

Results for the Six Months Ended September 30, 2025
Summary of Presentation (November 20, 2025)

Introduction

- Hello everyone. I am Takayuki Kasama, president & CEO of Japan Post Bank. Thank you for taking time out of your busy schedules to attend our investors meeting today.
- Today, I will present the H1 financial results of the final fiscal year in the current Medium-term Management Plan, which started from FY2021. I will give our assessment of the business environment and a brief review of our H1 financial results. I will also talk about the current Medium-term Management Plan to date, as well as our thinking regarding the direction of the next Medium-term Management Plan, which is currently being discussed internally with plans to announce it in May next year. 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. With regard to the Market Business, six months ago, at our announcement of the financial results for the previous fiscal year, I commented that the financial markets remained unstable both in Japan and overseas. On the other hand, over the past six months, geopolitical risks have decreased slightly and the political situations in the United States and Japan have become somewhat clearer, and it feels as though the direction of monetary policy is also becoming clear.
 2. In Japan, the environment for the Bank continues to be positive. The market is expecting further policy rate hikes by the Bank of Japan, and yields on Japanese government bonds, which the Bank invests in, remain at a relatively high level. If the current yield level is maintained, we expect this to contribute significantly to profit growth over the next several years, and we will therefore continue to steadily restructure the yen interest rate portfolio. Furthermore, if the policy rate of BOJ were to be raised, it would have an even more positive effect, although this contingency is not factored into our current earnings forecasts.

3. Overseas, on the other hand, the U.S. tariff policies as well as the resulting risk of an economic slowdown and tension between countries continue to raise concerns; however, we consider the risk of a downturn to have decreased somewhat. We have made minor revisions to our investment policy appropriately in line with changes in the market environment, such as the continued contraction of credit spreads overseas, but we have not made major change in our investment policy.
4. 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 for bonds, with careful selection for high quality in our alternative assets such as private equity and real estate. We will continue to follow this approach even further going forward.
5. However, although we said that the risks had somewhat decreased, we will certainly remain vigilant. The market environment is changing rapidly, and new situations are arising daily. We are not being complacent but pursuing the establishment of a system that will enable us to respond swiftly to whatever kind of risks emerge anytime.
6. Next, in the Retail Business the environment is not entirely favorable. We face a challenging situation, with factors that continue to intensify the competitive environment, such as the rising value of bank deposits, the rapid advance of digitalization, including the use of AI, and entry into the banking industry by companies in other industries. Specifically, the value of deposits has increased with the shift to positive yen interest rates, obliging us to compete fiercely with other banks to capture deposits. We recognize that competition to capture customers in both physical and digital channels is intensifying.
7. Under these conditions, the Bank will also work to maintain and expand our customer base, which is one of our strengths, and to achieve steady and stable profit expansion by paying more attention to environmental changes and quickly introducing appropriate strategies, such as conducting promotional campaigns related to pensions and further growing the user base of the Yucho Bankbook App.

FY2025 H1 Results Overview

- Based on this recognition of the situation, I would like to make some comments about FY2025 H1 results.
- First, please see page 3 of the materials. Consolidated net income attributable to owners of parent was 240.3 billion yen, a 51.1% progress rate against the full-year forecast of 470 billion yen. We have maintained a robust financial base, in terms of both the capital adequacy ratio and the CET1 ratio. We consider it a strong financial result.
- We have left our full-year net income forecast for FY2025 at 470 billion yen and the annual dividend forecast at 66 yen per share. Although we are in a favorable environment, taking an overall view, the environment has not diverged significantly from our initial assumptions, so we have left the forecasts unchanged for now.
- With regard to the current status of our restructuring of the yen interest rate portfolio, which is a major pillar of our revenue growth, we are making steady progress as shown on page 5. A large volume of JGBs is scheduled for redemption this fiscal year, so the overall balance has not increased significantly. However, the JGBs currently being redeemed carry yields of around 0%, and as shown at the bottom left, the yield of JGB has improved substantially. I would like to re-emphasize this point.

