JAPAN POST BANK

Results for the Six Months Ended September 2015

November 20, 2015

On November 4, 2015, listed on the 1st Section of the Tokyo Stock Exchange

Our Goal

Super Global & Super Regional

Contents

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. Overview of FY2016/3 H1 Results

Highlights of FY2016/3 H1 Financial Performance

- Net income decreased, while having seen good progress of 53.6% toward full-year forecast
- Advancement in diversification of investments
- Sales of investment trusts and cost reduction also have been showing steady progress

Overview of FY2016/3 H1 Results

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Performance of FY2016/3 H1

(¥bn)

	FY2016/3 H1	Difference	FY2015/3 H1	
Gross operating profit	**759.4**	(61.9)	821.4	
Net interest income	**699.4**	(77.6)	777.1	Reflecting the historically low interest rate
Net fees and commissions	**46.9**	＋2.4	44.5	Increased steadily
Net other operating income (loss)	**13.1**	＋13.3	(0.2)	Reflecting the increase in the trading profit of bonds, etc.
General and administrative expenses※1	**531.6**	(33.4)	565.1	Reflecting the lowered deposit insurance premium rate
Provision for general reserve for possible loan losses	**(0)**	(0)	－	
Net operating profit	**227.8**	(28.4)	256.2	
Non-recurring gains (losses)	**23.8**	＋7.1	16.7	Boosted by the increase in corporate dividends
Net ordinary income	**251.6**	(21.3)	273.0	
Net income	**171.5**	(10.1)	181.7	

※1 Excluding non-recurring losses

(¥bn, %)

	FY2016/3 H1	FY2016/3 Forecast	Progress rate	
Net ordinary income	**251.6**	460.0	**54.7**	
Net income (FY2016/3 H1)	**171.5**	320.0	**53.6**	Stable progress toward the FY2016/3 forecast

Condensed Balance Sheet

(¥ tn)

	As of September 2015	Difference	As of March 2015	
Cash and due from banks, call loans, and receivables under securities borrowing transactions	**49.2**	+5.6	43.6	BOJ deposits balance has increased
JGBs	**92.7**	(13.9)	106.7	Shifted from JGBs to foreign securities
Municipal bonds	**5.4**	(0.0)	5.5	
Corporate bonds	**10.5**	(0.3)	10.9	
Foreign securities	**40.9**	+8.0	32.8	
Loans	**2.6**	(0.1)	2.7	
Money held in trust	**3.4**	(0.0)	3.4	
Other assets	**2.0**	(0.0)	2.0	
Total assets	**207.2**	(0.9)	208.1	
Deposits	**177.1**	(0.5)	177.7	
Transfer deposits	**12.2**	+0.4	11.7	
Ordinary deposits	**48.9**	+0.0	48.9	
Time deposits	**12.4**	(1.1)	13.5	
TEIGAKU deposits	**102.9**	+0.0	102.8	
Other liabilities	**18.8**	+0.0	18.8	
Liabilities	**196.0**	(0.5)	196.5	
Net assets	**11.2**	(0.4)	11.6	

ALM/Investment Strategy to Generate Stable Income and Excess Return

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- **Base Portfolio: manages interest rate/liquidity risk, basic return mainly from JGBs. Stable funding enables held-to-maturity investment**
- **Satellite Portfolio: takes credit/market risk by global asset allocation for excess return. Solid capital allows over-the-cycle investment**

(based on management accounting, figures are rounded to the trillion)

Portfolio Management Policy

Base Portfolio (BP):
（Liability-driven portfolio）

¥141 tn [(¥8 Tn) 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 September 2015	Difference	As of March 2015
Short term assets[1]	41	+6	35
Bonds held to maturity ―JGBs, Government guaranteed bonds	59	(7)	66
Available for sale securities ―JGBs	40	(7)	47
Loans	2	(0)	2

Satellite Portfolio (SP):
（Excess-return portfolio）

¥56 tn [+¥8 Tn vs FY2015/3 end]

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

(¥ tn)

	As of September 2015	Difference	As of March 2015
Available for sale securities ―Municipal bonds ―Corporate bonds etc.[2] ―Foreign securities[2] [incl. Investment trusts]	 5 6 41 [21]	 +0 +0 +8 [+7]	 5 6 33 [14]
Bonds held to maturity ―Municipal bonds etc.	1	(0)	1
Money held in trust[3] (Stocks)	2	(0)	2
Loans	1	(0)	1

1. Short term assets include cash and due from banks, call loans, receivables under securities borrowing transactions (excl. those in trust), T-bills, short-term corporate bonds, etc.
2. Corporate bonds, etc. and foreign securities includes monetary claims bought.
3. JGBs contained in "money held in trust" are included in the Base Portfolio.

