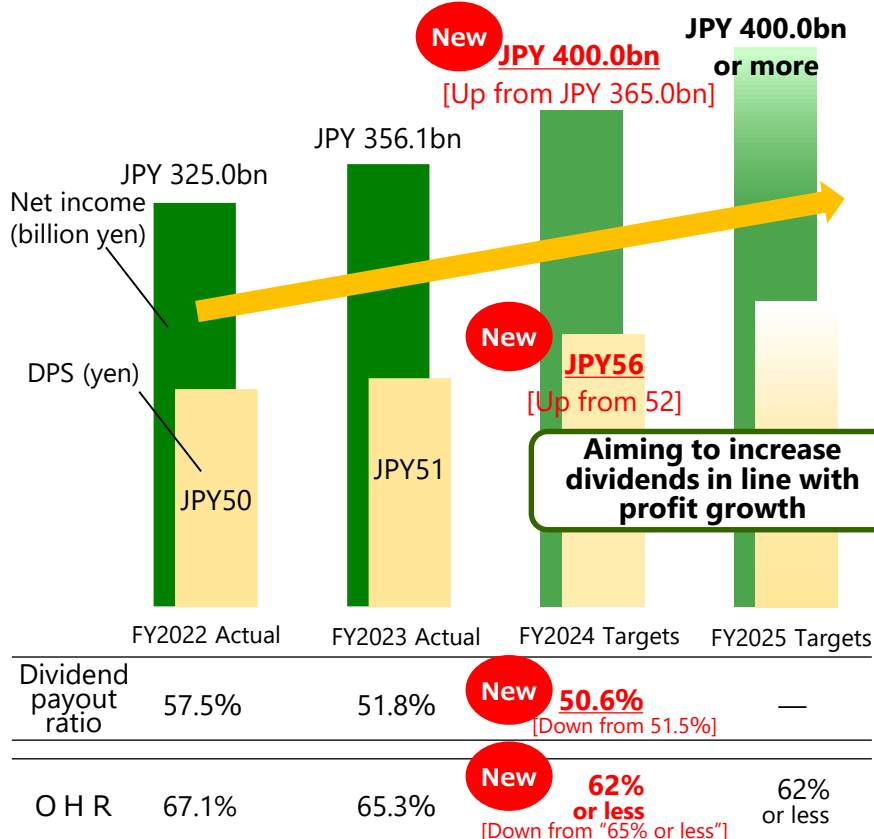
*4 Income related to PE and real estate funds (equity) (excluding income related to yen interest rate risk-taking)

Executive Summary (3) Revised Earnings and Dividends Forecasts for FY2024

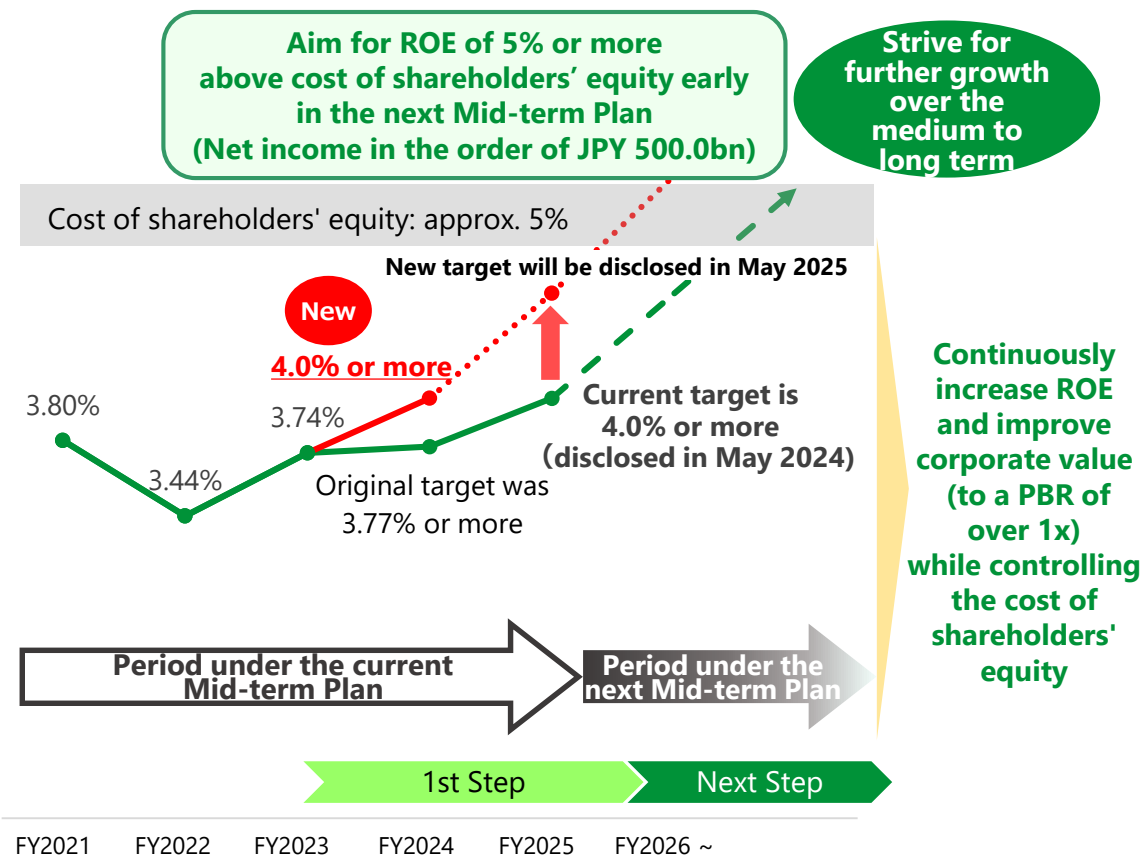
Based on the financial results in FY2024 H1 and recent market conditions, full-year net income attributable to owners of parent forecast and dividend forecast for FY2024 were revised upward.

We continue to target an ROE of "4% or more" during the current Medium-term Management Plan ("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

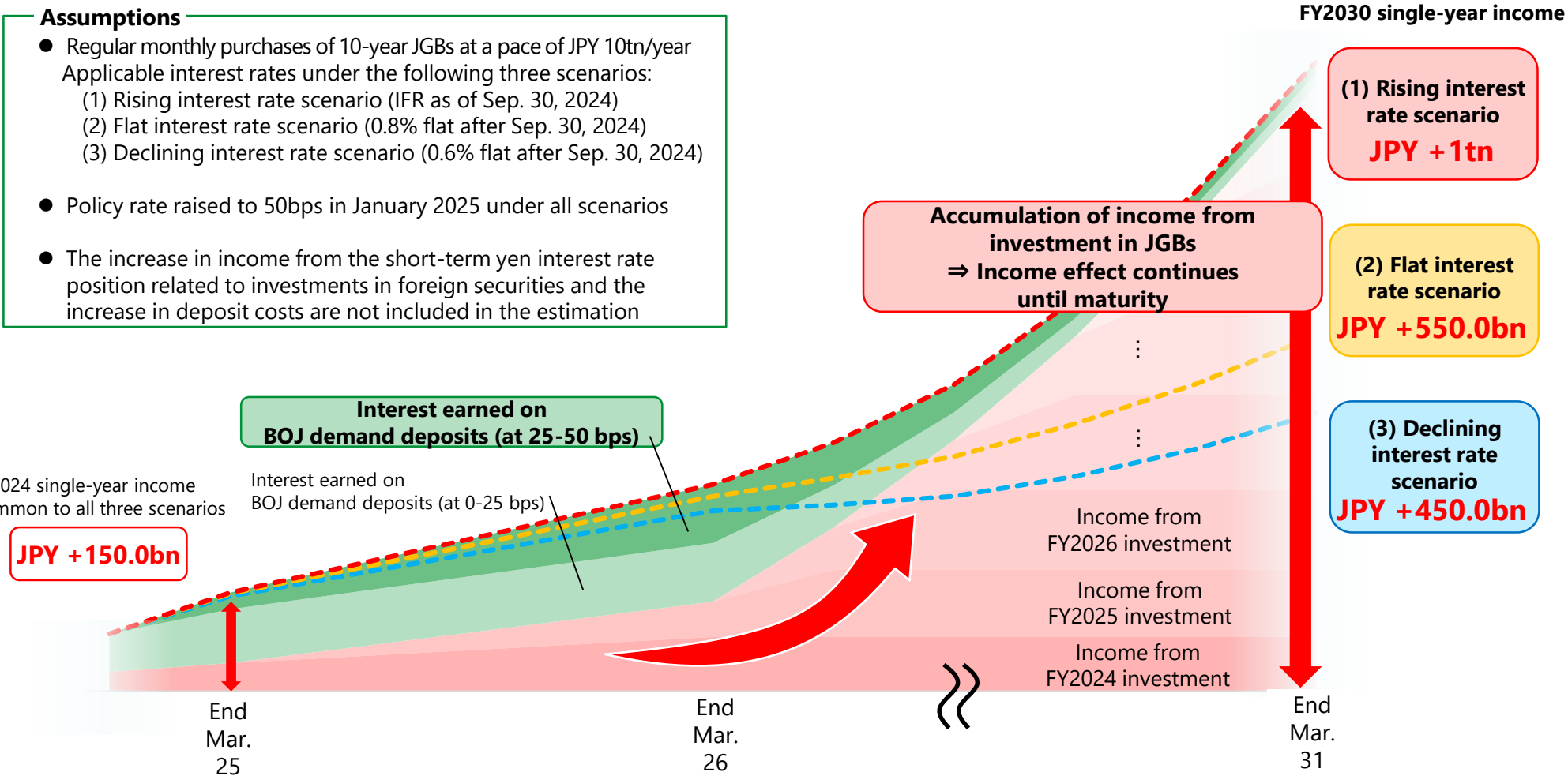


Notes: 1. Consolidated basis

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

Notes: 3. Hypothetical ROE target trajectories assuming the implied forward rate as of March 31, 2024 (green dotted line) and September 30, 2024 (red dotted line). Both assumptions are simplified for the purpose of assisting reader's understanding and may not be realized.

We simulated the effect of income from holdings of JGBs and Bank of Japan demand deposits. (The actual investment amount will vary depending on market conditions and other factors, and we do not guarantee future investment activities or income.) The income effect of the overall yen interest rate portfolio will increase incrementally over subsequent years due to the multilayered accumulation of income from JGBs.

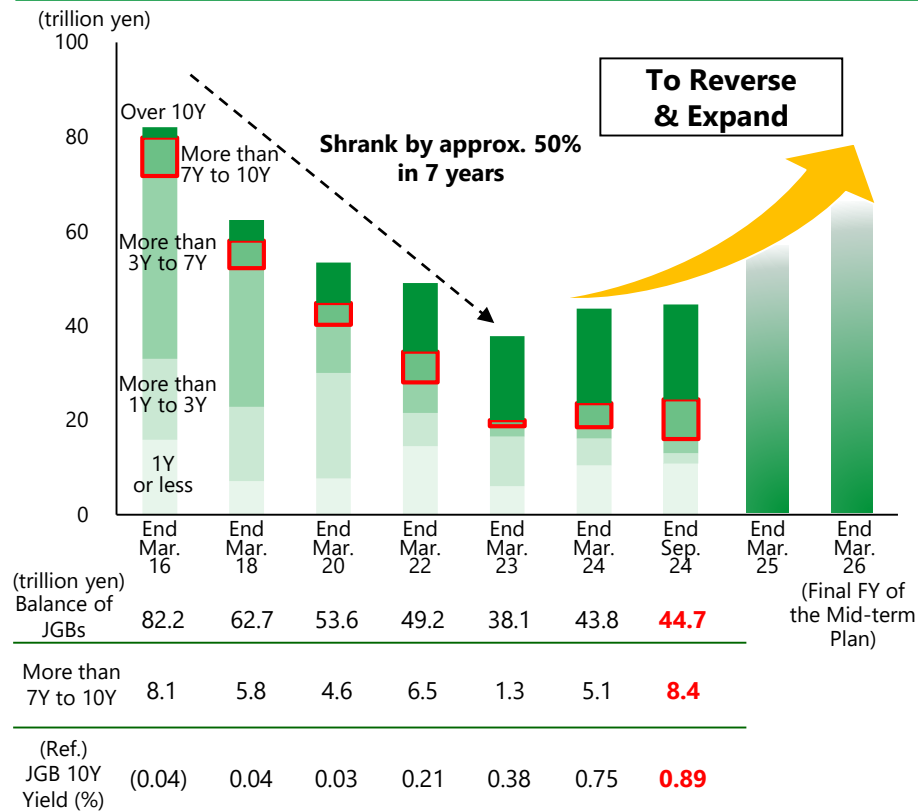


Executive Summary (5) Restructuring of the Yen Interest Rate Portfolio

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 in FY2023, and is growing steadily.

Balance of JGBs*



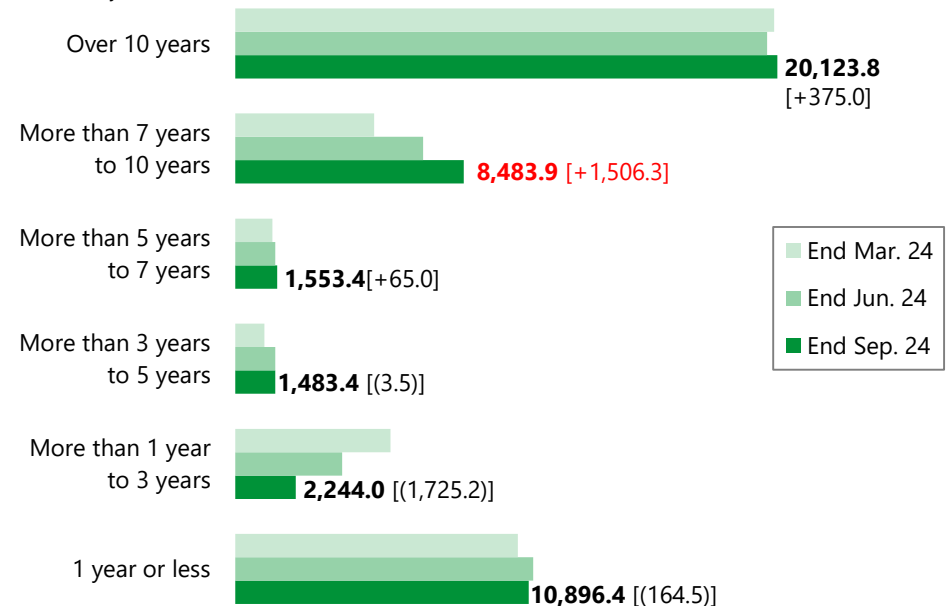
* Except JGBs in money held in trust.

Balance of JGBs* Based on the Remaining Time to Maturity (As of Sep. 30, 2024)

Note: Figures in [] represent changes from Jun. 30, 2024.

Balance of JGBs: JPY 44,785.2bn [JPY +53.0bn]

(billion yen)



〈Balances based on the holding purpose〉

Held-to-maturity: JPY 24,997.2bn [JPY +1,811.2bn]

Available-for-sale: JPY 19,788.0bn [JPY (1,758.2)bn]

Executive Summary (6)How to Grow our Retail Business (Phygital Synergy)

Complementarity between the physical and digital channels

Asset-Building Support Business

Digital Services

Remote channel Expansion of bases
(Financial Services Contact Center, etc.)

Remote connectivity using tablets

Teller channel
(Post office + Branches)

Guide

Face-to-face channel
(Consultants at Branches)

Guide



ゆうちょ通帳アプリ Yucho Bankbook App

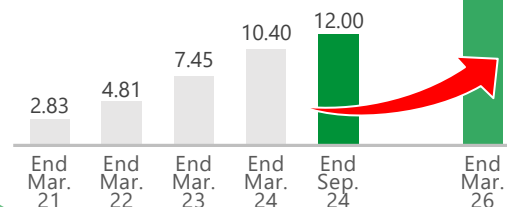
We will expand offerings of "safe, secure, and easy-to-use digital services for all customers"

As of Sep. 30, 2024

12.00mn accounts

(Compared to Mar. 31, 2024)
+1.59mn accounts

(mn accounts)



Co-creation Platform (Partner Companies)



Various Partner Companies



Finance



Utility fee



E-commerce etc...

Japan Post Bank

- Investment trusts
- Cashless payments, etc.

Japan Post Group

- "Post Office Internet Shop"
- JP insurance products, etc.

Provide information on seminars, events, products for sale, etc. at post offices in each region
(app notifications by region and by customer segment)



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FY2024 Financial Forecasts (After Upward Revision)

Based on the financial results for FY2024 H1 and recent market conditions, full-year net income attributable to owners of parent forecast for FY2024 was revised upward to JPY 400.0bn from JPY 365.0bn.

Considering the revised full-year forecast and our shareholder return policy in the current Mid-term Plan period (FY2021-2025), annual dividend forecast was revised upward by JPY 4 to JPY 56 from previous forecast, JPY 52.

(billion yen)

	FY2024 H1	FY2024		
	(Actual) (A)	Forecasts (Previous) (B)	Forecasts (Revised) (C)	Increase (Decrease) (C) – (B)
Net interest income, etc.*	705.3	1,312.0	1,343.0	31.0
Net fees and commissions	78.7	150.0	155.0	5.0
General and administrative expenses	463.6	936.0	926.0	(10.0)
Net ordinary income	321.4	525.0	575.0	50.0
Net income attributable to owners of parent	222.8	365.0	400.0	35.0

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

	FY2023	FY2024	
	(Actual)	Forecasts (Previous)	Forecasts (Revised)
Dividend per share	JPY 51 [Annual JPY 51]	JPY 52 [Annual JPY 52]	JPY 56 [Annual JPY 56]
Total dividend payment	JPY 184.4bn	JPY 188.1bn	JPY 202.5bn
Dividend payout ratio	51.8%	51.5%	50.6%

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

(Ref.) Shareholder Return Policy

- Considering the balance between shareholder returns, financial soundness, and investment for growth, our basic policy is to maintain a consolidated dividend payout ratio of approximately 50% during the period of the Mid-term Plan (FY2021-2025)
- However, keeping in mind the stability and sustainability of dividends and targeting a consolidated dividend payout ratio of 50% to 60%, we are increasing our initial dividend per share (DPS) forecast for FY2024, JPY 52

(Ref.) Previous Forecast VS Revised Forecast (Simple Illustration)

Causes of Changes in Net Ordinary Income (Consolidated)

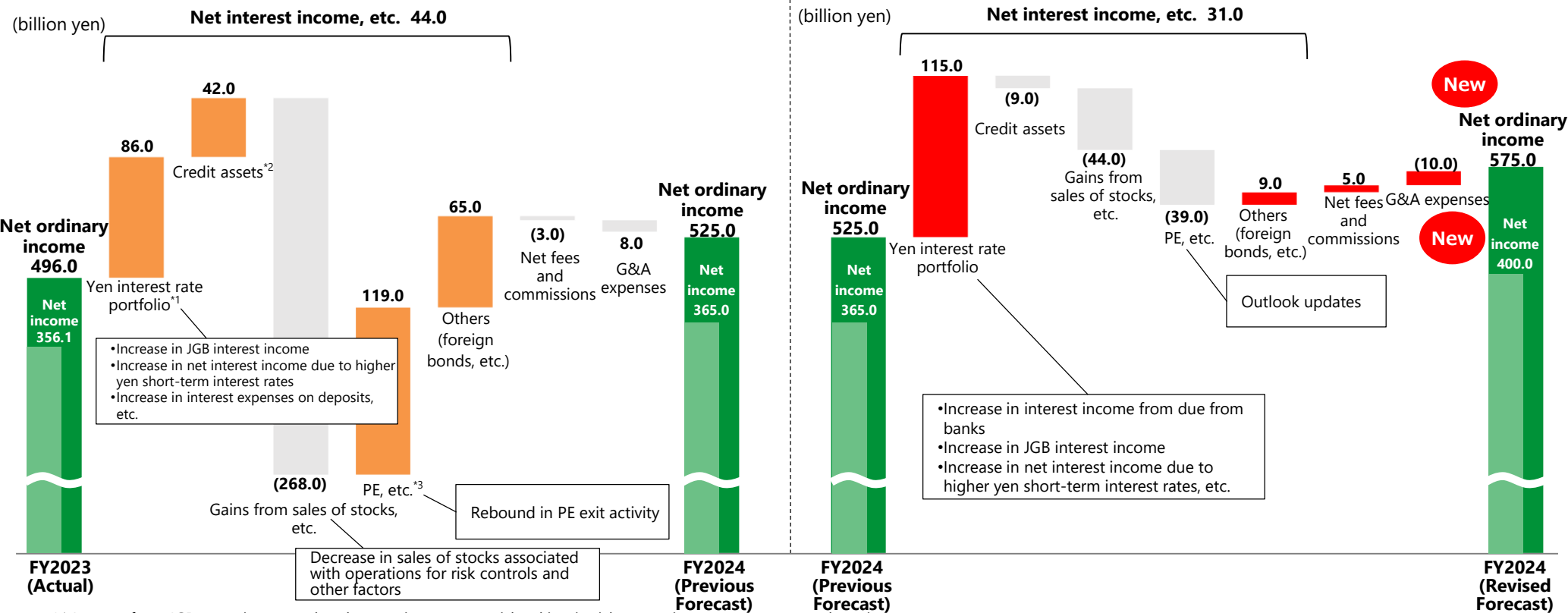
Note: In both previous and revised forecasts, forecast figures do not match the sums even after increases and decreases are added. This is due to rounding, other ordinary income/expenses and similar factors.

