

UNOFFICIAL TRANSLATION

Although the “Bank” pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

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

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

May 15, 2024



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# 1. Highlight

# Medium-term Management Plan Review: Highlight (1)

## 1. Review of financial targets and various KPIs

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

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

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

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

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

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

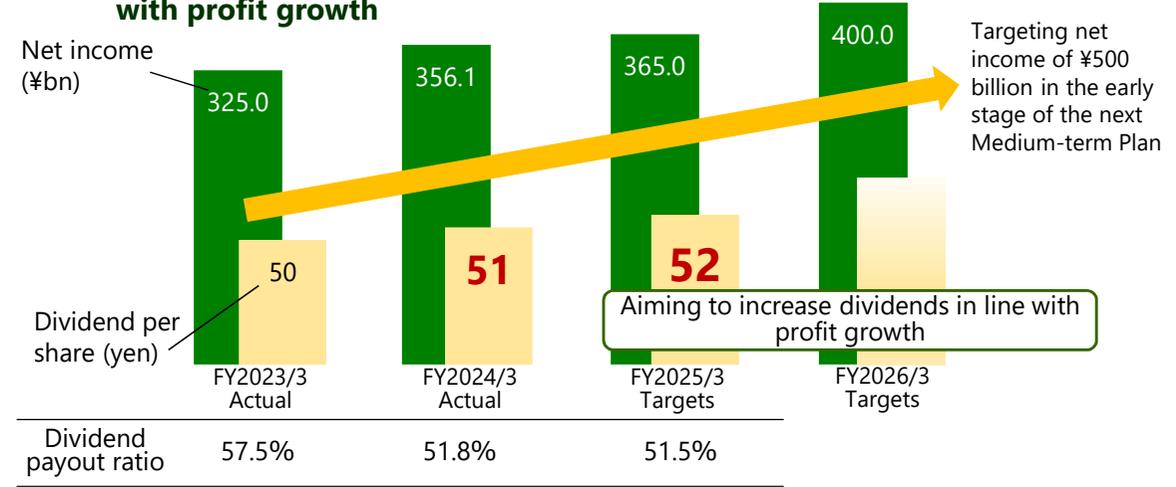
## 2. Medium- to long-term ROE targets

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

\* Net income in the order of ¥500 billion

## 3. Actual and estimated dividend per share

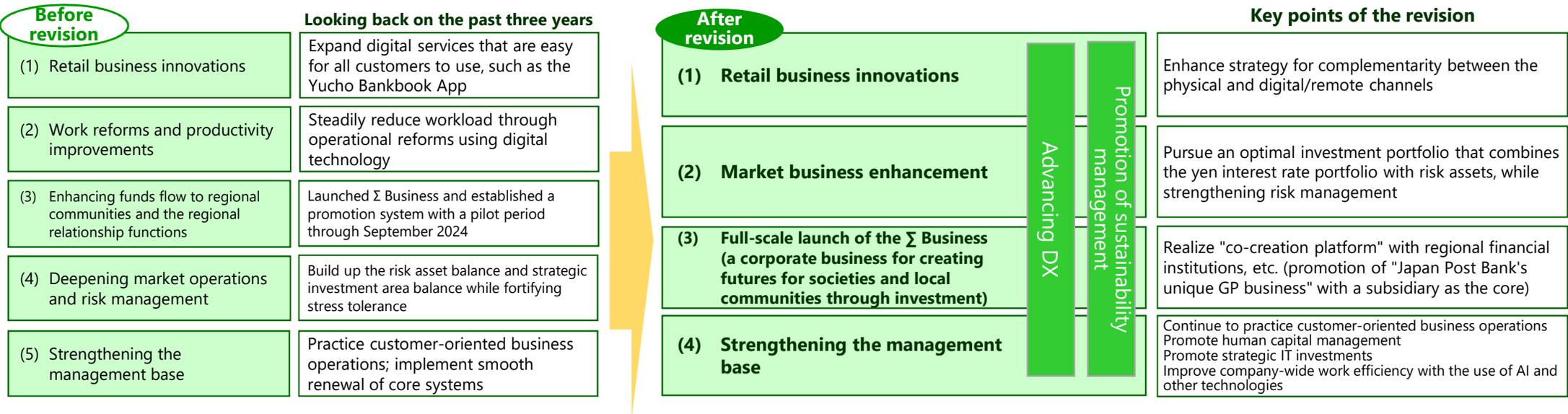
✓ **No change in shareholder return policy, aiming to increase dividends in line with profit growth**



# Medium-Term Management Plan Review: Highlight (2)

## 4. Review of business strategies

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



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

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

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

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

## 2. About the revision of Medium-term Management Plan

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

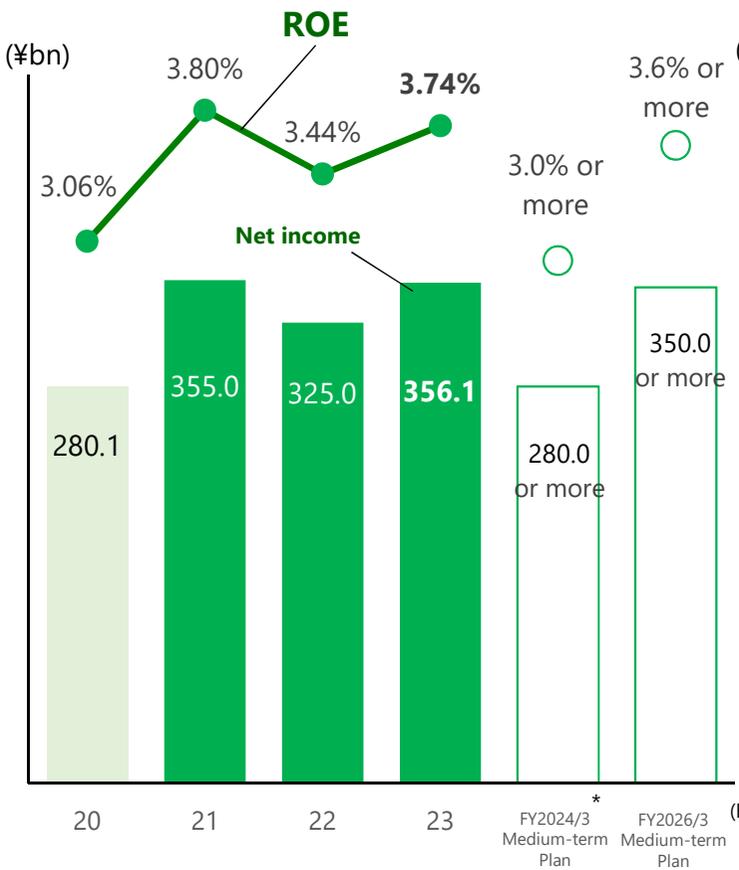
■ Net income for FY2024/3 was ¥356.1bn. In addition to achieving the FY2024/3 financial targets set forth in the Medium-term Plan, the targets for FY2026/3 were also achieved ahead of schedule.

## Profitability

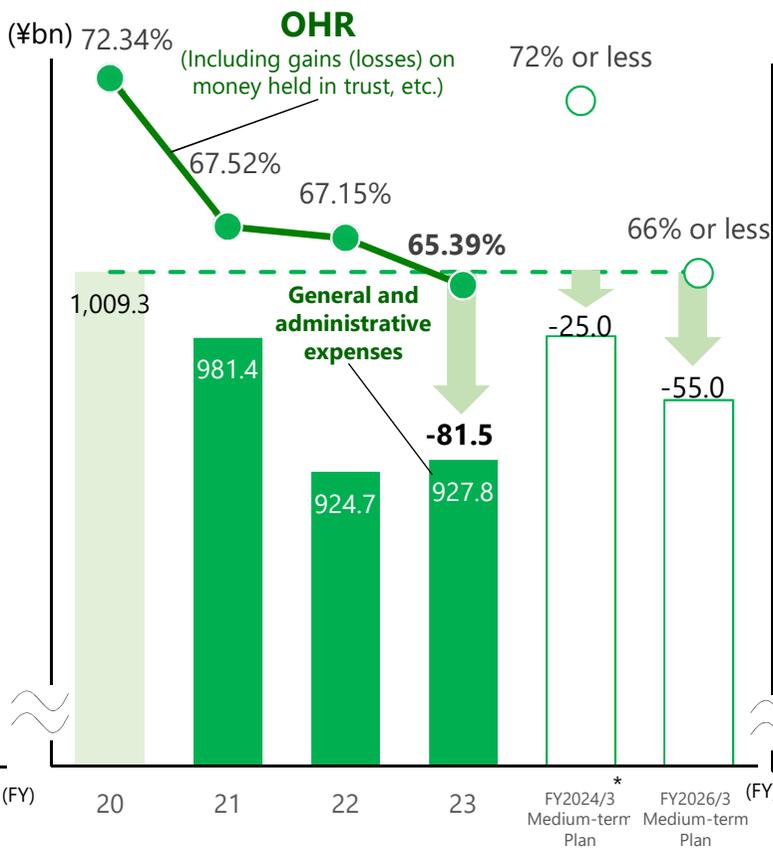
## Efficiency

## Soundness

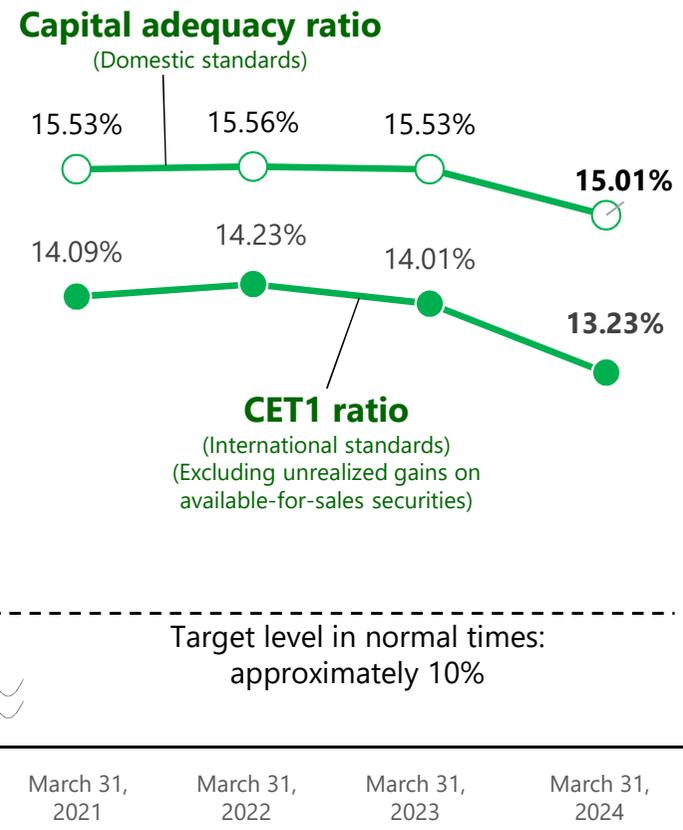
### Achievement of targets



### Achievement of targets



### Maintain target levels



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

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

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

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

\*1 KPI=Key Performance Indicator

\*2 Due to the NISA system revision in January 2024, "FY 2024/3 Actual" includes the number of the NISA monthly investment account.

# Change in Business Environment, Etc.

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

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

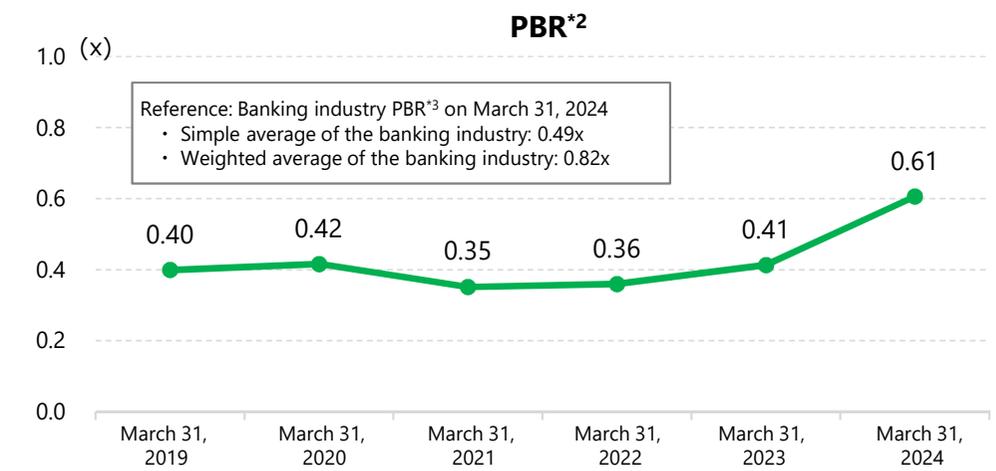
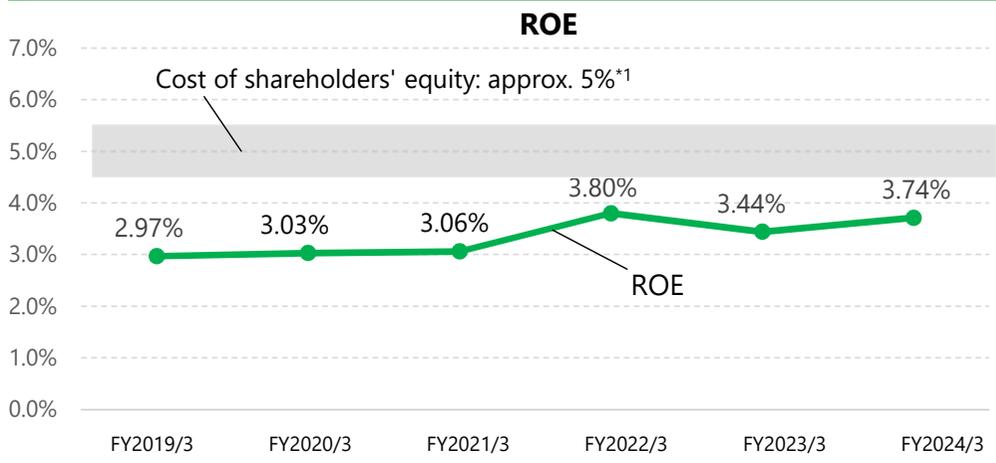
### External environment

