JAPAN POST BANK

Daiwa Investment Conference Tokyo 2016

March 2, 2016

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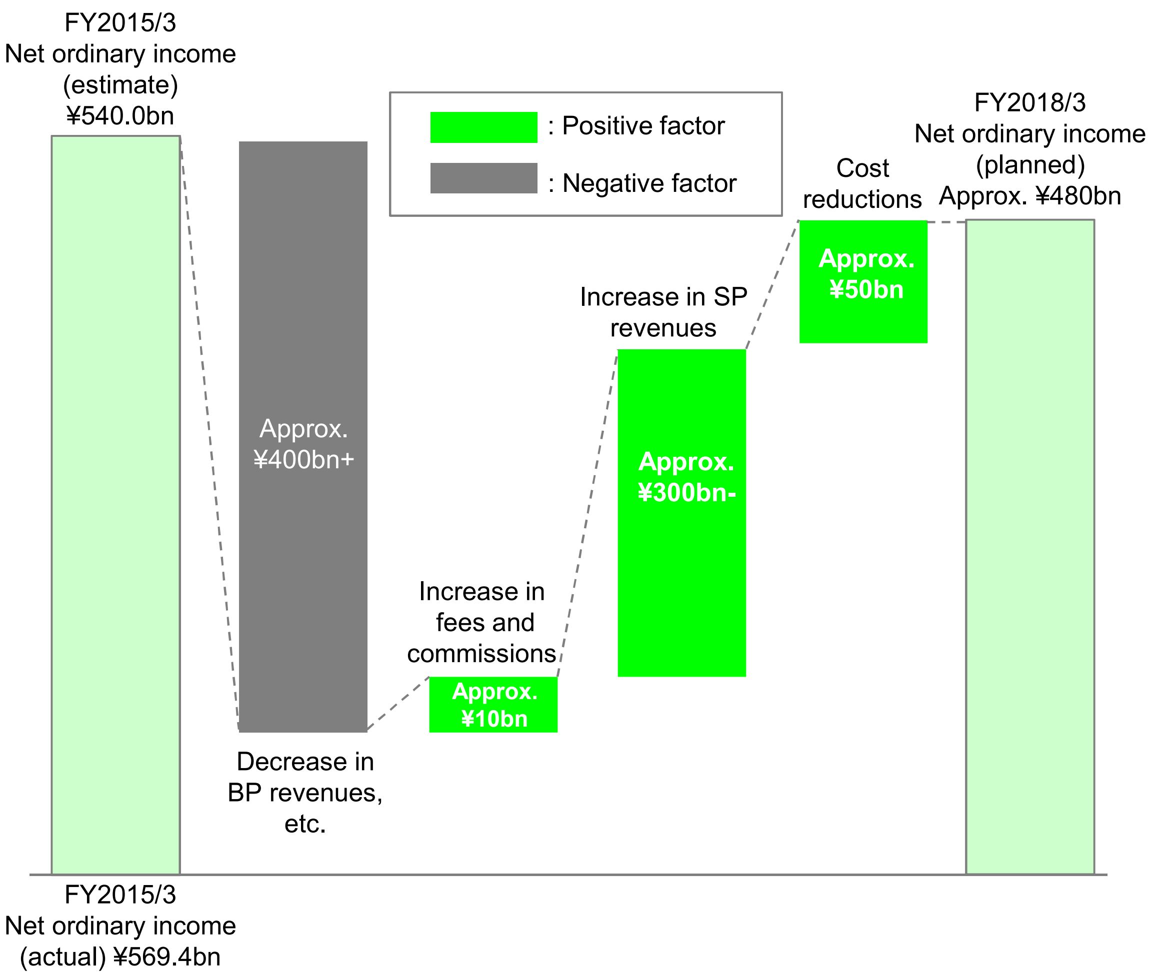
Note: In these presentation materials, all figures have been rounded down to the nearest trillion or billion yen amount except where noted.
Accordingly, the total of each account may not be equal to the combined total of individual items.

1. Highlights of FY2016/3 3Q (Apr-Dec) Financial Performance

＜Changes in Net Ordinary Income in Medium-term Management Plan (illustration)＞



※In addition to assumptions of medium-term management plan, this growth strategy is based on stable economic conditions and implementation of portfolio as planned

＜Changes in Status since Formulation of Medium-term Management Plan＞

BP (Base Portfolio) Revenues

Rapid decline in JGBs due to the continuation of historically low interest rates

Funds anticipated to be reinvested in JGBs were unavoidably parked in BOJ deposits

SP (Satellite Portfolio) Revenues

a. **Faster than initial estimation reflecting a large decrease in the JGB balance**
b. **The widening of overseas credit spreads caused by market instability negatively affected revenues due to a decrease in investment trust returns, in the meantime positively affected revenues from new investments**

＜Items Progressing in Line with Medium-term Management Plan＞

Fees and Commissions

Strong investment trust sales

Cost Reductions

Steady progress mainly due to deposit insurance rate reduction

Initiatives through FY2016/3 3Q (Apr-Dec)

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Striving to secure stable profit even under the severe business environment, by placing top priority on "diversification and sophistication of investment," "increase in fees and commissions" and "cost reduction"

＜Initiatives through FY2016/3 3Q (Apr-Dec)＞

BP (Base Portfolio) Revenues

a. **Down by ¥141.8bn YoY amid the severe business environment where interest rates have been at a historically low level**

b. **Generally in line with our mid-term plan (~35% progress against plan of ~¥400bn+ decrease)**

Fees and Commissions

a. **Up by ¥2.9bn YoY due mainly to strong investment trust sales**

b. **Secured a steady level compared with our mid-term plan (~29% progress against plan of ~¥10bn increase)**

SP (Satellite Portfolio) Revenues

a. **Up by ¥51.4bn YoY as a result of expanding the SP, including an increase of ¥11tn in foreign securities, etc. versus March-end 2015**