Previous [disclosed on May 14, 2024]

Revised [disclosed on Nov. 14, 2024]

Positive factors Negative factors

Positive factors Negative factors



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

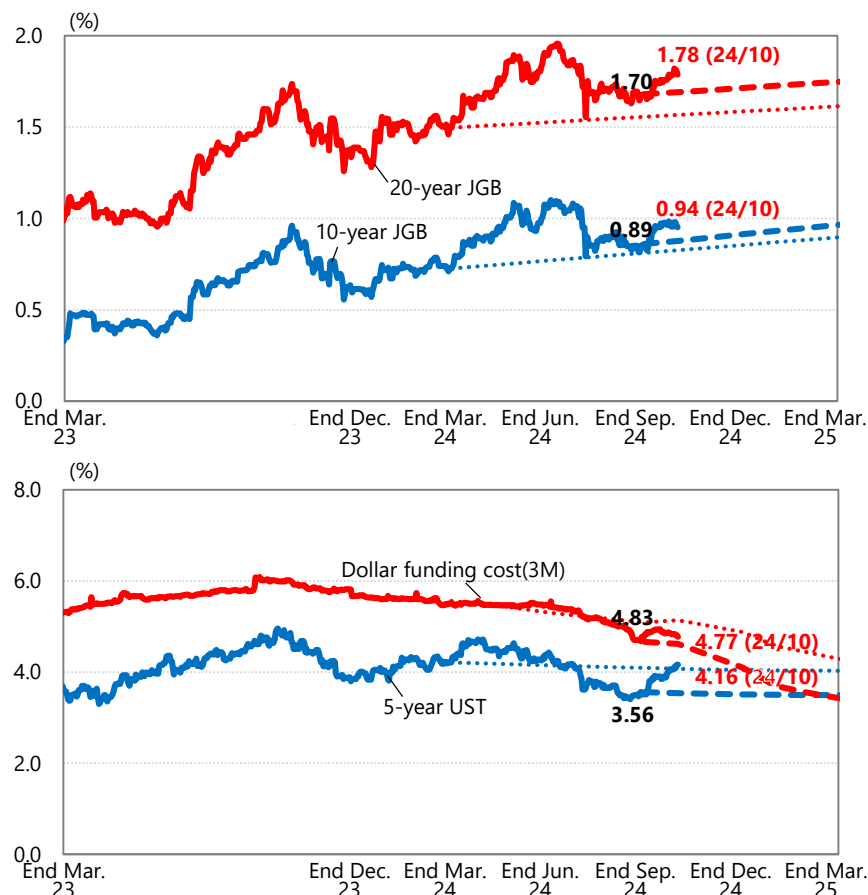
*2 Income related to foreign bond investment trusts, in-house corporate bonds, real estate funds (debt), direct lending funds, etc. (excluding income related to yen interest rate risk-taking)

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

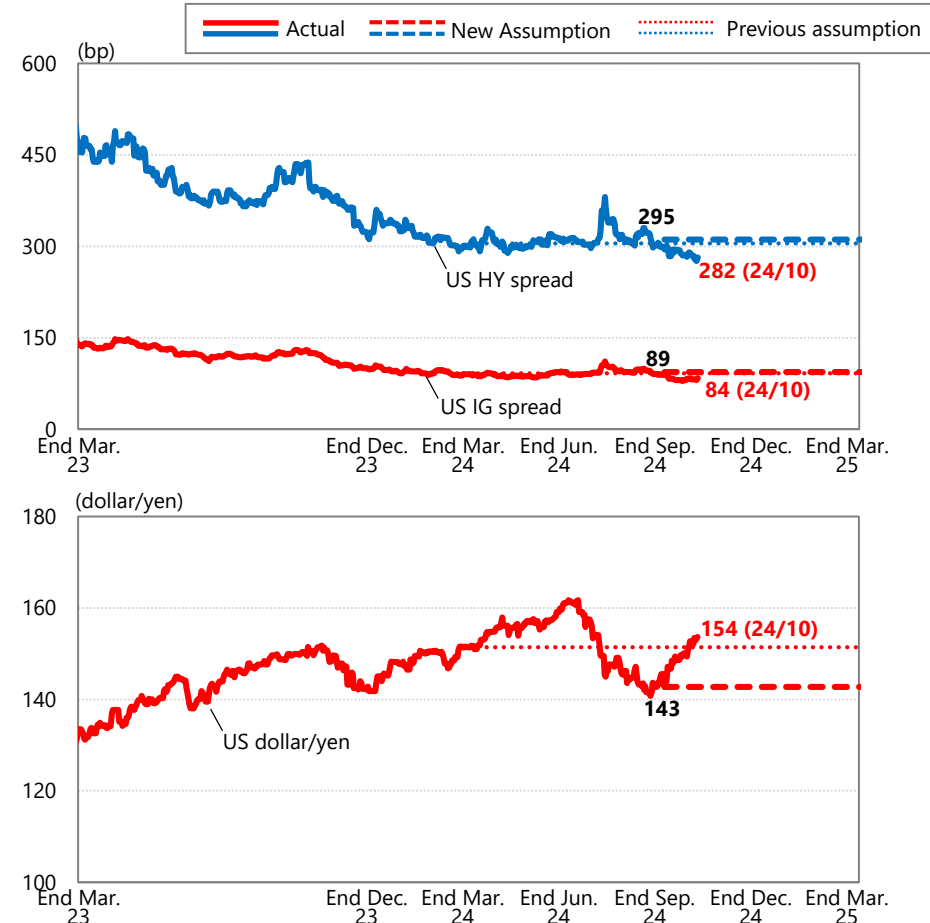
Assumptions for Earnings Forecasts (Revised)

Domestic and foreign interest rates are projected to trend in line with implied forward rates as of September 30, 2024. Foreign credit spreads and foreign exchange rates are expected to remain largely stable around the levels on September 30, 2024. Additional policy interest rate hikes by BOJ are not factored into our plan in FY2024.

Domestic and Foreign Interest Rates / Dollar Funding Cost



US IG and HY Spreads / US Dollar-Yen Rate



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Financial / KPI Targets

Financial Target Items

<Consolidated>

Profitability

Result for FY2024 H1 FY2025 Target

Net income JPY 222.8bn JPY 400.0bn or more

ROE
based on shareholders' equity 4.63%*1 4.0% or more

*1 Annualized basis

Efficiency

Result for FY2024 H1 FY2025 Target

OHR
basis including gains (losses) on money held in trust 59.21% 62% or less

General and administrative expenses JPY (40.0)bn compared to FY2020 H1 JPY (69.0)bn compared to FY2020

Soundness

Result as of Sep. 30, 2024 As of Mar. 31, 2026 Target

Capital adequacy ratio
domestic standard 15.08% approx. 10% level in normal times

CET1 Ratio
international standard excluding unrealized gains on available-for-sale securities 13.53% approx. 10%*2 level in normal times

*2 On Basel III endgame fully applied basis.

Investment

Result as of Sep. 30, 2024 As of Mar. 31, 2026 Target

Balance of risk assets JPY 107.5tn as of Mar. 31, 2024 JPY 107.4tn approx. JPY 114tn

Balance of strategic investment areas JPY 13.1tn as of Mar. 31, 2024 JPY 12.1tn approx. JPY 14tn

Balance of ESG-themed investments and financing JPY 5.3tn as of Mar. 31, 2024 JPY 4.6tn JPY 7tn

Retail

Result as of Sep. 30, 2024 As of Mar. 31, 2026 Target

Number of accounts registered in the Yucho Bankbook App 12mn accounts as of Mar. 31, 2024 10.4mn accounts 16mn accounts

Number of NISA accounts 80 ten thousand accounts as of Mar. 31, 2024 73 ten thousand accounts 94 ten thousand accounts

(Ref.) ATM Network

As of Sep. 30, 2024

Number of ATMs approx. 31,200

Number of partner financial institutions available at ATMs approx. 1,200

Of which institutions sharing ATM network platform^{*3} 20

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

Target KPIs

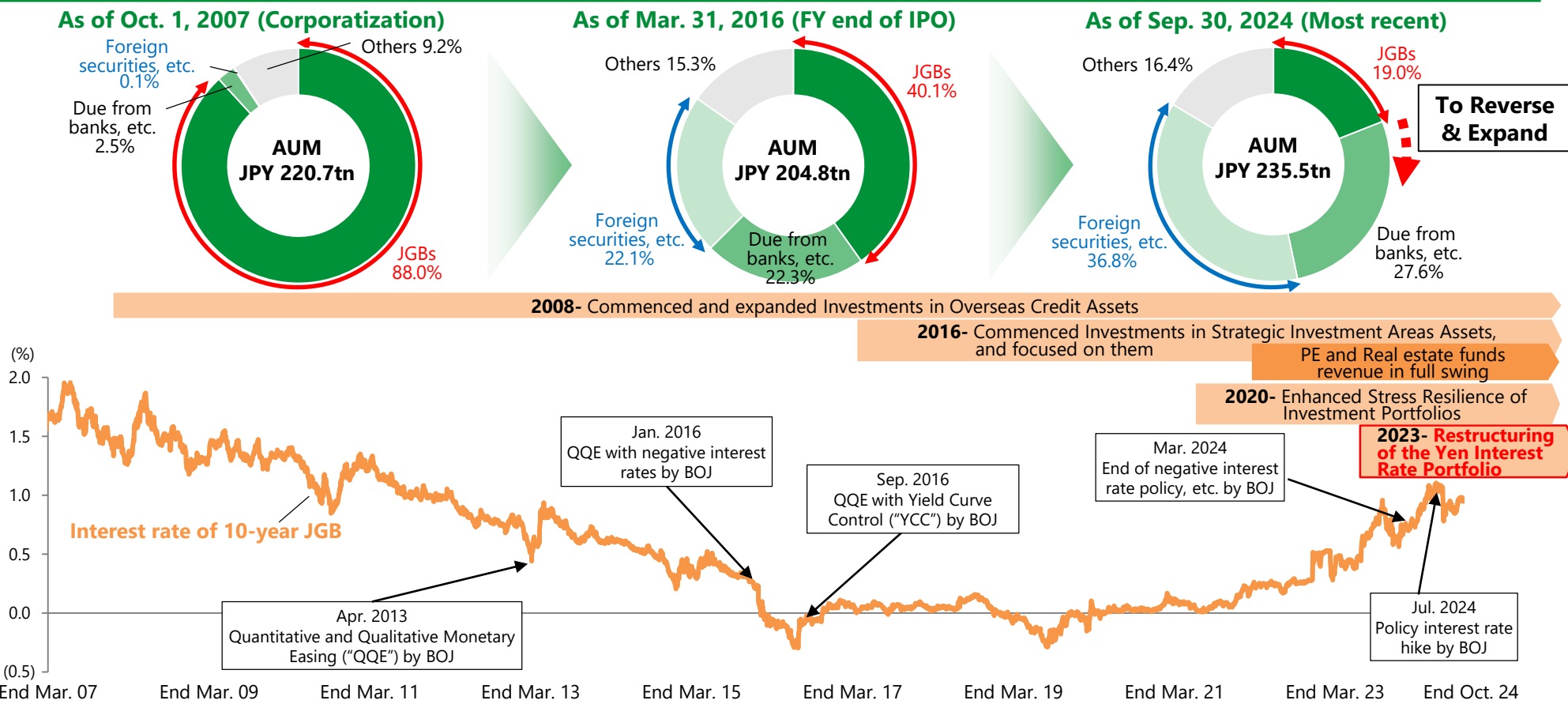
Market Business

(1) Paradigm Shift in Portfolio

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

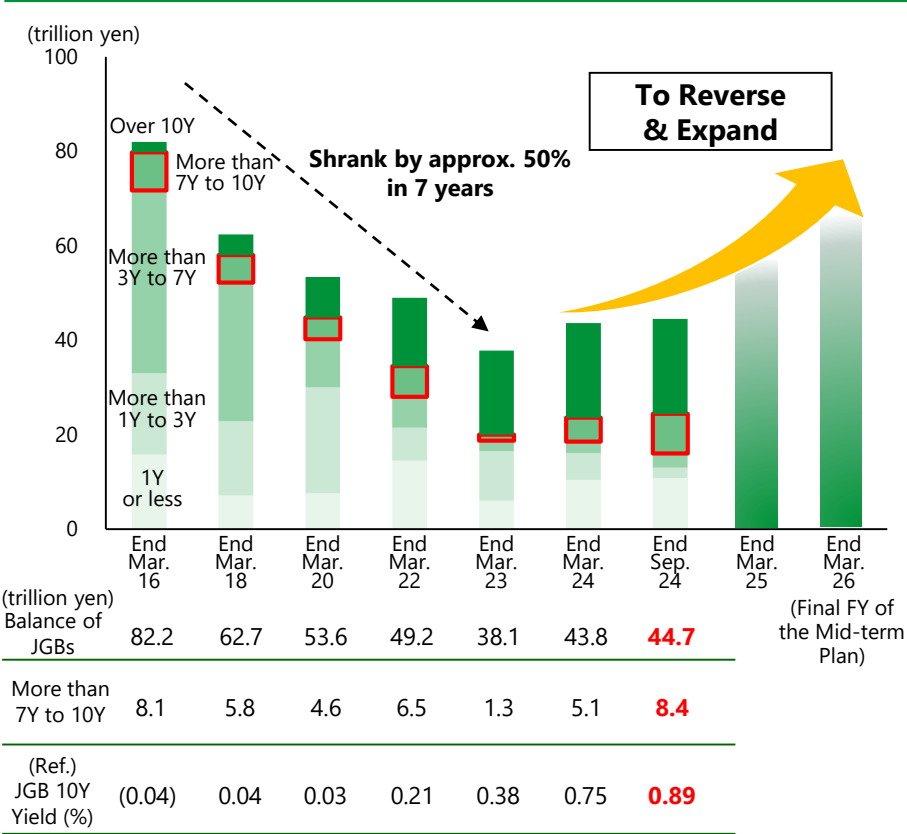
From 2023 onward, we are capturing the reversal trend of yen interest rates by shifting investments from due from banks, etc. to JGBs (restructuring of the yen interest rate portfolio).

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

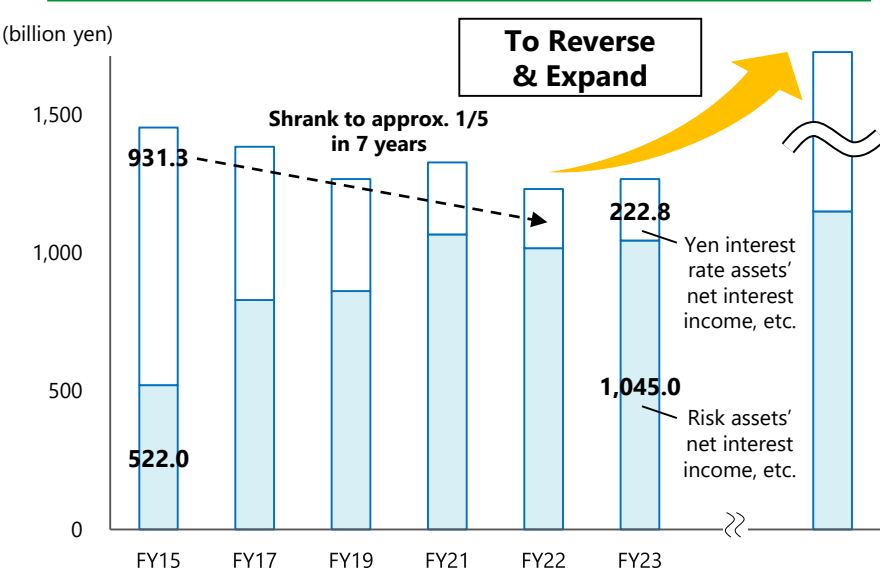


In FY2023, we reversed the balance of JGBs, which had been continuously declining since the BOJ adopted a negative interest rate policy in 2016, turning into a phase of earnings expansion.

Balance of JGBs*1



Net Interest Income, etc.*2

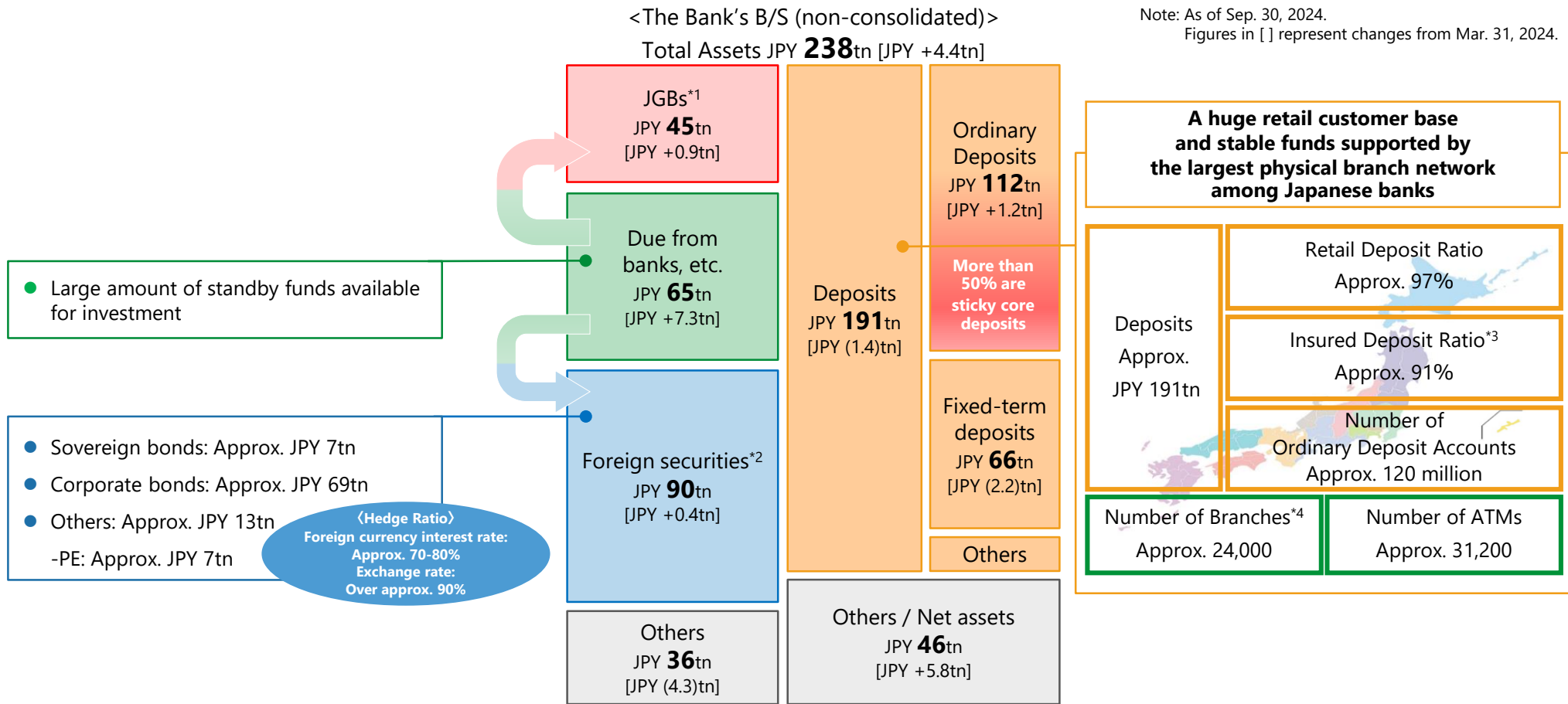


- Reverse and expand yen interest rate assets' net interest income, etc.
- Pursue sustained growth of risk asset's net interest income, etc., which had expanded under the low yen interest rate environment.

*1 Except JGBs in money held in trust.
*2 Consolidated, management accounting basis (FY2015: 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.

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.



*1 Includes JGBs in money held in trust.

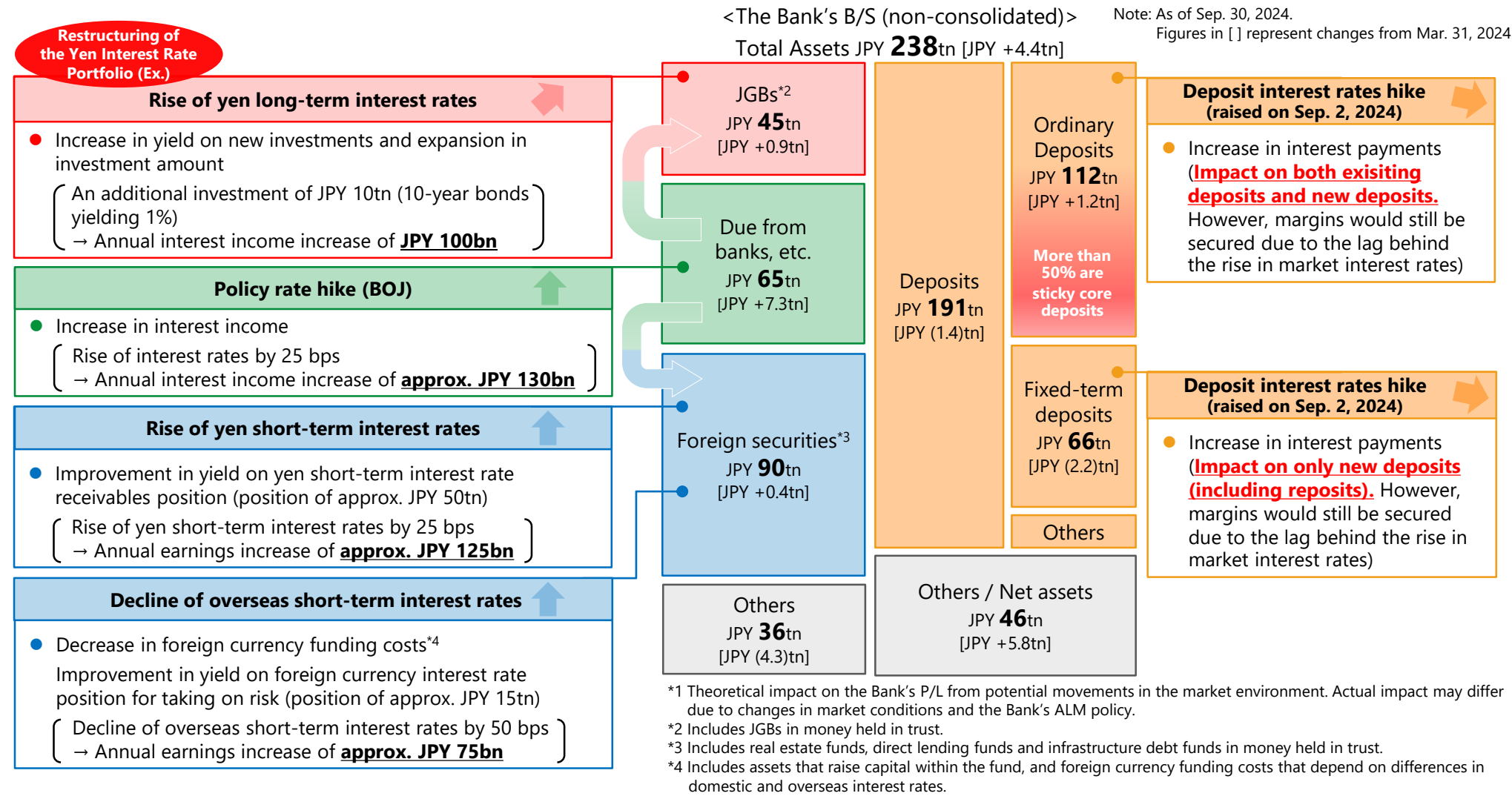
*2 Includes real estate funds, direct lending funds and infrastructure debt funds in money held in trust.

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

*4 Includes post offices.

Market Business (4) Impact of fluctuation in domestic and overseas interest rates on P/L (Simple Illustration)*1

We believe that the Bank's P/L will 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.