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

### Internal environment

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

## ROE and PBR



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

\*2 Excluding treasury stock

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

# Key Points of the Review of Business Strategies

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

## Medium-term Plan before the revision

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

### Review of the past three years

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

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

## Medium-term Plan after the revision

"Deepening trust, and taking on the challenge for financial innovations"  
Innovating our business model and enhancing business sustainability No change

### Key points of the revision

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

**Shareholder return policy**  
Aim to increase dividends in line with profit growth, in accordance with a basic policy for a dividend payout ratio of approximately 50% No change

### Strengths unique to Japan Post Bank

The largest customer base of any Japanese bank

**120 million**

ordinary deposit accounts

×

Most extensive and stable deposit base in Japan

**¥192 trillion** in deposits,

centered on retail banking customers

×

Nationwide network covering every corner of the country

Network of **approx. 24,000** post offices

### 3. Medium-term Management Plan after the revision

# Purpose, Management Philosophy, and Mission

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

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

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

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

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

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

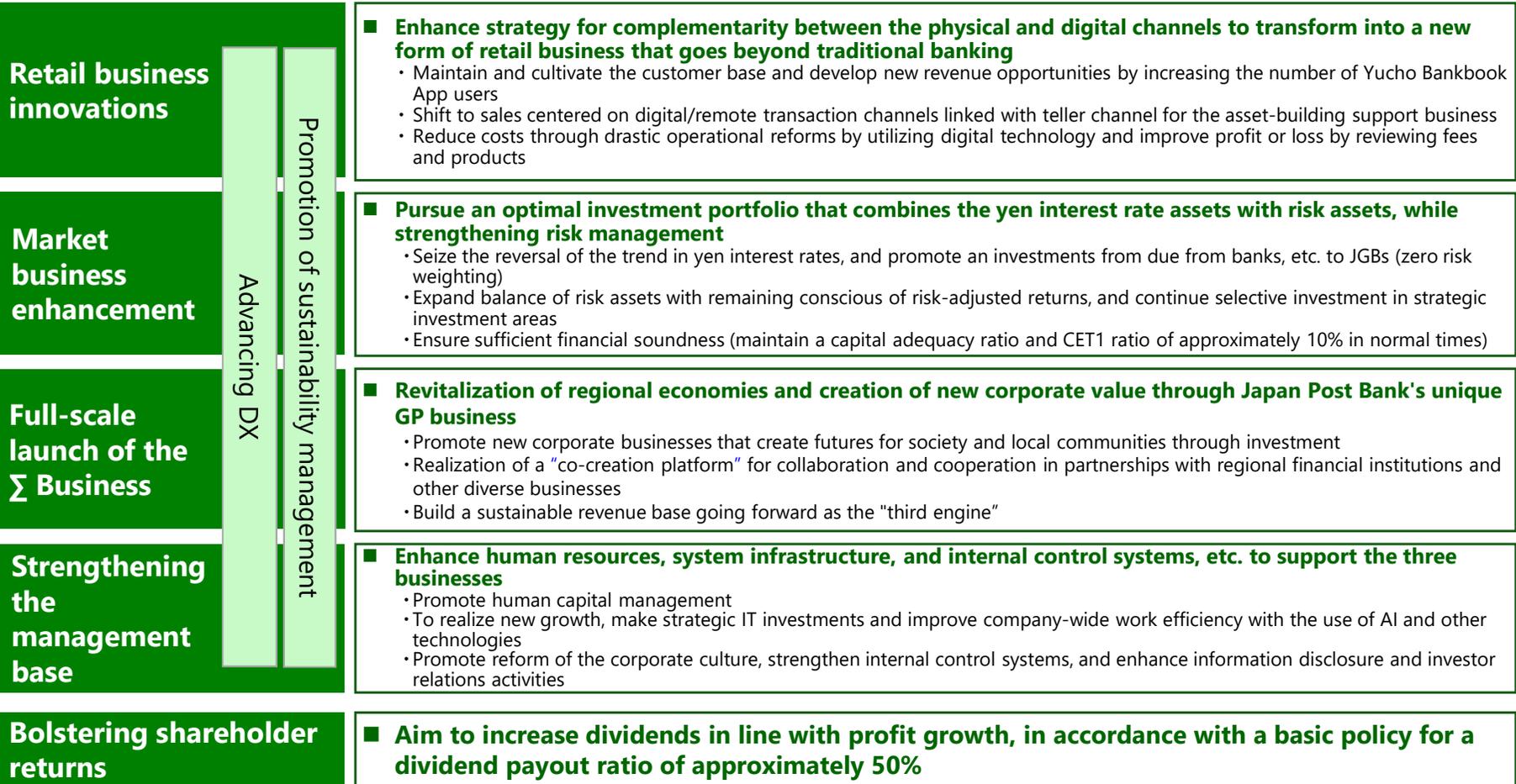
**Contribute to the development of regional economies by enhancing funds flow to,  
and relationships with, local communities using various frameworks.**

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

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

# Basic Policies of the Revised Medium-Term Management Plan

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



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



# Revised Financial Targets

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

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

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

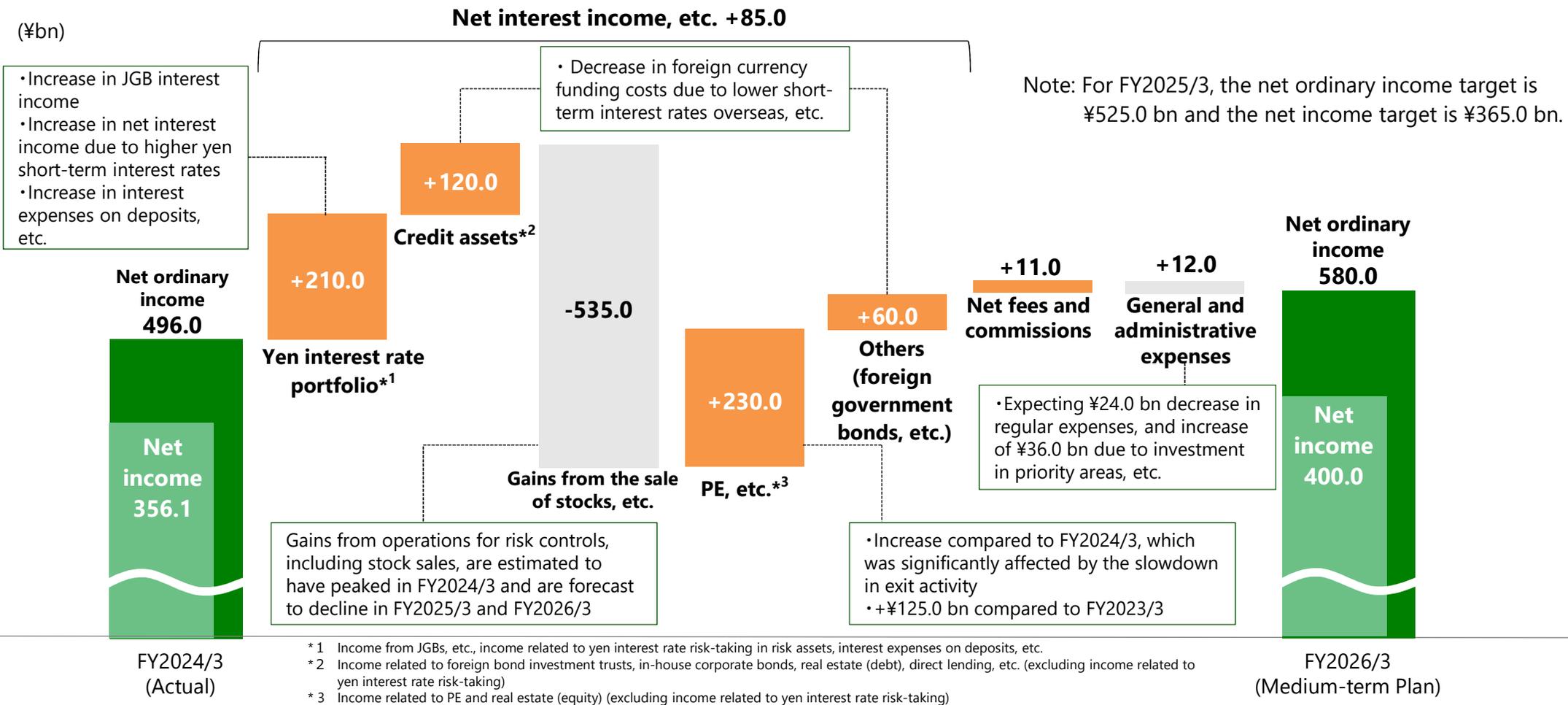
\*2 Excluding unrealized gains on available-for-sale securities. In light of the finalization of Basel III regulations (full implementation) at the end of FY2029/3, the goal is to secure capital requirements equivalent to a fully applied basis from the end of FY2026/3 onward. If the amount temporarily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

# Profit Roadmap

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

## Schematic of changes in net ordinary income (consolidated)

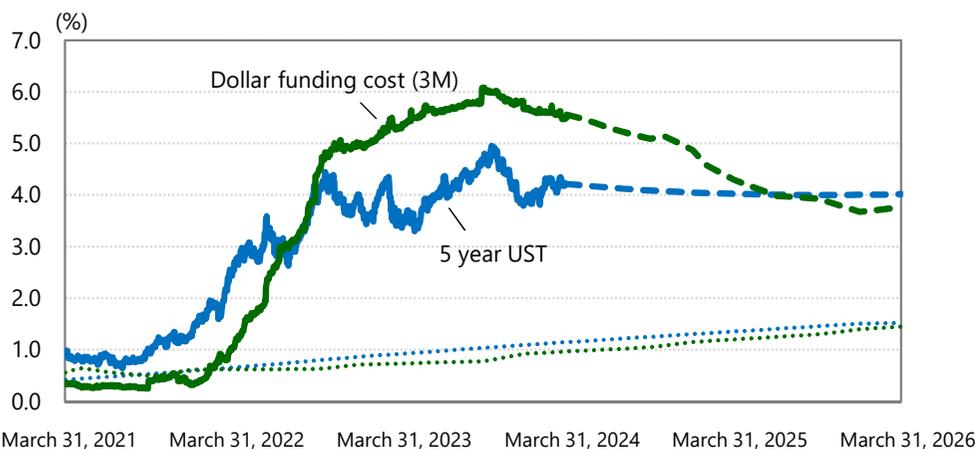
Orange box : Plus factors    Grey box : Minus factors



# Assumptions for Profit Plan

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

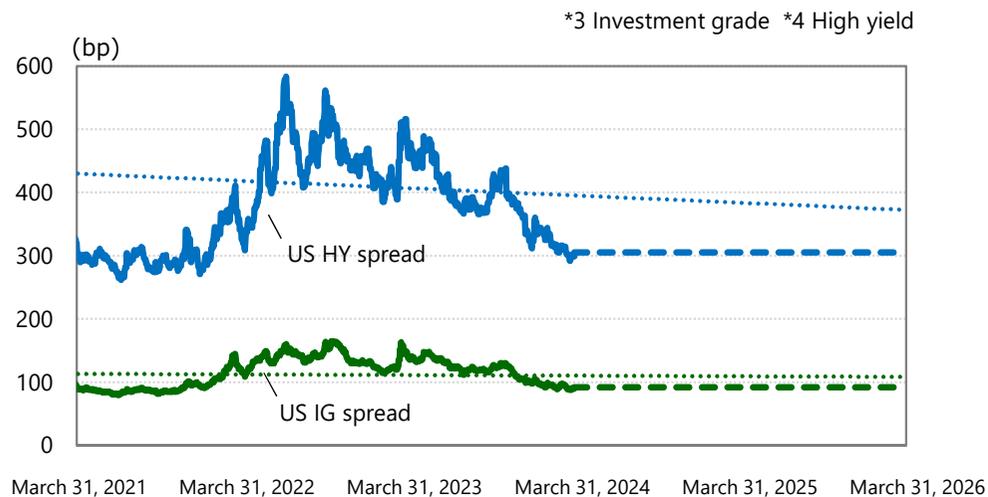
## Domestic and foreign interest rates / Dollar funding cost



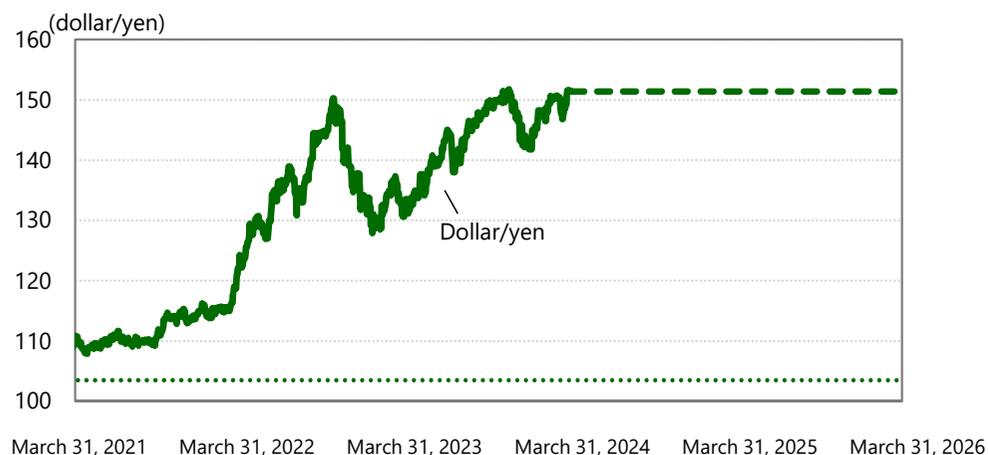
\*<sup>1</sup> Theoretically calculated projected future interest rates based on the market interest rate (yield curve) as of March 31, 2024.