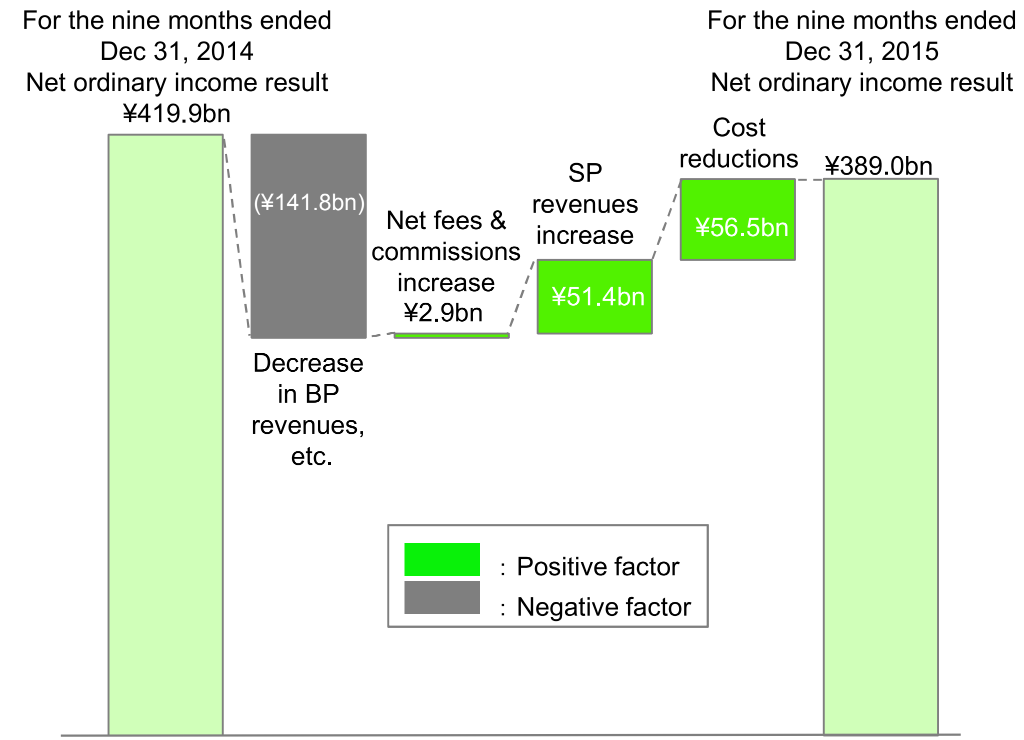
b. **Secured a steady level compared with our mid-term plan (~51% progress against plan of nearly ~¥300bn increase (including the realization of ~¥200bn of unrealized gains on forex in FY2018/3))**

Cost Reductions

a. **Cost reductions of ¥56.5bn achieved mainly due to the lowered deposit insurance rate**

b. **Secured a steady level compared with our mid-term plan (~113% progress against plan of ~¥50bn cost cut)**

＜Changes in Net Ordinary Income (illustration)＞



	BP revenues decrease	Net fees and commissions	SP revenues Increase	Cost reductions
A. Progress at a normal pace*	Approx. (¥100.0bn+)	Approx. ¥2.5bn	Approx. ¥75.0bn-	Approx. ¥12.5bn
B. Actual progress**	(¥141.8bn)	¥2.9bn	¥51.4bn	¥56.5bn
B/A	141%	116%	68%	452%

* Mid-term plan x 9 months /36 months (=25%)
** Same figures as in the above exhibit.

FY2016/3 Earnings Forecasts and Dividend Policy

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① **Progress of more than 80% of the full-year earnings forecast**
② **Compelling and stable shareholder return**

【Dividend policy (through FY2018/3 end)】

(1) Dividend payout ratio: approx. 50% or more
Target for FY2016/3 : approx. 25% or more
(Taking into account the period between the date of listing and the dividend record date will be less than six months)

(2) Aim to pay a stable per-share dividend

(3) Also aim to consider additional shareholder return while taking into account developments on regulations, earnings growth and accumulation of retained earnings, etc.

【FY2016/3 Earnings Forecast】

	For the nine months ended Dec.31, 2015	FY2016/3 Full-year forecast	Progress
Net ordinary income	¥389.0bn	¥460.0bn	84.5%
Net income (FY2016/3 3Q (Apr-Dec))	¥266.0bn	¥320.0bn	83.1%
Net income (FY2016/3 3Q (Apr-Dec)) per share	¥70.95	¥85.34	—
Dividend per share (forecast)	—	¥25.00(※)	—

FY 2016/3 Earnings Forecast was announced on November 4, 2015

(※)Assumptions
- JGBs and US Treasuries: Based on the implied forward rates as of December 31, 2014
- Stock prices and foreign exchange rates: Assuming stock and foreign exchange markets remain at the level as of December 31, 2014
(Assumed financial market conditions as of March 31, 2016)
10 Year JGB Yield: 0.47%
10 Year US Treasury Yield: 2.70%
TOPIX: 1,407P
Exchange rate (USD/JPY): $1= ¥120

	Dec 31, 2014	Mar 31, 2015	Mar 31, 2016	Mar 31, 2017	Mar 31, 2018
2 year JGB	0.0000	0.0000	0.0000	0.0129	0.0770
5 year JGB	0.0300	0.0301	0.0518	0.1547	0.2790
10 year JGB	0.3290	0.3506	0.4673	0.5988	0.7463

Implied forward rates as of December 31, 2014

2. Progress of Growth Strategy

ALM/Investment Strategy to Generate Stable Income and Excess Return (BP)

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"Base Portfolio": Secure basic return mainly from JGBs by managing interest rate/liquidity risk
Stable funding enabling held-to-maturity investment

(management accounting basis, figures are rounded to the nearest trillion)

Portfolio Management Policy

Base Portfolio:
(Liability-driven portfolio)

¥138tn [(¥11tn) vs FY2015/3 end]

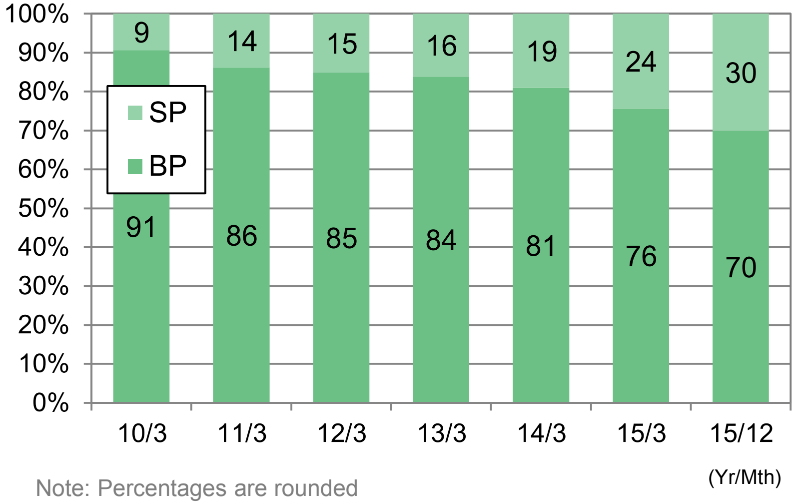
- **Purpose:** The foundation of our ALM
- **Funding:** Stable liabilities (over 90% are retail, small-sized deposits)
- **Strategy:** Main source of income – spread between long and short-term interest rates; aim for carry profits
  Provides internal funding to the Satellite Portfolio

(¥tn)

	As of Dec 31, 2015	Difference	As of Mar 31, 2015
Short-term assets[1]	48	+12	35
Bonds held to maturity —JGBs, Government guaranteed bonds	54	(12)	66
Available for sale securities —JGBs	35	(12)	47
Loans	2	(0)	2