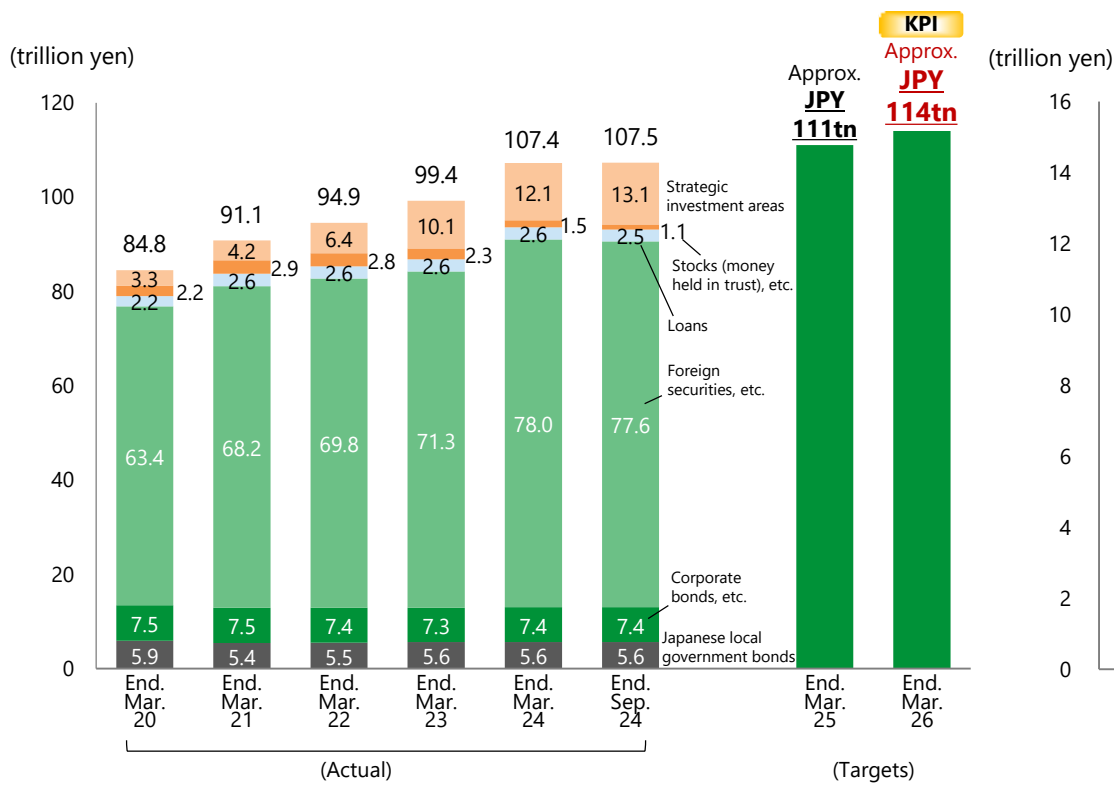


Market Business (5)

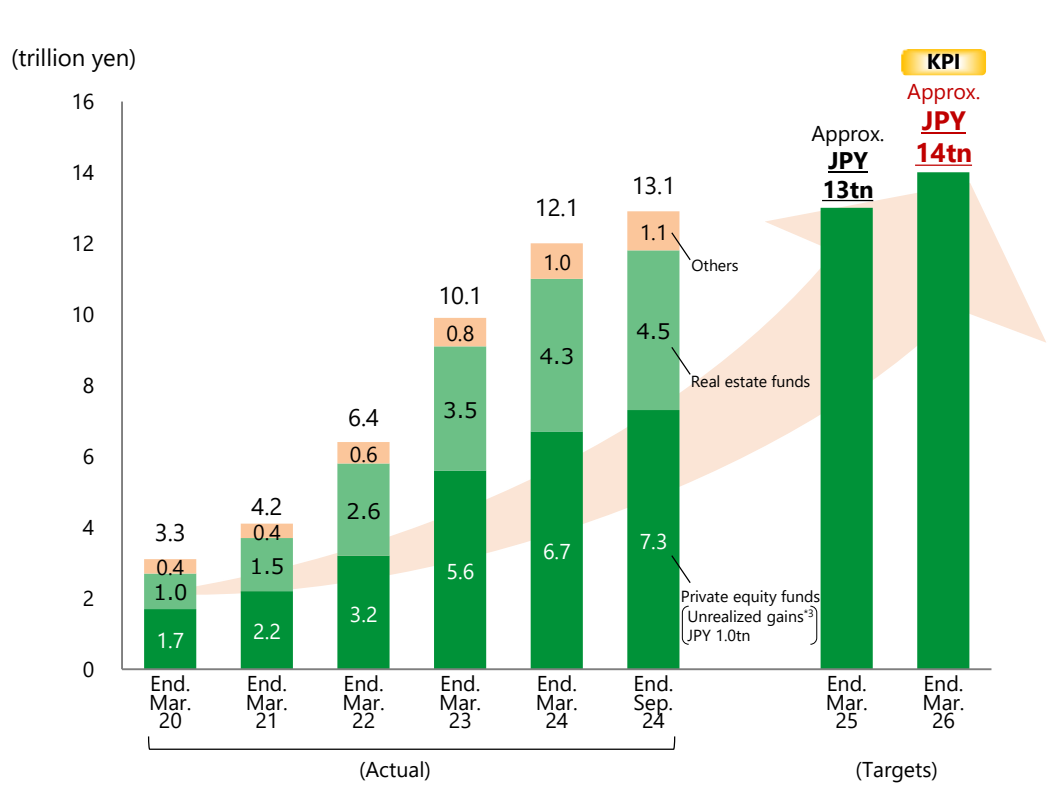
Pursue Diversified Investment in Foreign Assets

We will continue to utilize capital to increase the balance of risk assets and balance in strategic investment areas through the end of FY2025, while remaining conscious of risk-adjusted returns.

Balance of risk assets*1 (non-consolidated)



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



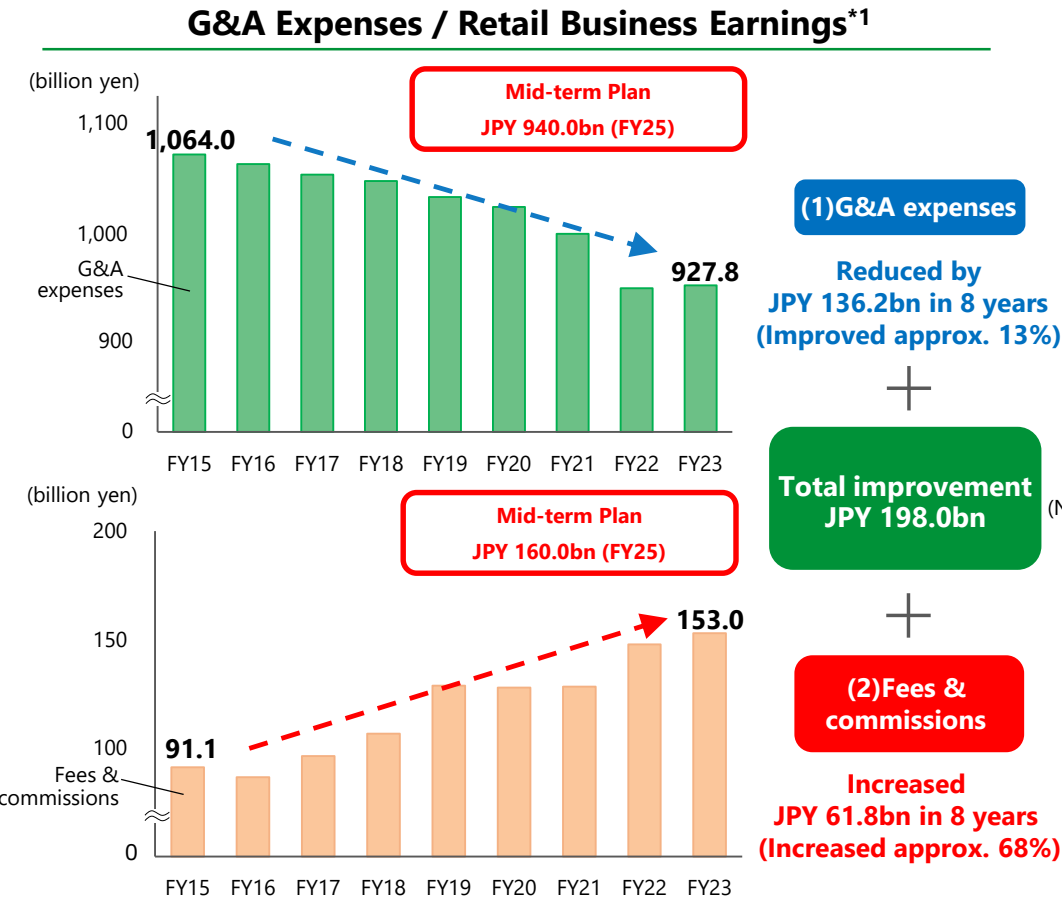
Note: The balances of private equity funds and real estate funds are calculated based on fair value, except for some assets, effective from March 31, 2023.
*1 Assets other than yen interest rate assets (JGBs, etc.) *2 Private equity funds, real estate funds (equity and debt), direct lending funds, infrastructure debt funds, etc.
*3 Unrealized gains on private equity funds held in investment trusts

Retail Business (1) Progress in Improving the Work Efficiency from Quantitative Aspects

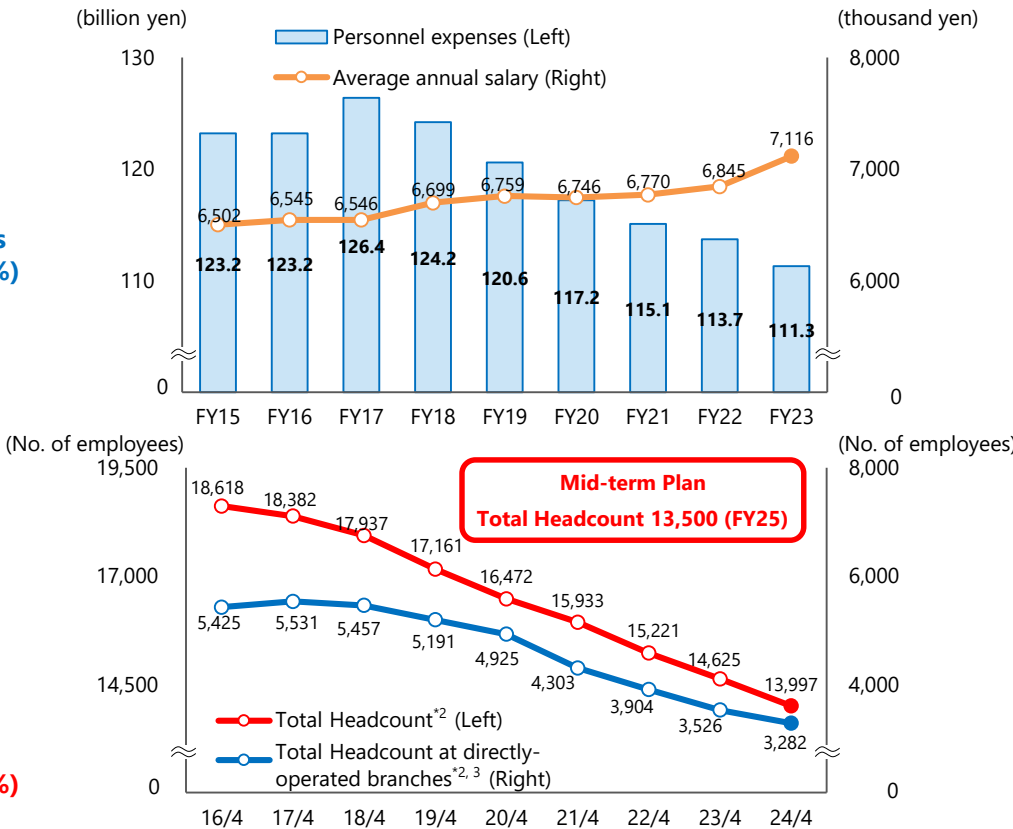
We have steadily reduced G&A costs and increased profits in our retail business. We will strive to sustain G&A cost reductions by improving work efficiency. We will enhance the customer experience and maximize retail business earnings through increased transaction volume, price optimization, etc.

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

Work Reforms and Productivity Improvements



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



*2 Includes non-regular employees.

*3 Headcount of Financial Services and Fund managing Dept

Retail Business (2) Digital Services Strategy

We will 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.

We will also develop new revenue opportunities by using data starting with the App to guide customers to appropriate services.

Improve UI/UX and enhance functionality of the Yucho Bankbook App, etc.

- Digital services centered on the Yucho Bankbook App featuring basic banking functions
- Further expand offerings of "safe, secure, and easy-to-use digital services for all customers" by promoting UI/UX improvements, functionality enhancements, application integration, etc.

Strive to capture new users of the Yucho Bankbook App, etc.

- Proactively make sales pitches and support for the Yucho Bankbook App to customers of all ages who visit our branches, utilizing our customer base of 120 million accounts and network of 24,000 post offices
- Make use of online promotions, etc. to expand use of the app

Further increase the number of Yucho Bankbook App users + Provide appropriate services through push notifications and in-app advertisements, developed using AI-based data analysis

Complementarity between the physical and digital channels

Establishment of the "Co-creation platform" through collaboration with a variety of businesses

- Using the Yucho Bankbook App, introduce/advertise a variety of products from outside the boundaries of traditional banking services

Various Partner Companies

Finance Utility fee E-commerce etc.

Japan Post Bank

- Investment trusts
- Cashless payments, etc.

Japan Post Group

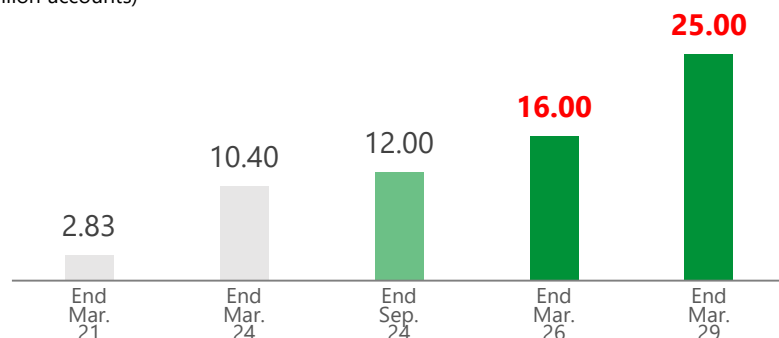
- "Post Office Internet Shop"
- JP insurance products, etc.

Provide information on seminars, events, products for sale, etc. at post offices in each region (app notifications by region and by customer segment)

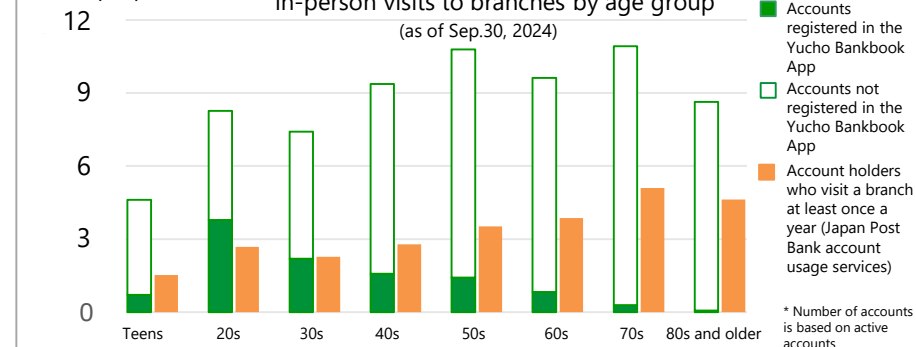
KPI

Number of accounts registered in the Yucho Bankbook App

(million accounts)



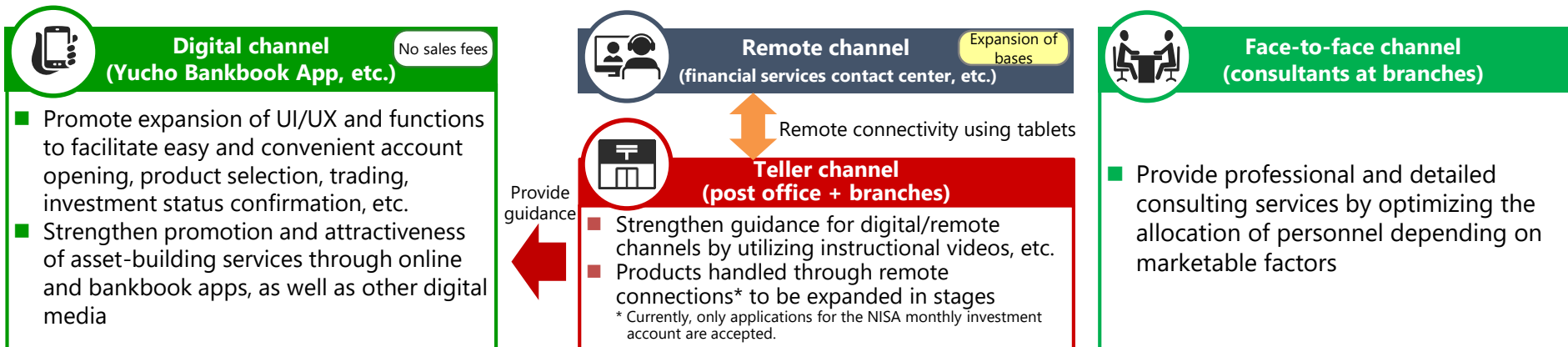
(Reference) Number of Yucho Bankbook App users and in-person visits to branches by age group (as of Sep.30, 2024)



⇒ Considerable room for development through an aggressive approach

Retail Business (3) Asset-Building Support Business

The Bank is shifting from face-to-face sales to sales via digital and remote transaction channels linked with the teller channel. We established an improved 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.

Main
segments

Mass retail segment

Pre-upper mass retail segment

Main
products

Young people

Middle aged to elderly

All age groups

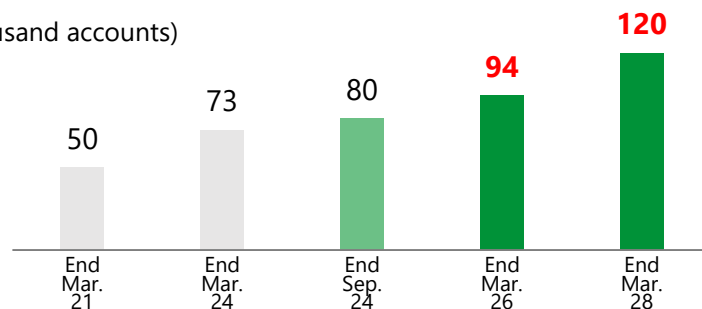
New NISA and monthly investment accounts, etc.

Wide range of products (fund wrap, etc.)

KPI

Number of NISA accounts

(ten thousand accounts)



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)

Σ Business (1) Full-scale Launch

In FY2024, 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 FY2024

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

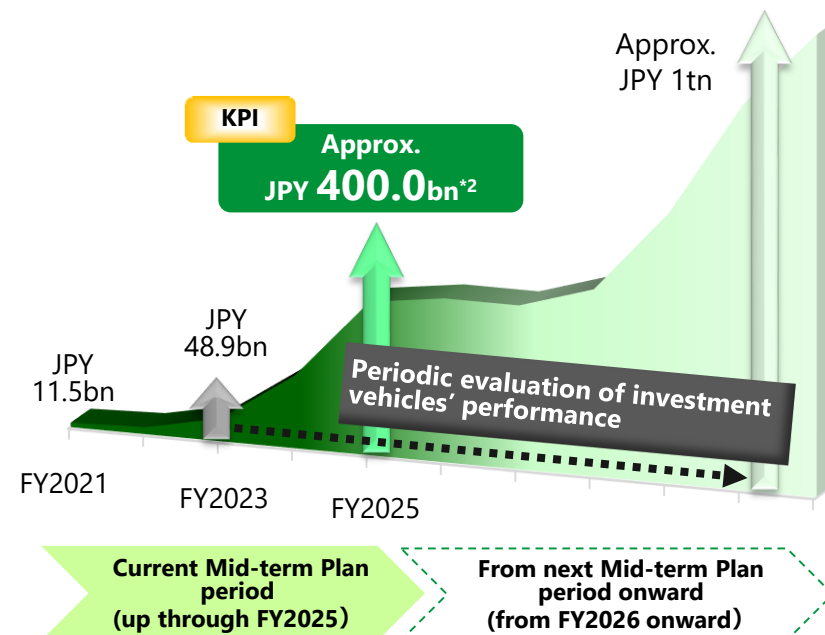
Identifying local customers with a willingness to grow and support them actively

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.

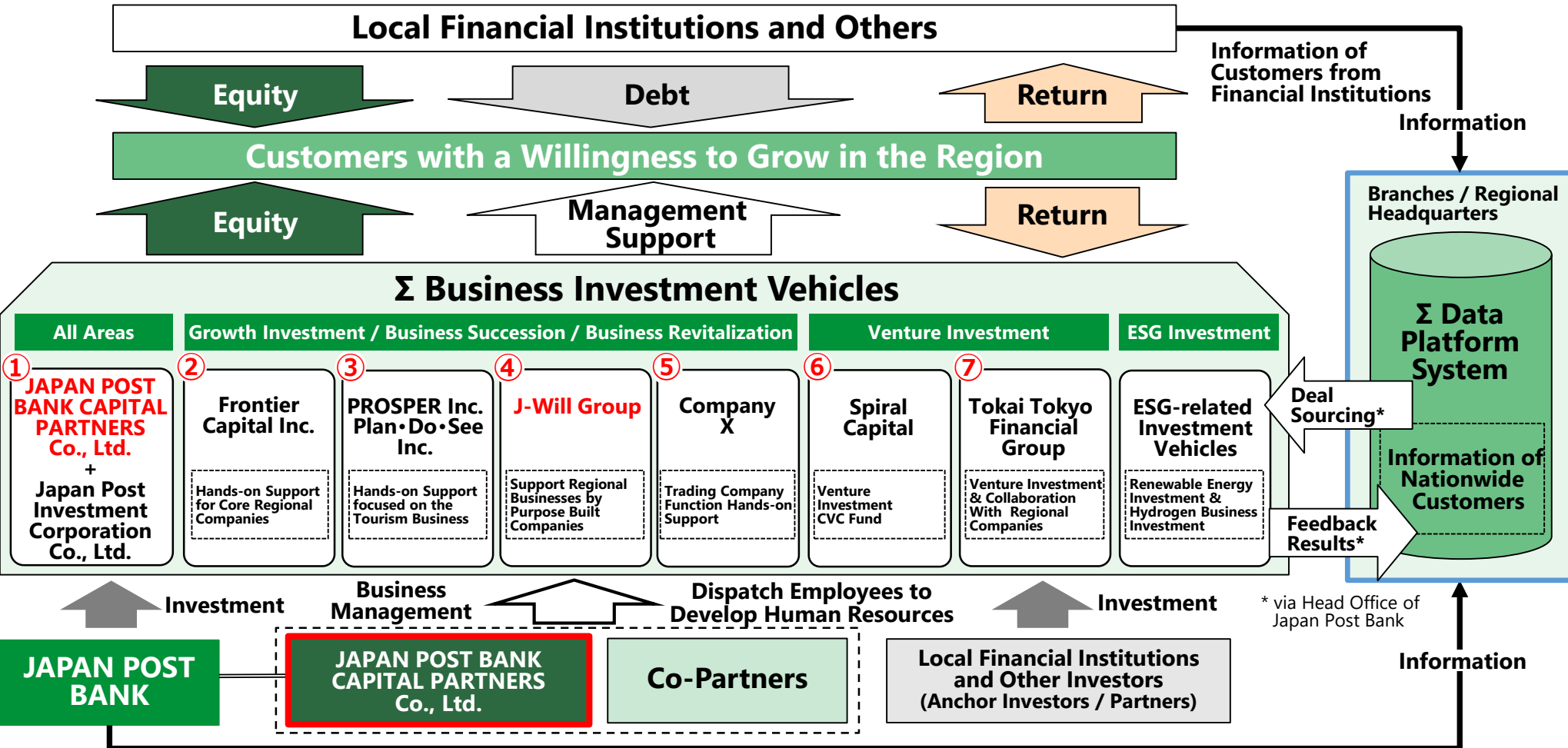
*2 The amount of investment commitment currently planned; the amount may increase or decrease depending on future investment performance and evaluation, market conditions, risk-return ratio, and other factors.

(2) 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.

In August 2024, we established a joint fund with the J-Will Group to invest in business succession and revitalization for small and medium-sized businesses in each region.



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 in a manner that is 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 “lively and exciting” company together with our employees, and thereby improving our corporate value.

Management strategy

Purpose/Management philosophy/Mission

Management strategies

Management strategies and our vision of human capital

Individuals who share JAPAN POST BANK’s purpose, management philosophy, and mission, and who are willing to take on the challenge of financial innovation while learning to understand change and aspire to achieve it.