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

## US IG\*<sup>3</sup> and HY\*<sup>4</sup> spreads / Dollar-yen rate



\*<sup>3</sup> Investment grade \*<sup>4</sup> High yield

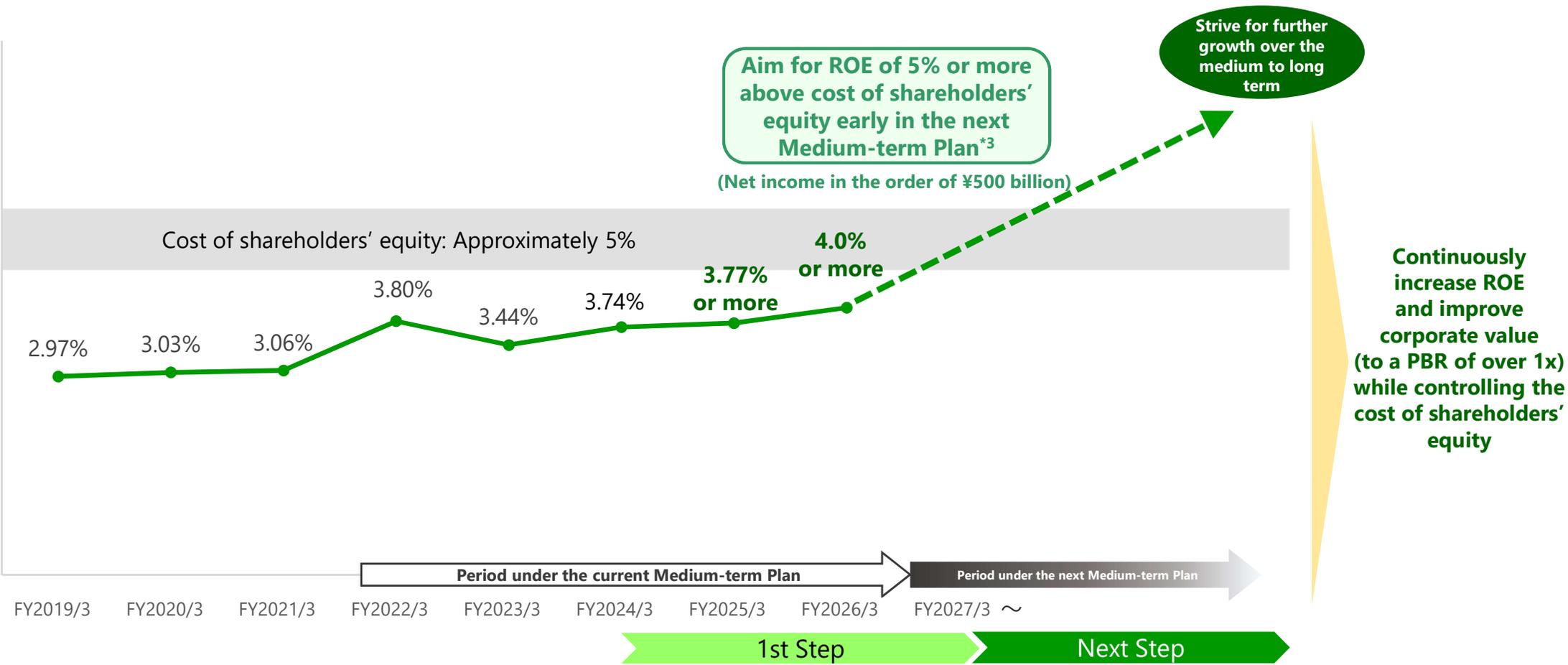


— Actual — Assumptions for the revised Medium-term Plan ..... (Reference) Assumptions for the Medium-term Plan before revisions

# Medium- to Long-Term ROE Targets

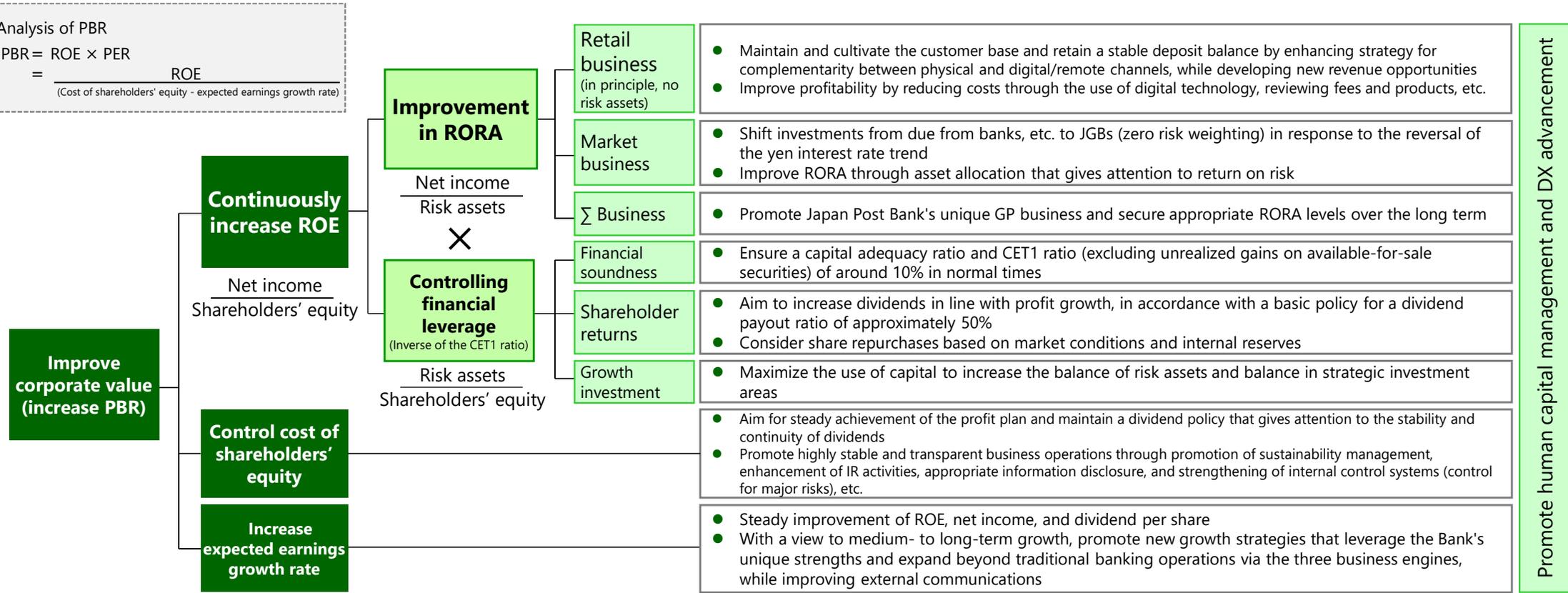
- Continuously improve ROE while complying with business regulations based on the Postal Service Privatization Act and fulfilling our responsibility to provide universal financial services\*1.
- Aim to achieve ROE of 4% or more during the current Medium-term Plan (through FY2026/3) and 5% or more in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

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

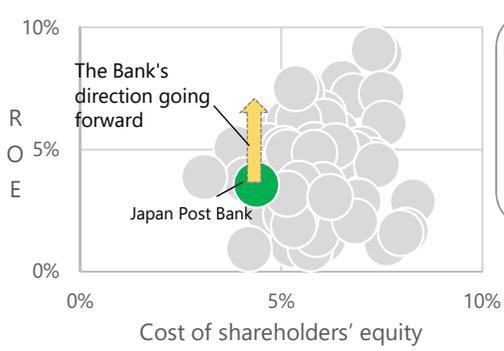


\*1 In accordance with laws and regulations, the Bank pays contributions to the Organization for Postal Savings, Postal Life Insurance and Post Office Network as part of the cost of maintaining the post office network, which are indispensable costs for ensuring universal financial services (the amount of contributions paid in FY2024/3 was ¥243.6 billion).  
 \*2 Consolidated, based on shareholders' equity  
 \*3 Assumptions are based on the market outlook on page 16 and the investment strategy shown on pages 24 and 25.

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



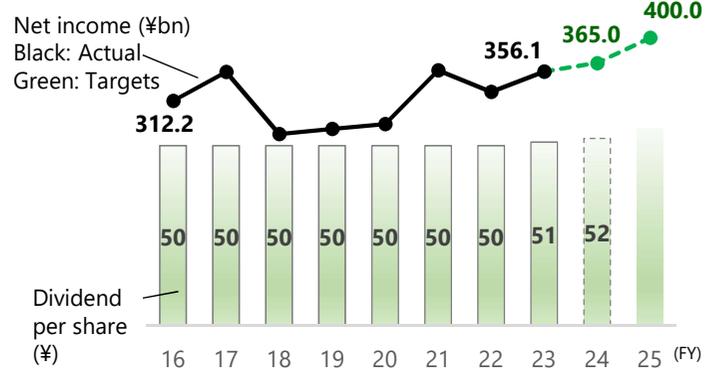
Reference 1: Analysis of banking industry ROE/cost of shareholders' equity (CAPM)



It is recognized that the Bank's cost of shareholders' equity is currently low relative to banking industry peers. We will continue to aim to improve ROE while keeping the cost of shareholders' equity under control.

\* Based on the FY2024/3 ROE forecast for each bank included in the TOPIX (actual ROE for Japan Post Bank) and the cost of shareholders' equity (as of March 31, 2024) derived for the Bank using CAPM (page 9).

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



Since its listing, the Bank has achieved its earnings forecasts for all fiscal years (FY2017/3-FY2024/3) and secured a dividend of 50 yen or more. We recognize that our steady profit and dividend performance has contributed to controlling the cost of shareholders' equity. We will continue to aim for steady increases in profits and dividends.

# Retail Business Innovations: (1) Digital Services Strategy

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

**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**

- 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 a "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.

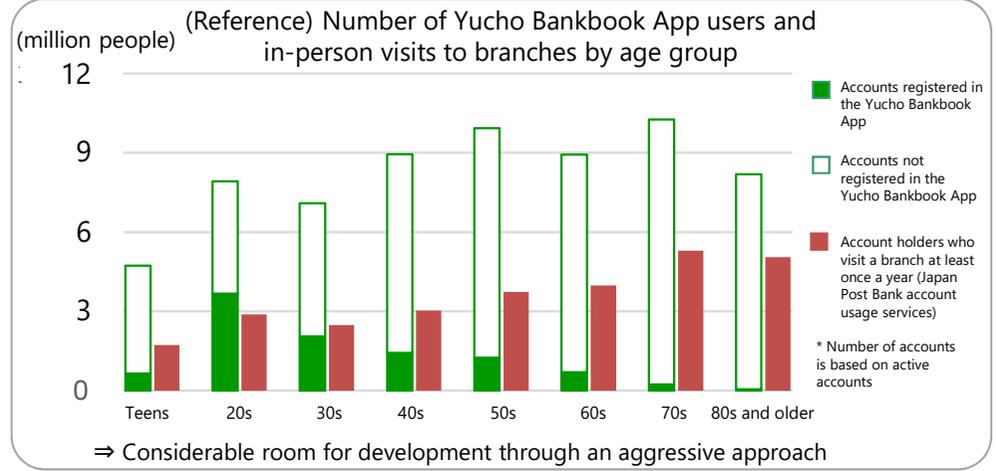
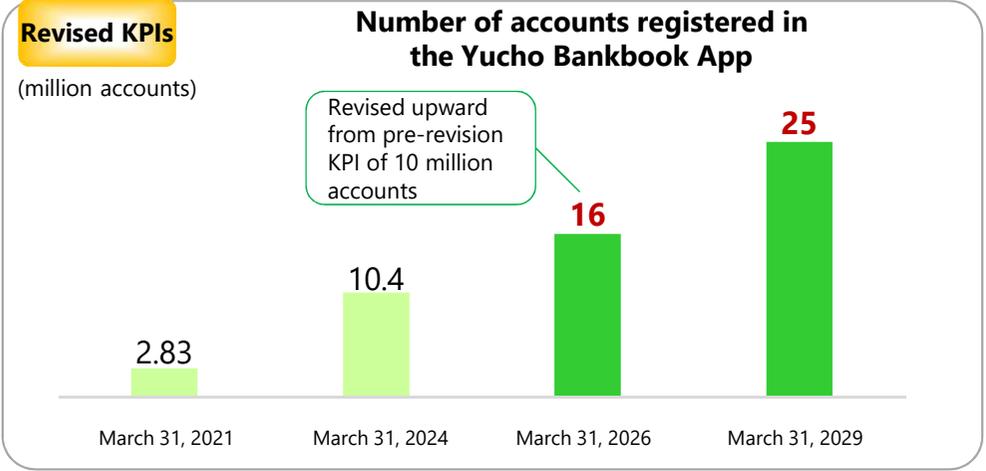
**Japan Post Bank**

- Investment trusts
- Cashless payments, etc.

**Japan Post Group**

- "Post Office Internet Shop"
- Products of JP insurance etc.