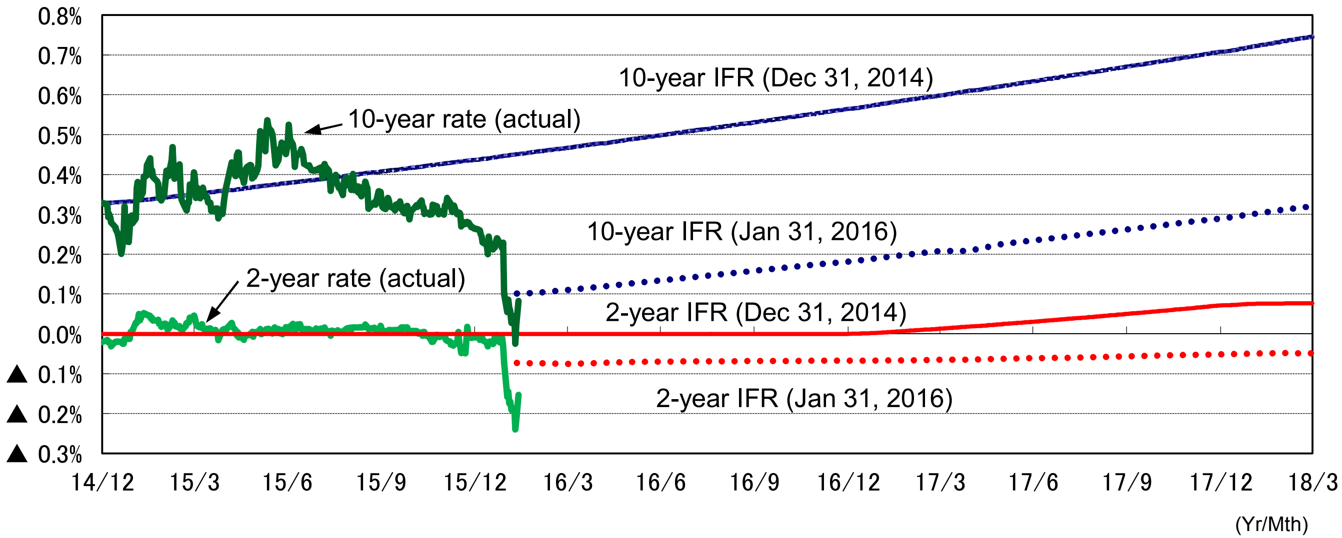
1. Short term assets include cash and due from banks, call loans, receivables under securities borrowing transactions (excl. those in trust), short-term T-bills, short-term corporate bonds, etc.

(Reference 1) Proportion of BP and SP to total



Note: Percentages are rounded

(Reference 2) Domestic Implied Forward Rates (Present compared to Dec 31, 2014)



"Satellite Portfolio": Seek excess return by taking credit/market risk through global asset allocation

Solid capital allowing over-the-cycle investment

(management accounting basis, figures are rounded to the nearest trillion)

Portfolio Management Policy

Satellite Portfolio
(Excess-return portfolio)

¥60tn [+¥12tn vs FY2015/3 end]

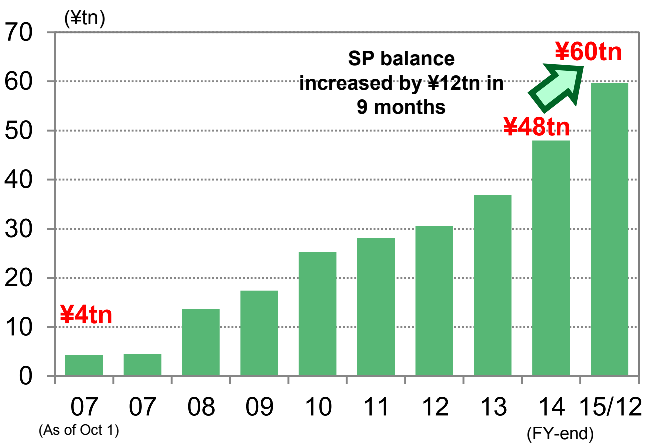
- **Purpose:** Pursue excess return
- **Funding:** Mainly internal funding from the Base Portfolio (Transfer price based on market interest rates)
- **Strategy:** Promote global asset allocation while assessing market and economic conditions; Aim to achieve excess return including capital gains; Create a "hedge position" by adding assets with negative correlation against domestic bonds

(¥tn)

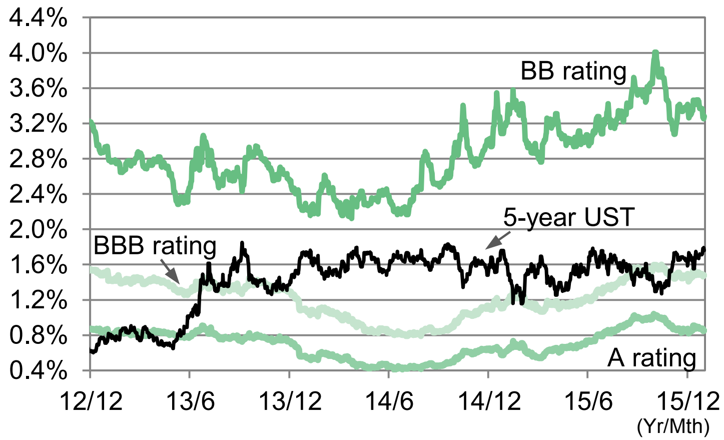
	As of Dec 31, 2015	Difference	As of Mar 31, 2015
Available-for-sale securities			
—Municipal bonds	5	+0	5
—Corporate bonds, etc.[1]	7	+0	6
—Foreign securities[1]	44	+11	33
[incl. Investment trusts]	[24]	[+10]	[14]
Bonds held to maturity —Municipal bonds, etc.	1	(0)	1
Money held in trust[2] (Stocks)	2	(0)	2
Loans	1	0	1

1. Corporate bonds, etc., foreign securities include monetary claims bought
2. JGBs contained in money held in trust are included in the Base Portfolio.