Retail business
innovations

Market
business
enhancement

Full-scale
launch of the
Σ Business

Strengthening
the management
base

Linkage

Human resource strategy

Human resource strategy

1st pillar: Encourage growth

Nurture
self-motivated employees

Actively recruit professionals

Maximize human capital performance
through a human resource strategy built
around three pillars

2nd pillar: Discover abilities

Strategic allocation of
human resources

Improve engagement

3rd pillar: Effectively utilize diversity

Diversity management

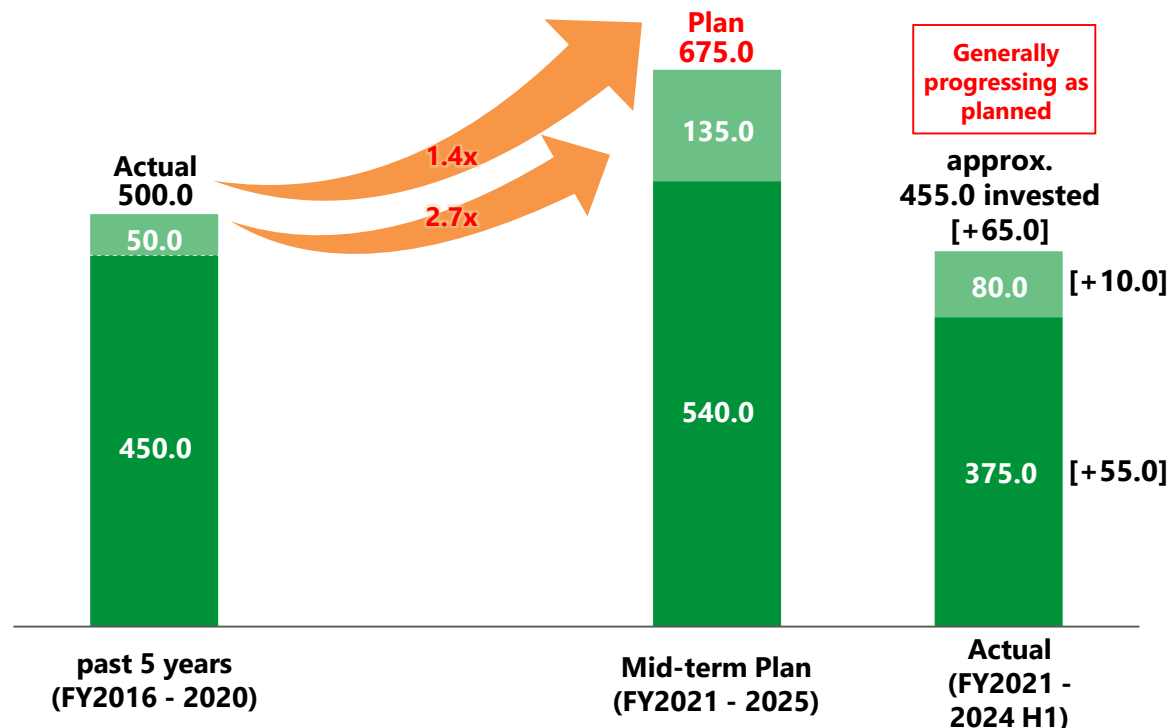
Management Base (2) IT Investment Plan

Trends in IT Investment (Cash Flow Basis)

(billion yen)

■ Strategic IT investments to realize new growth

■ IT investments to realize stable and sustainable business operations



IT Investments

The Bank promotes IT investment to strengthen the business base

- IT investments totaling approx. JPY 675.0bn are planned over the five years of the Mid-Term Plan
- In FY2024, **we launched "a study on the future vision of a sustainable system that can address changes in the social and business environment"**

Main projects (FY2024 H1)

- Introduction of a generative AI chat system at headquarters (Apr. 2024)
- Renewal of the investment trust call center system (May 2024)
- Introduction of the Middle Risk Management System (July 2024)
- Handling of new banknotes (July 2024)
- Pilot study of a tablet application system for investment trusts (Aug. 2024)

Main projects (FY2024 H2~)

- Introduction of call center system at a remote asset management center (Oct. 2024)
- Adding services in Yucho Reco (budget planning) (Nov. 2024)
- Construction of Σ Data Platform System (Nov. 2024)

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

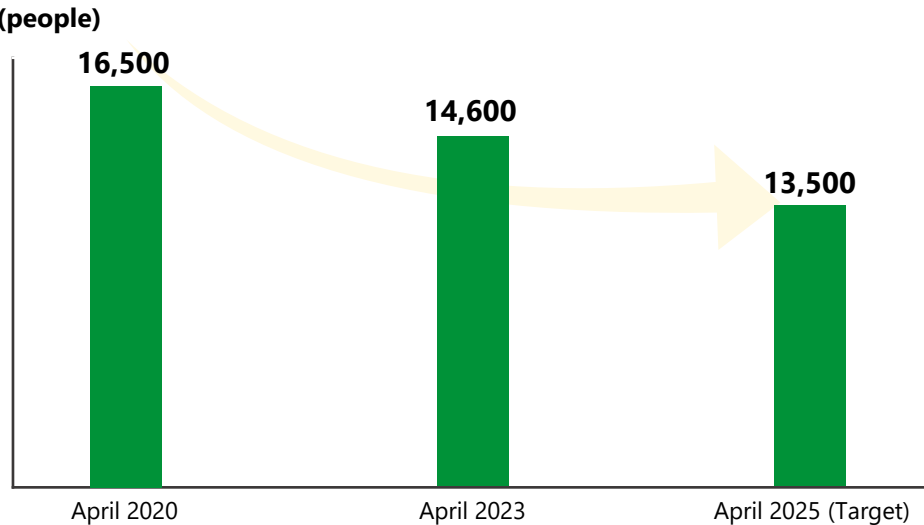
Management Base (3) Plan for Personnel Expenses and General and Administrative Expenses

While increasing the number of employees in key areas, such as DX promotion, market operations, and GP business, the plan is to reduce the total number of employees by 1,100 by April 2025 through company-wide efficiency improvements utilizing AI and other digital technologies, as well as through optimized allocation of sales personnel and other means.

We will aggressively invest in key areas, such as DX promotion, while continuing to reduce regular expenses.

Personnel plan

✓ The Bank aims to reduce headcount by about 3,000 over the five years of the Mid-term Plan (to be achieved through natural attrition due to hiring adjustments)



Reduction of workload

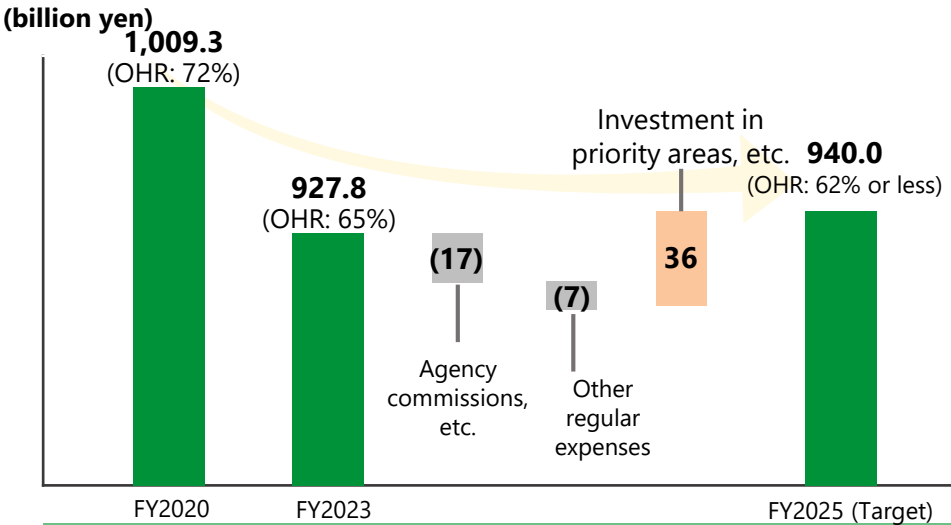
- Increase efficiency through expansion of automated processing at Operation Support Centers, etc.
- Improve operational efficiency at the Head Office
- Reduction of consultants, loan service department employees, etc.

Increase personnel in key 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

✓ The Bank aims to reduce G&A expenses by JPY 69.0bn over the five years of the Mid-term Plan



Reduction in regular expenses

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

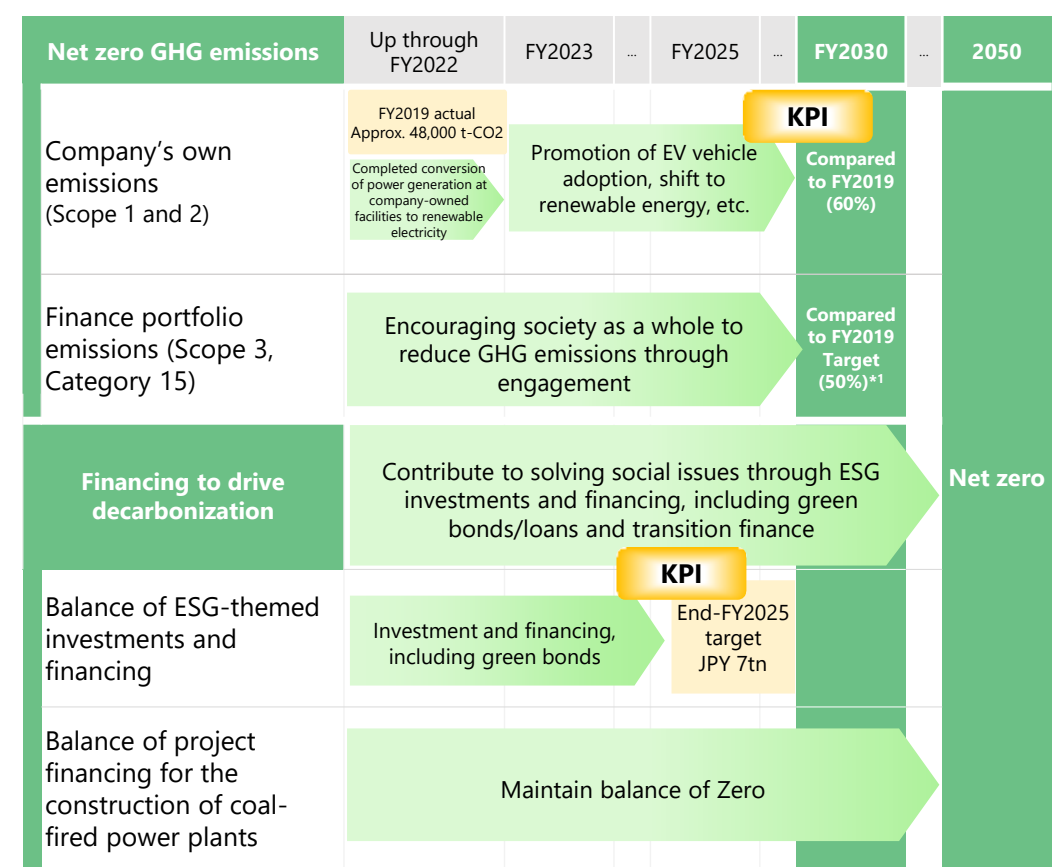
Investment in priority areas, etc.

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

Management Base (4) Promotion of Sustainability Management (Reducing Environmental Impact)

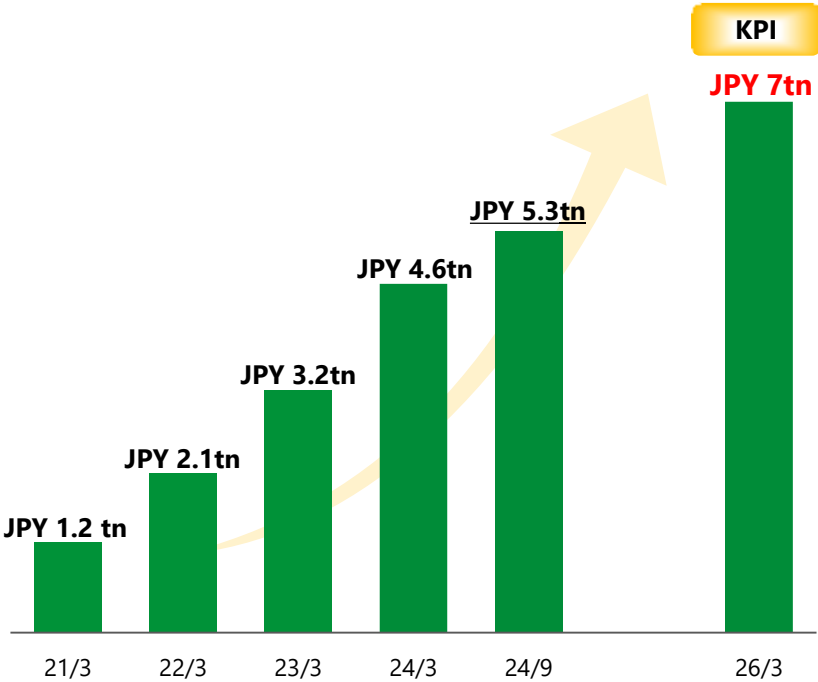
The Bank promotes initiatives in line with the roadmap to decarbonization to achieve "net zero GHG emissions by 2050." Regarding the balance of ESG-themed investments and financing, we have made steady progress toward the FY2025 target KPI, JPY 7tn to support decarbonization efforts, etc.

Roadmap to decarbonization



*1 Emissions per investment unit (JPY 100mn) (t-CO2/JPY 100mn)

Balance of ESG-themed investments and financing*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 KPI

We aim to reduce the amount of business forms used by 20% by FY2025 (compared to FY2020) by computerizing various procedures, etc.

Capital Policy: Shareholder Return Policy (Basic Thought Process)

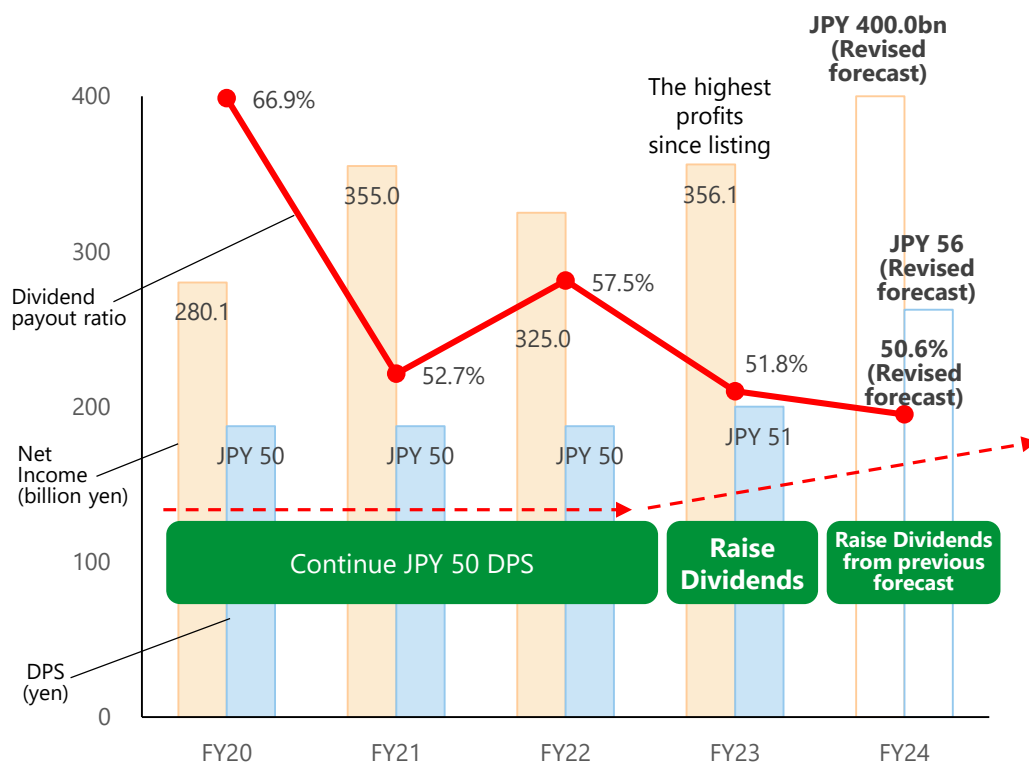
[Shareholder Return Policy]

Considering the balance between shareholder returns, financial soundness, and investment for growth, our basic policy is to maintain a consolidated dividend payout ratio of approximately 50% during the period of the Mid-term Plan (FY2021-2025).

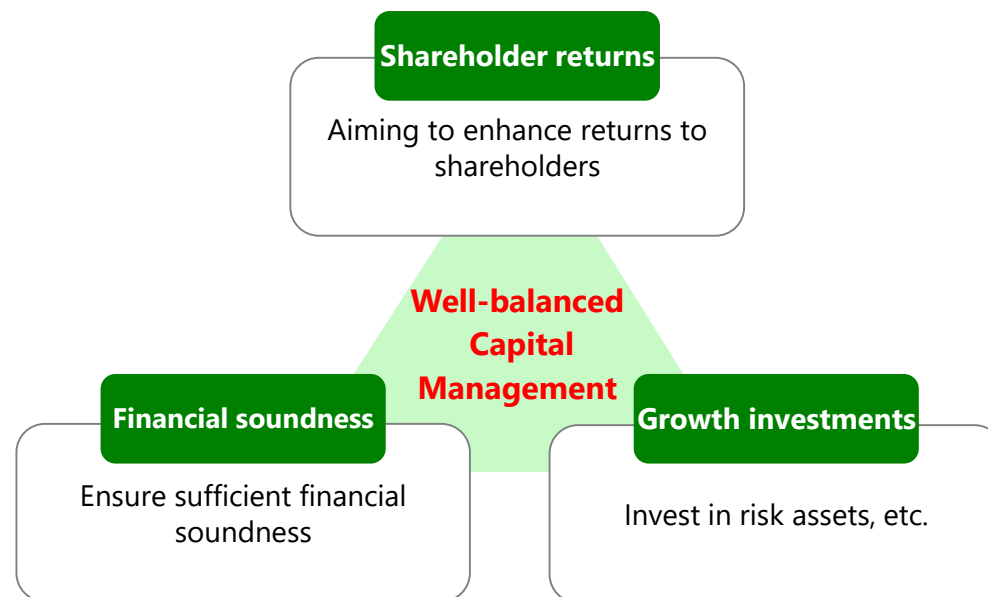
However, keeping in mind the stability and sustainability of dividends and targeting a consolidated dividend payout ratio of 50% to 60%, we are increasing our initial dividend per share (DPS) forecast for FY2024, JPY 52.

Increase Dividends in Line with Profit Growth

<Net Income (Consolidated) / Dividends>



Basic Thought Process



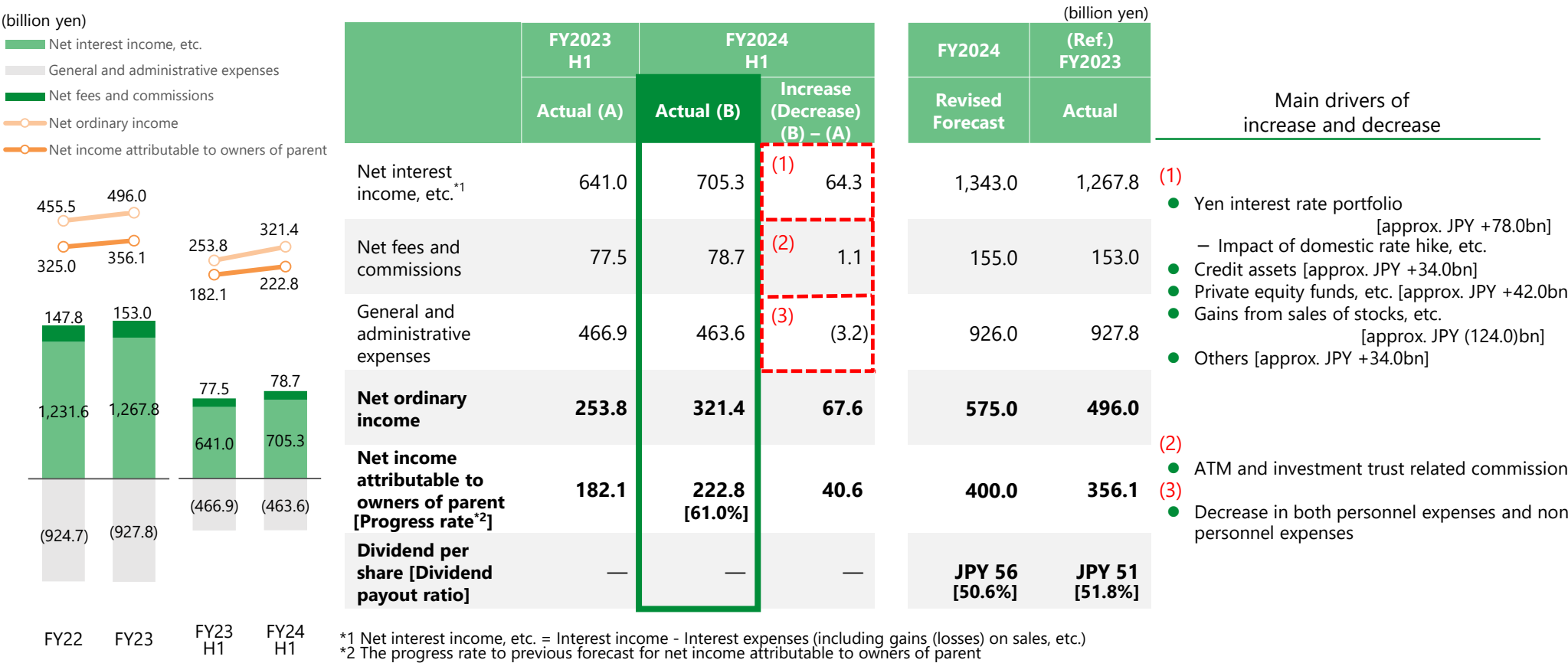
01	Executive Summary	P.3
02	Revised Earnings and Dividends Forecasts for FY2024	P.10
03	Progress of Medium-term Management Plan (disclosed in May 2024)	P.14
04	Appendix	P.31

Overview of FY2024 H1 Results

(1) Results

For FY2024 H1, net income attributable to owners of parent increased by JPY 40.6bn year on year to JPY 222.8bn. It equated to 61.0% of the previous full-year forecast, JPY 365.0bn (55.7% of the revised full-year forecast, JPY 400.0bn).

