

Results for the Nine Months Ended December 31, 2025
Summary of Teleconference Q&A (February 13, 2026)

Q1.

On page 12 of the Selected Financial Information, “Revisions of Earnings Forecasts,” net interest income, etc. exceeded the initial forecast by 34.0 billion yen. Could you provide more detail on the factors that contributed to this?

A1.

In response to rising yen interest rates, the Bank has shifted its investments from due from banks, etc. to Japanese government bonds (JGBs). The main factor was a greater-than-expected increase in interest on JGBs due to an increase in domestic interest rates from the beginning of the fiscal year. Another positive factor was solid revenues from foreign bond investment trusts, mainly reflecting a decrease in foreign exchange hedge costs.

Q2.

With long-term interest rates rising, has there been any change in your investment policy regarding JGBs?

A2.

The Bank has continued to steadily purchase mainly 10-year JGBs as before. As shown in the Supplementary Materials of Financial Results, held-to-maturity JGBs increased by 1.6 trillion yen from the end of the second quarter to the end of the third quarter, and we believe our investment is progressing as planned.

Although we have not disclosed specific purchase plans, we have not changed our position on purchasing, and we will continue to purchase flexibly in response to market conditions.

Q3.

Yields have risen on 15- and 20-year JGBs in particular. Is it correct to understand that the likelihood of impairment losses on the JGBs held by the Bank remains low?

A3.

The current expansion in unrealized losses on JGBs is mainly due to a deterioration in unrealized gains and losses on JGBs purchased in the past due to the rising yen interest rate. However, by FY2022, in anticipation of the Bank of Japan's monetary policy normalization, we had been reducing the balance of available-for-sale JGBs that were purchased at low yields. As such, we believe we have implemented appropriate risk management measures to mitigate the impact of worsening unrealized losses.

Moreover, under our asset-liability management framework, we track unrealized gains and losses, including those on held-to-maturity securities, and monitor our interest rate risk exposure. We confirm that we have not taken on excessive yen interest rate risk.

Management is closely monitoring the status of unrealized losses and interest rates.

Q4.

The balance of due from banks, etc. has decreased by approx. 7 trillion yen, from 63 trillion yen at the end of the second quarter to 56 trillion yen at the end of the third quarter. This seems to be due primarily to a decrease in the balance of payables under repurchase agreements. Would you concur with that?

A4.

Your understanding about the main factor decreasing due from banks, etc. is correct. The Bank's basic policy is to invest deposits from customers in marketable securities; however, the Bank also raises funds from money markets and invests them on a short-term basis. Please understand that the balance of due from banks, etc. may fluctuate depending on conditions in the money markets.

Q5.

The decline in the CET1 ratio from the end of the second quarter to the end of the third quarter was not as steep as I had expected, as expanded unrealized losses on yen bonds were offset by an increase in unrealized gains on foreign bonds due to narrowing credit spreads. We believe this reflects the effects of your strategic diversification of investments. How do you view this?

Also, given that the impact on capital has been limited, could you also share your views on your future capital policy?

A5.

The CET1 ratio at the end of the third quarter stood at 12.16%, a decline of 27 bps from 12.43% at the end of the second quarter; The numerator increased due to profit accumulation, despite a slight expansion in unrealized losses on available-for-sale securities. Meanwhile, the denominator increased due to an increase in risk assets driven by yen depreciation. Overall, however, the trend was in line with our expectations.

We believe that overall unrealized gains and losses on available-for-sale securities have been stabilized not only through diversification but also through selective investment in high-quality assets. We will continue to maintain appropriate risk management going forward.

Our future capital policy is as we have previously stated: we believe it is important to balance shareholder returns, financial soundness, and growth investments. Moreover, as you are aware, in December 2025 we announced a 30.0 billion yen share repurchase, and we are currently conducting market purchases scheduled to continue through to March 24. While taking the status of this repurchase into account, we are currently considering our capital policy for the period of the next medium-term management plan internally, so I would ask you to wait until we make an announcement in May.

Q6.

Are you also considering purchases of JGBs with maturities other than 10 years?

A6.

The Bank primarily purchases JGBs with 10-year maturities. However, as we have stated before, that does not mean that we absolutely exclude purchasing JGBs with other maturities. Recognizing the investment appeal of shorter-term JGBs has increased with the rise in short- and medium-term yields, to some extent, we continue to make investment decisions, taking into account various factors, such as yield levels, forecasts, and supply-demand conditions.

Q7.

In “Revisions of Earnings Forecasts,” you have revised the forecast for net income attributable to owners of parent up from the initial forecast of 470.0 billion yen to 500.0 billion yen, an increase of around 6%. Could you share the background to your decision to make an upward revision based on the current rate of increase? Can we understand this as a strong message from management regarding profit growth?

A7.

This upward revision reflected an underlying growth trend in earnings driven by domestic and overseas interest rate conditions, as well as a positive factor that was not included in the initial plan: the lifting of the policy interest rate. Therefore, we made the revision to strongly signal management’s view that the current environment provides a clear tailwind for the Bank.

Q8.

Unrealized gains in private equity (PE) funds have been expanding steadily, from 1.2 trillion yen in the second quarter to 1.3 trillion yen in the third quarter, while delivering realized gains. Could you provide some more detail about their current status?

A8.

In PE investment, transaction activity slowed at one point amid turmoil in the economies and financial markets, mainly due to the U.S. tariff policies announced in April 2025, and performance was below plan during the interim period. Recently, however, it has generally been catching up to the original plan. In addition, with the current recovery in corporate earnings and exit conditions, we are seeing encouraging signs heading into the next fiscal year and onward.

However, a certain degree of uncertainty remains with regard to economic policy trends and related factors, and we will continue to closely monitor ripple effects on the PE markets and the risk of an adjustment to AI-related stocks.

Q9.

Regarding the recently announced launch of Japan Post Bank Asset Management Co., Ltd., could you share the Bank's expectations and the impact on earnings for the Bank?

A9.

As you know, the Bank announced the launch of Japan Post Bank Asset Management Co., Ltd. on January 28. The new company will be launched through the merger of our two investment arms, JP Asset Management Co., Ltd., a company that operates a business for retail investors, and Japan Post Investment Corporation, a company that operates a business for institutional investors.

In terms of our expectations, within the framework of the next medium-term management plan, announced in November 2025, we committed to the challenge of providing asset management services that leverage our accumulated knowledge of market operations, with a view to realizing our medium- to long-term vision of a becoming a “comprehensive financial platform” and “a leading global market player.” We therefore expect Japan Post Bank Asset Management to become an asset management company that effectively consolidates the different strengths of these two companies.

The impact on the Bank's earnings is difficult to express in numerical terms at this stage; however, we have high hopes for the future.

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