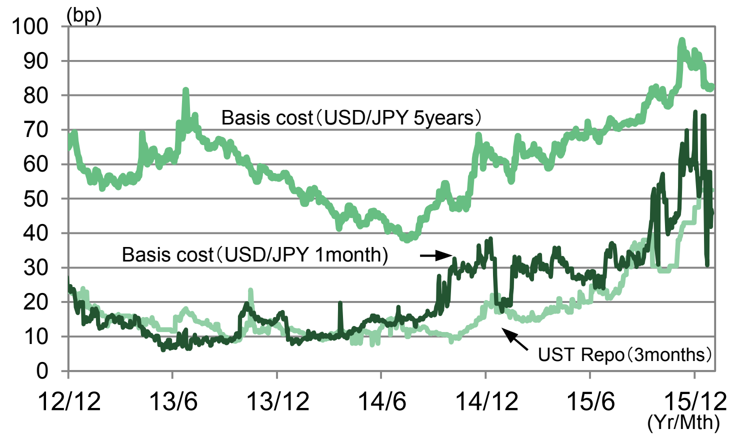
(Reference 1) SP Balance



(Reference 2) US Credit Spread



(Reference3) Currency Hedging Cost



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Net Gains and Losses (Including Fees and Expenses, Management Accounting Basis)

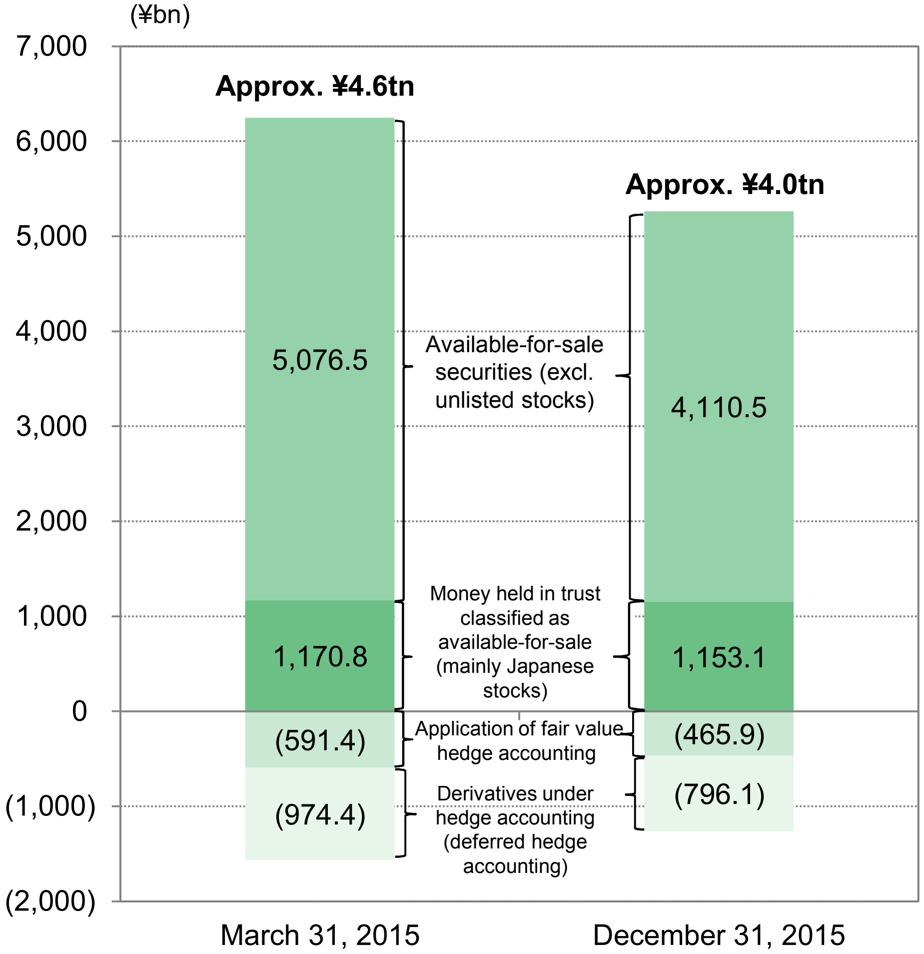
(Average balance: ¥tn, Net gains / losses: ¥bn, figures are rounded down)

	FY2010/3		FY2011/3		FY2012/3		FY2013/3		FY2014/3		FY2015/3		For the nine months ended December 31, 2014		For the nine months ended December 31, 2015		
	Average balance	Net gains / losses	Average balance	Net gains / losses	Average balance	Net gains / losses	Average balance	Net gains / losses	Average balance	Net gains / losses	Average balance	Net gains / losses	Average balance	Net gains / losses	Average balance	Net gains / losses	
Total Portfolio (BP＋SP)	189.5	488.8	184.2	519.7	184.2	573.4	187.4	592.1	190.5	573.1	194.2	559.9	194.2	417.9	196.6	386.2	
Base Portfolio (BP)	173.9	446.3	162.8	444.4	157.4	438.7	158.0	342.1	156.7	289.7	151.7	94.7	153.1	81.3	142.7	(1.8)	
BP Customer-based Funding	-	(6.6)	-	(65.8)	-	(57.6)	-	(60.2)	-	(120.3)	-	(222.4)	-	(176.0)	-	(179.1)	
BP Investment Side, etc.	-	452.9	-	510.3	-	496.4	-	402.3	-	410.0	-	317.2	-	257.3	-	177.3	Decrease
Satellite Portfolio (SP)	15.6	42.5	21.4	75.2	26.7	134.6	29.3	249.9	33.7	283.4	42.4	465.1	41.1	336.5	53.8	388.0	Increase

Note: Average balance of the respective portfolios are calculated as the average of the beginning and ending balances
Net gains and losses on each portfolio are calculated based on the formula below. The aggregate total gains and losses from both portfolios are largely consistent with our ordinary income:
Net gains/losses = Net interest income, etc. (Interest income - Interest expenses + Other operating income - Other operating expenses + Gains on money held in trust - Losses on money held in trust + Gains on sales of stock ,etc. - Losses on sales of stock, etc. - Write off on stock, etc.) + Net fees and commission income (Fees and commission income - Fees and commission expenses) - Expenses (equivalent to general and administrative expenses in our statement of income)

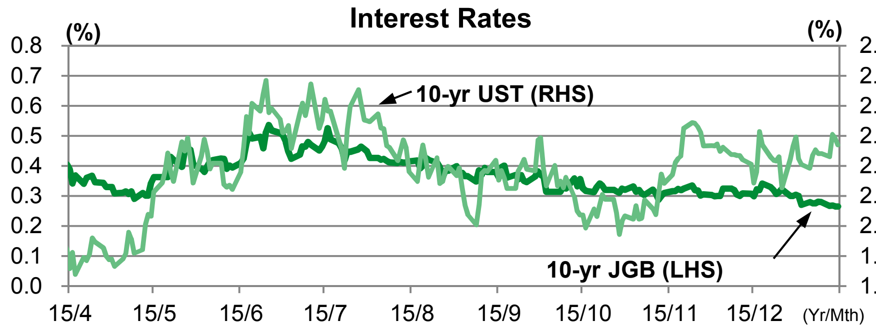
Despite decrease in net unrealized gains/losses in response to rising overseas interest rates and expanding spreads, level remains high