Breakdown of net assets

(¥ bn)

	As of September 2015	Difference	As of March 2015
Common stock	3,500.0	—	3,500.0
Capital surplus	4,296.2	—	4,296.2
Retained earnings	1,955.4	(13.1)	1,968.6
Treasury stock	(1,299.9)	—	(1,299.9)
Total shareholders' equity	8,451.7	(13.1)	8,464.9
Total valuation and translation adjustments	2,756.0	(409.2)	3,165.3
Total net assets	11,207.8	(422.4)	11,630.2

Difference between dividend paid ¥ 184.7bn and H1 net income ¥ 171.5bn

Decreased due to total valuation and translation adjustments

Management Indicators (2)

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(¥ bn)

	As of September 2015	Difference	As of March 2015
Capital adequacy ratio (Domestic standards)	30.45%	(7.96)	38.42%
Total capital	8,445.9		8,274.0
Total risk weighted assets	27,733.1		21,533.4
Leverage ratio (on a trial basis) [1]	4.07%	+0.10	3.97%
Core capital	8,445.9		8,274.0
Total asset	207,232.5		208,179.3
ROE (H1 figure: annualized basis)	2.99%	(0.20)	3.20% [2]
Net income (FY2016/3 H1)	171.5		369.4 [2]
Average of the beginning and ending balances of net assets	11,419.0		11,542.9
OHR	70.00%	+1.81	68.19% [2]
General and administrative expenses	531.6		1,114.7 [2]
Gross operating profit	759.4		1,634.7 [2]
Yield on interest-earning assets (H1 figure: annualized basis)	0.87%	(0.07)	0.95% [2]
Net interest margin (H1 figure: annualized basis)	0.68%	(0.08)	0.76% [2]
Yield on interest-earning assets	0.87%		0.95% [2]
Interest rate on interest-bearing liabilities	0.19%		0.18% [2]

Reflecting the increase in the foreign credit investment

Despite the decrease in G&A expenses, gross operating profit further decrease more

Reflecting the redemption and rebalance of the high yield assets invested in the past with invested assets with lower yield

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

Major Topics in FY2016/3 H1

- Masatsugu Nagato assumed role of Director, President and Representative Executive Officer
- Katsunori Sago assumed role of Executive Vice President and hired investment professionals with expertise in each asset class (7 in total including Mr. Sago)
- Established “JP Asset Management” in November 2015

  (Capital contribution ratio：Japan Post Bank 45%, Japan Post Co., 5%, Sumitomo Mitsui Trust Bank 30%, Nomura Holdings20%)

  Each entity dispatched the following management team

  Japan Post Bank: Director, President and CEO, Japan Post Co.,: Director, Deputy President, Sumitomo Mitsui Trust Bank and Nomura Holdings: Director
- Japan Post Bank got listed on the 1st Section of the Tokyo Stock Exchange

  Offering Size：412,442,300 shares of common stock
  (approx. 11% of total outstanding shares (excl. treasury shares))

Japanese	329,953,800 shares
International	82,488,500 shares
Offering Price	¥1,450
Opening Price	¥1,680
Latest Closing Price	¥1,784 (November 17, 2015)

Corporate Governance System

- Adopted Committee system as corporate governance. External directors comprise a majority of the Board membership who effectively oversee the Bank's operations
  - Advanced corporate governance based on Nomination Committee, etc.
  - 8 out of 12 Directors are external

    （Nomination Committee: 2 of 3 / Audit Committee: 5 of 5 / Compensation Committee: 2 of 3）

- Independence from the parent company
  - Solely responsible for decision making; independent operations
  - Oversight by directors
  - Dismissals of our President and Managing Executive Officer from the President and CEO of Japan Post Holdings and dismissal of our Management Executive Officer(s) from the Management Executive Officer(s) of Japan Post
  - To the extent we believe it is necessary, we invite Representative Executive Officers of Japan Post Holdings to attend meetings of our executive committee
  - Regulatory supervision pursuant to the Banking Act
  - Ensure appropriateness of intragroup transactions

