Results for the Fiscal Year Ended March 2025
Summary of Presentation (May 21, 2025)

Introduction

- Hello everyone. I am Takayuki Kasama, president of Japan Post Bank. Thank you for taking time out of your busy schedules to attend our investors meeting today.

- A year has passed since my appointment as president in April last year. During this time, we revised our forecasts for FY2024 results upward, and promoted efforts toward privatization through an offering of shares.

- Then, in the announcement of our financial results last week, on May 15, we announced our profit forecast for FY2025. As I will explain later, we consider the financial results for FY2024 to have been strong, with a second consecutive fiscal year of new record high profits since the Bank was listed. And in FY2025, we see profit growth continuing to accelerate.

- As I have said before, I have actively exchanged opinions with our branches and locations throughout Japan, and with Japanese and overseas investors. In the course of these discussions with various stakeholders, I feel an increasing sense of expectation for us from everyone.

- In today's meeting, I will give an overview of our recognition of the business environment, a brief review of the Bank's FY2024 results, the outlook for earnings and dividends for the current fiscal year, and the direction for our next Medium-term Management Plan. After that, I would like to address your questions.

- First, I will comment on our recognition of the business environment and the Bank's direction.
    1. Financial markets continue to be unstable in Japan and overseas, as you are aware.

    2. However, the environment in Japan, which has a strong influence on the Bank, continues to be positive. The Bank of Japan has lifted the policy interest rate from a year ago, leading to an improvement in interest on due

from banks, and yields on medium- to long-term Japanese government bonds, which the Bank invests in, have risen. Although the market environment is currently unstable, even at the present level, we expect to see these yields contribute to a substantial increase in net income over the next few years. Naturally, if the Bank of Japan continues to increase the policy interest rate, it will have an even more positive effect.

3. Meanwhile, we recognize that there are concerns overseas regarding the issue of tariffs, as well as the attendant risks of economic slowdown and increasing tension between countries. As we do not engage in bilateral lending, the risk of an increase in reserve expenses for possible loan losses is limited. On the other hand, if the credit spread on securities expands during an economic recession, unrealized gains (losses) on securities could potentially deteriorate in the short term. By the same token, over the long term, investment appeal and returns increase. As we have been doing already, our portfolio has been built with a rigorous emphasis on quality rather than a pursuit of scale, centered mainly on investment grade rather than high-yield investments, with careful selection for high quality in our alternative assets such as private equity and real estate. We are confident that the portfolio will prove strong and resilient, even amid the kind of highly volatile market that we see today.

4. On the other hand, we recognize that an economic recession or deterioration in the economic outlook can have a potential impact on private equity exits. The Bank expects private equity exits are likely to recover as the unrealized gains on private equity remain firm, and the outlook for the economy and monetary policy begin to stabilize; however, currently we do not consider it wise to make any assumptions. In any case, we will monitor the situation carefully.

5. The market environment changes rapidly. At this point, it is difficult to give a clear forecast, but whatever situation arises, I am confident that we have the liquidity and structure in place to cope adequately.

- Based on this recognition of the situation, I would like to make some comments about the FY2024 results and our forecasts for FY2025 earnings.

Regarding FY2024 Results and Forecasts for FY2025

- First, please see page 3 of the materials. With regard to FY2024 results, in November last year we revised our earnings forecasts upward, but net income exceeded the revised forecast at 414.3 billion yen. In addition, the dividend per share was also increased to 58 yen in accordance with the increase in profit. Since this was the highest profit since the Bank was listed, we consider it a strong financial result. We have also maintained a robust financial base, in terms of both the capital adequacy ratio and the CET1 ratio.