Results for FY2024 H1 (Consolidated)

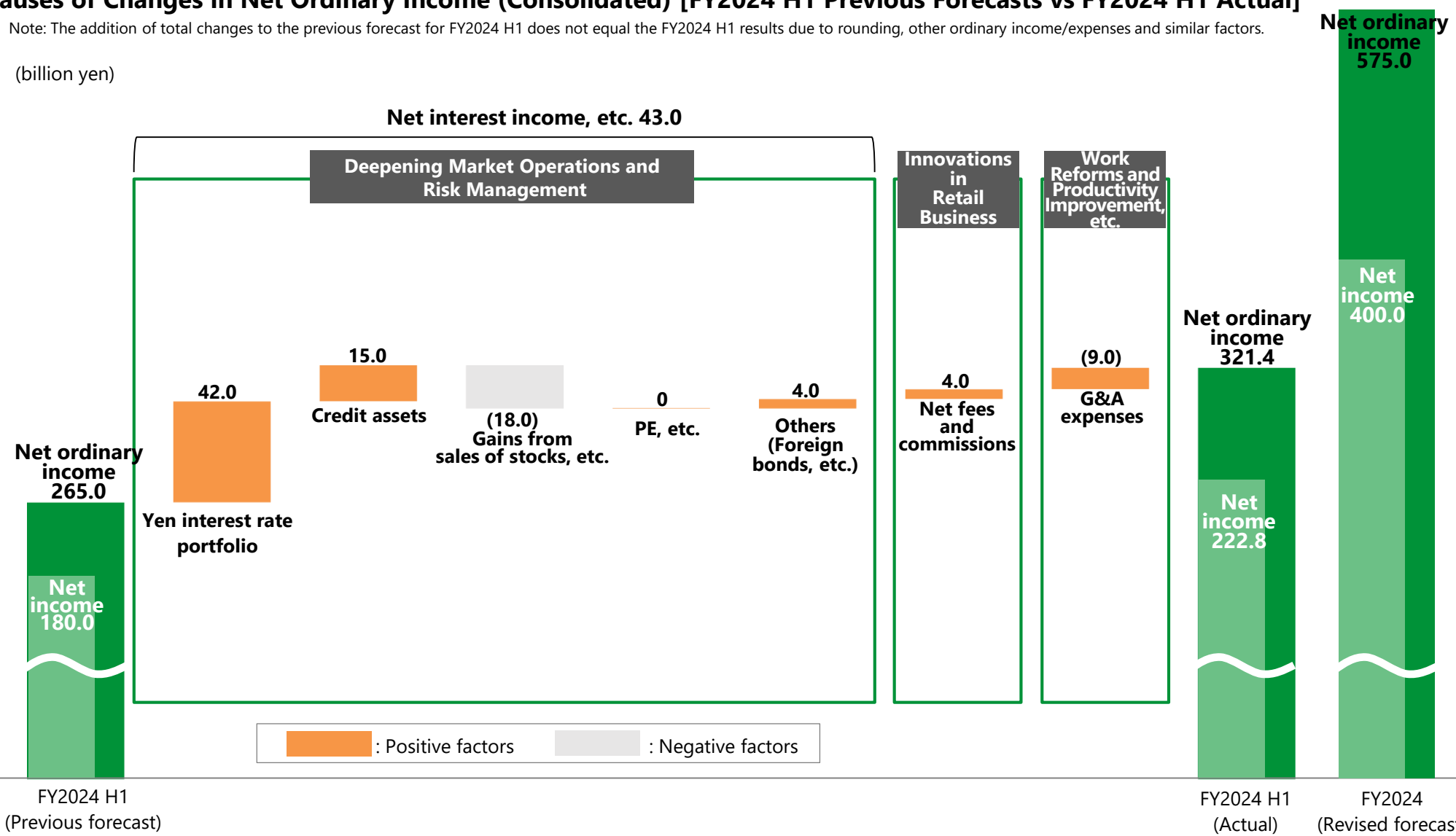


(Ref.) Changes in Net Ordinary Income (1) vs Previous Forecasts (Simple Illustration)

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

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

(billion yen)

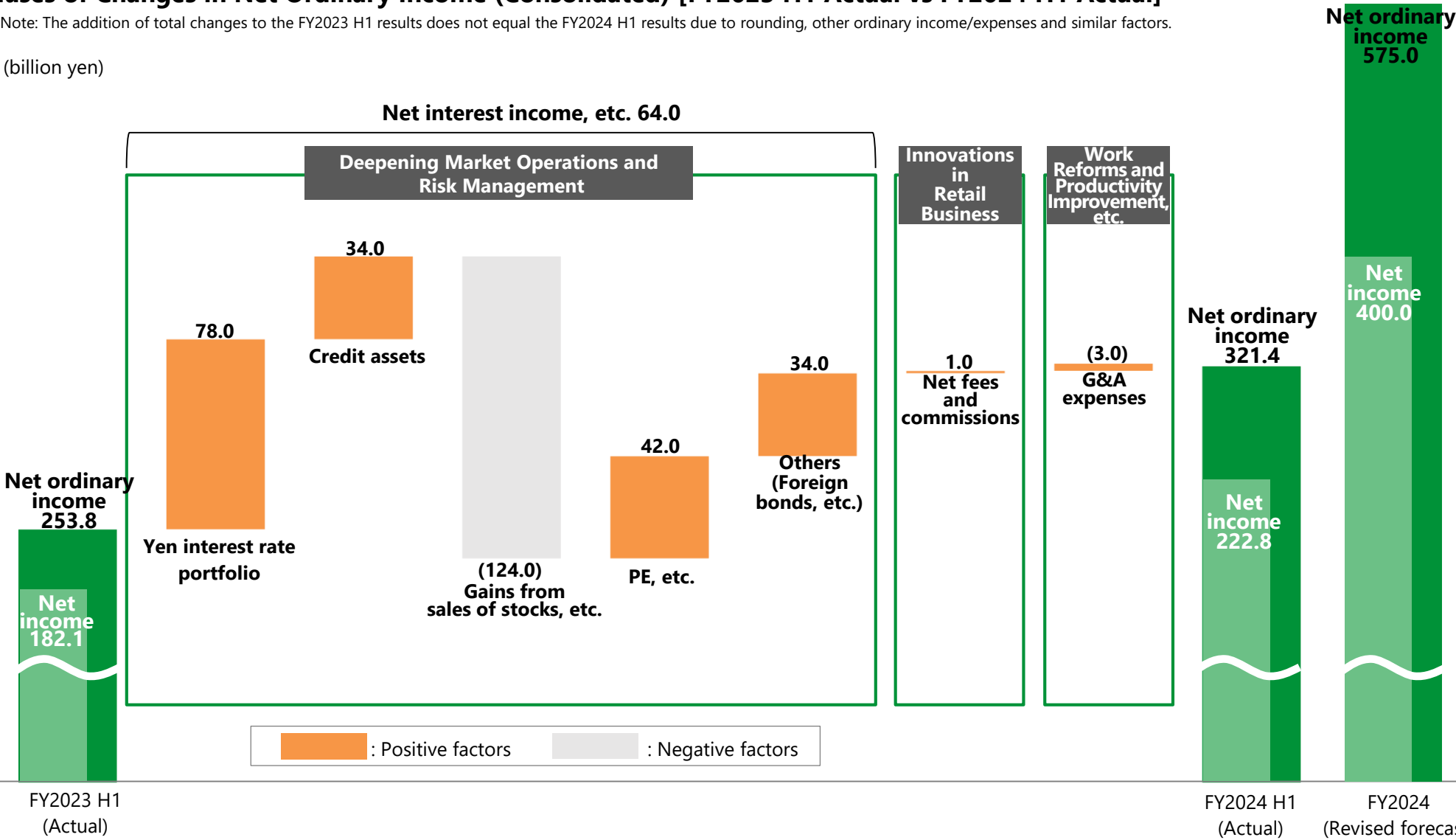


(Ref.) Changes in Net Ordinary Income
(2) YoY (Simple Illustration)

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

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

(billion yen)

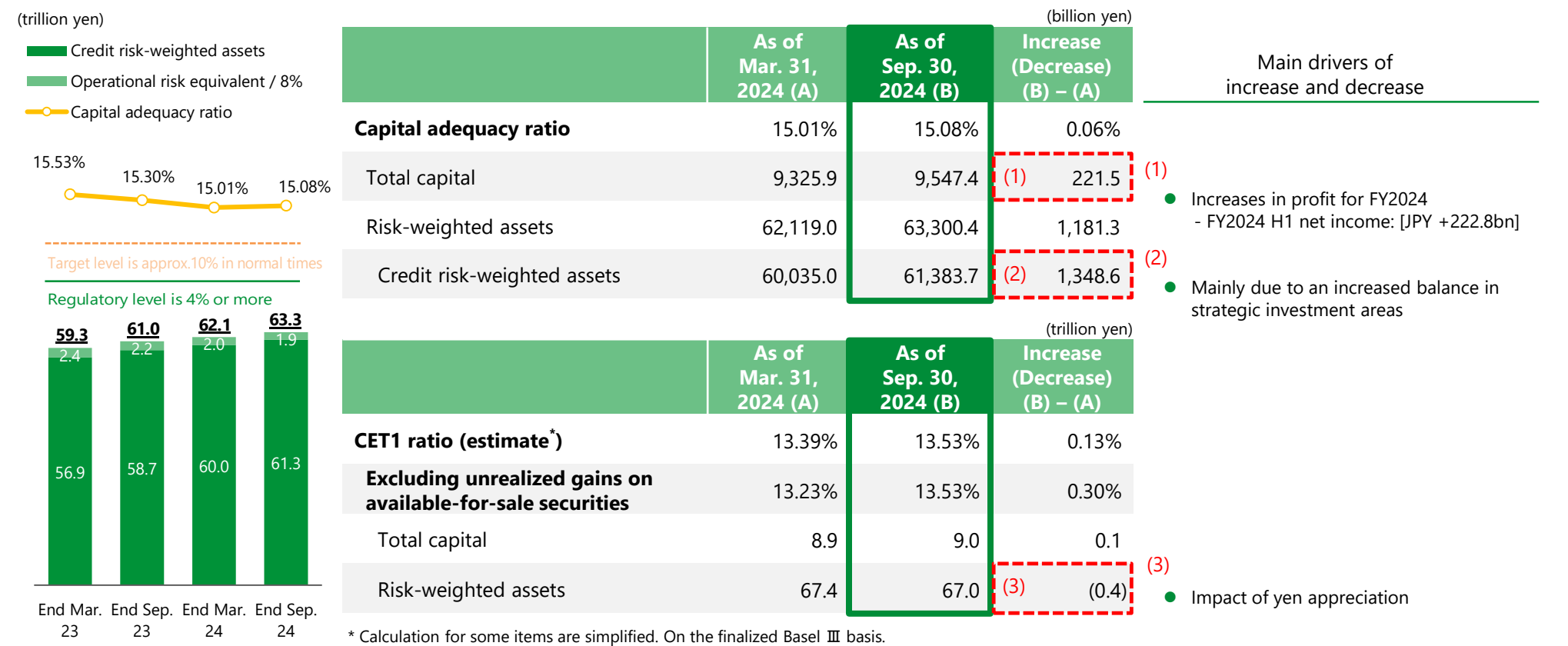


Overview of FY2024 H1 Results

(2) Capital Adequacy Ratio and CET1 Ratio

The consolidated capital adequacy ratio as of September 30, 2024 was 15.08%, up 0.06% compared to March 31, 2024. The increase in profits for FY2024 has contributed to an increase in total capital (numerator) and an increase in capital adequacy ratio.

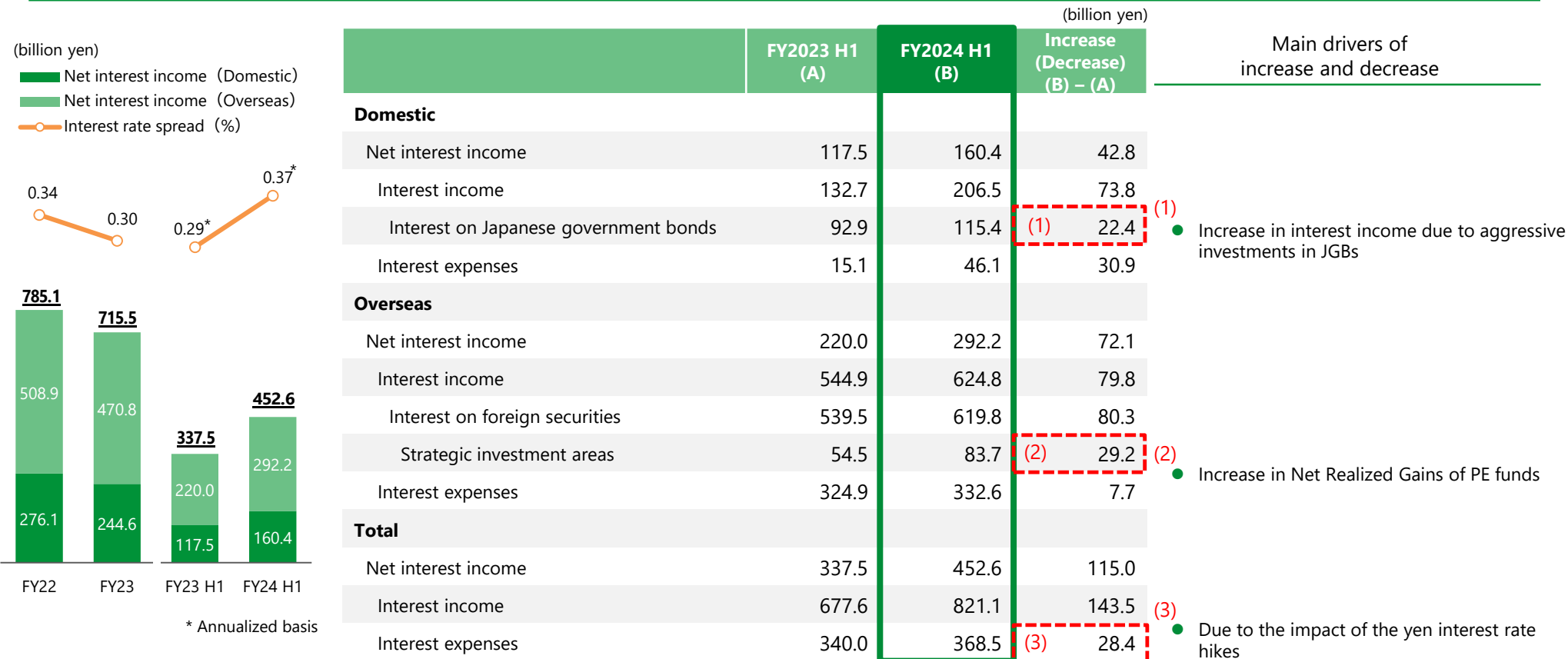
Capital Adequacy Ratio and CET1 (Common Equity Tier1 Capital) Ratio (Consolidated)



Income Analysis

Net interest income for FY2024 H1 increased by JPY 115.0bn year on year to JPY 452.6bn.
The main factors were an increase in interest on JGBs and interest on due from banks.

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.

Fees and Commissions

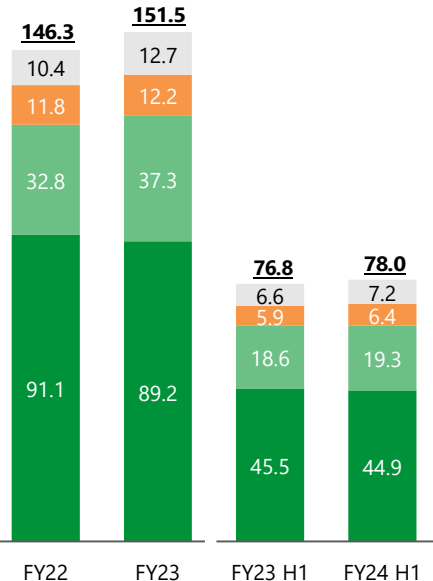
Net fees and commissions for FY2024 H1 increased by JPY 1.2bn year on year to JPY 78.0bn.

Profits related to asset management products, such as investment trust related commissions, have steadily increased.

Fees and Commissions (Non-consolidated)

(billion yen)

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



	FY2023 H1 (A)	FY2024 H1 (B)	Increase (Decrease) (B) – (A)
Net fees and commissions	76.8	78.0	1.2
Exchange and settlement transactions	45.5	44.9	(1) (0.6) ⁽¹⁾
Zengin-net fee	7.0	7.7	0.7
ATM related commissions	18.6	19.3	(2) 0.6 ⁽²⁾
Investment trust related commissions*	5.9	6.4	(3) 0.5 ⁽³⁾
Variable annuities	1.2	1.3	0.1
JGBs related commissions	1.1	1.3	0.2
Credit cards	1.7	1.6	(0.1)
Consumer loans	0.7	1.0	0.3
Others	1.7	1.8	0.1

Main drivers of
increase and decrease

- Elimination of additional fees for using cash for payment services (in January 2024)
- Increase in ATM transactions
- Increase in the balance of Yucho Fund Wraps

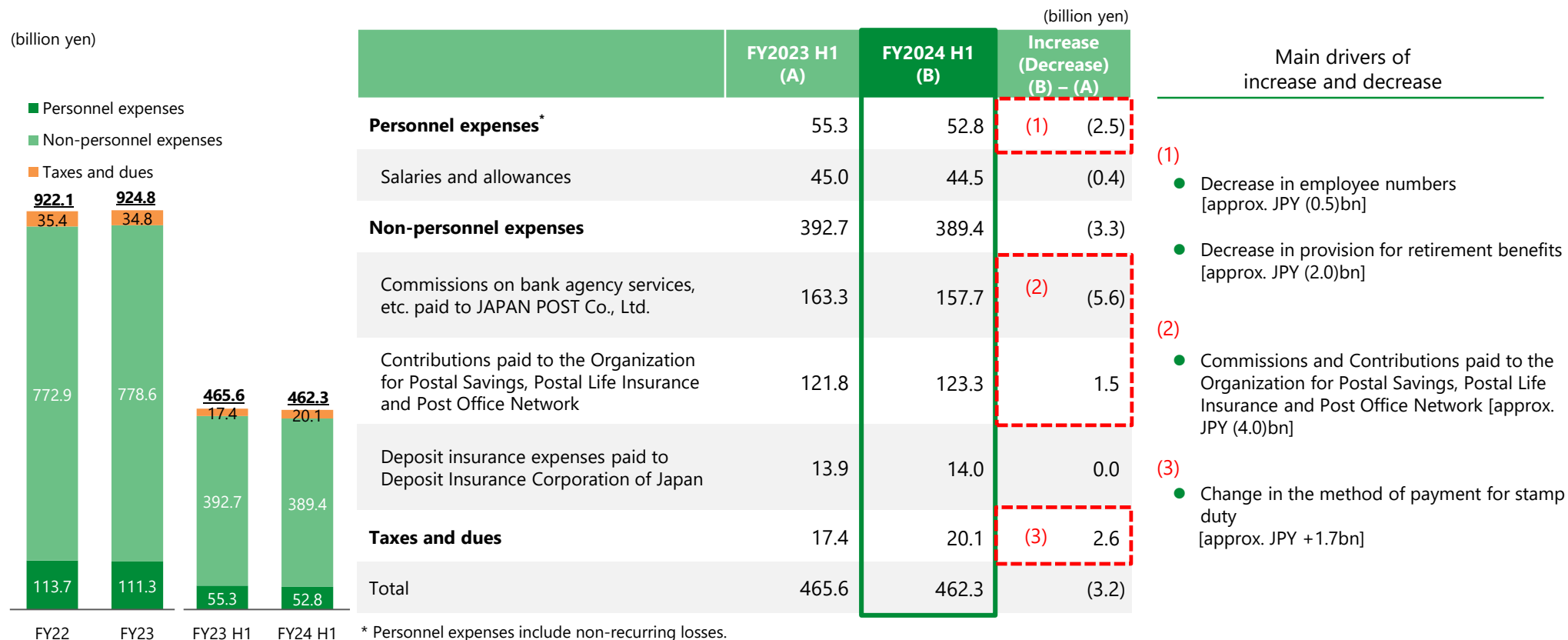
* Include Yucho Fund Wraps (discretionary investment contract services).

General and Administrative Expenses

General and administrative expenses for FY2024 H1 decreased by JPY 3.2bn year on year to JPY 462.3bn.

The main factors are a decrease in personnel expenses due to the introduction of retirement benefit trusts and commissions due to improved work efficiency in line with the plan.

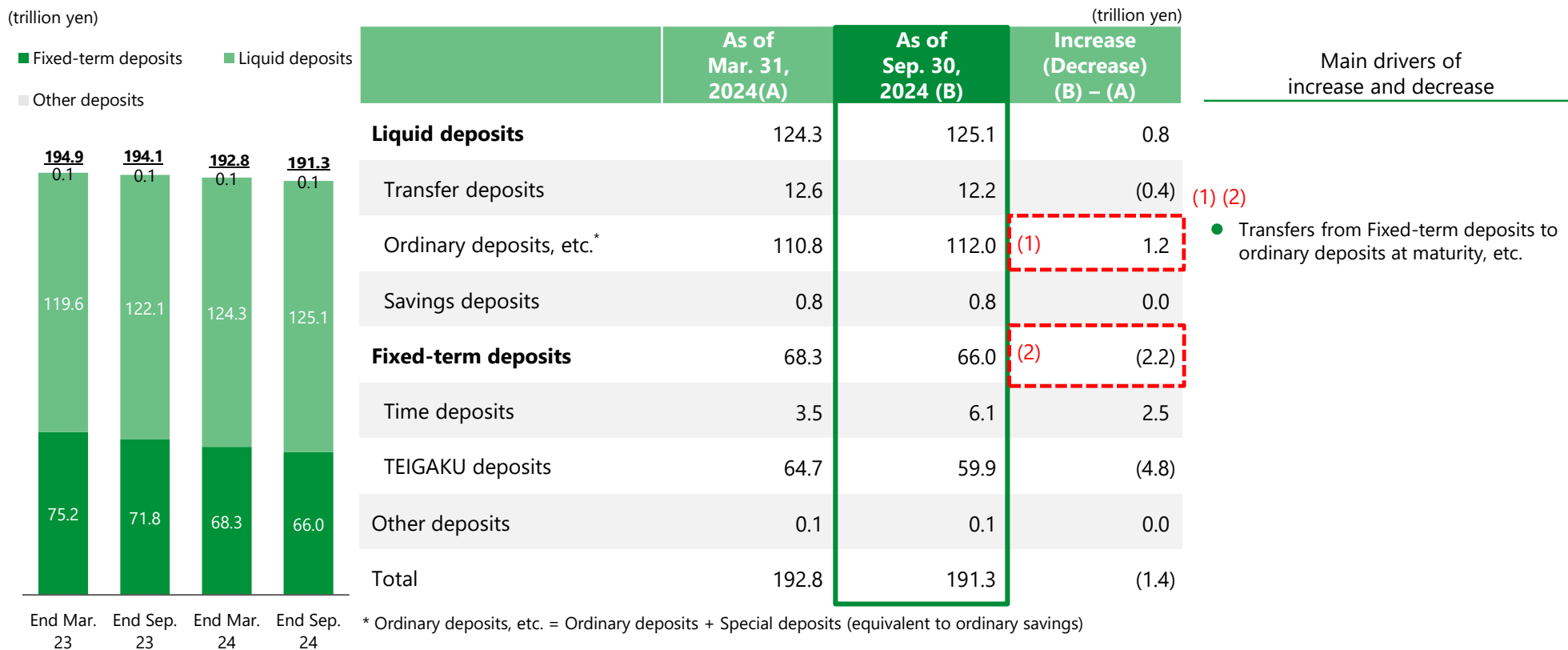
G&A Expenses (Non-consolidated)



Deposit Balance

Deposits have remained stable, amounting to JPY 191.3tn on September 30, 2024, down JPY 1.4tn from March 31, 2024. Ordinary deposits increased by JPY 1.2tn due to transfers from Fixed-term deposits at maturity, etc.

Deposit Balance (Non-consolidated)

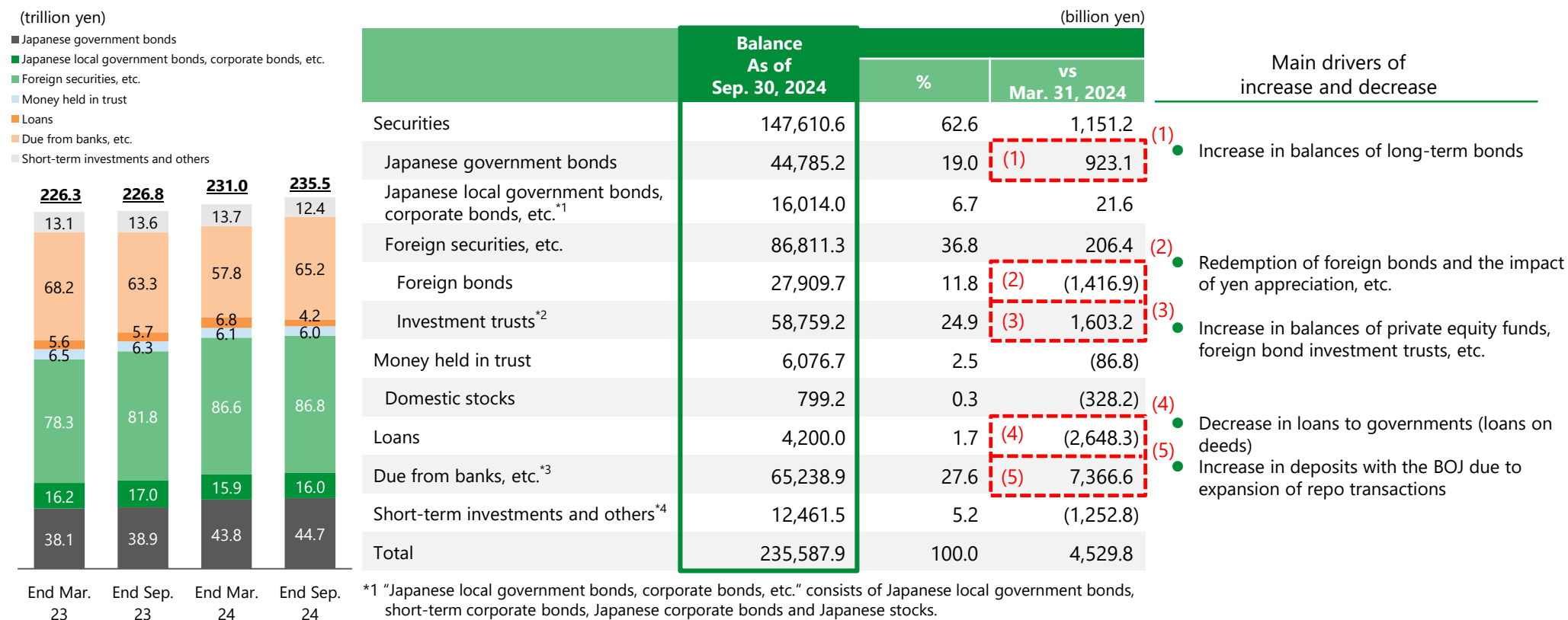


Investment Assets

At the end of September 2024, investment assets were JPY 235.5tn, up by JPY 4.5tn compared to the end of March 2024.