- Corporate governance basic policy was published on November 13

  ※We plan to comply with all the principals of Japan's Corporate Governance Code

2. FY2016/3 Earnings Forecasts and Dividend Policy

FY2016/3 Earnings Forecast and Dividend Policy

■More than 50% of the full-year earnings forecast has already been achieved

【Earnings Forecast】

	FY2016/3 H1	FY2016/3 Forecast	Progress
Net ordinary income	¥251.6bn	¥460.0bn	54.7%
Net income (FY2016/3 H1)	¥171.5bn	¥320.0bn	53.6%
Net income (FY2016/3 H1) per share	¥45.76	¥85.34	—
Dividend per share	—	¥25.00（※）	—

FY 2016/3 Earning 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 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

【Dividend Policy (through FY2018/3 end)】

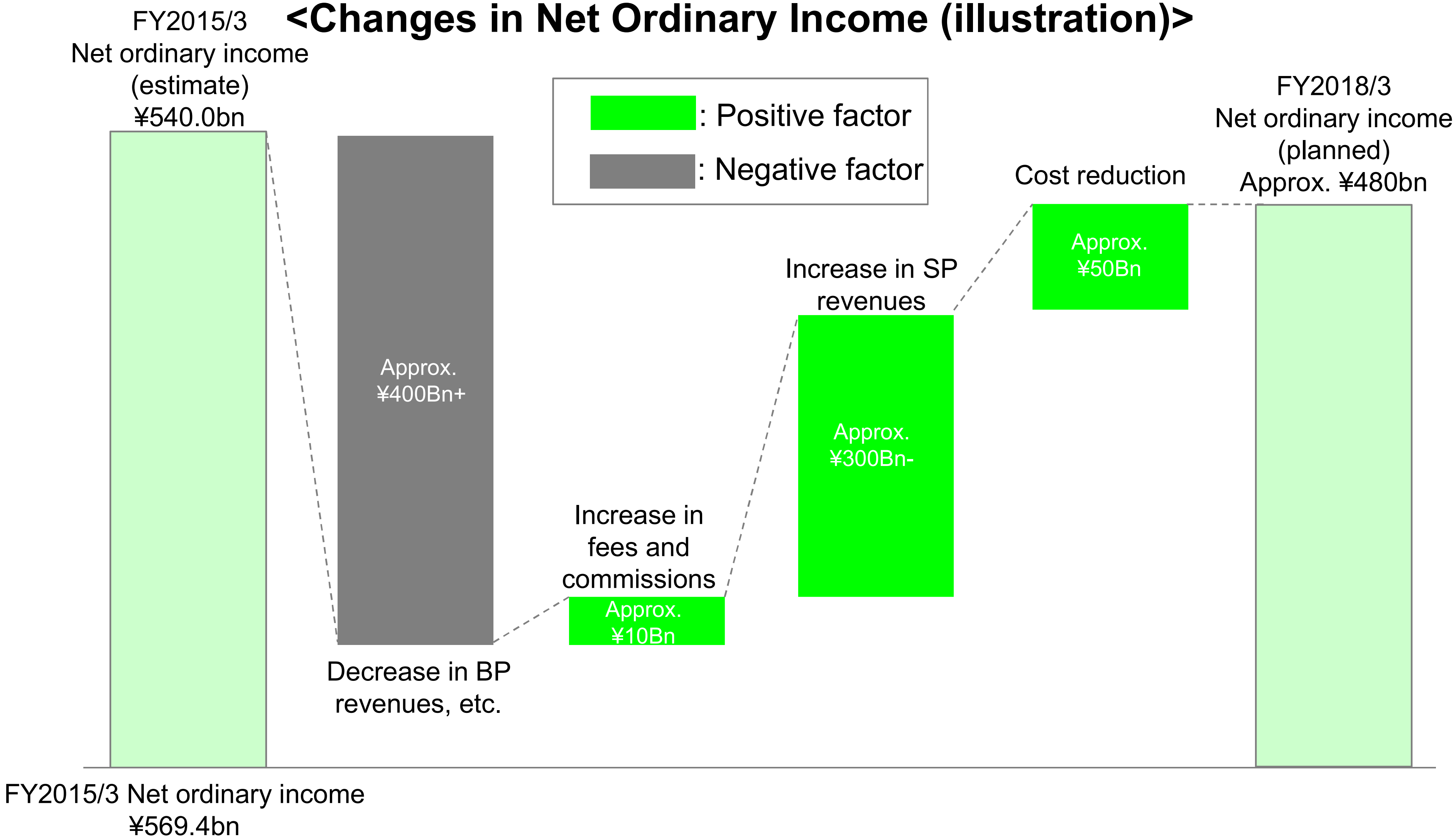
- Dividend payout ratio: approximately 50% or more
  - (–Target for FY2016/3: approx. 25% or more
  - –(Taking into account the period between the expected date of listing and the dividend record date will be less than six months))
- Aim to pay a stable per-share dividend
- Also aim to consider additional shareholder return while taking into account developments on regulations, earnings growth and accumulation of retained earnings, etc.