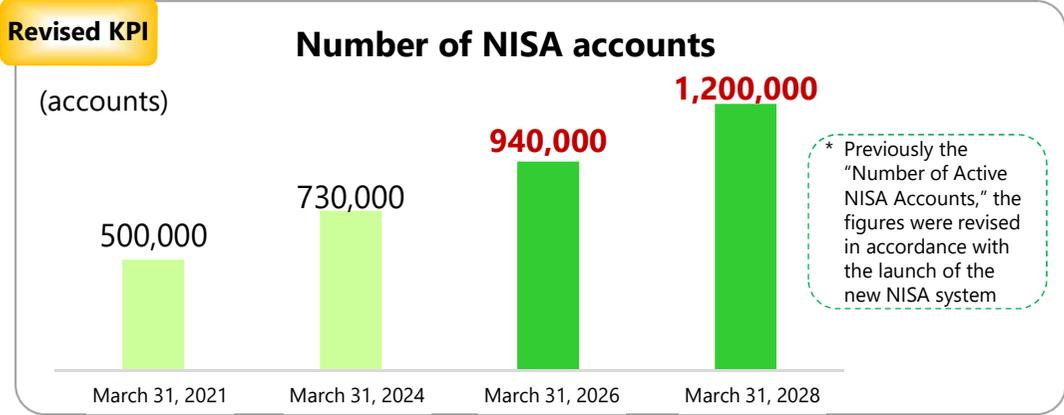
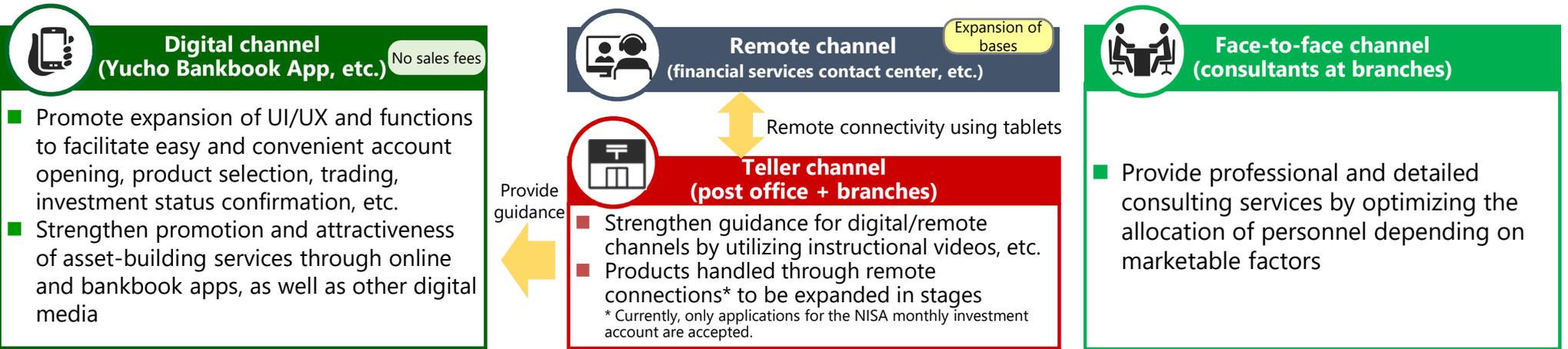
**Attract visitors to post offices by providing information on seminars, events, products for sale, etc. at post offices in each region (app notifications by region and by customer segment)**



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

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

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



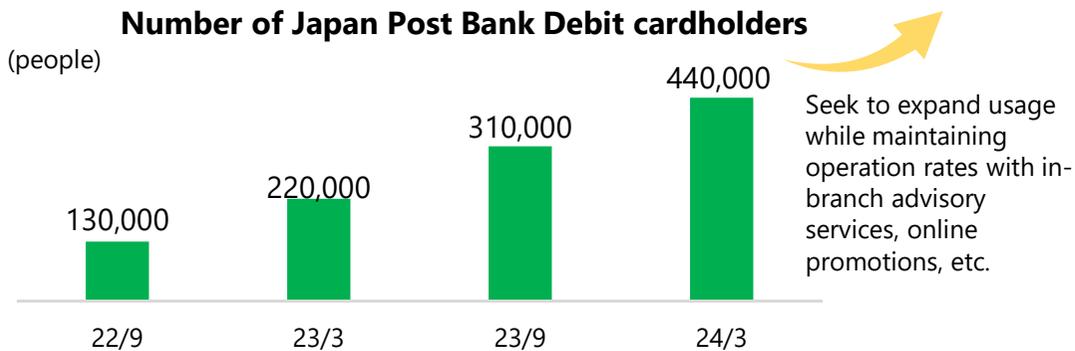
- Enhancement of products and services
- Automated robo-advertising services using AI in alliance with other companies (through advertisement distribution, etc.)
  - Digital channel support for retail sales of JGBs
  - Development of investment trust product lineup
  - Services related to asset succession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

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

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

## Card payments

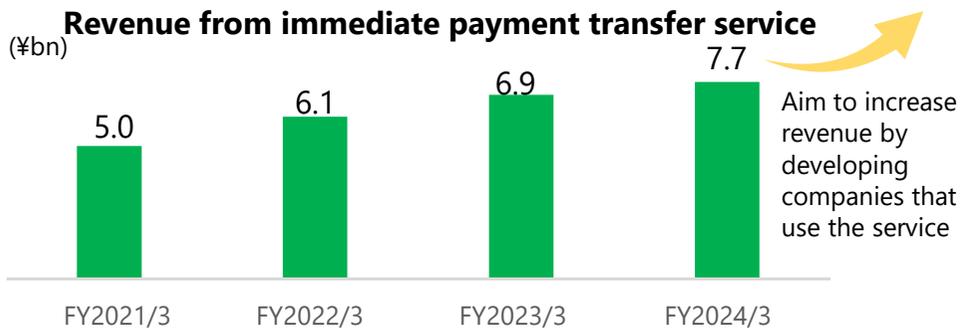
- Expand the Bank's response to customers' needs for cashless services by focusing on the Japan Post Bank Debit card; debit cards represent a service specific to banks (immediate withdrawals from accounts)
- Yucho Pay will be integrated into the Yucho Bankbook App in the future



## Embedded finance

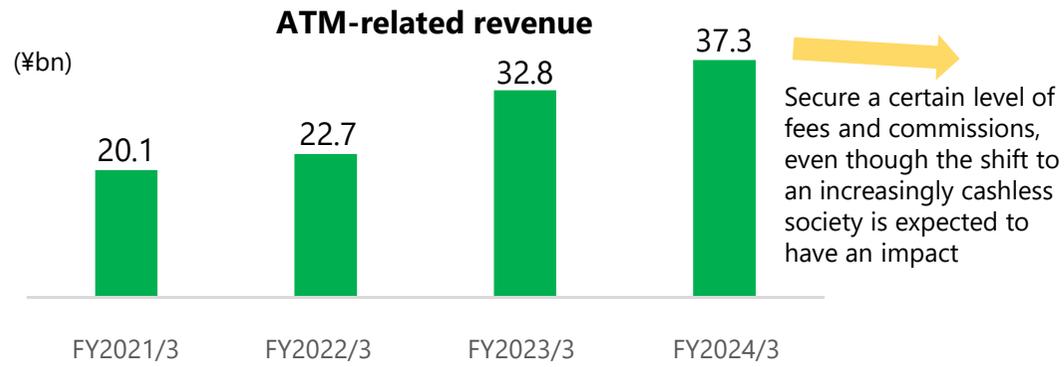
(i.e., provision of payment service infrastructure to non-financial companies)

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



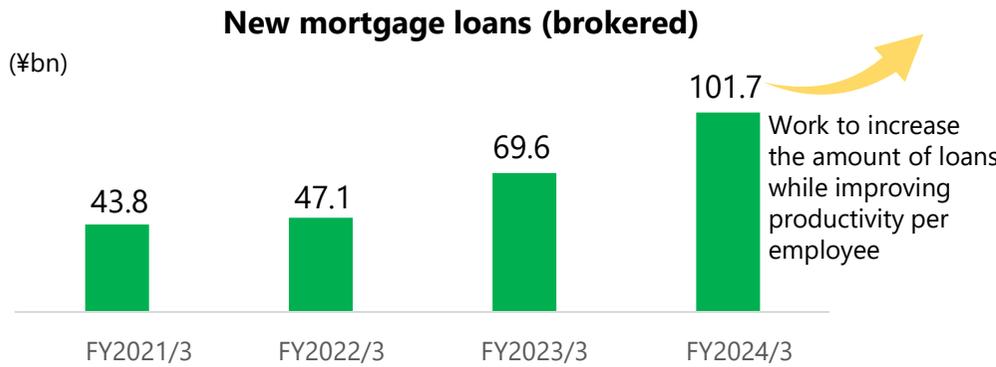
## ATM

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



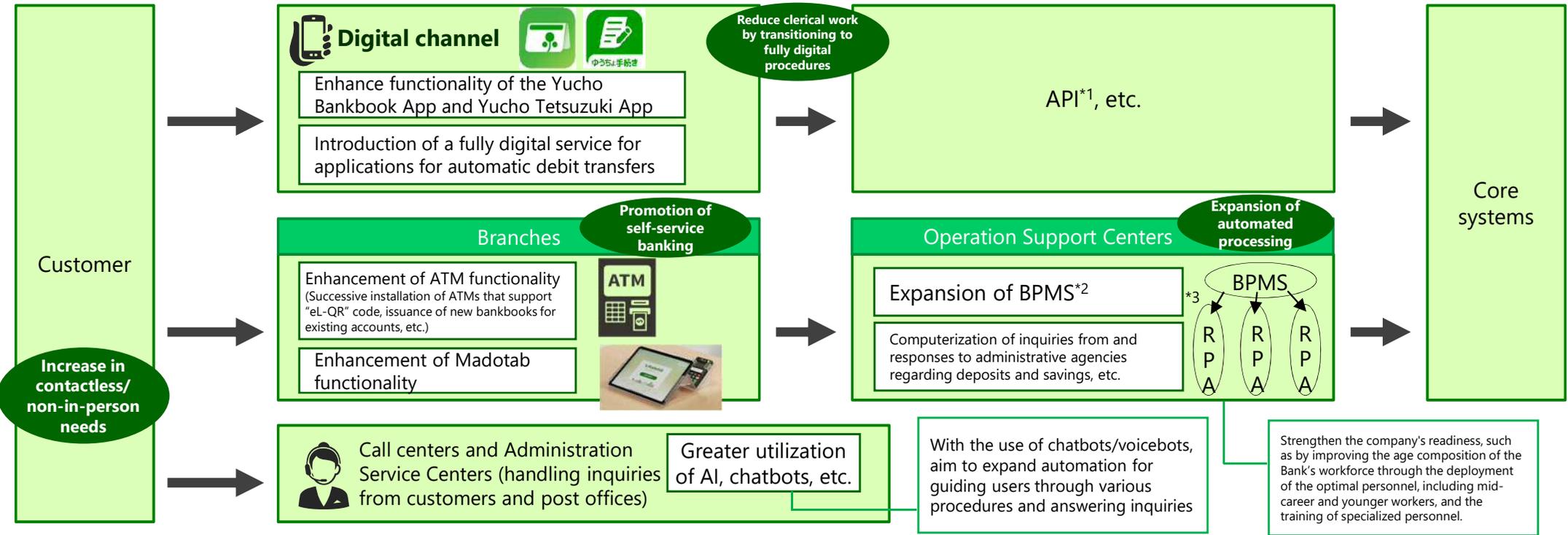
## Mortgages, account overdraft service

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



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

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



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

### Review of fees

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

### Respond to social needs

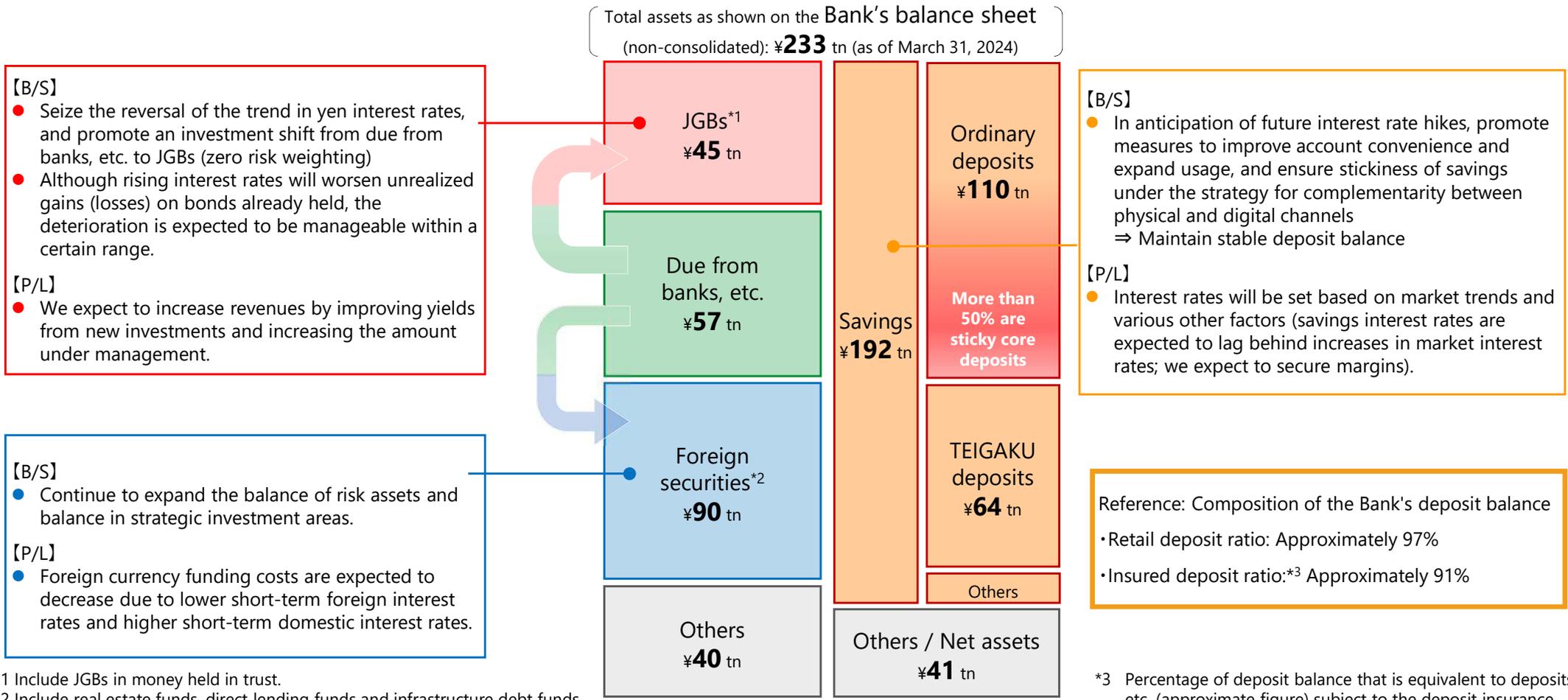
- To appropriately respond to social demands from the government, the Japanese Bankers Association, and others, such as to provide fully computerized functions for promissory notes and checks, reduce services requiring voucher documents (checks, money orders, etc.) while giving more attention to universal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

# Market Business Enhancement: (1) ALM policy

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

## ALM policy

(based on the market outlook shown on page 16, which will be reviewed as necessary in response to changes in the market environment, etc.)