We continued to invest in JGBs. In addition, the balance of due from banks, etc. increased as we expanded repo transactions to increase earnings by utilizing JGB holdings in response to the BOJ's change in monetary policy.

Investment Assets (Non-consolidated)

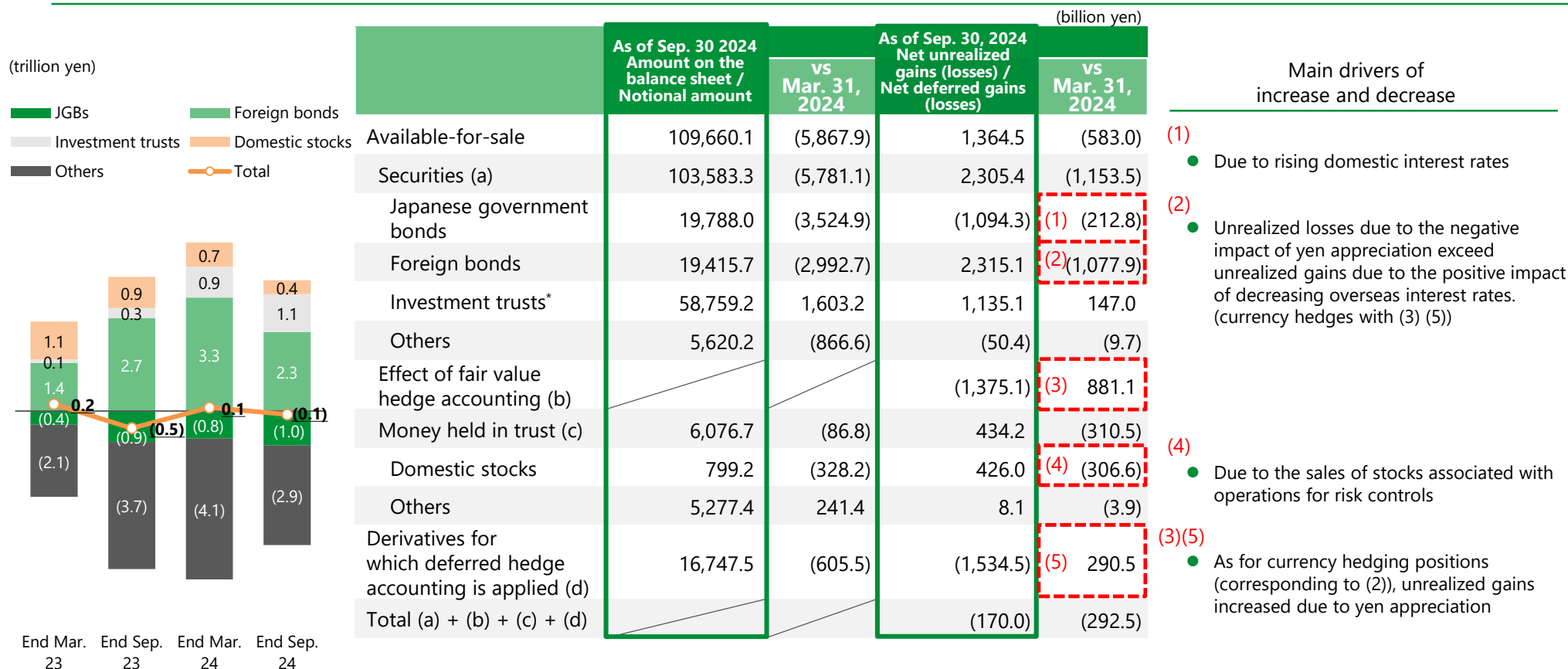


*1 "Japanese local government bonds, corporate bonds, etc." consists of Japanese local government bonds, short-term corporate bonds, Japanese corporate bonds and Japanese stocks.
 *2 Investment trusts are mainly invested in foreign bonds. Investment trusts include private equity funds, etc.
 *3 "Due from banks, etc." consists of Bank of Japan deposits and monetary claims bought.
 *4 "Short-term investments and others" consists of call loans and receivables under resale agreements, etc.

Unrealized Gains (Losses) on Financial Instruments

Net unrealized losses on financial instruments (available-for-sale) after taking into consideration gains (losses) from hedge accounting were JPY 170.0bn as of September 30, 2024 (before application of tax effect accounting), increasing by JPY 292.5bn from March 31, 2024.

Available-for-sale Securities (Non-consolidated)



* Investment trusts are mainly invested in foreign bonds. Including unrealized gains on private equity funds (as of September 30, 2024, JPY 1,094.3bn; as of March 31, 2024, JPY 1,172.6bn).

Investment Policy (Risk Appetite)

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

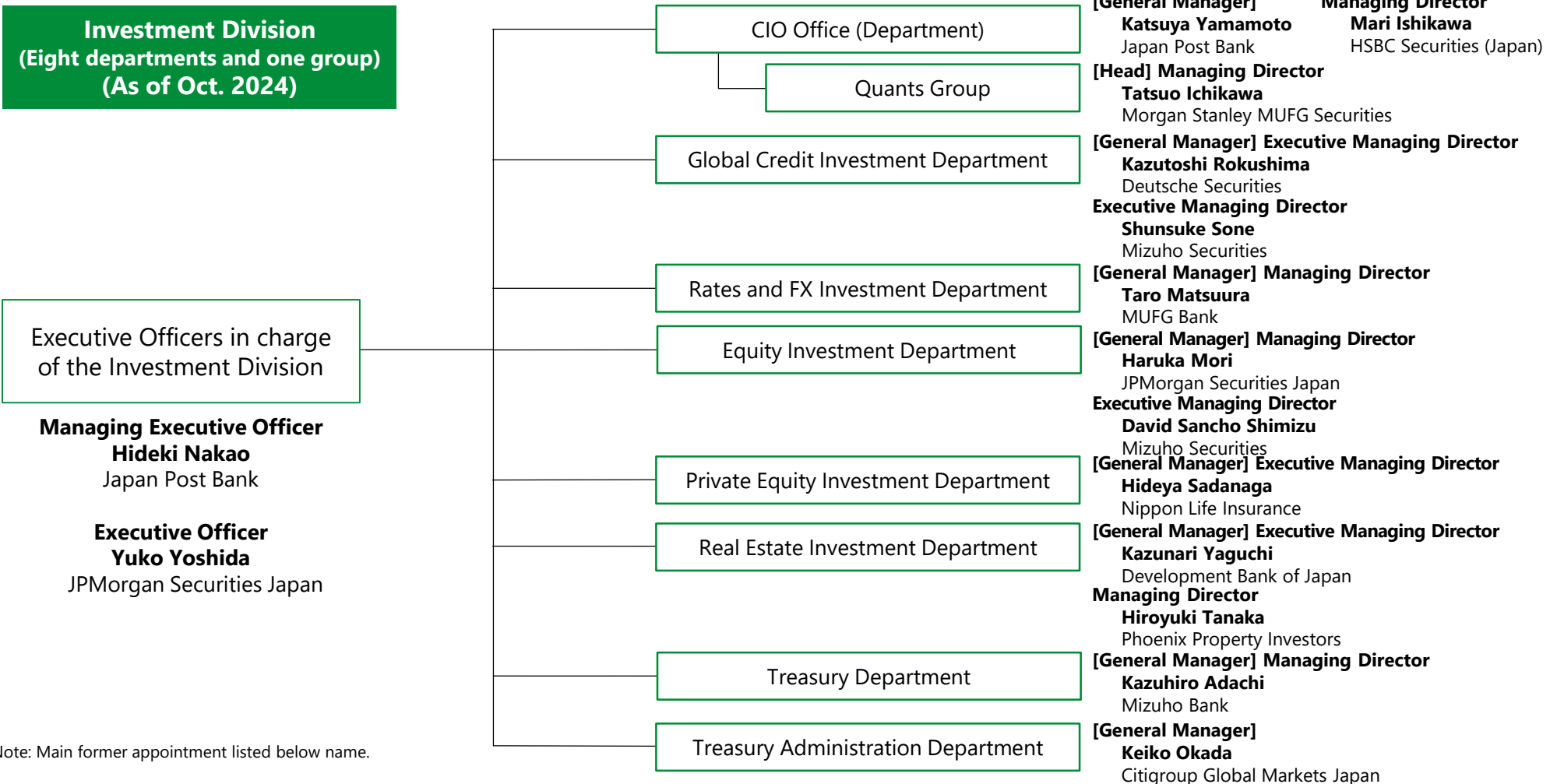
		Appetite (Domestic) (Overseas)		Medium-term investment policy	(Ref.) Capital Efficiency FY2024 (Expected RORA*)
Interest				<ul style="list-style-type: none"> Continue to restructure the portfolio of yen interest rate assets, taking into account the Bank of Japan's monetary policy trends For overseas 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 the 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 the 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 FY2024 (expected investment yield for strategic investment areas) by the risk weight.

Building a Strong Operational Structure (1)

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

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

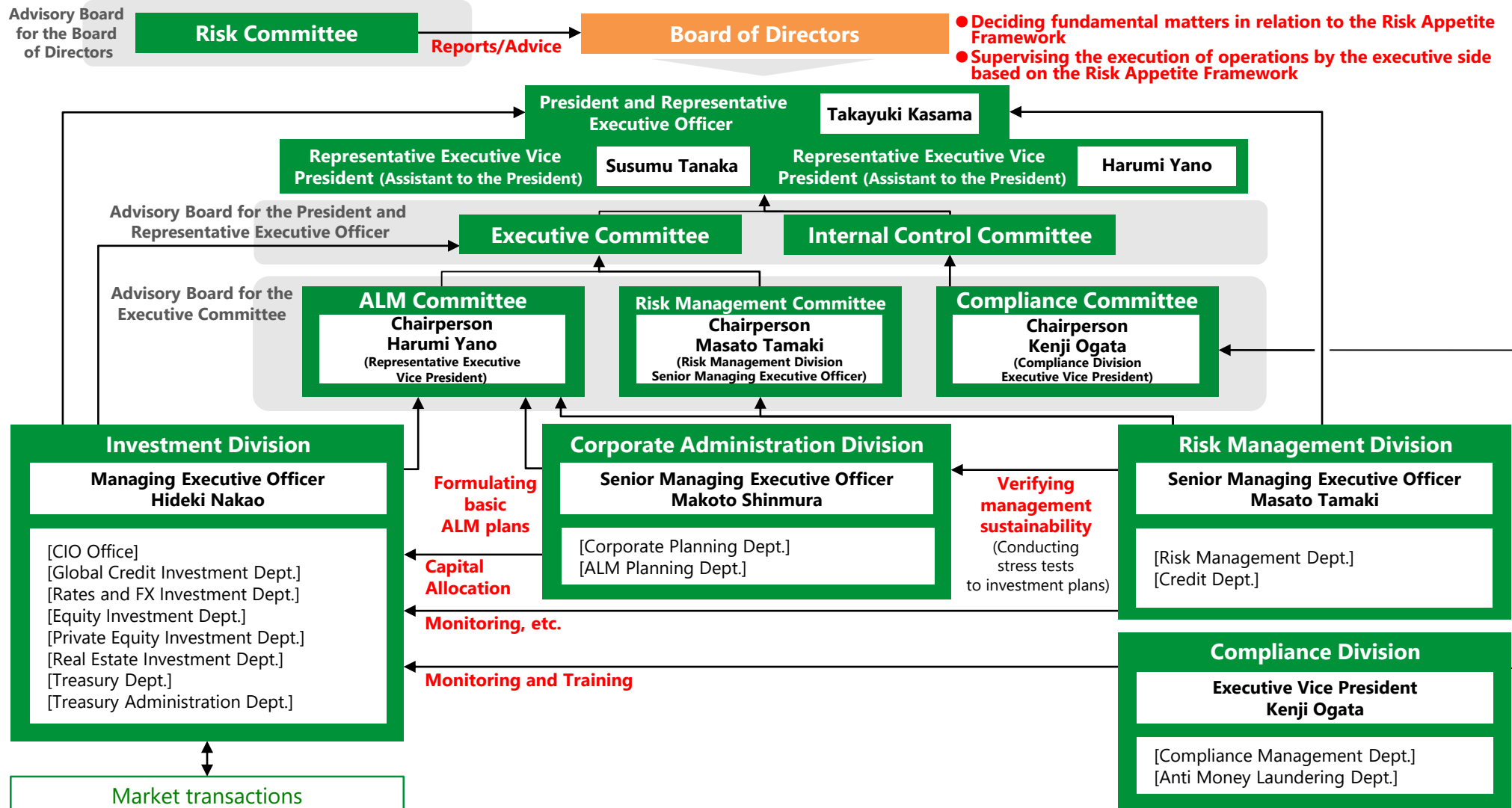


Note: Main former appointment listed below name.

Building a Strong Operational Structure (2)

We manage the investment implementation, etc., while ensuring adequate checks and balances by the Risk Management Division and the Compliance Division.

(As of Oct. 2024)



Private Equity Investments (1) Situation to Date

The book value balance stands at JPY 6.1tn. The portfolio has maintained unrealized gains of JPY 1.1tn due to strong earnings of investee companies despite the impact of yen appreciation.

Net Realized Gains^{*1} improved compared to FY2023 due to a gradual recovery in the exit environment.

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

Return Target/Actual Results

Status of Balance and Net Realized Gains

[Target]

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

[Actual Results] (as of Sep. 30, 2024)

- Net^{*2} IRR : **8.9%**
- Net^{*2} TVPI : **1.27x**

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

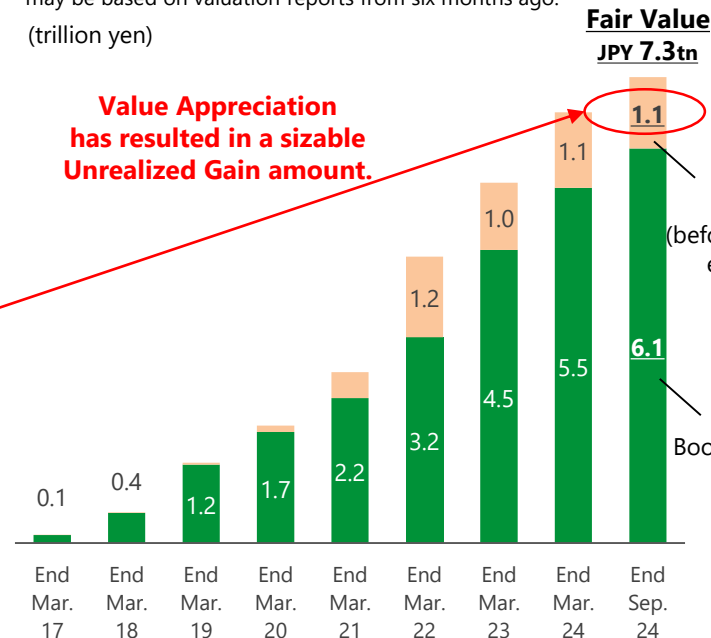
The net IRR remains ahead of original plan.

<Balance>

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

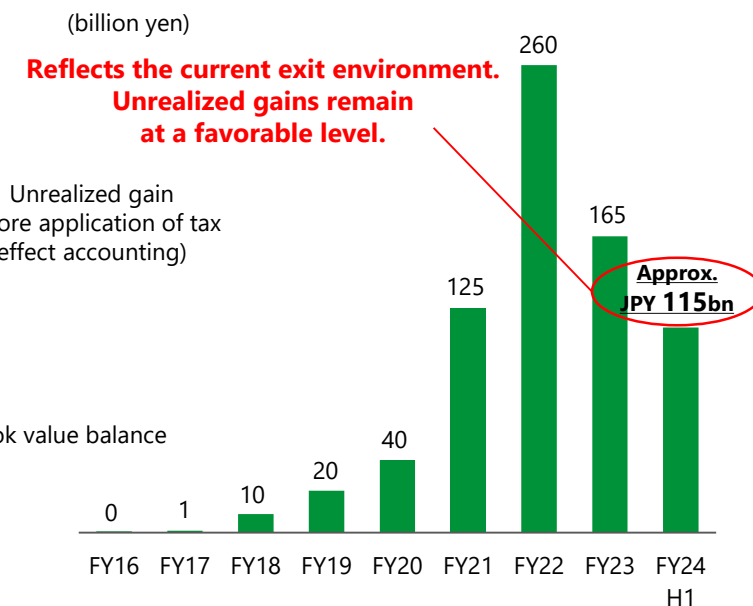
(For each PE fund, investee companies are evaluated using methods such as EV/EBITDA multiple method or discounted cash flow (DCF) method based on their individual circumstance, and valuation fluctuations tend to be milder, as compared to the stock price fluctuations for listed companies.)

^{*3} In case of fund of funds such as secondary fund of funds, valuation used may be based on valuation reports from six months ago.
(trillion yen)



<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.



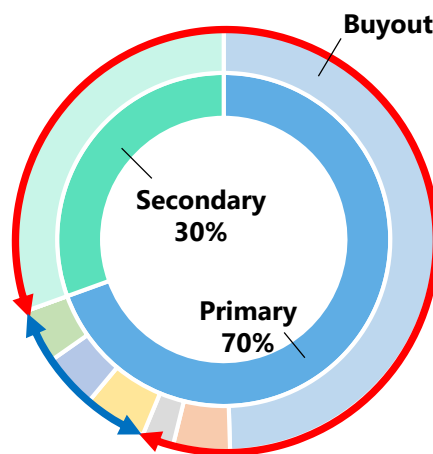
Private Equity Investments (2) The Portfolio

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.

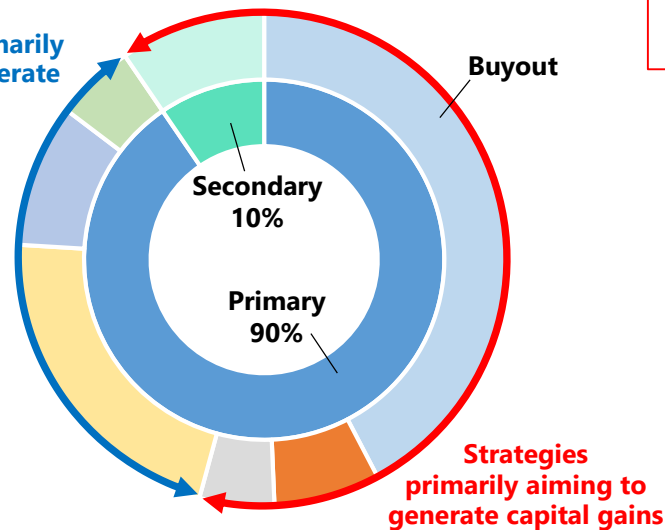
* Investment strategies focused primarily on generating income, such as infrastructure investments and mezzanine investments.

Strategy Diversification (Capital Commitment Basis)

FY2016 Strategy



FY2024 Strategy



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

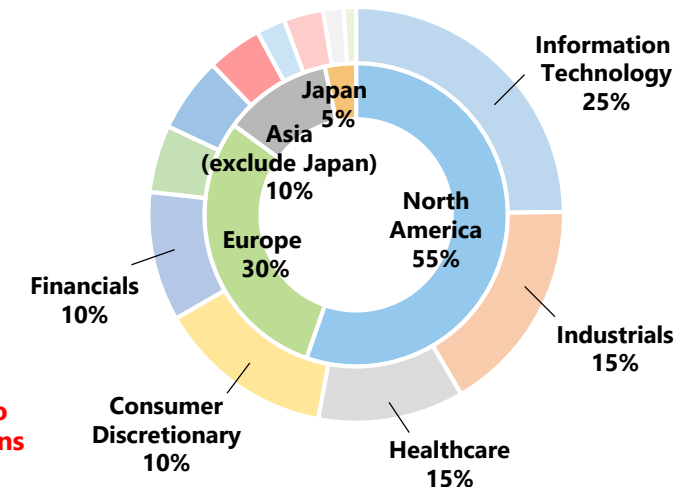
Geography/Sector Diversification (Fair Value Basis)

As of Sep. 30, 2024

<Total number of investee companies>

approx. 53,400

(Average investment amount: **approx. JPY 126mn** per company)



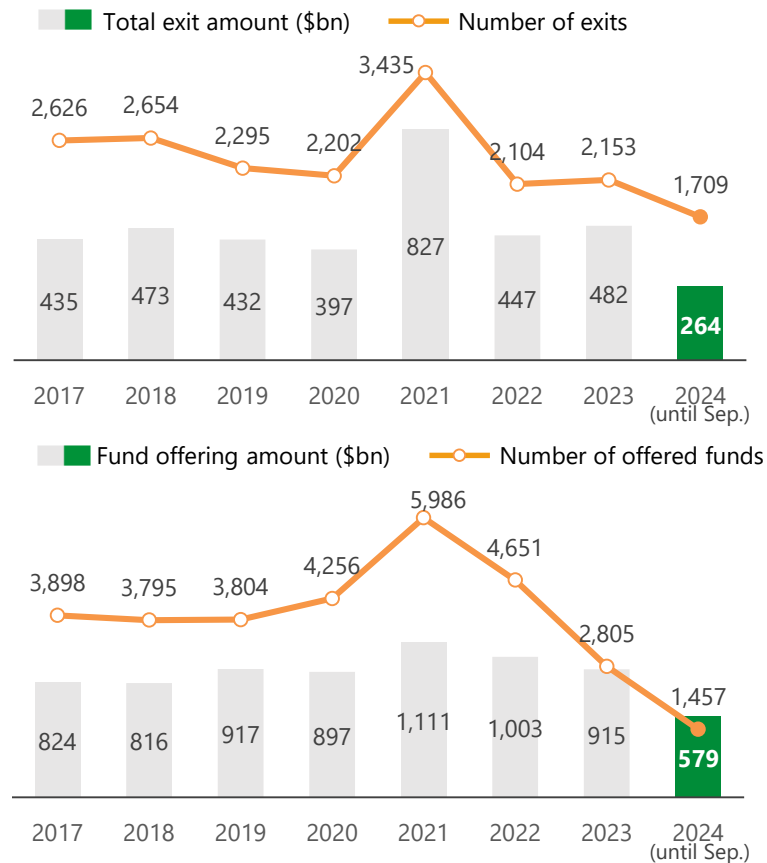
<Note>
Inner ring: geography diversification
(location of the investee companies)
Outer ring: sector diversification

Private Equity Investments (3) Current Investment Market

There are signs of a slight recovery in exit activity in 2024. We will continue to closely monitor trends in M&A activity.

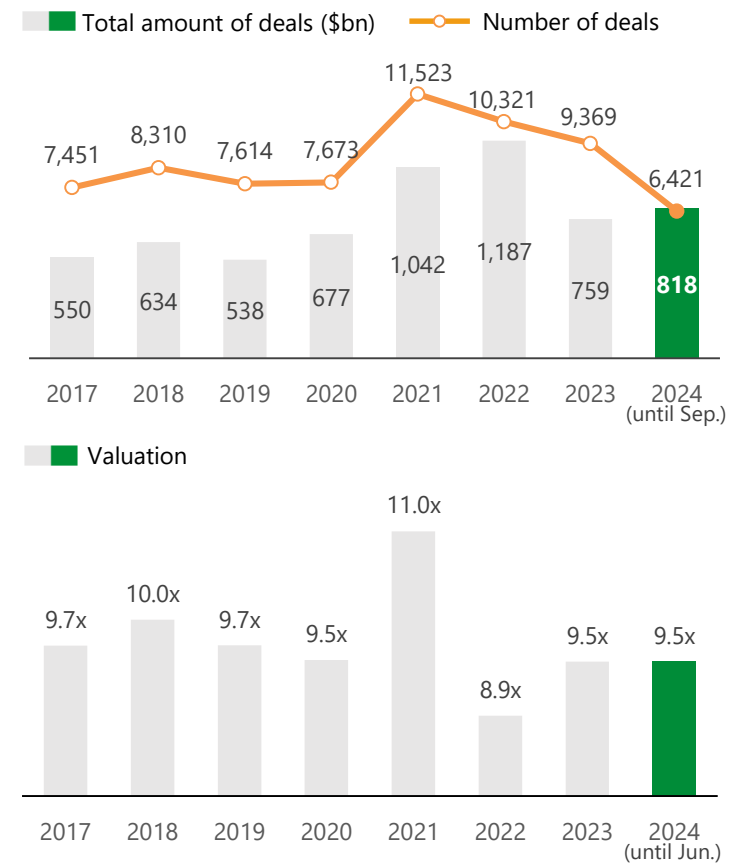
Status of PE Fund Exits / Fund Offering Amounts and Number of Offered Funds (Global)

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 80 of the material for the Investors Meeting FY2023).