3.　Growth Strategy

Growth Strategy in mid term plan

- **Japan Post Bank will be 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"**

<Changes in Net Ordinary Income (illustration)>



※In addition to assumptions of mid term plan, this growth strategy will be based on stable economic conditions and implementations of portfolio as planned

Change in Portfolio (Including Fees and Expenses, Management Accounting Basis)

(Average balance: ¥ Tn, Net gains / losses: ¥ Bn, figures are rounded)

	FY2010/3		FY2011/3		FY2012/3		FY2013/3		FY2014/3		FY2015/3		FY2015/3 H1		FY2016/3 H1		
	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	193.1	271.1	196.2	249.3	
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	153.7	72.4	144.1	10.2	
BP Customer-based Funding	-	(6.6)	-	(65.8)	-	(57.6)	-	(60.2)	-	(120.3)	-	(222.4)	-	(108.3)	-	(113.3)	
BP Investment Side etc.	-	452.9	-	510.3	-	496.4	-	402.3	-	410.0	-	317.2	-	180.7	-	123.6	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	39.4	198.7	52.0	239.1	Increase

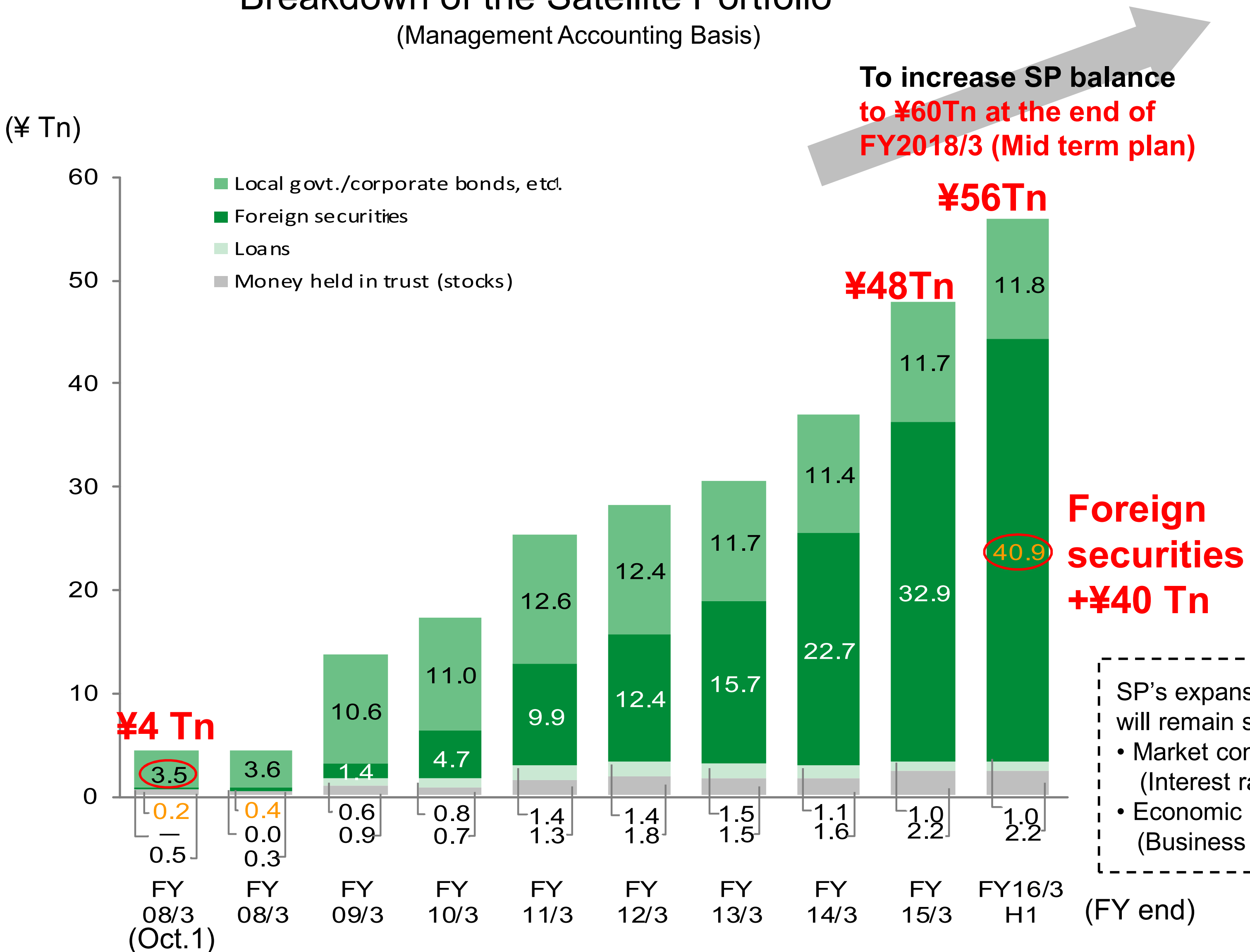
Note: Average balance of the respective portfolios are calculated as the average of the beginning and ending balances
Net gains and losses on each portfolio are calculated based on the formula below. The aggregate total gains and losses from both portfolios are largely consistent with our ordinary income:
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)