- The plan for FY2025 is on page 4 of the materials. Given the results for FY2024 and our recognition of the current situation, in our earnings forecasts for FY2025 we are planning net income of 470 billion yen. In formulating this forecast, we gave a certain amount of consideration to the current market turmoil in our plan, and we have not assumed a policy interest rate hike by the Bank of Japan, or deposit interest rate increase. If the market environment changes going forward and it becomes necessary to revise the plan, we will give you timely notification.
  Changes from the previous fiscal year are presented on the right side of the page. Even with this plan, you can see that a significant contribution associated with an increase in the yen interest rate offsets the decrease in gains from sales of stocks in operations for risk controls. For our dividends, we are planning an increase of 8 yen per share to 66 yen, based on our dividend payout ratio policy of around 50%.

- Moving on, please look at page 5 of the materials. On this page, we present a somewhat longer-term view. On the left side, we have the trends of the Bank's profits and dividends. Although it is not shown here, until FY2022, the dividend amount remained fixed at 50 yen. However, we have been able to rapidly increase dividends in tandem with profit growth. We intend to continue increasing dividends in line with profit growth going forward.
  On the right side, we have shown ROE and related information.
  We are continuously discussing this point with investors. This time, the figures for ROE and cost of shareholders' equity were not updated, but we constantly discuss internally where these levels should be. In our plan for the fiscal year this time, we were not able to achieve ROE exceeding the cost of shareholders' equity, which was estimated at approximately 5% based on the CAPM. However, we are in no way satisfied with 5%. We will increase ROE while thoroughly managing risk. We are committed to this goal. Although the market

environment is changing, we aim to announce a new target level for ROE going forward.

- Next, please take a look at page 6 of the materials. I mentioned operations for risk controls related to stocks earlier, and we have adjusted our holdings of stocks as the risk weight of stocks increased in calculating risk assets. The income associated with these operations is shown in gray here. It increased substantially in FY2023, but fell sharply in FY2024. We expect it to fall further in FY2025. From FY2026 onward, even without the gray portion, we believe the environment is now in place for achieving growth in the dark and light green segments—representing relatively stable earnings, our core earning capability—that will be sufficient to support growth in net interest income, etc. Under this plan, a further increase in the policy interest rate has not been factored into profits or interest expenses. In that regard, we have tried to avoid making the plan excessively conservative.

- Now, please refer to page 7 of the materials. This page has not been changed from our previous materials. It shows that even if the policy interest rate remains at 50 bps and is not increased in the future, the Bank will be able to steadily and cumulatively increase its earnings. Currently, the market environment continues to fluctuate severely, but looking at the trend from the end of September 2024, when these materials were created, the current market interest rate is higher than this red line. I think it shows clearly that this will be a major factor for increasing income in the future.

- Next please look at page 8 of the materials. We are continuing to restructure our yen interest rate portfolio. Looking at the bottom right of the page, the yield on Japanese government bonds that are currently being redeemed is around 0%, and I would like to point out again that the Japanese government bonds that we are purchasing right now will all work as a factor for increasing earnings.

- Please take a look at page 9 of the materials. I would also like to talk from a slightly longer-term perspective regarding the formulation of the next Medium-term Management Plan and after that. Through the offering of shares conducted in March of this year, the shareholding ratio of Japan Post Holdings is now expected to fall below 50%. With this, I believe that our business opportunities and potential will greatly expand, and that we have finally

reached a stage where we can consider our future grand design and growth strategy.
I cannot announce any details at this point, but basically we consider the Bank's strengths to be a strong customer base and deposits founded on the trust that is placed in us, its physical channels in the form of its network of branches and ATMs, and its digital channel based on the Yucho Bankbook App, which has seen rapid growth in user numbers over the past few years. We intend to utilize these strengths to the fullest extent, aiming to be the most familiar and trusted financial platform, and to uphold the trust placed in us by the public.

<Conclusion>

- To conclude, I would like to reiterate a message that I always give.
  As a publicly listed company, it is natural for us to think about how the Bank is perceived by the market in order to continuously improve corporate value. As a matter of course, we have taken into account the requests and opinions of our shareholders and investors in formulating our latest annual plan. We will continue to value communication with the market, and look forward to hearing your candid comments and opinions so that we can have a productive exchange of views.

End

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