Real Estate Fund (1) Current Status

Long term investments in equity/debt financial products backed by high-quality diversified commercial real estate assets. AUM of approximately JPY 4.6tn. Unrealized gain on the equity portfolio is JPY 0.1tn.

Net realized gains tended to increase from the previous year because new allowances for the loans were limited.

Return Target/Actual

[Target]

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

[Actual (as of Sep. 30, 2024)]

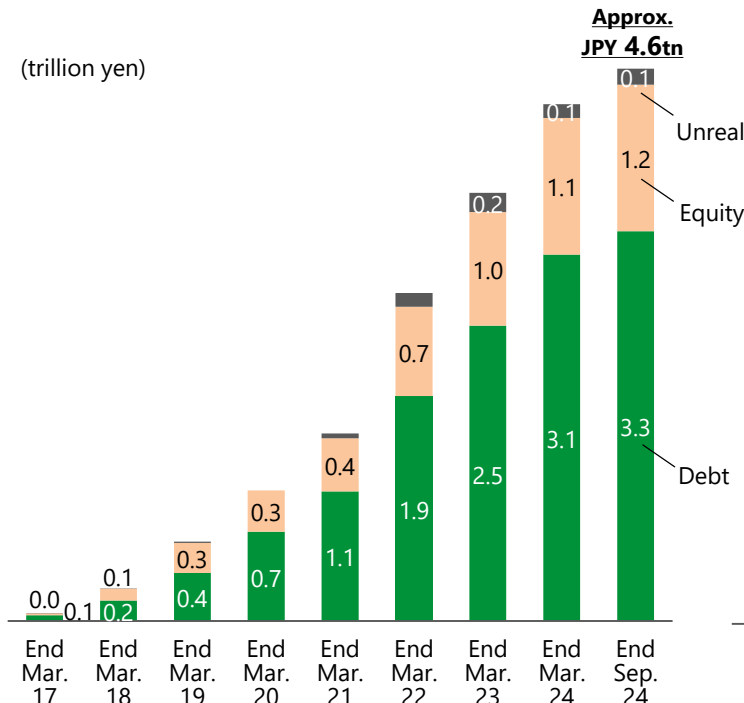
- Equity Net^{*2} IRR: **6.1%**
- Debt Excess spread of **approx. +90bps** over IG corporate bond spreads

Status of Balance and Net Realized Gains^{*1}

<Balance>

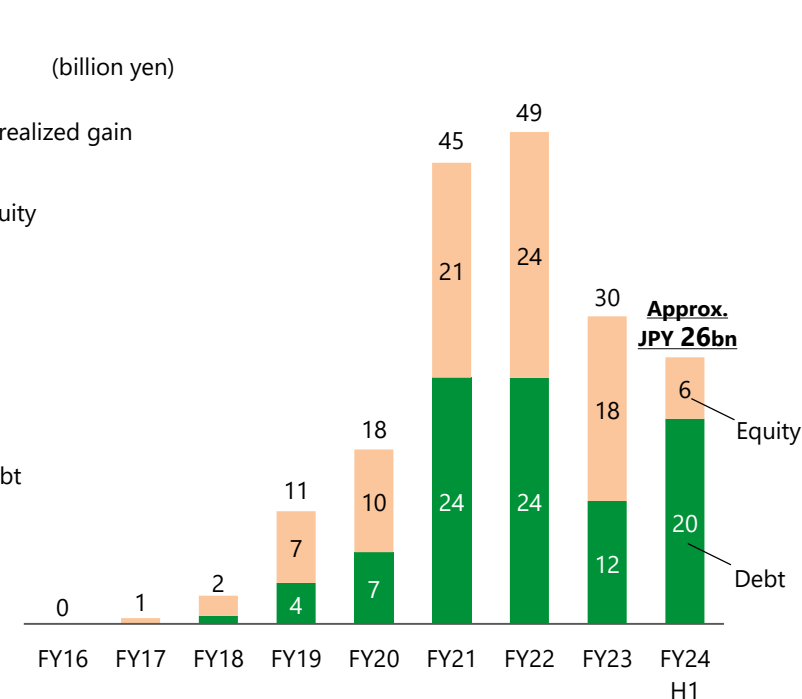
The reported fair value generally **lags three months** behind the fair value of real estate funds, NRL and CMBS.

(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 funds, NRL and CMBS.



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

^{*2} After fees, expenses, and hedging costs

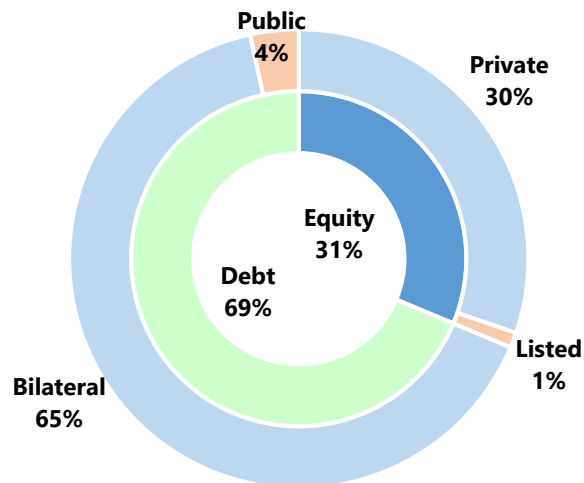
Real Estate Fund (2) The Portfolio

Pursue income gain backed by stable rental revenue and capital gain from the long-term value growth of underlying properties. Ensure broad and strategic diversification of the portfolio with regard to the strategy, region, sector, timing, manager as well as property.

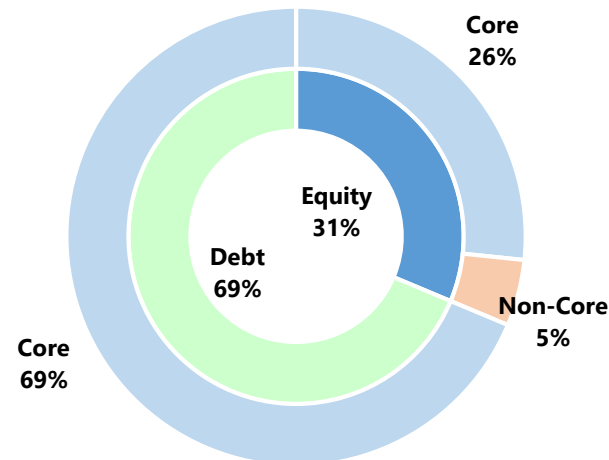
Mainly invest in highly occupied properties located in developed economies through private products.

Strategy Diversification (Fair Value Basis, As of Sep. 30, 2024)

Product Allocation



Strategy Allocation



[Core]

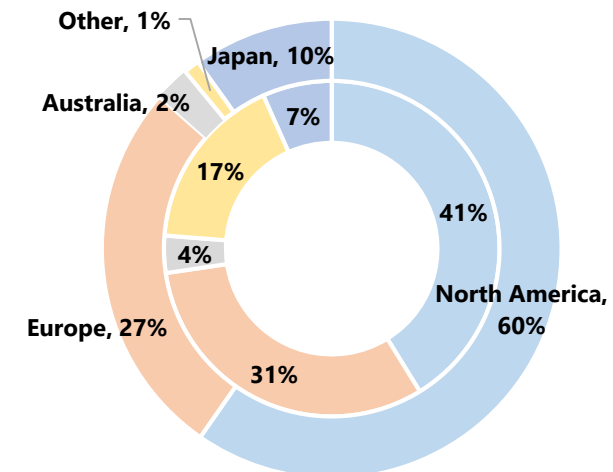
Strategy of pursuing stable rental income earned from high occupancy properties.

[Non-core]

Strategy of pursuing greater returns than from the core strategy from active property management such as lease-ups and refurbishments.

Geography Diversification (Fair Value Basis, As of Sep. 30, 2024)

Geography Allocation



<Note>

Inner ring: Market size
(as of Dec. 31, 2023, estimate by MSCI*)

Outer ring: Portfolio (as of Sep. 30, 2024)

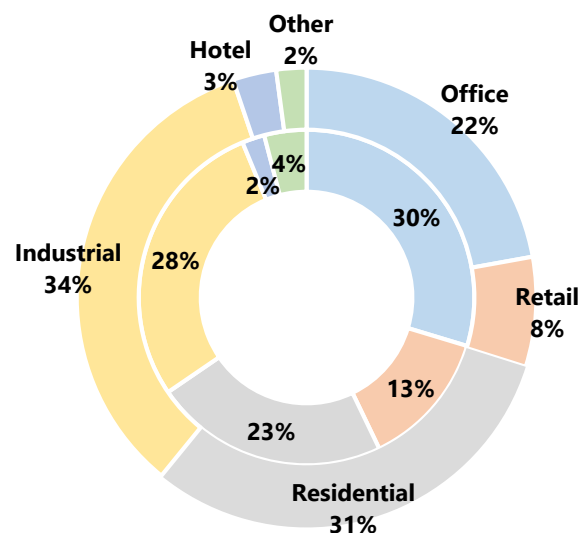
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Real Estate Fund (3) The Portfolio

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

Accelerated the investment commitment in FY2021 to capitalize on the timing of the recovery in prices post-Covid-19 disruption.

Sector Diversification
(Fair Value Basis, As of Sep. 30, 2024)

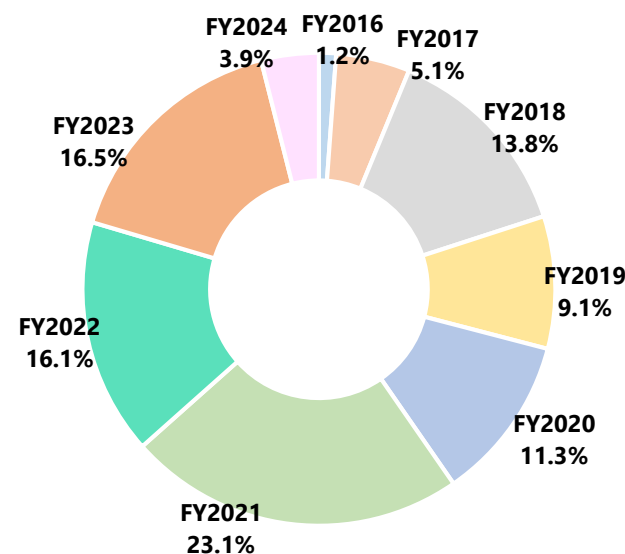


<Note>

Inner ring: Market size
(as of Dec. 31, 2023, estimate by MSCI*)
Outer ring: Portfolio (as of Sep. 30, 2024)

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Vintage Diversification
(Capital Commitment Basis)



Investment Diversification (As of Sep. 30, 2024)

No. of Funds

229

No. of Loans

312

No. of Underlying
properties

Approx. 15,000

Real Estate Fund (4) Current Investment Market

While we see solid rent and NOI*¹ growth in the industrial and residential sectors thanks to a tight supply/demand balance in rental market, vacancies for offices, particularly those in gateway cities are up due to prolonged WFH and economic stagnation. Only high-quality offices keep attracting tenants and investors in the bifurcated office market.

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

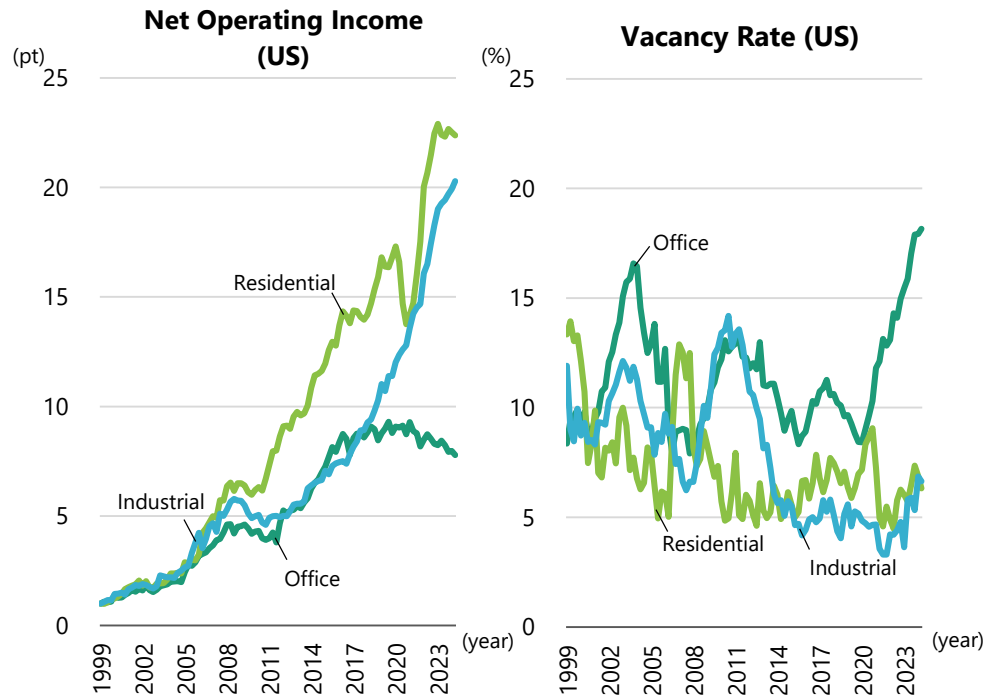
*1 NOI (Net Operating Income) is all revenues including rent from the property minus all operating expenses.

*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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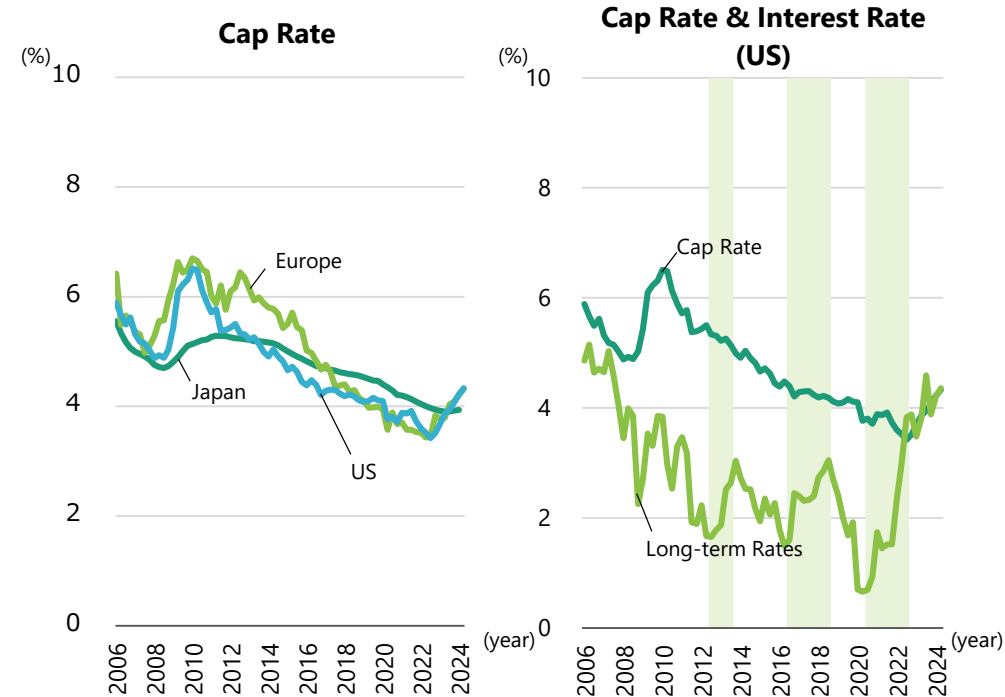


Note: Calculated based on NOI with the end of March 1999 being 1

Transaction Market

Source: Created based on data from MSCI*

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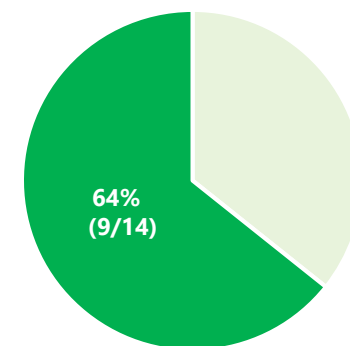


Note: The shaded area in the graph shows the interest rate rise

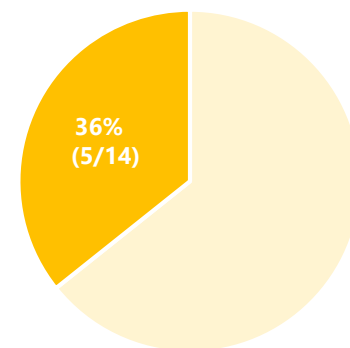
Governance - Structure and Skill Matrix of the Board of Directors

	Name	Independent Outside	Committee -related duties ^{+1,2}	Experience/Expertise								
				Management 〔Corporate Management〕	Legal/ Compliance	Financial Accounting	Finance	Market Operation/ Risk Management	Sales/ Digital Marketing	Human Resources 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 <u>Compensation</u>	●							●	
7	Makoto Kaiwa	●	<u>Nomination</u>	●		●					●	
8	Risa Aihara	●	Compensation	●					●			
9	Hiroshi Kawamura	●	<u>Audit</u>		●							
10	Kenzo Yamamoto	●	Audit <u>Risk</u>				●	●				
11	Keiji Nakazawa	●	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



FTSE4Good

FTSE Blossom
Japan IndexFTSE Blossom
Japan Sector
Relative Index

MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

New 2024 CONSTITUENT MSCI NIKONKABU
ESG SELECT LEADERS INDEX



Initiatives



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



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



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/>

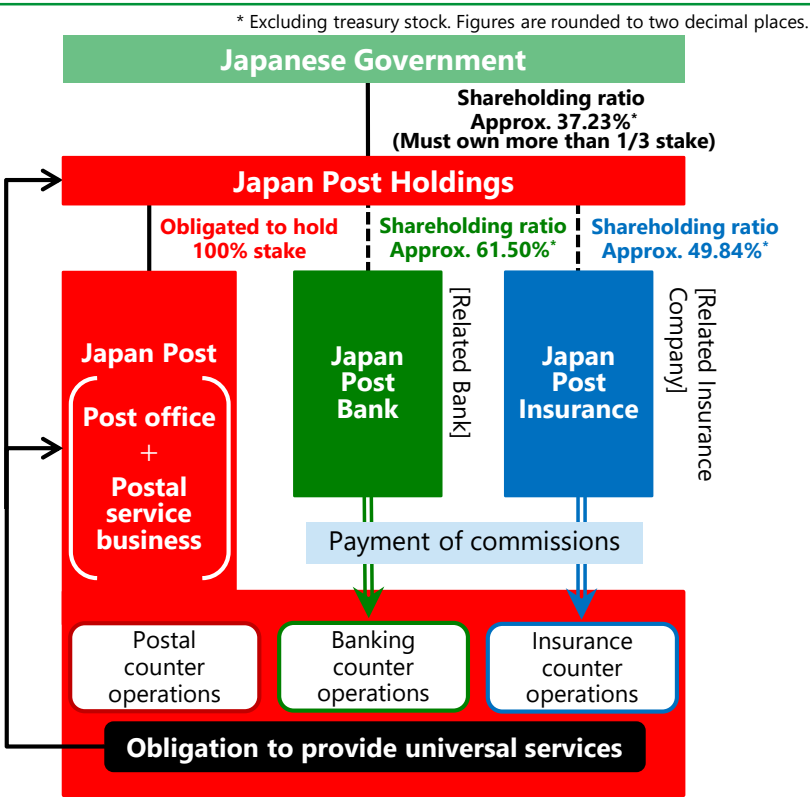
Current Status Regarding Privatization

(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 FY2025. The Bank has been steadily driving forward the privatization process in line with this policy.

Relationship with Group Companies (As of Sep. 30, 2024)



Limitations on New Business, etc.

		Japan Post Holdings' shareholding ratio (Voting rights basis)		
		Over 50%	50% or less	0%
New business	E.g. : Personal loans, trust and inheritance services and bilateral loans for corporations	Banking Act ^{*1}	None	None
		Postal Service Privatization Act ^{*1,2}	Permission	Notification
Owning affiliates		Banking Act ^{*1}	Notification	Notification
		Postal Service Privatization Act ^{*1}	Notification	Notification
Owning subsidiaries				
Banks		Banking Act ^{*1}	Permission	Permission
		Postal Service Privatization Act ^{*1}	Prohibited	Prohibited
Other		Banking Act ^{*1}	Permission ^{*3}	Permission ^{*3}
		Postal Service Privatization Act ^{*1}	Permission ^{*4}	Permission ^{*4}
Mergers and acquisitions (M&A)				
Financial Institutions ^{*5}		Banking Act ^{*1}	Permission	Permission
		Postal Service Privatization Act ^{*1}	Prohibited ^{*6}	Prohibited ^{*6}
E.g. : Banks		Banking Act ^{*1}	Permission	Permission
		Postal Service Privatization Act ^{*1}	Permission	Permission
Other		Banking Act ^{*1}	Permission	Permission
		Postal Service Privatization Act ^{*1}	Permission	Permission
Restrictions on the maximum amount of deposit		Banking Act ^{*1}	None	None
		Postal Service Privatization Act ^{*1}	Regulated	Regulated
Ordinary deposits: JPY 13mn Fixed-term deposits: JPY 13mn				

*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.

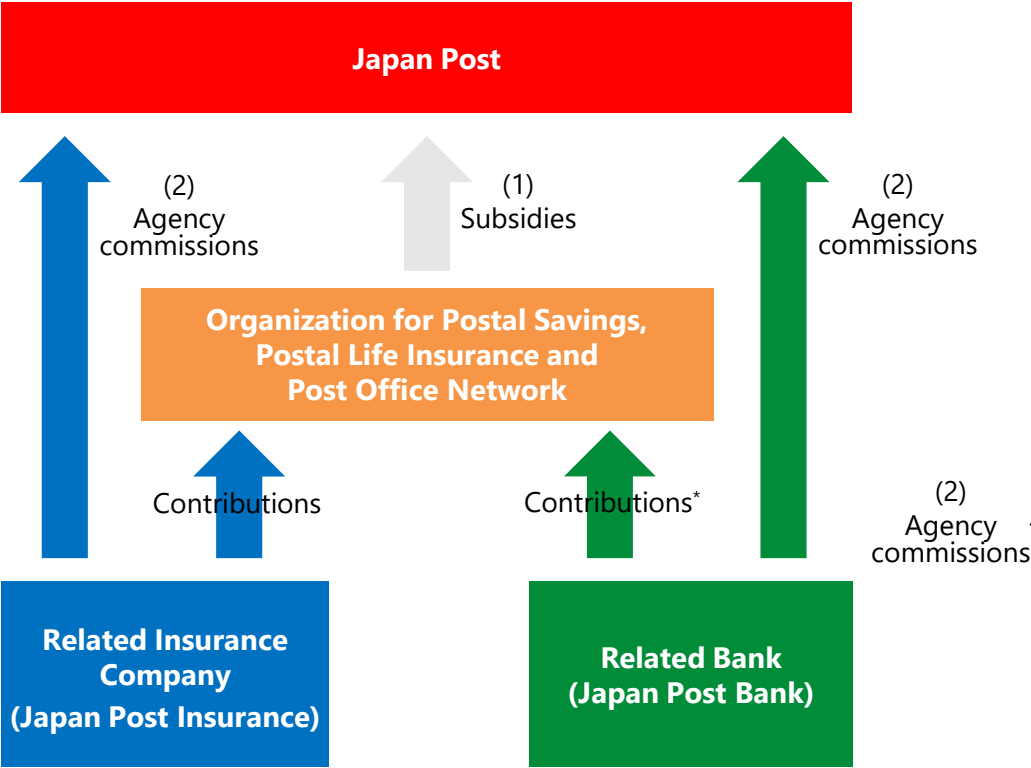
*3 May provide notification for making into subsidiaries companies that exclusively perform dependent services or specific financial operations.