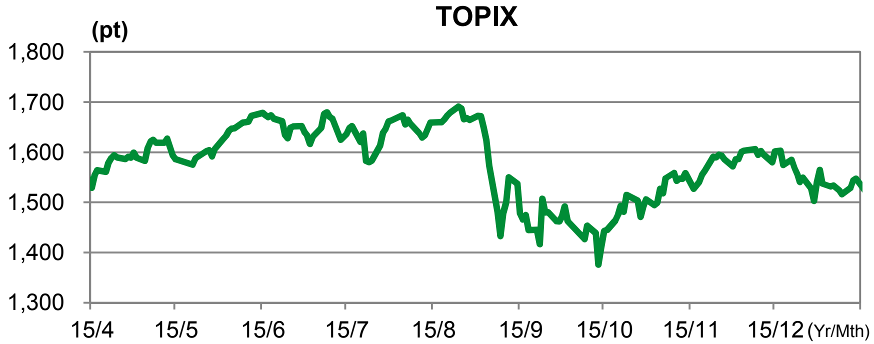
＜Net Unrealized Gains/Losses on Available-for-Sale Securities etc.＞

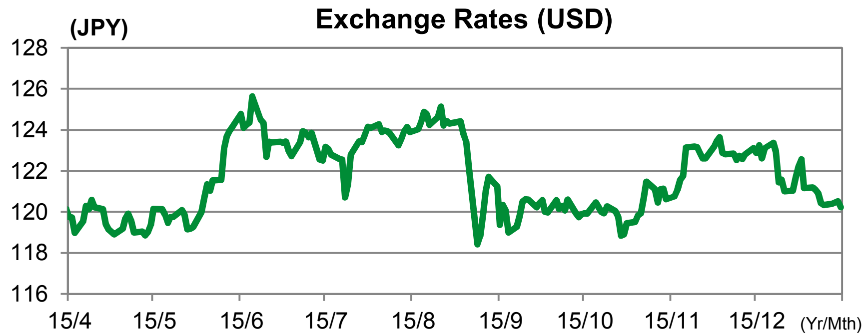


Notes : 1 Securities shown above include "securities," negotiable certificates of deposit, which is recorded under "cash and due from banks," and "monetary claims bought."
2 No impairment losses were recognized on available-for-sale securities for the nine months ended December 31, 2015 and the fiscal year ended March 31, 2015.
3 Impairment losses on money held in trust, which is classified as available-for-sale, for the nine months ended December 31, 2015 and the fiscal year ended March 31, 2015 amounted to ¥1.1 billion and ¥0.5 billion, respectively.

(Reference) Various Market Indicators







Investment Strategy ～Further Strengthening of Investment Organization～

① Active recruitment of investment professionals to explore new investment areas and further strengthen our organization by realizing synergies and collaboration with existing Investment Division members

② Establishment of new departments as below in line with the shift to a product oriented organizational framework specializing in various asset classes

Product oriented Organizational Framework Specializing in Various Asset Classes

Rates and FX Investment Department	Global Credit Investment Department	Equity Investment Department	Private Equity Investment Department	Real Estate Investment Department	
Interest rates Foreign exchange	Credit	Stocks	PE Infrastructure projects	Real estate	Others
Stable carry profits contribution ＋ Tactical risk positioning	Stable carry profits contribution ＋ Globally diversified investment	Globally diversified investment ＋ Entry into new investment fields	Entry into new investment fields ＋ Long-term profit contribution		

Cross-cutting management for all asset classes

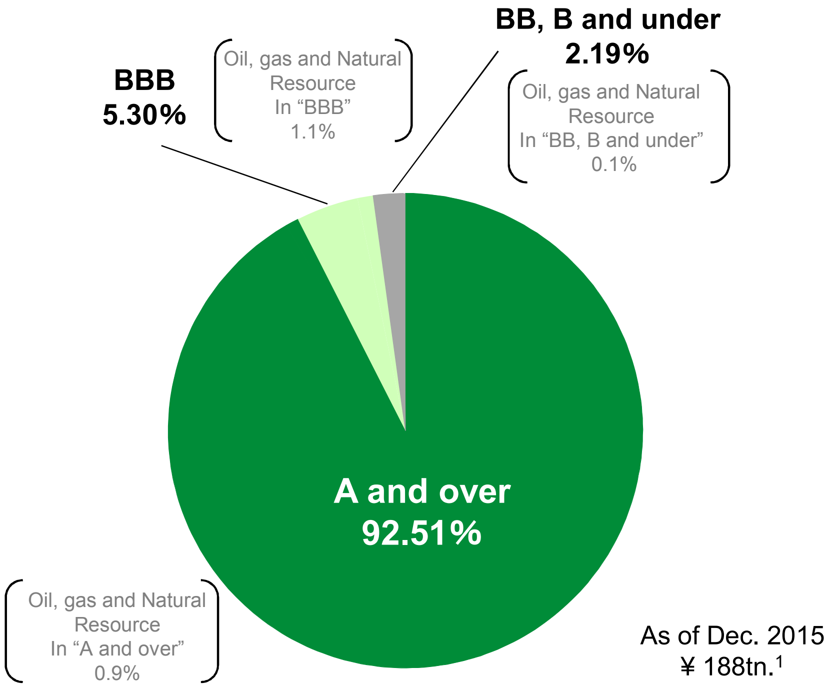
- Treasury Department: Establishment of solid foreign currency procurement system
- Global Fund Investment Department: Optimization of management costs and performance of trust management strategy

Investment Strategy ～Reinforcement of Risk Management System～

Established Risk Management Division to strengthen the risk control system associated with investment diversification

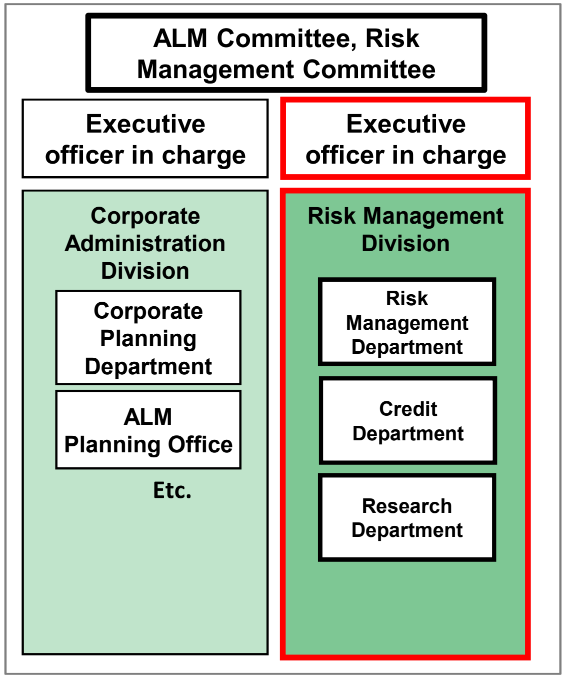
Assigned full-time executive officer in charge of Risk Management Division to reinforce governance