Investment Strategy ～Results of Our Investment Strategy～

■ Since corporatization, our investment portfolio has been diversified away from the Base Portfolio, which primarily consists of JGBs, to the Satellite Portfolio

Breakdown of the Satellite Portfolio

(Management Accounting Basis)



SP's expansion assumed that below factors will remain stable
- Market conditions
  (Interest rate, exchange rate, etc)
- Economic conditions
  (Business conditions, credit, etc)

1 . Local govt./corporate bonds, etc. and foreign securities includes monetary claims bought

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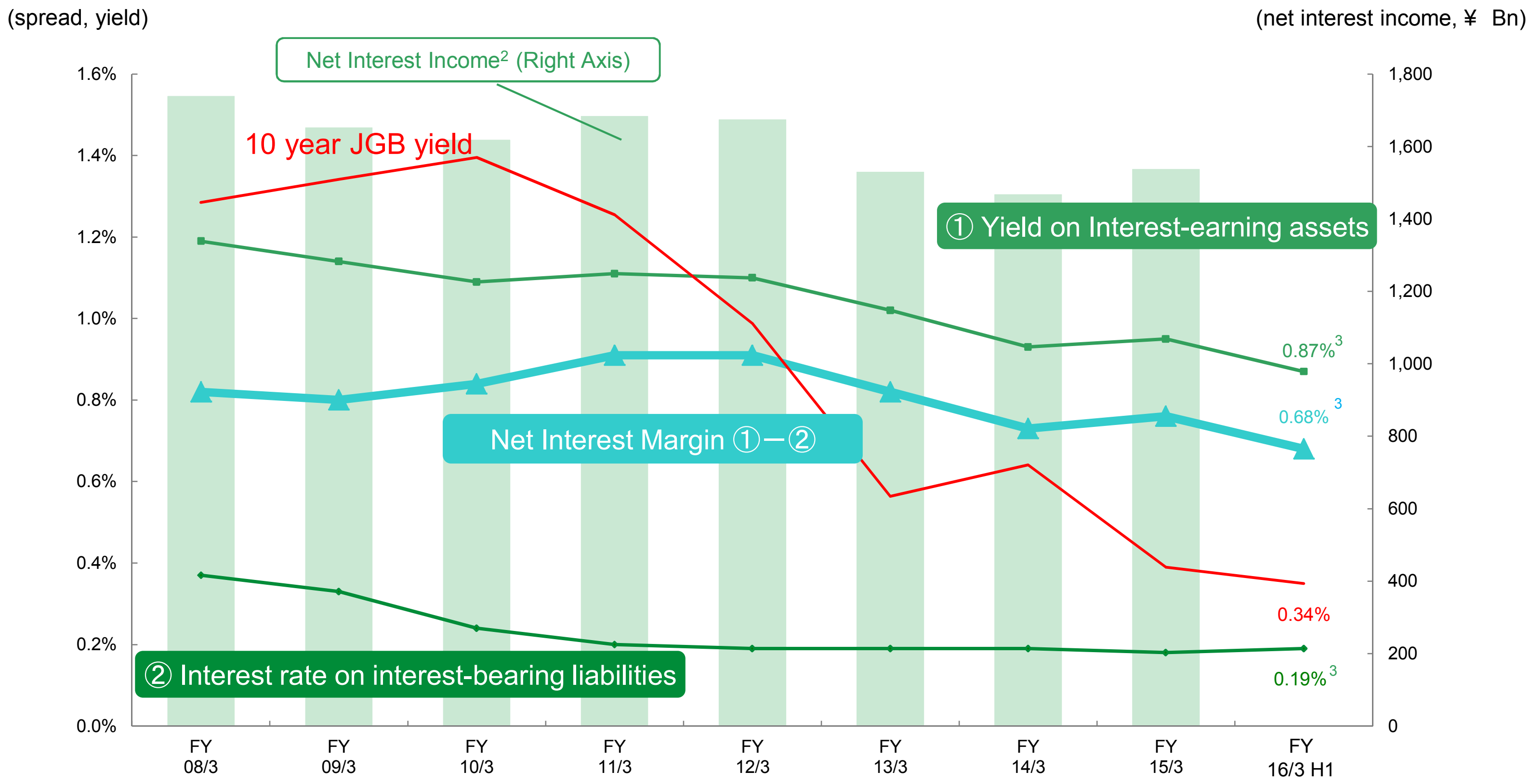
■ **Net interest margin is in a decreasing trend under historically low-level interest rate environment after corporatization**