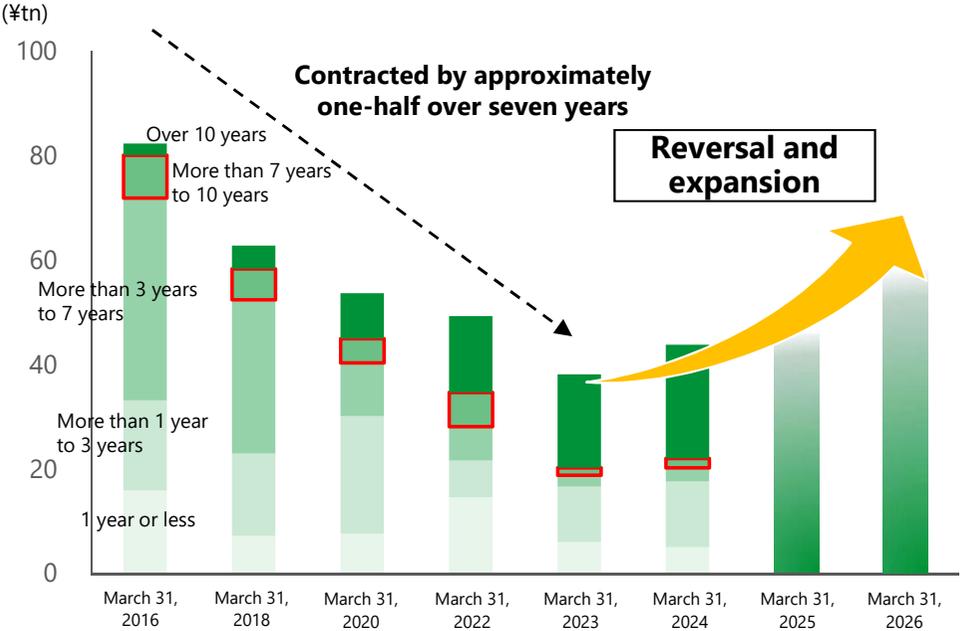
\*1 Include JGBs in money held in trust.  
\*2 Include real estate funds, direct lending funds and infrastructure debt funds in money held in trust.

\*3 Percentage of deposit balance that is equivalent to deposits, etc. (approximate figure) subject to the deposit insurance system as defined in the Deposit Insurance Act.

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

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

## Balance of JGB holdings\*1

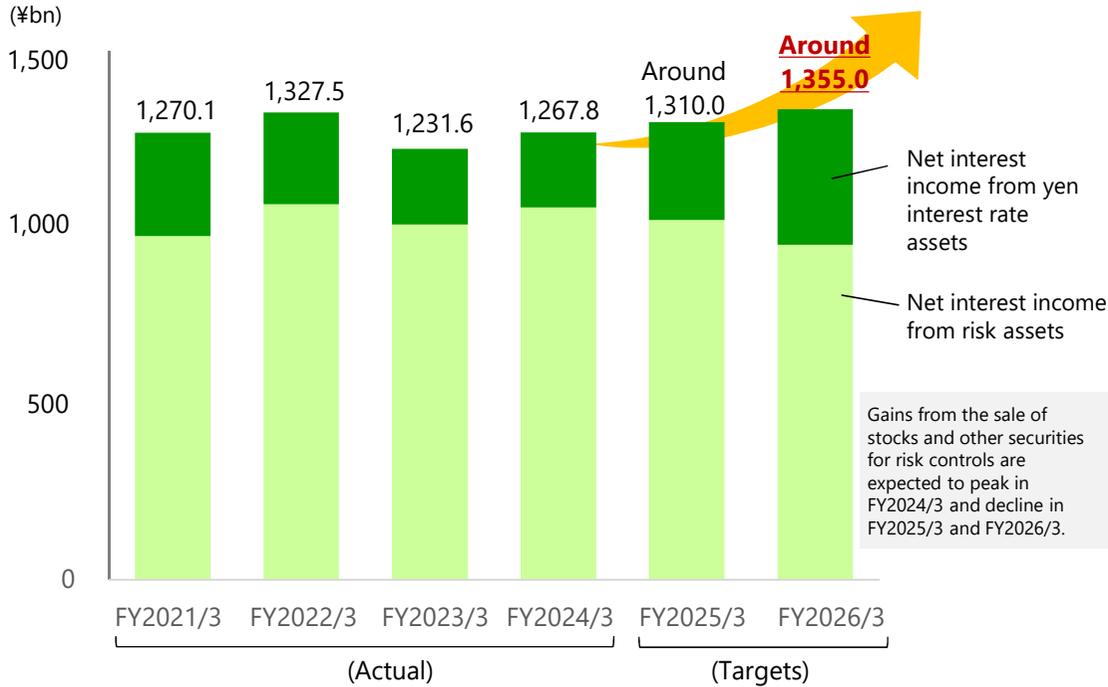


(¥tn)	March 31, 2016	March 31, 2018	March 31, 2020	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Balance of JGBs	82.2	62.7	53.6	49.2	38.1	<b>43.8</b>		
Of the total, More than 7 years to 10 years	8.1	5.8	4.6	6.5	1.3	<b>5.1</b>		
(Reference indicator) 10-year interest rate (%)	-0.04	0.04	0.03	0.21	0.38	<b>0.75</b>		

\*1 Except JGBs in money held in trust.

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

## Net interest income, etc.\*2



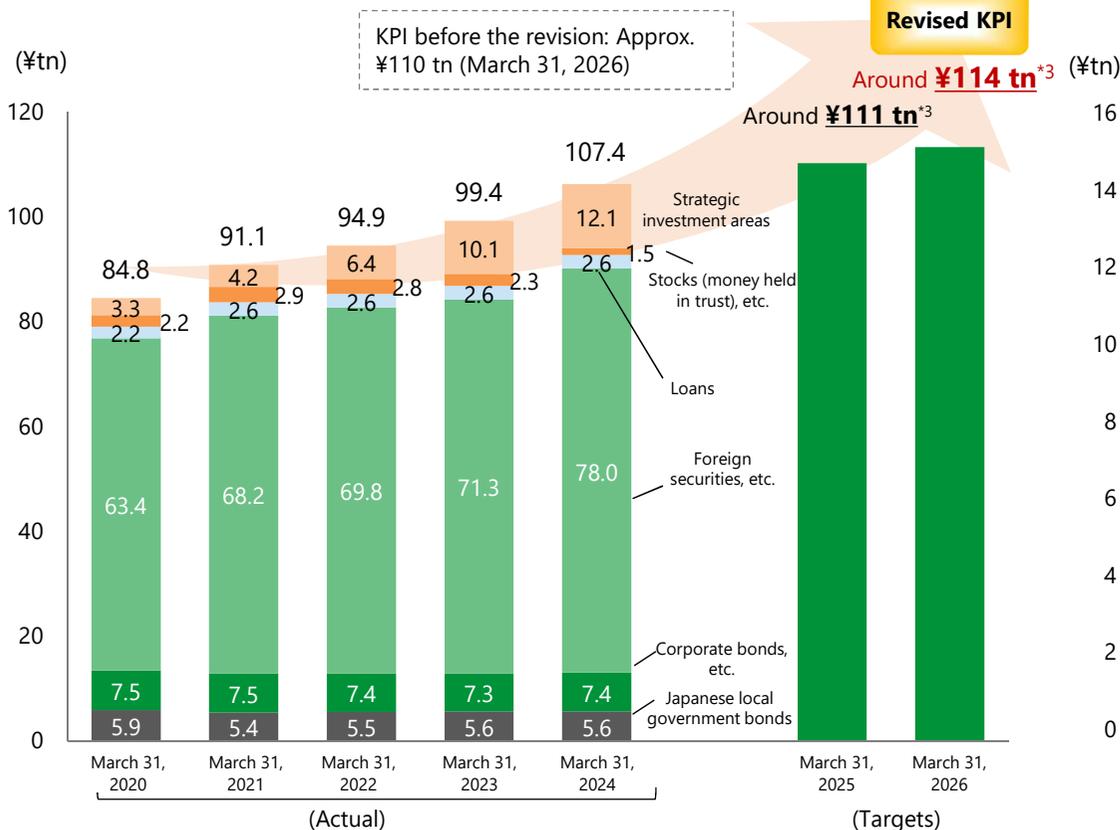
- Reversal and expansion of net interest income, etc. from yen interest rate assets
- Sustained growth in net interest income, etc. from risk assets, which have expanded under the low interest rate environment

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

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

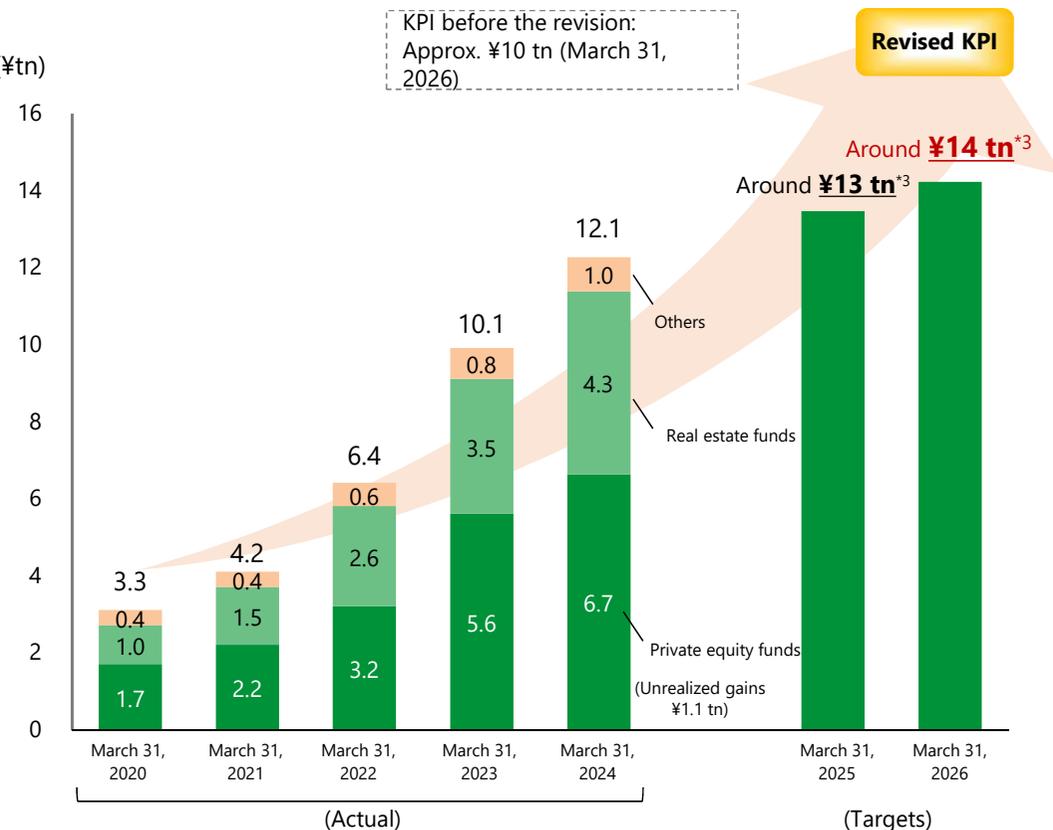
## Balance of risk assets\*1 (non-consolidated)

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



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

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



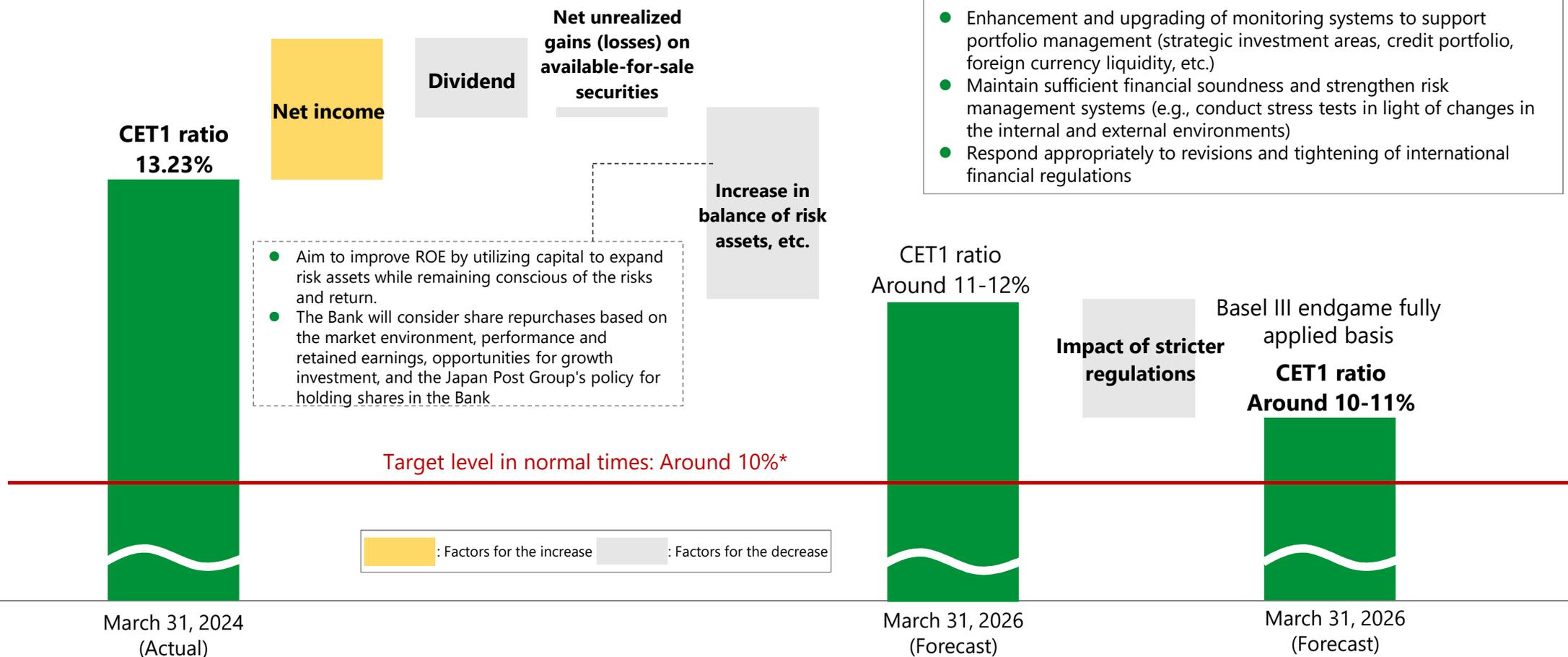
Note: In accordance with the implementation of the Guidance on Accounting Standard for Fair Value Measurement (revised in 2021), the balances of private equity funds and real estate funds are calculated based on fair value, except for some assets, effective from March 31, 2023.