＜Exposures classified by rating＞

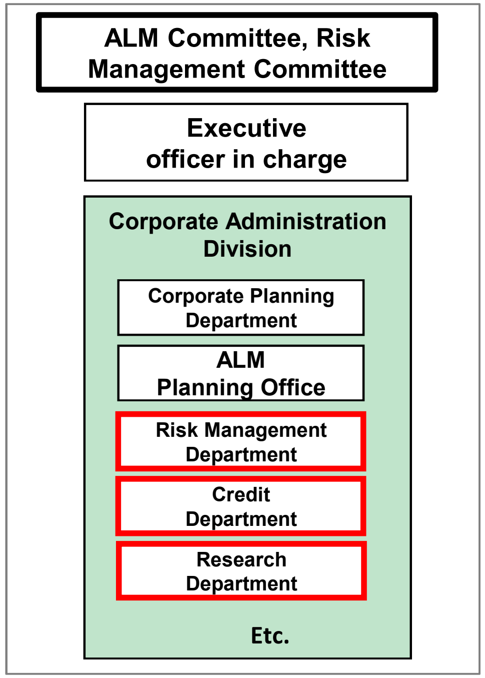


Note 1) Data in the above chart include securities and loans etc. for sovereign, financial institutions, and corporates. Classified by internal rating.
2) Exposures are the accumulation of investment balance (on a management accounting basis).

Current organization



Former organization



Development of risk management system

(1) Enhance risk management system to correspond to the sophistication of alternative investments, etc.
(2) Research trends and develop organization in response to domestic and overseas financial regulation reinforcements

Sophistication of credit assessment system

(1) Reinforcement of creditworthiness evaluation and monitoring systems
(2) Strengthening of credit assessment systems associated with sophistication of investments

Marketing Strategy ～Increase in Fees and Commissions (1)～

Aim to grow net balance of investment products by ¥1tn over 3 years by developing skills of consulting marketing personnel

Enhancement of Consulting Marketing

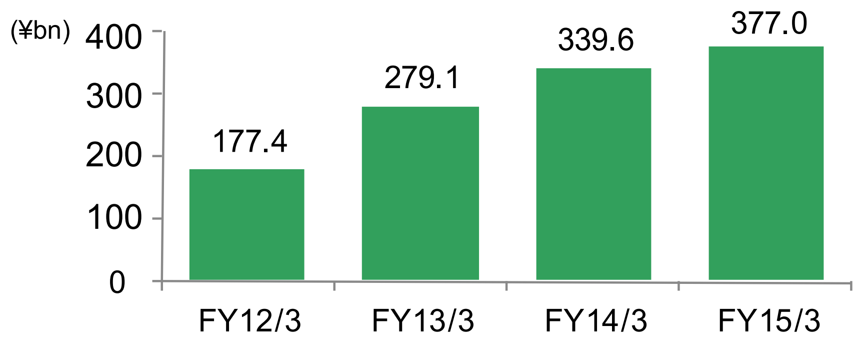
① Develop and increase personnel engaged in consulting marketing
Our branches: training is under way in an aim to increase the number of consulting marketing personnel from 1,000 to 1,300
Post offices : lessons provided by Japan Post Bank marketing instructors

② Each consulting staff member is in charge of specific customers to offer comprehensive consulting services

③ One internal administrator assigned to every branch and a total of 240 administrators assigned to post offices (12 added in the first half of FY2015/3)

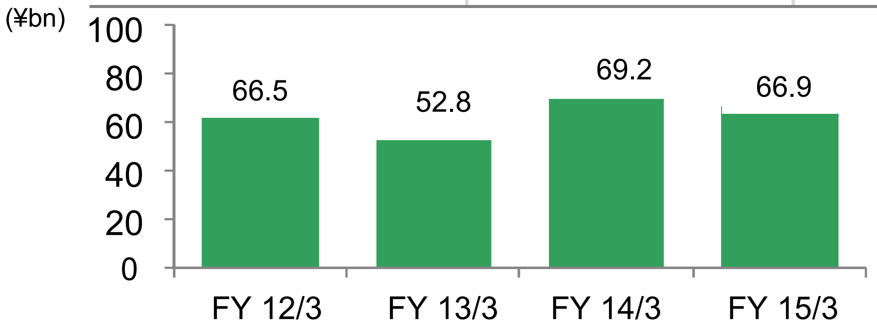
Investment Trust Sales

For the nine months ended Dec 31, 2015	For the nine months ended Dec 31, 2014	Difference
¥ 334.3bn	¥ 281.6bn	+ ¥ 52.7bn

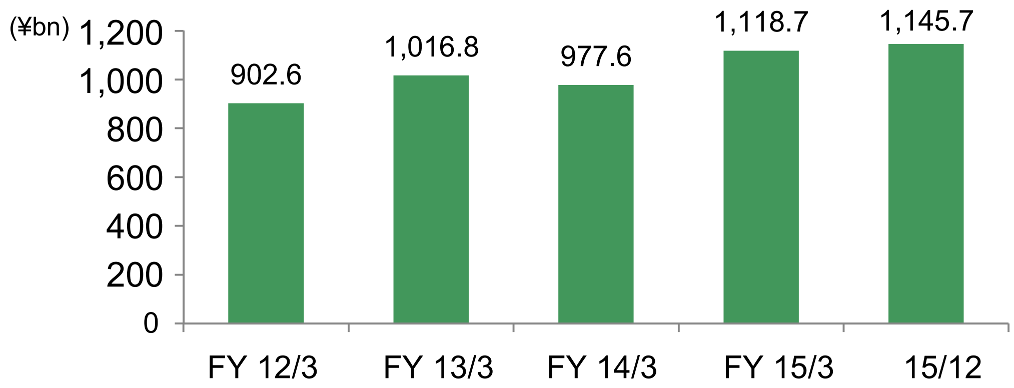


Variable Annuities Business

For the nine months ended Dec 31, 2015	For the nine months ended Dec 31, 2014	Difference
¥ 76.3bn	¥ 50.2bn	+ ¥ 26.0bn