Regarding the direction of the next Medium-term Management Plan

- For our future direction, please look at page 6. This page summarizes the direction of the next Medium-term Management Plan. The key points are as follows. First, we set our vision to become a “comprehensive financial platform” and “a leading global market player.” Second, as our direction for capital policy, we show “progressive dividends in line with profit growth, etc.” and “inorganic” investments. In addition, we are now aiming for a higher ROE target. I will explain this in detail later.
- Please turn to page 8. Here we have a review of the current Medium-term Management Plan, as a basis for determining the direction of the next plan. To summarize the period of the current Medium-term Management Plan up to now, I would say that we have made solid progress in a rapidly changing environment, and that we look ahead to a leap to the next stage.

- Looking at our profitability target, we achieved our initial profit target of 400 billion yen ahead of schedule, partly due to the shift to positive yen interest rates. In the current fiscal year, we expect to achieve new record-high profits for the third consecutive year since listing on the stock market, showing that we have entered a profit expansion phase.
- In terms of our efficiency target, through continued efforts to reduce operating expenses and improve the OHR, we have broadly achieved the target. Now, we believe we have entered a phase of increasing proactive spending and expanding investments targeting top-line growth. However, we will continue to prohibit undisciplined expansion in spending, and we will continue our efforts to reduce OHR.
- Looking at our targets for soundness, we expect to be able to maintain our target level; however, in this area also, we see the Bank reaching a turning point from a decreasing phase to an increasing phase.
- Next, on page 9, we have also reviewed our respective businesses. As a qualitative comment, our three businesses—the Retail Business, Market Business, and Σ Business—have achieved a certain level of results, but we have also been able to recognize issues to address in each business.
- Next, please have a look at page 10. In addition to this review and assessment of the current Medium-term Management Plan, we have also considered Japan Post Bank’s Purpose, Management Philosophy, and changes in the internal and external environments, to define our Medium- to Long-term Vision as follows:
 - ✧ “Japan’s leading ‘comprehensive financial platform,’ meeting customers’ diverse needs and accompanying them through life,” and
 - ✧ “A leading global market player’ aiming to increase the value of customers’ assets and realize a sustainable society through investment in Japan and overseas.”

- To realize these, the next Medium-term Management Plan period will be the three-year period starting from FY2026, during which time we will aim to achieve the following two missions:
 - ✧ As a platform to support an era of 100-year lifespans, we provide diverse financial services for customers throughout Japan together with partner companies
 - ✧ As one of Japan's largest institutional investors, we refine our asset management capabilities and develop a distinctive asset management business
- To achieve these, we will reorganize our business strategies as 1) Digital Payment, 2) Consulting, 3) Regional and Corporate Solution, and 4) Market Operation and Asset Management.
- To give an example, in our Market Operation and Asset Management Business Strategy, the Bank seeks to make a further leap forward by providing products that leverage our accumulated market operation capabilities and by expanding its customer base and sales channels.
- We have made considerable progress for each strategy, and I would like to unveil them to you all here, but I hope you will excuse me for not doing so at this stage. However, we do not intend to keep you waiting indefinitely, and we aim to present some sort of results to you during the current fiscal year. Please turn to the next page, where we present an overview of our target vision.
- Page 12 shows an image of the profit trend over the period of the next Medium-term Management Plan, and the revision of our ROE target accordingly. For ROE, we are currently still discussing specific figures; however, our current target of 5% or more early in the next Medium-term Management Plan period will be revised upward to a higher level. We intend for the new level to be one that is acceptable to everyone in view of feedback from investors and the status of our industry peers. I hope you will look forward to it with anticipation.

- Next, we turn to the direction of our capital policy. Please see page 13 of the materials. We will retain our existing capital policy direction of pursuing the optimal balance among Shareholder returns, Growth investments, and Soundness. In shareholder returns, we will aim for progressive dividends in line with profit growth, looking ahead to solid growth in net income going forward. In growth investments, we will enhance investments including inorganic. Furthermore, with regard to share repurchases, we intend to consider these as necessary based on the market environment and the status of the parent company.
- In all of these measures, we aim to increase corporate value further. We are currently engaged in internal discussion regarding a new capital policy suitable for a new stage, including specific figures, and I would ask you to wait for another half year to hear details on this as well.

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. The direction of the next Medium-term Management Plan presented today has been determined through discussion within the management team, politely taking into account the requests and opinions of our shareholders and investors. 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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