\*1 Assets other than yen interest rate assets (JGBs, etc.) \*2 Private equity funds, real estate funds (equity and debt), direct lending funds, infrastructure debt funds, etc.  
 \*3 The forecast of the balance is based on the market outlook shown on page 16, and may increase or decrease depending on changes in market conditions and other factors.

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

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

## CET1 ratio forecast (capital allocation)



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

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

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

## Japan Post Bank's unique GP business

- Promoting co-creation with regional financial institutions and others for the development of society and regional economies
- Utilizing the Bank's nationwide network to carefully identify local funding needs
- Providing capital funds from a medium- to long-term perspective by leveraging our stable funding base
- Accompanying and supporting investee companies to help them achieve growth and resolve issues

### External environment

- Decreasing potential growth rate**  
Population decline / Aging society  
Stagnation in productivity
- Sluggishness of local economies**  
Heavy concentration in metro Tokyo  
Absence of ecosystem
- Realization of a sustainable society**  
Transition to a decarbonized society  
Work toward achieving SDGs

## GP business (investment business)

- Support growth of existing businesses**  
(1) Provide funds by utilizing the Bank's capital, (2) promote co-creation with regional financial institutions, and (3) hone the acumen for identifying business potential, with the aim of becoming **a leader in regional revitalization**.
- Provide assistance from start-up to growth phase**  
**Nurture the next generation of leading companies** in response to market expansion (build startup ecosystems in collaboration with regions)
- Promote ESG investment**  
**Pursue investment in decarbonization businesses** by promoting joint projects with financial institutions and promotional organizations to realize a decarbonized society

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

**JAPAN POST BANK CAPITAL PARTNERS Co.,Ltd.** Partners

Utilize the nationwide network × Japan Post Bank's unique GP business × System of collaboration with partners

**Business succession and business revitalization investment**

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

**Venture capital investment**

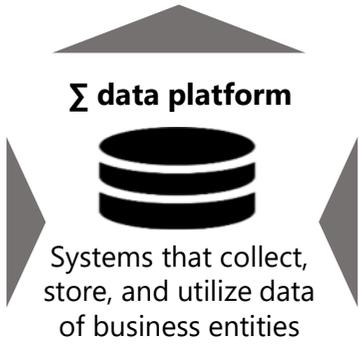
- Regional collaboration / ecosystem building

**ESG investment**

- Investment in renewable energy and hydrogen business

## Sourcing operations

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



## Marketing support operations

- Identify investee companies' latent needs, which have yet to manifest, and **propose commercial products that will create new markets**
- Improve the value of commercial products and services by anticipating customer needs
  - Integrated sales with the Bank's existing corporate products\*2
- \*2 Salary direct deposit, payment services, etc.

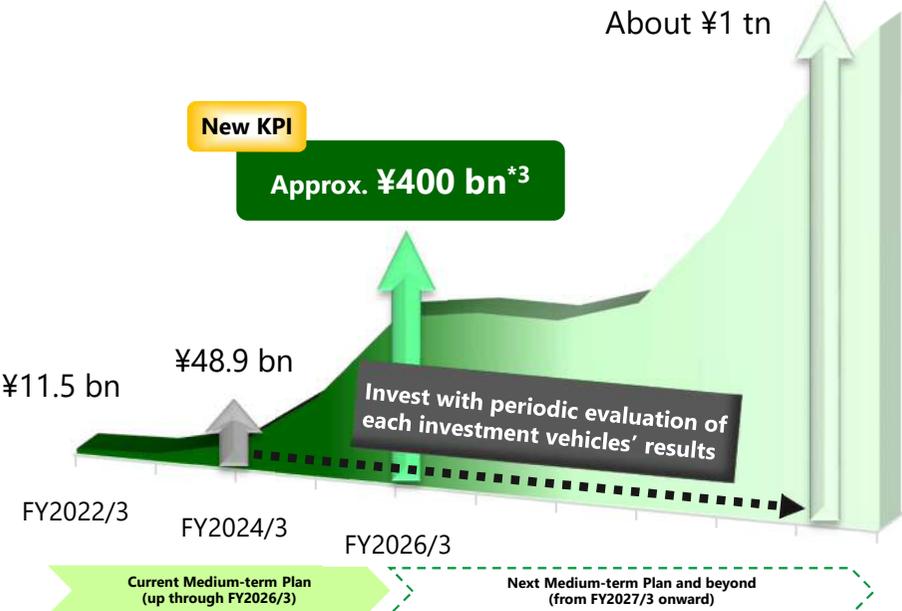
\*1 JV (Joint Venture): A new company established by two or more companies to conduct business.

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

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

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

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

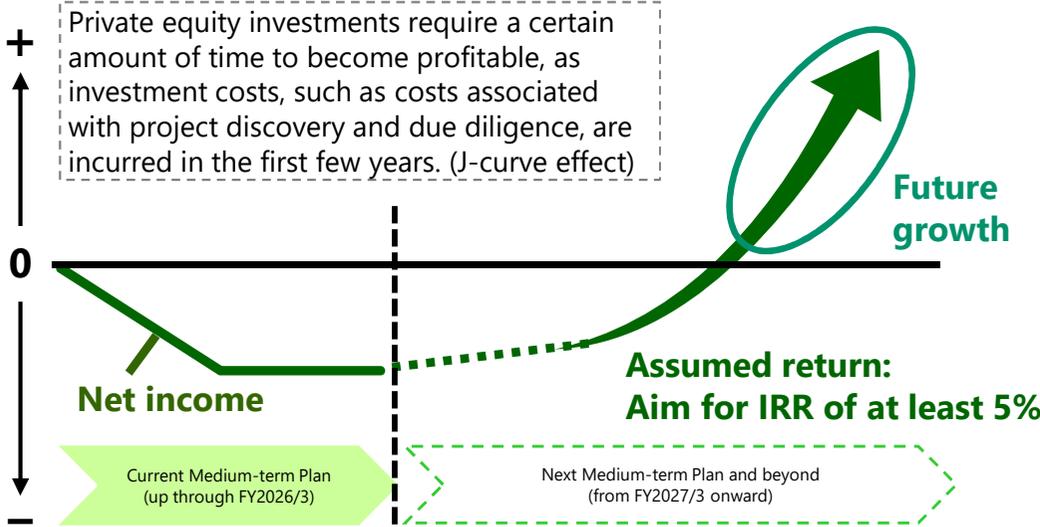


\*1 Amount of investment commitment for investment vehicles related to "Japan Post Bank's unique GP business"  
 \*2 Assumption that the domestic PE market will grow to the same level as in Europe and the U.S. in the future  
 Average annual flows as a percentage of GDP, 2014-20:

	Japan	U.S.	U.K.
	0.2%	1.3%	1.5%

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

## Schematic of the income roadmap



## Effects other than economic return

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

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

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

## Management strategy



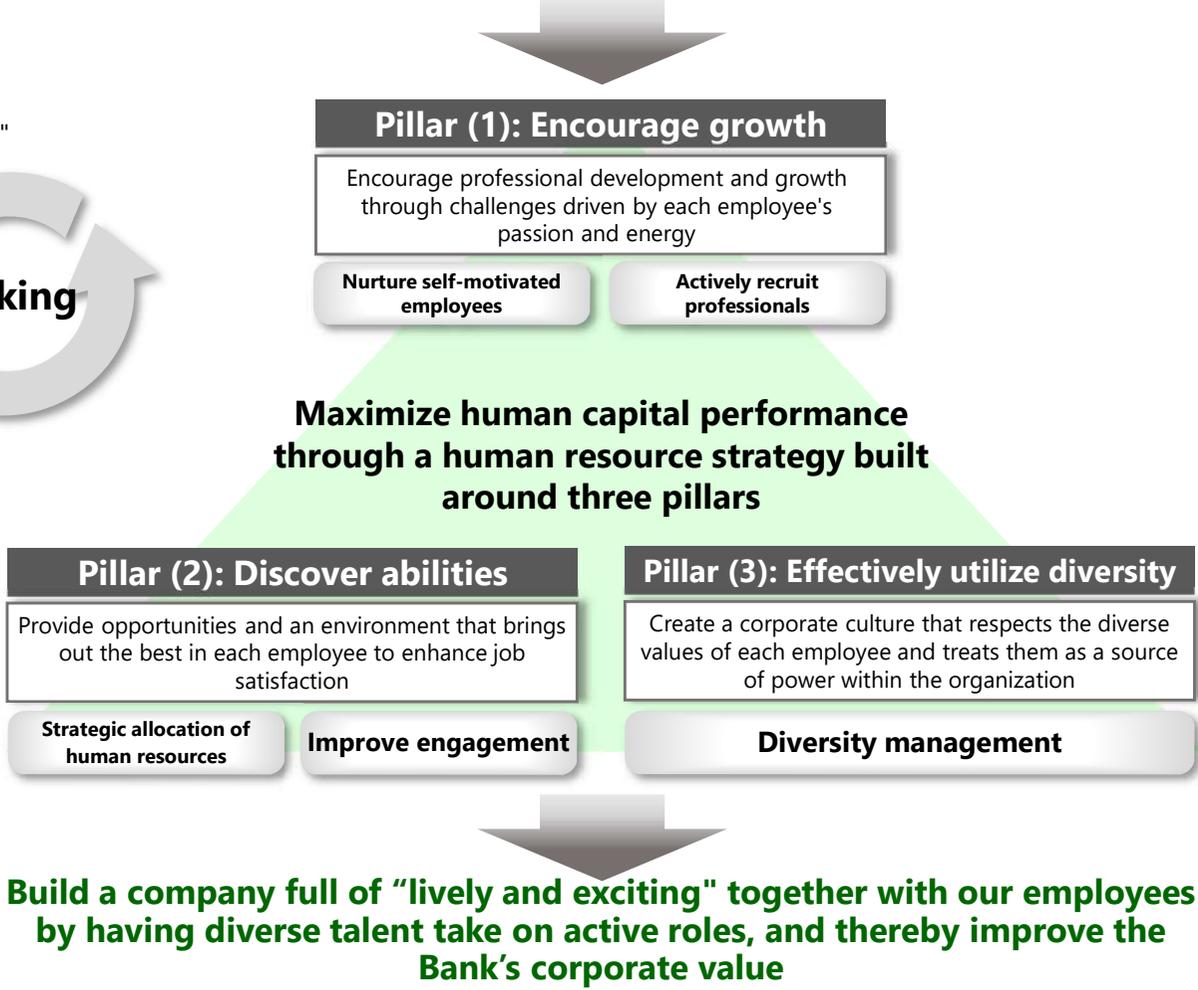
### Management strategies and our vision of human capital

Individuals who share Japan Post's purpose, management philosophy, and missions, 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	<ul style="list-style-type: none"> <li>☞ Individuals who will take on the challenge of transforming services and operations through the use of AI and other digital technologies</li> <li>☞ Individuals capable of proposing ideal products and services that meet customer needs</li> </ul>
Market business enhancement	<ul style="list-style-type: none"> <li>☞ Individuals with highly specialized skills and knowledge of investment, ALM, and risk management</li> </ul>
Full-scale launch of the Σ Business	<ul style="list-style-type: none"> <li>☞ Individuals who can support the growth of investee companies and local communities by understanding local issues and providing solutions</li> </ul>
Strengthening the management base	<ul style="list-style-type: none"> <li>☞ Individuals who are willing to take on the challenge of increasing the sophistication and efficiency of business operations by building on their expertise in various fields</li> </ul>

## Human resource strategy

Human resources represent the Bank’s “assets” and “source” of competitiveness and value creation, and we regard them as one of our most important capital components



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

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

Pillar (1):  
Encourage growth

## Priority issues

### Nurture self-motivated employees

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

### Actively recruit professionals

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

### Strategic allocation of human resources

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

### Improve engagement

- **Create an environment that rewards self-directed hard work** (Improve the personnel evaluation and salary system mainly for specialized talent)
- **Maintain a psychologically safe workplace** through detailed checks of the work environment using engagement surveys, etc.
- **Promote reform of the corporate culture** (p. 31) by strengthening internal communication , etc.
- Encourage employees to attain a state of "well-being" by **promoting health management** through various wellness events, in-house newsletters, etc.