Net Balance of Investment Trusts



Marketing Strategy ～Initial Launch of JP Asset Management Products～

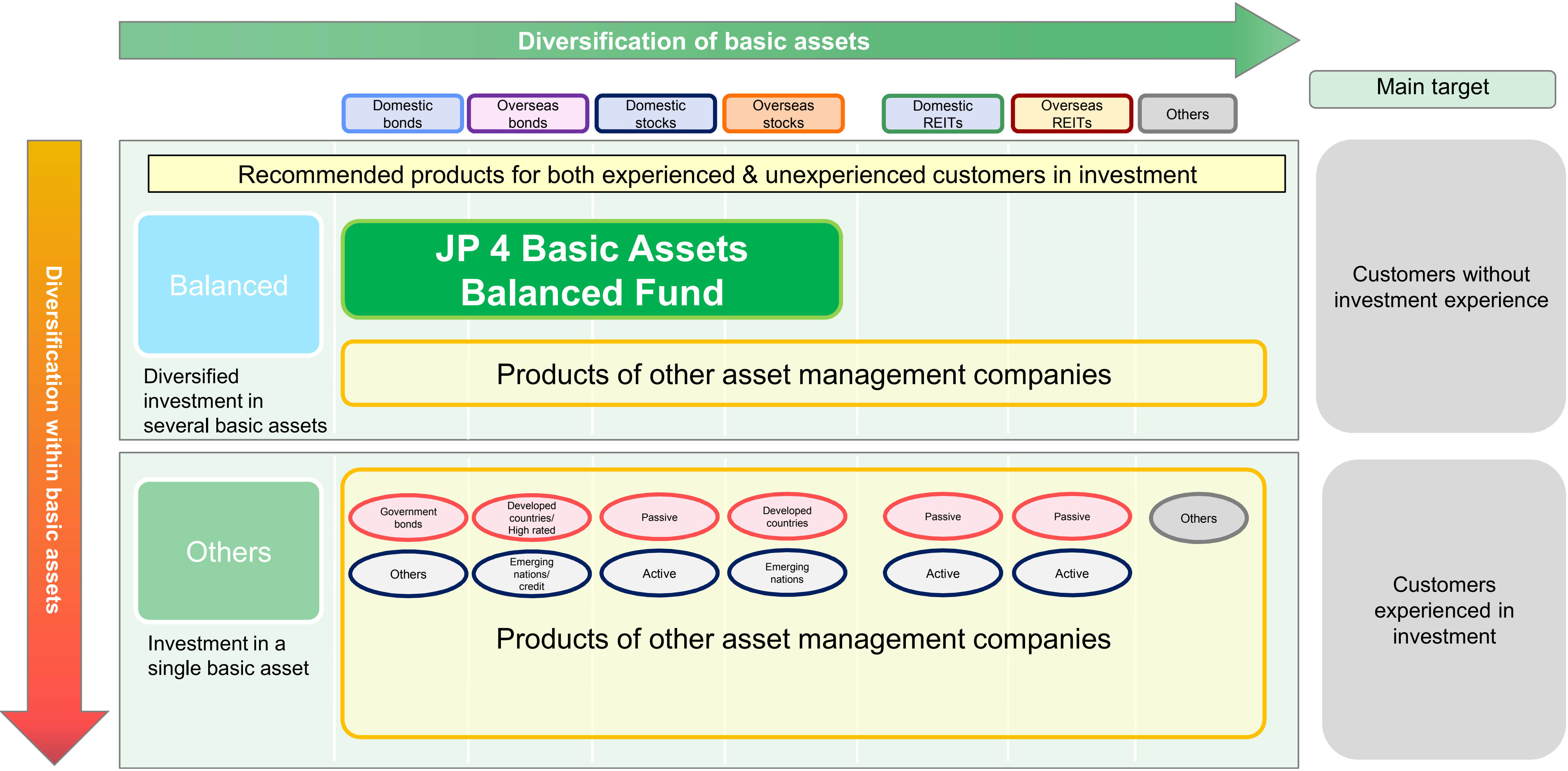
① **Started handling investment trust products established and managed by JP Asset Management Co., Ltd. for the first time on February 22, 2016**
The products are designed also for customers without investment experience

② **Plan to expand customer base by recommending our "core products", including new products of JP Asset Management Co., Ltd. to customers without investment experience**

＜Overview of newly handled investment trusts＞

Product Name	Overview	Purchase Commission (incl. tax)	Asset Management Costs (Holding Costs) <Annual>
JP 4 Basic Assets Balanced Fund (Stable option/Stable Growth option/Growth option) 【Nickname: Yu Balance】	The Fund aims to secure stable earnings and medium- to long-term growth of trust assets by making diversified investments in domestic and overseas stocks and bonds, through making investment in investment funds that invest essentially in stocks and bonds of Japan and other developed countries.	【Over-the-counter/ Telephone】 1.08% 【Internet】 Free	0.4968% [Substantive trust remuneration] Stable option: approx. 0.64584% Stable growth option:approx. 0.64908% Growth option: approx. 0.65232%

Marketing Strategy ～Initial Launch of JP Asset Management Products～



Marketing Strategy ～ Increase in Fees and Commissions (2)～

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① **Expand ATM network at conveniently accessible locations, grow alliances with regional financial institutions**

② **Strengthen fee business through sales of investment products and new retail businesses for which we have received regulatory approval after our corporatization**

ATM Business Strategy

(1) Strategic installation of out-of-branch ATMs
- a. Installed approx. 500 ATMs in FamilyMart convenience stores mainly in metropolitan areas in FY2015/3
  - Number of usages has increased steadily since installation
  - High usage rate by other banks' customers contributed to revenues
- b. Continue to install ATMs in highly convenient locations, including introduction of small ATMs in narrow places
- c. Expand fee and commission revenues by installing and expanding small ATMs in convenience stores, etc.

(2) Business partnerships with regional financial institutions
- a. Make efforts to have Japan Post Bank's ATM network broadly available for customers of regional financial institutions
- b. Establish the Financial Institutions Business Office (2015/10)

(Reference)

Number of regional banks whose account holders can use Japan Post Bank's ATMs free of charge during business hours:

9 banks (2014/3) ⇒ 11 banks (2015/12)

Results for Net Fees and Commissions

(¥bn)

	For the nine months ended Dec 31, 2015	For the nine months ended Dec 31, 2014
Growth Areas[1]	**27.9**	23.5
Others[2]	**42.7**	44.1
Total	**70.7**	67.7

1. Growth areas are investment trusts, variable annuities, ATM alliances, interbank remittances, credit cards and individual loans.
2. Others are mainly remittance services (ordinary in-payment, automatic in-payment, etc.)

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① **Continue to enhance cost reduction efforts**

② **Aim to reduce non-personnel expenses (including deposit insurance premiums) by ¥50bn in FY2018/3 versus FY2015/3**

General and Administrative Expenses

(¥bn)

	For the nine months ended Dec 31, 2015	Difference	For the nine months ended Dec 31, 2014
Personnel expenses	91.9	＋1.1	90.8
Non-personnel expenses			
－Commissions paid to Japan Post Co.,Ltd.	460.8	＋4.1	456.7
－Deposit insurance premiums	55.7	(53.9)	109.6
※Including payment of grants to Japan Post Holdings			
－Other	133.8	(6.8)	140.6
Taxes and dues	56.9	＋1.4	55.5
Total	799.4	(54.0)	853.4

Favorable sales of investment trusts and incentive-based services promoting Japan Post Bank to become the house bank for our customers

Driven by lowered deposit insurance rate

3. Overview of FY2016/3 3Q (Apr-Dec) Results

Overview of FY2016/3 3Q (Apr-Dec) Results

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Performance in FY2016/3 3Q (Apr-Dec)

(¥bn)