*4 May provide notification for making into subsidiaries companies that exclusively perform dependent services, companies 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.

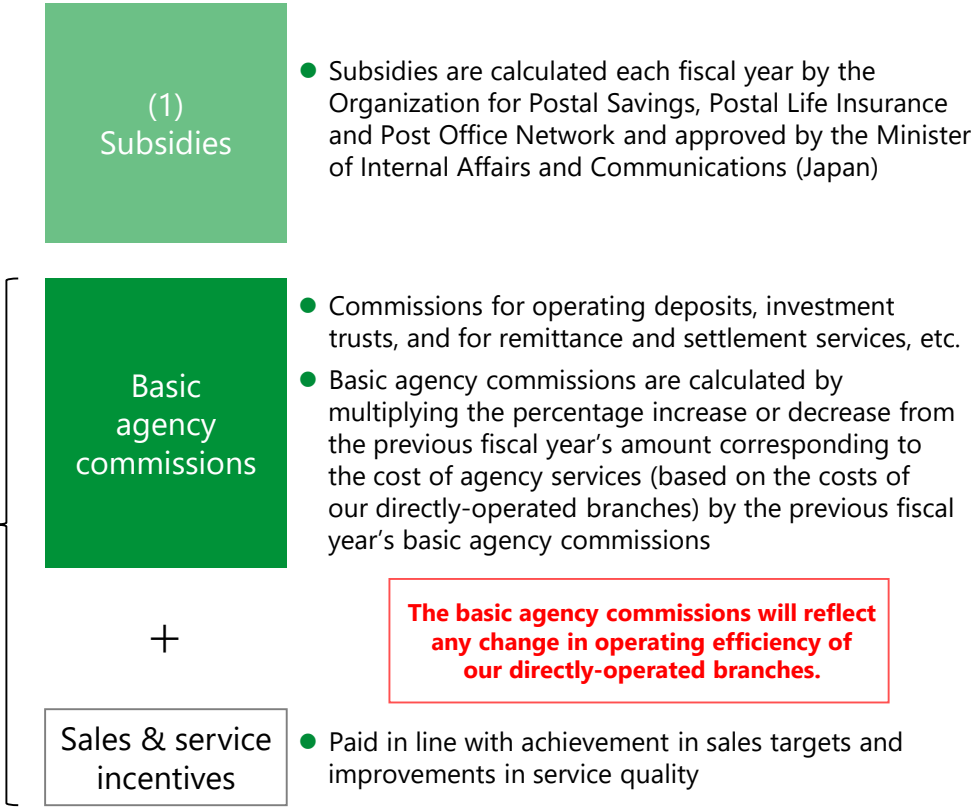
*6 Permitted in the case of acquisitions of operations other than deposit operations.

Contribution System

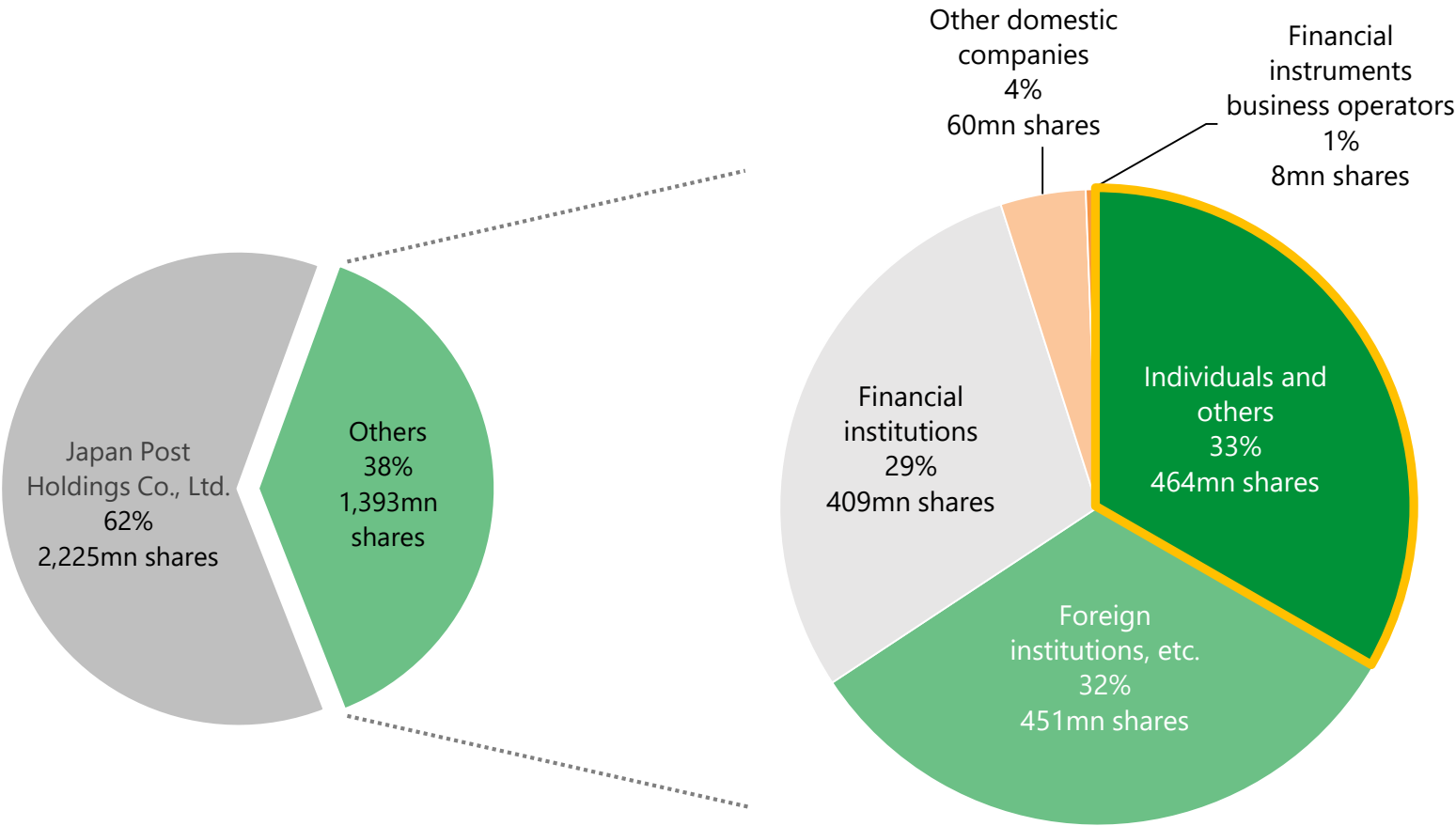


* Contributions are the subsidies plus the administrative expenses (those incurred by related bank) of the Organization for Postal Savings, Postal Life Insurance and Post Office Network.

Structure of Expenses Associated with Outsourcing to Japan Post



Shareholder Composition (Excluding treasury stock*, As of Sep. 30, 2024)



(Ref.)

Total No. of outstanding shares	3,617,602,420
No. of treasury stock*	70,123

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

1. Review of financial targets and various KPIs

✓ **Net income for FY2024** is expected to increase from the previous year to reach **“JPY 365bn or more.”** The **net income projection for FY2025** was **revised upward to “JPY 400bn or more”** from the “JPY 350bn or more” assumed in the original Mid-term Plan. Key KPIs were revised upward or newly established in accordance with the revised plan.

Financial Targets	FY2023 Actual	FY2024 Targets	FY2025 Targets (after revision)	FY2025 Targets (before revision)
Net income*1	JPY 356.1bn	JPY 365.0bn or more	JPY 400.0bn or more	JPY 350.0bn 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 JPY 400.0bn in FY2025, 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 FY2023.

Main KPIs		FY2025 Targets (after revision)	FY2025 Targets (before revision)
Retail business	No. of accounts registered in the Yucho Bankbook App	16mn accounts	10mn accounts
	No. of NISA accounts	940,000 accounts	—
Market business	Balance of risk assets	Approximately JPY 114tn	Approximately JPY 110tn
	Balance in strategic investment areas	Approximately JPY 14tn	Approximately JPY 10tn
Σ Business	GP*2 business-related investments (based on investment commitments)	Approximately JPY 400bn	—

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

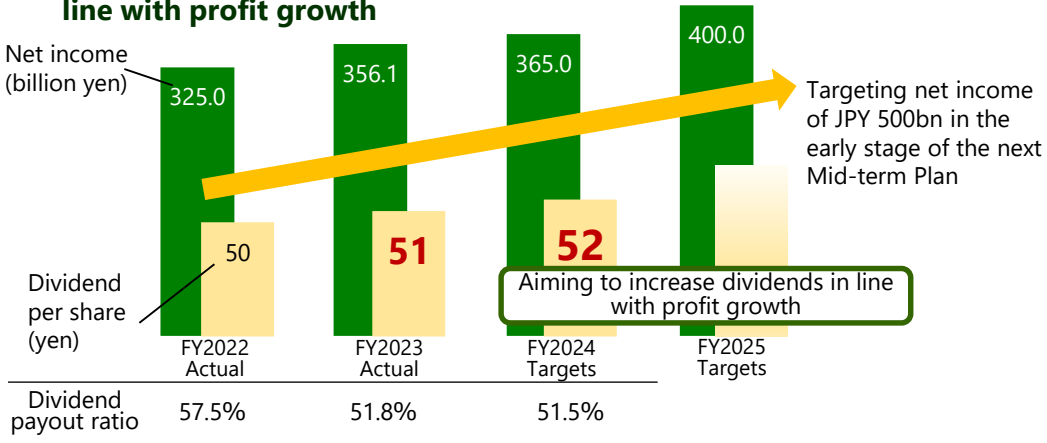
2. Medium- to long-term ROE targets

✓ **Aiming to achieve ROE of 4% or more** during the current Mid-term Plan (through FY2025) and **5% or more*** in excess of cost of shareholders' equity **early in the next Mid-term Plan (from FY2026)**, and further improvement over the medium to long term.

* Net income in the order of JPY 500bn

3. Actual and estimated dividend per share

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



4. Review of business strategies

✓ Revised the part of the plan covering the two years from FY2024 to FY2025 in light of changes in the business environment. While maintaining the basic direction of the Mid-term Plan, **we revised the framework around three business strategies** with a view to the next Mid-term Plan, **accelerating transformation to a sustainable business model.**

Before revision	Looking back on the past three years	After revision	Key points of the revision
(1) Retail business innovations	Expand offerings of digital services that are easy for all customers to use, such as the Yucho Bankbook App	(1) Retail business innovations	Enhance strategy for complementarity between the physical and digital/remote channels
(2) Work reforms and productivity improvements	Steadily reduce workload through operational reforms using digital technologies	(2) Market business enhancement	Pursue an optimal investment portfolio that combines the yen interest rate portfolio with risk assets, while strengthening risk management
(3) Enhancing funds flow to regional communities and the regional relationship functions	Launched Σ Business and established a promotion system with a pilot period through September 2024	(3) Full-scale launch of the Σ Business (a corporate business for shaping the futures of 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 entity)
(4) Deepening market operations and risk management	Build up the risk asset balance and strategic investment area balance while fortifying stress tolerance	(4) Strengthening the management base	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
(5) Strengthening the management base	Practice customer-oriented business operations; implement smooth renewal of core systems		

(Reference) Achievement of Mid-term Plan Goals (up through FY2023)

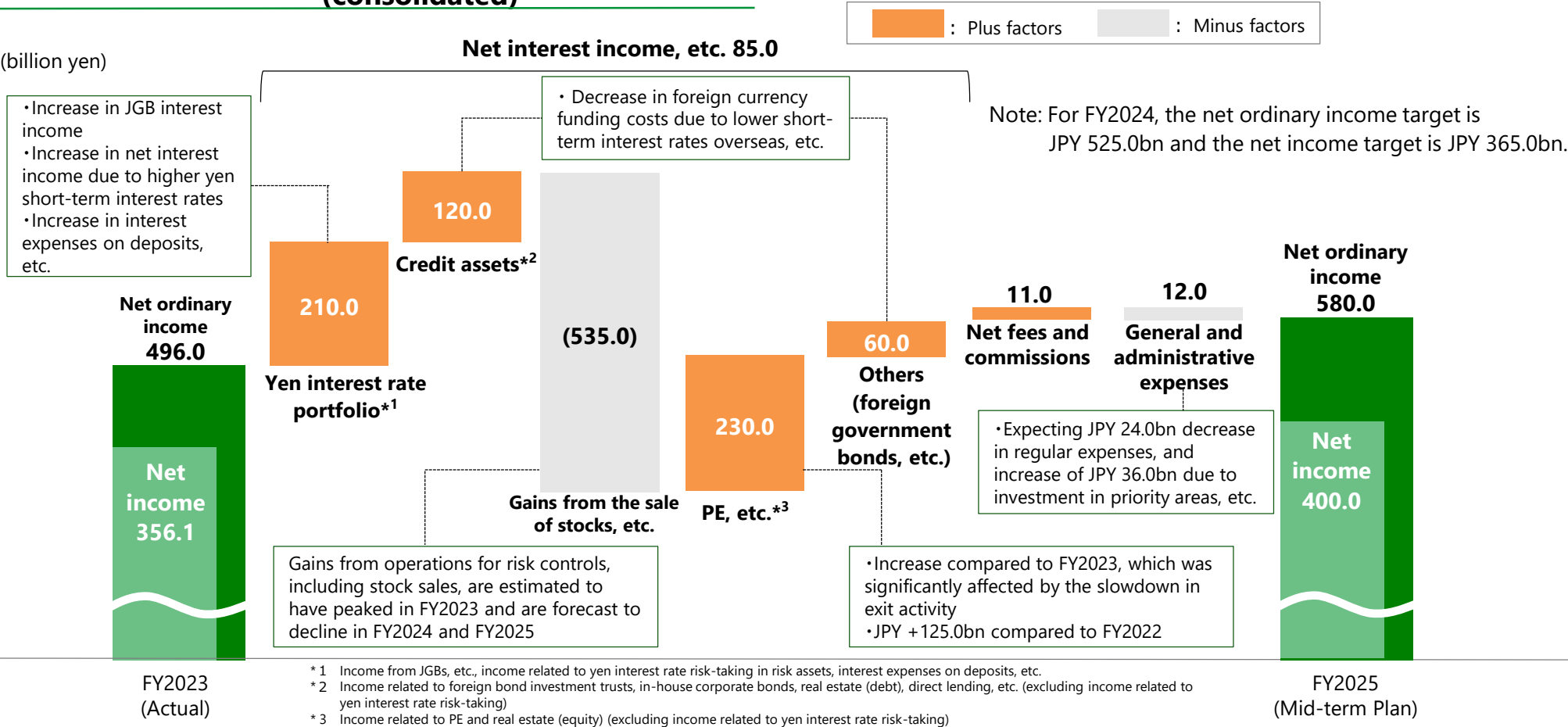
✓ Net income for FY2023 was JPY 356.1bn.
In addition to achieving the FY2023 financial targets set forth in the Mid-term Plan, the FY2025 targets were achieved ahead of schedule.
Progress has been smooth, in general, for each KPI related to priority strategies.

Financial targets	FY2021 (Actual)	FY2022 (Actual)	FY2023 (Actual)	FY2023 (Mid-term Plan*)	FY2025 (Mid-term Plan)	Main KPIs	FY2023 (Actual)	FY2025 (Mid-term Plan)
Net income	JPY 355.0bn	JPY 325.0bn	JPY 356.1bn	JPY 280.0bn or more	JPY 350.0bn or more	Number of accounts registered in the Yucho Bankbook App	10.4mn accounts	10mn accounts
ROE	3.80%	3.44%	3.74%	3.0% or more	3.6% or more	Balance of risk assets	JPY 107.4tn	Approximately JPY 110tn
OHR	67.52%	67.15%	65.39%	72% or less	66% or less	Balance in strategic investment areas	JPY 12.1tn	Approximately JPY 10tn

* FY2023 targets announced in May 2021; FY2023 forecast announced in May 2023 was for JPY 335.0bn.

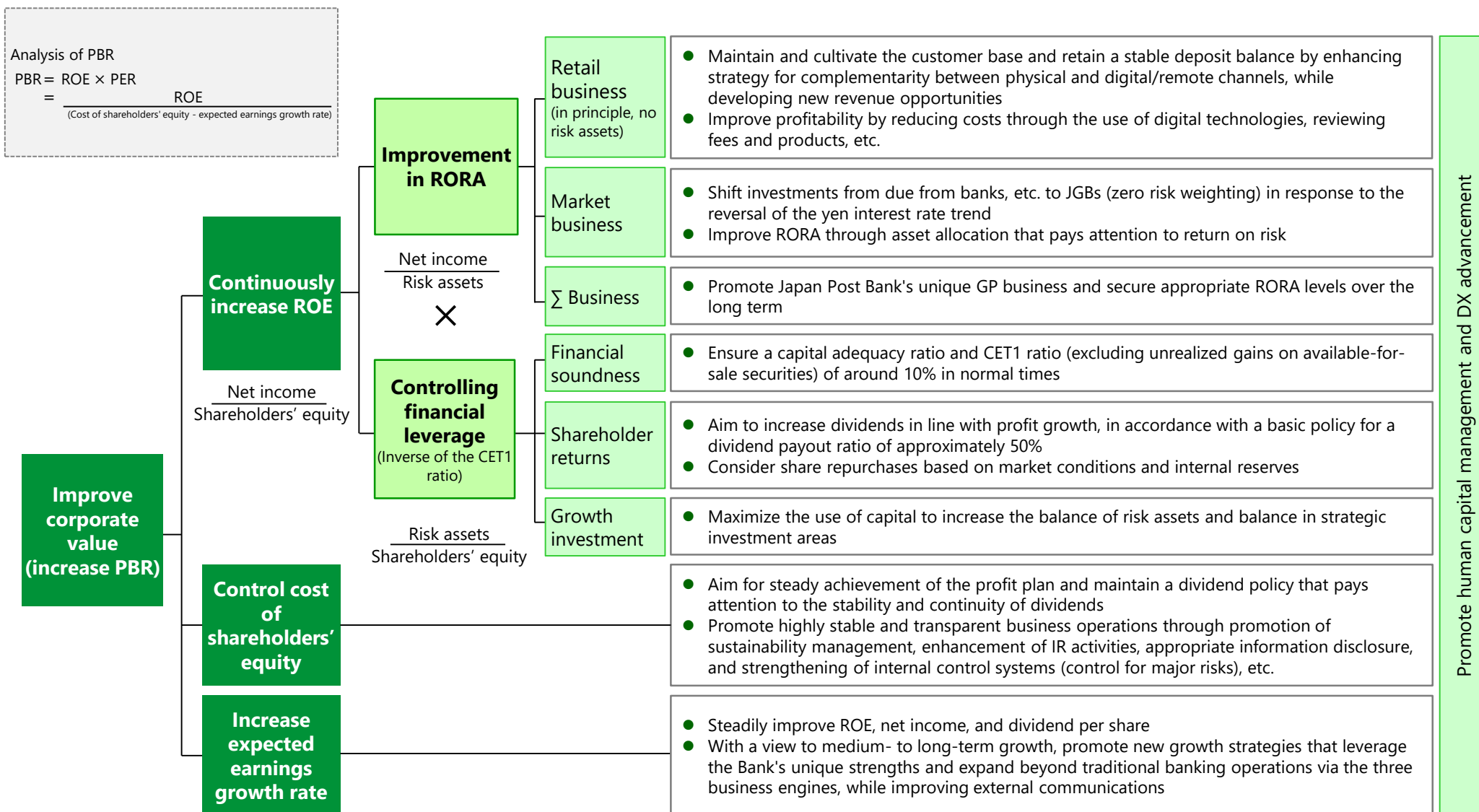
The plan calls for improving net income to JPY 400.0bn in FY2025, on an increase in net fees and commissions, etc. in addition to an increase in income from the yen interest rate portfolio, credit assets, and PE, while gains from the sale of stocks and other securities associated with operations for risk controls are projected to decrease compared to FY2023.

Causes of changes in net ordinary income
(consolidated)



(Ref.) Medium-term Management Plan Review (May 2024)

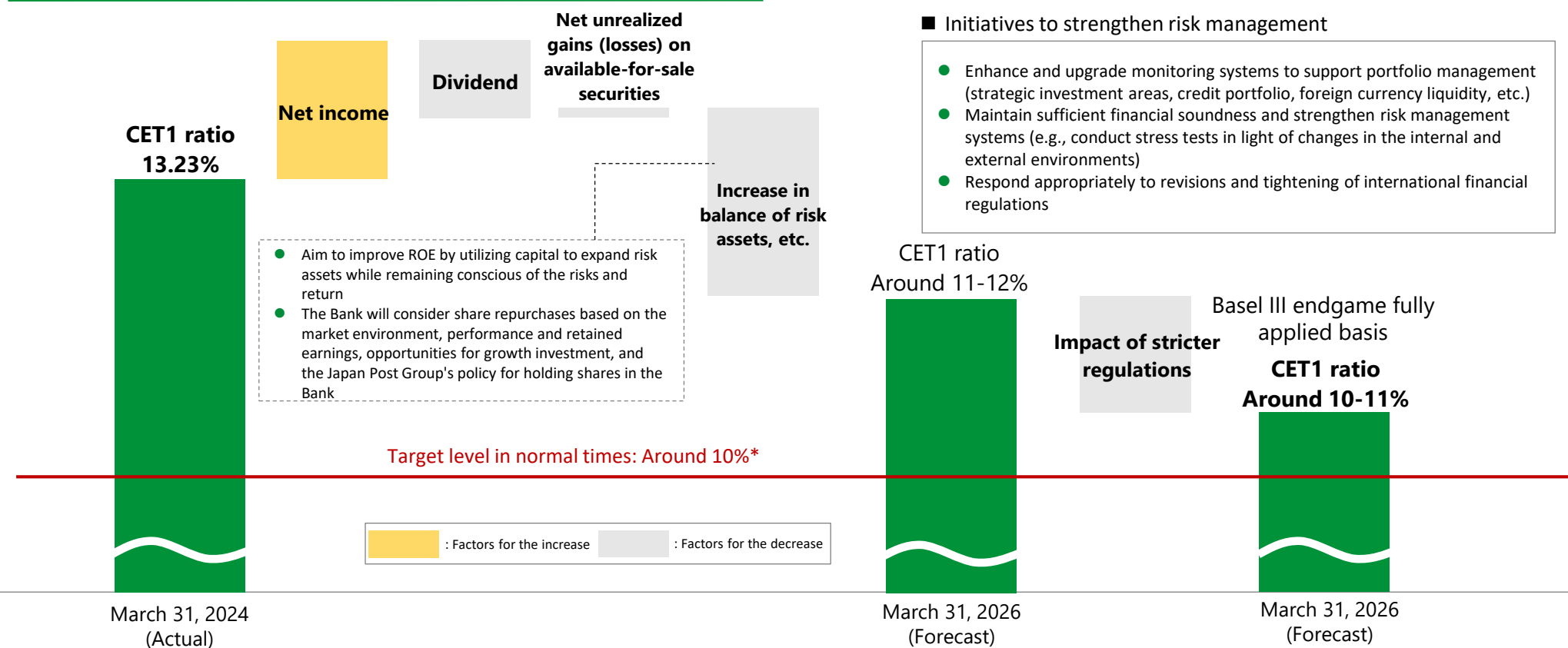
(4) Relationship between Each Initiative in the Mid-term Plan and the Improvement of Corporate Value



Target CET1 ratio set at “around 10%” in normal times. The Bank aims to improve ROE by building up the balance of risk assets, paying attention to risk-return metrics, and utilizing capital to return profits to shareholders, while maintaining sufficient financial soundness.

We will 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)



* Excluding unrealized gains on available-for-sale securities. In light of the finalization of Basel III regulations (full implementation) at the end of FY2028, the goal is to secure capital requirements equivalent to a fully applied basis from the end of FY2025 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.