### Diversity management

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

Pillar (2):  
Discover abilities

Pillar (3):  
Effectively utilize diversity

## Main KPIs

### New KPIs

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

### New KPIs

<b>Overall employee satisfaction rate</b>	70% or higher
-------------------------------------------	---------------

### Revised KPIs

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

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

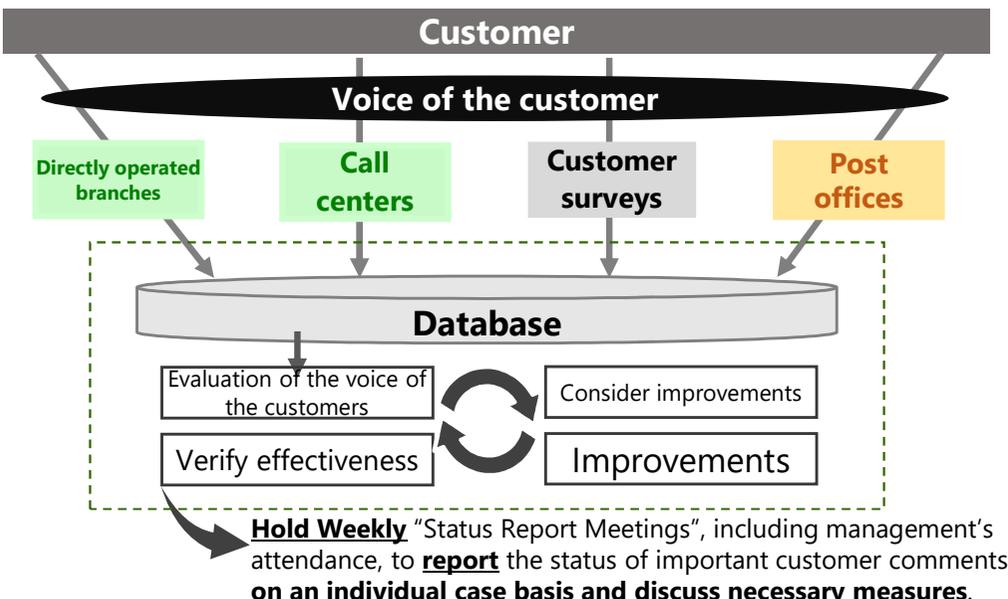
# Strengthening the Management Base:

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

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

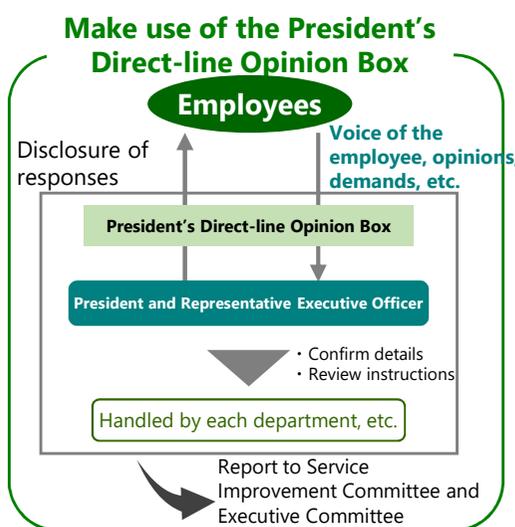
### Further emphasis on customer-orientated business operations

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



### Reform of the corporate culture

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



### Make use of online in-house newsletters

**Life** (めうちよ)

- ✓ Distribution of executive self-introductions, employee profiles, and other such content
- ✓ Promote internal communication through comment posting among employees, etc.

(Online in-house newsletter)

## Fortify internal control systems

### (1) Further strengthen cybersecurity readiness

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

### (3) Strengthen compliance framework

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

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

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

### (4) Ensure operational resilience

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

# Strengthening the Management Base: (4) IT Investment Plan

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

## Strategic IT investments for new growth

### Retail business innovations

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

### Full-scale launch of the Σ Business

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

**Proactive use of new technologies, such as generative AI**

### Market business enhancement

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

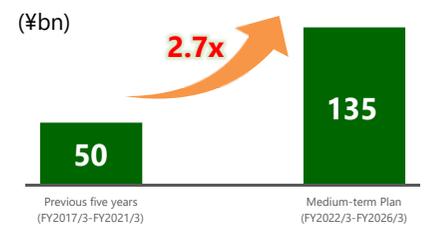
### Strengthen AML, CFT, CPF measures\*2

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

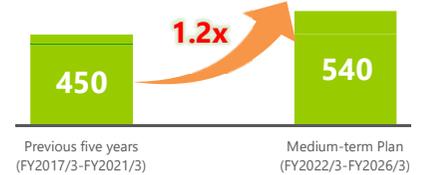
### Strengthen security readiness

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

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



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



## IT investments for stable and sustainable business operations

System renewal and other work is being steadily implemented

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

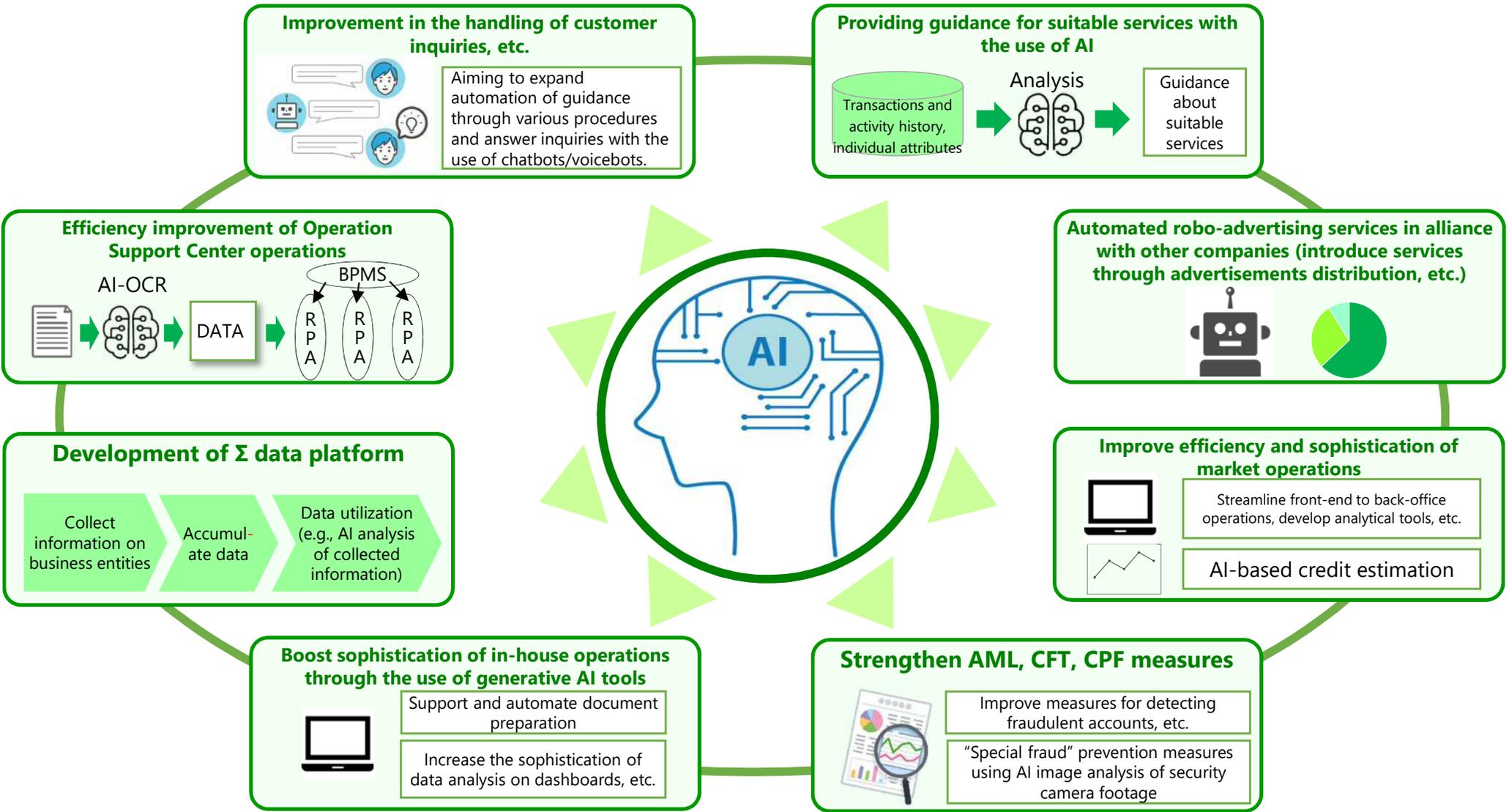
**Looking 10 years ahead, commence studies on a future vision of a sustainable system for responding to changes in the social and business environments**

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

\*1 Cash flow basis for capital investment + expenses      \*2 Anti-money laundering, countering the financing of terrorism, counter proliferation financing

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

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



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

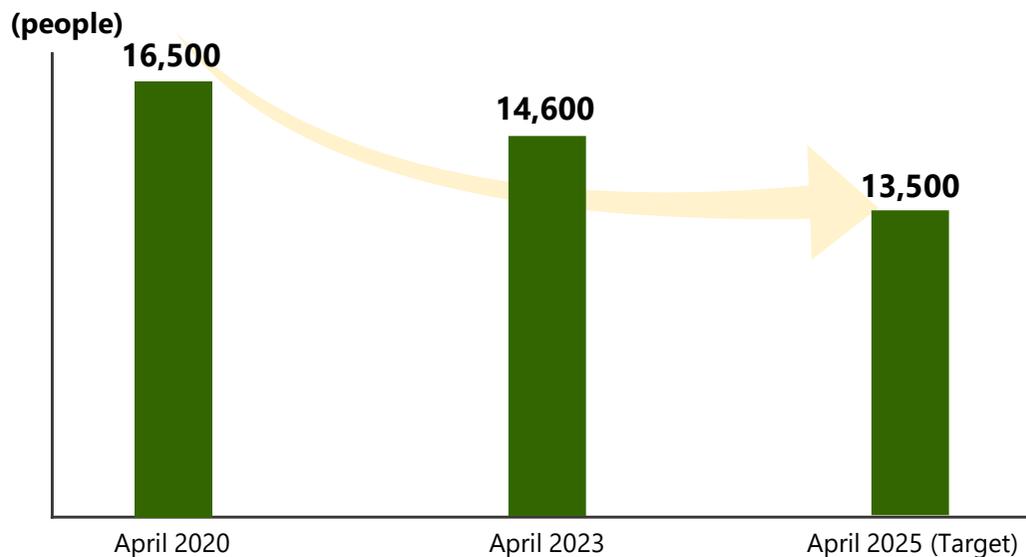
# Strengthening the Management Base:

## (6) Plan for Personnel Expenses and General and Administrative Expenses

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

### Personnel plan

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



#### Reduction of workload

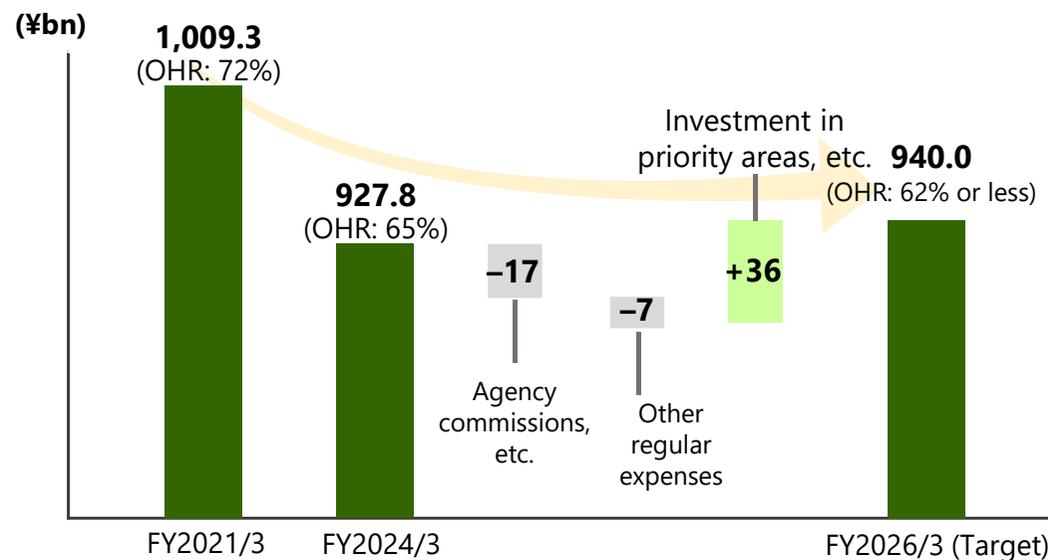
- Increase efficiency through expansion of automated processing at Operation Support Centers, etc.
- Improve operational efficiency at the Head Office
- Reduction of consultants, loan service department employees, etc.

#### Increase personnel in strengthened areas

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

### Reduce general and administrative expenses, improve OHR\*

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



#### Reduction in regular expenses

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

#### Investment in priority areas, etc.

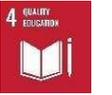
- Investments to promote DX, such as functional enhancements to apps
- Strengthen AML, CFT, CPF and security measures
- Increase personnel in areas to be strengthened
- Improvement of employee compensation, etc.