	For the nine months ended Dec 31, 2015	Difference	For the nine months ended Dec 31, 2014	
Gross operating profit	**1,137.9**	(114.4)	1,252.3	
Net interest income	**1,060.7**	(116.4)	1,177.1	Decreased, reflecting historically low interest rates
Net fees and commissions	**70.7**	+2.9	67.7	Increased steadily
Net other operating income (loss)	**6.5**	(0.9)	7.5	
Gains (losses) on foreign exchanges	**6.6**	+0.1	6.4	
Gains (losses) on bonds	**(0.1)**	(1.1)	1.0	
General and administrative expenses※1	**801.1**	(53.1)	854.2	Mainly reflecting the lowered deposit insurance rate
Provision for general reserve for possible loan losses	**(0.0)**	(0.0)	−	
Net operating profit	**336.9**	(61.2)	398.1	
Non-recurring gains (losses)	**52.1**	+30.3	21.7	Boosted mainly by gains on money held in trust - net
Net ordinary income	**389.0**	(30.8)	419.9	
Net income	**266.0**	(13.9)	280.0	

※1 Excluding non-recurring losses

(¥bn, %)

	For the nine months ended Dec 31, 2015	FY2016/3 Forecast	Progress rate
Net ordinary income	**389.0**	460.0	84.5
Net income (FY2016/3 3Q(Apr-Dec))	**266.0**	320.0	83.1

Stable progress toward the FY2016/3 forecast

Condensed Balance Sheet

(¥tn)

	As of Dec 31, 2015	Difference	As of Mar 31, 2015	
Cash and due from banks, call loans, and receivables under securities borrowing transactions	55.2	+11.5	43.6	Increase in BOJ deposits balance
JGBs	83.9	(22.7)	106.7	Shift from JGBs to foreign securities
Municipal bonds	5.6	+0.0	5.5	
Corporate bonds	10.5	(0.4)	10.9	
Foreign securities	44.0	+11.1	32.8	
Loans	2.6	(0.1)	2.7	
Money held in trust	3.4	(0.0)	3.4	
Other assets	2.6	+0.5	2.0	
Total assets	208.1	(0.0)	208.1	
Deposits	178.4	+0.6	177.7	
Other liabilities	18.4	(0.3)	18.8	
Liabilities	196.8	+0.3	196.5	
Net assets	11.2	(0.3)	11.6	

Management Indicators (1)

Breakdown of net assets

(¥bn)

	As of Dec 31, 2015	Difference	As of Mar 31, 2015
Common stock	3,500.0	–	3,500.0
Capital surplus	4,296.2	–	4,296.2
Retained earnings	2,049.9	+81.3	1,968.6
Treasury stock	(1,299.9)	–	(1,299.9)
Total shareholders' equity	8,546.2	+81.3	8,464.9
Total valuation and translation adjustments	2,709.8	(455.4)	3,165.3
Total net assets	11,256.0	(374.1)	11,630.2

Difference between dividends paid of ¥184.7bn and FY2016/3 3Q (Apr-Dec) net income of ¥266.0bn

Decreased due to total valuation and translation adjustments

Management Indicators (2)

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(¥bn)

	As of Dec 31, 2015	Difference (%pt)	As of Mar 31, 2015
Capital adequacy ratio (Domestic standards)	27.93%	(10.48)	38.42%
Total capital	8,540.5		8,274.0
Total risk weighted assets	30,571.2		21,533.4
Leverage ratio (trial basis)[1]	4.10%	+0.12	3.97%
Core capital	8,540.5		8,274.0
Total assets	208,149.0		208,179.3
ROE (annualized)	3.08%	(0.11)	3.20%[2]
Net income (FY2016/3 3Q (Apr-Dec))	266.0		369.4[2]
Average of the beginning and ending balances of net assets	11,443.1		11,542.9
OHR	70.39%	+2.20	68.19%[2]
General and administrative expenses	801.1		1,114.7[2]
Gross operating profit	1,137.9		1,634.7[2]
Yield on interest-earning assets (annualized)	0.88%	(0.07)	0.95%[2]
Net interest margin (annualized)	0.69%	(0.07)	0.76%[2]
Yield on interest-earning assets	0.88%		0.95%[2]
Interest rate on interest-bearing liabilities	0.19%		0.18%[2]

Declined due to increase in foreign credit investment

Increased despite the decrease in G&A expenses due to YoY decrease in gross operating profit

Reflects the redemption and replacement of high-yield assets invested in the past to lower yield assets

1 Core Capital/Total assets (as reported on B/S)
2 FY2015/3

Our Goal

Super Regional & Super Global

Appendix

Performance Since FY2010

JAPAN POST BANK

(¥ bn)

JAPAN POST BANK	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2015/3 3Q (Apr-Dec)	FY2016/3 3Q (Apr-Dec)
Gross operating profit	1,718.9	1,670.0	1,624.3	1,568.7	1,634.7	1,252.3	1,137.9
Net interest income[1]	1,686.4	1,677.3	1,532.1	1,470.2	1,540.7	1,177.1	1,060.7
Net fees and commissions	87.9	88.4	88.1	92.6	89.2	67.7	70.7
General and administrative expenses[2]	(1,210.1)	(1,174.5)	(1,111.5)	(1,096.0)	(1,114.7)	(854.2)	(801.1)
Provision for general reserve for possible loan losses	(0.3)	-	-	-	-	-	0.0
Net operating profit	508.3	495.4	512.8	472.6	519.9	398.1	336.9
Non-recurring gains (losses)	18.1	80.7	80.7	92.4	49.4	21.7	52.1
Net ordinary income	526.5	576.2	593.5	565.0	569.4	419.9	389.0
Extraordinary income (losses)	(1.3)	(2.4)	(1.9)	(0.6)	1.5	2.1	(0.8)
Net income	316.3	334.8	373.9	354.6	369.4	280.0	266.0
Total net assets	9,093.6	9,818.1	10,997.5	11,464.5	11,630.2	11,348.2	11,256.0
Total assets	193,443.3	195,819.8	199,840.6	202,512.8	208,179.3	207,419.4	208,149.0
Capital adequacy ratio[3] (domestic standard)	74.82%	68.39%	66.04%	56.81%	38.42%	43.36%	27.93%
Number of employees	12,351	12,796	12,922	12,963	12,889	-	-
Average number of temporary employees	6,173	6,006	5,818	5,699	5,523	-	-

1. Net interest income is calculated by deducting interest expenses (excluding the expenses related to money held in trust) from interest income
2. General and administrative expenses exclude non-recurring losses
3. New domestic standards (Basel III) have been applied from FY2013 (year ended March 2014)

* Figures less than ¥100 mn are rounded down

＜Disclaimer＞

The forward-looking statements, including the forecasts and targets of Japan Post Bank Co., Ltd. (the “Bank”) , in these materials are based on information available and assumptions that the Bank has deemed to be reasonable. Actual business results may differ materially from those described in these materials due to a variety of factors including changes in interest rates and exchange rates, general market and economic conditions and other factors.