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

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

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

\* The underlined items are KPIs that have been revised

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

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

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

# Promotion of Sustainability Management:

## (2) Provide "Safe and Secure" Financial Services to Anyone and Everyone Throughout Japan

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

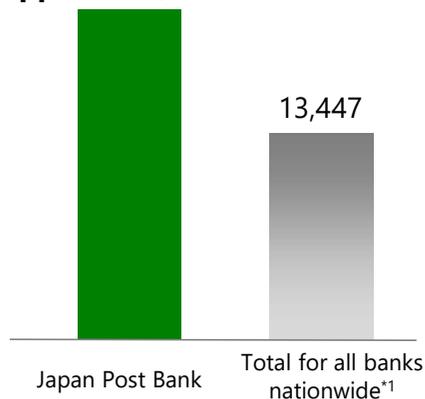
### Network

#### Total number of branches

Approx. **24,000** branches

Comparison of domestic branch network

Approx. **24,000**



#### Number of ATMs

Approx. **31,200** units

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

#### Partner financial institution cards usable at ATMs

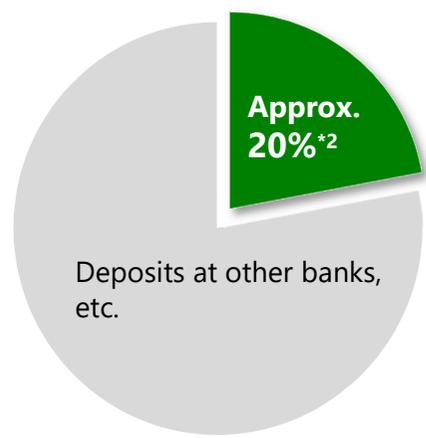
Approx. **1,200** companies

### Customer base

#### Number of ordinary deposit accounts (total deposit balance)

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

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



#### Digital services

▶ Number of accounts registered in the Yucho Bankbook App

Approx. **10.4 mn** accounts  
⇒ **To 16 mn accounts**\*3

▶ Number of accounts registered with the Yucho Direct service

Approx. **11.74 mn** accounts

#### Asset building

▶ Number of investment trust accounts

Approx. **1.42 mn** accounts

▶ Number of NISA accounts

Approx. **730,000** accounts  
⇒ **To 940,000 accounts**\*3

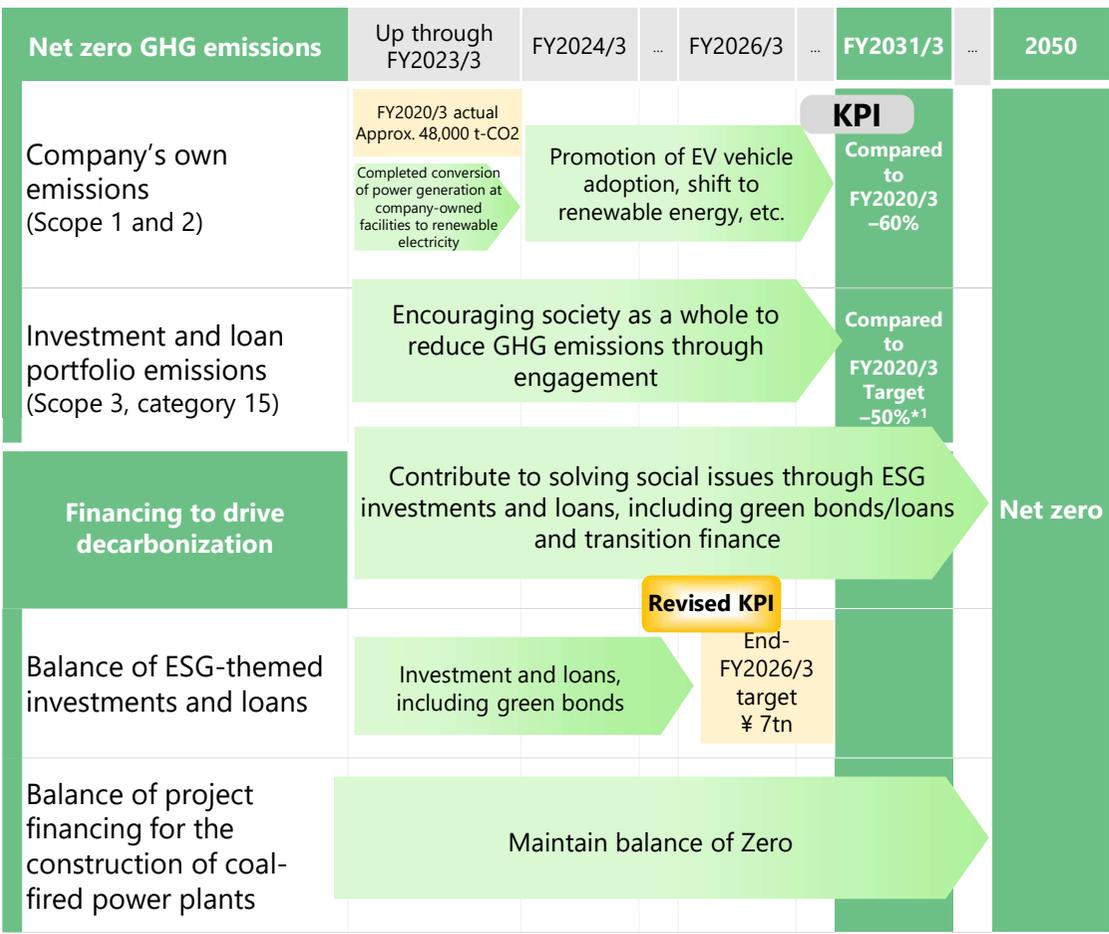
## High-quality system infrastructure to support massive volume of financial transactions

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

# Promotion of Sustainability Management: (3) Reducing Environmental Impact

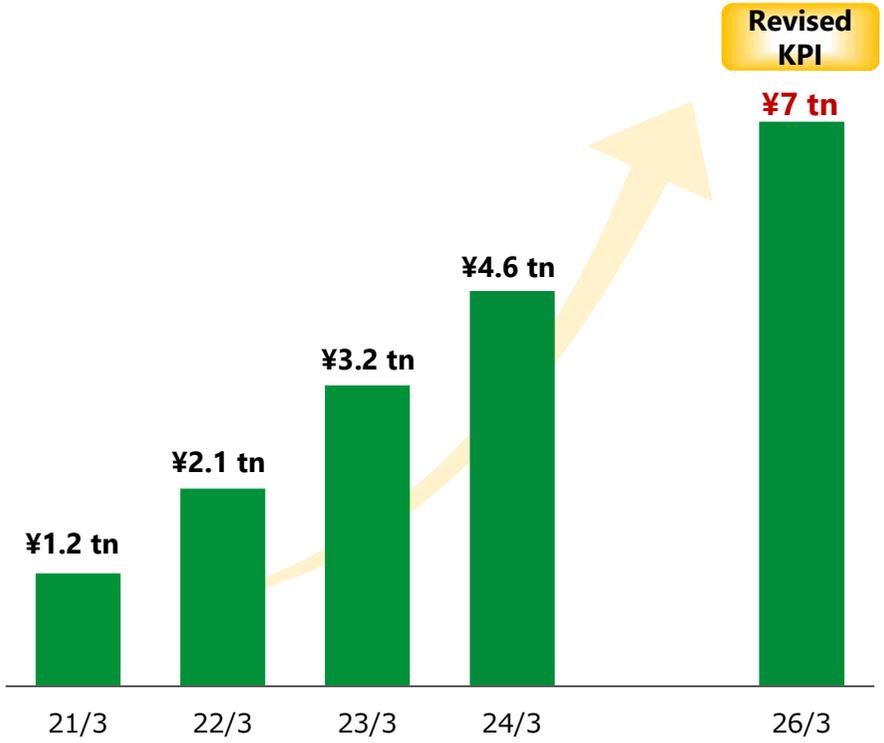
- Promoting initiatives in line with the roadmap to decarbonization to achieve "net zero GHG emissions by 2050."
- Target for the balance of ESG-themed investments and loans raised from ¥4 trillion to ¥7 trillion (to be achieved by end-FY2026/3) to support decarbonization efforts, etc. through financing.

## Roadmap to decarbonization



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

## Balance of ESG-themed investments and loans\*2



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

## Reduction in use of business forms

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

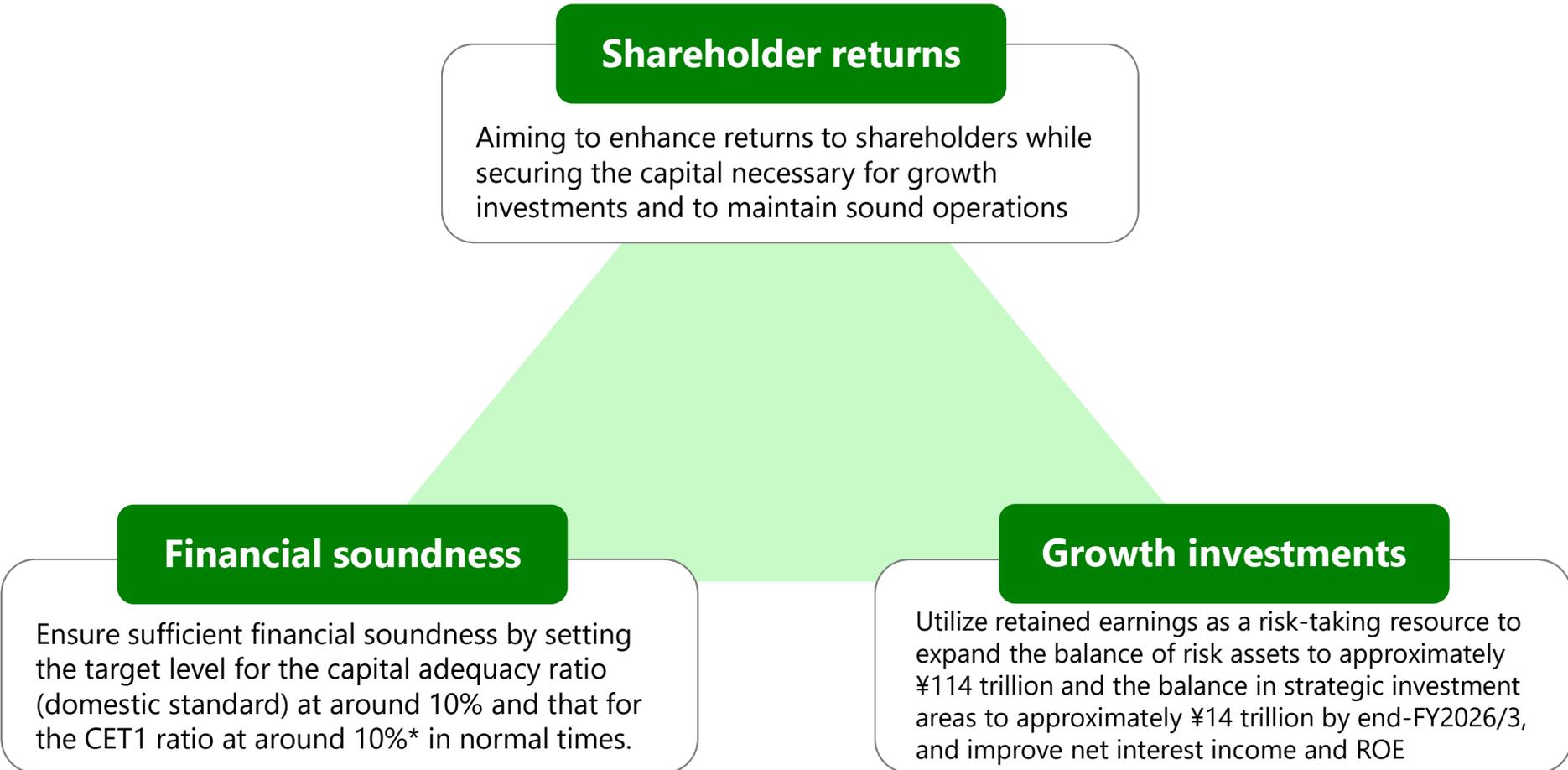
**New KPI**

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

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

# Capital Policy: (1) Basic Thought Process

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



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

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

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

## Policy on shareholder returns

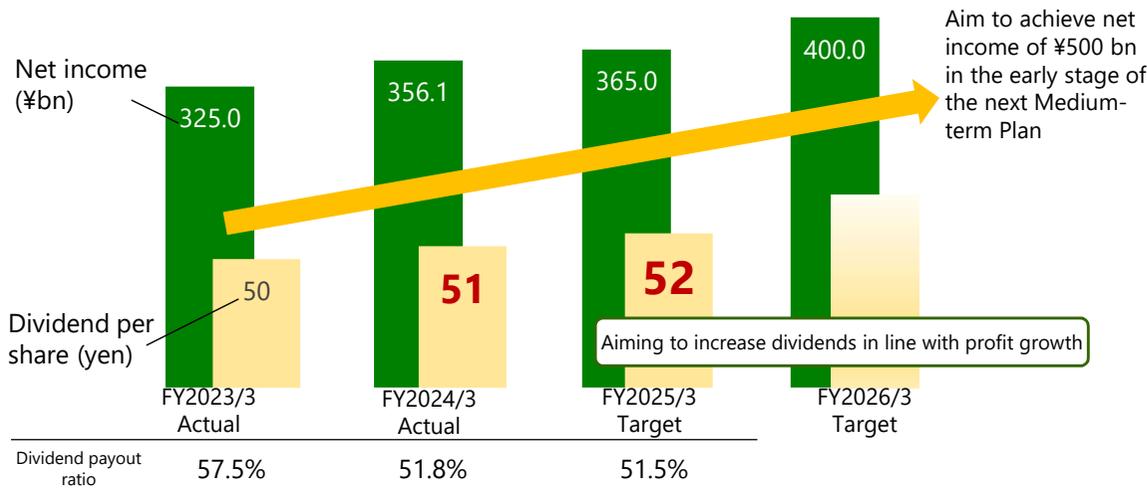
- Considering the balance between shareholder returns, financial soundness, and investment for growth, our basic policy is to maintain a dividend payout ratio of approximately 50% during the period of the Medium-term Plan (FY2022/3-FY2026/3).
- However, based on the stability and continuity of dividends,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

## Basic policy on shareholder returns

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

## Other policies concerning shareholder returns, etc.

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



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