Historical Spread etc.[1]



Source: JGB interest rate information - Ministry of Finance Japan
1. Calculated by excluding the average balance and corresponding interest of money held in trust.
2. Net interest income for FY08/3 is shown as double the net interest income from Oct. 1, 2007 to March 31, 2008
3. Annualized basis

Investment Strategy ～Further Strengthening of Investment Organization～

- **Actively hire investment professionals to expand our investment areas. Further strengthen investment organization by realizing synergies and collaboration with existing Investment Division members**
- **Further enhance the middle and back offices along with the expansion of investment areas**

Progress towards Strengthening our Investment Organization and Enhancing Profitability

Further strengthening of investment organization

Enhancement of Resources

Further development of Investment Division
- Current staff: see the diagram on the right
- Strategic assignment of financial industry professionals since corporatization

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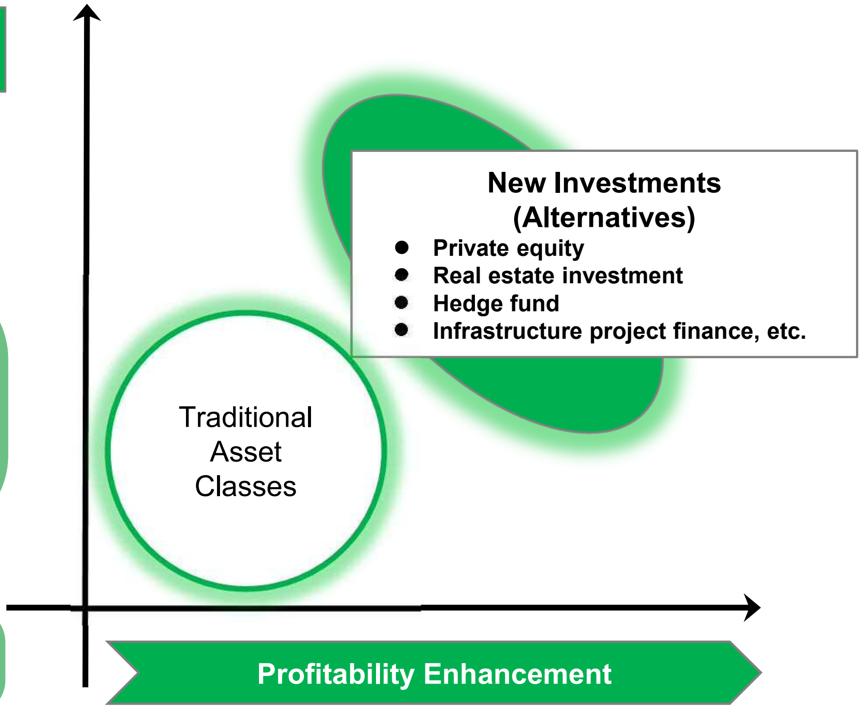
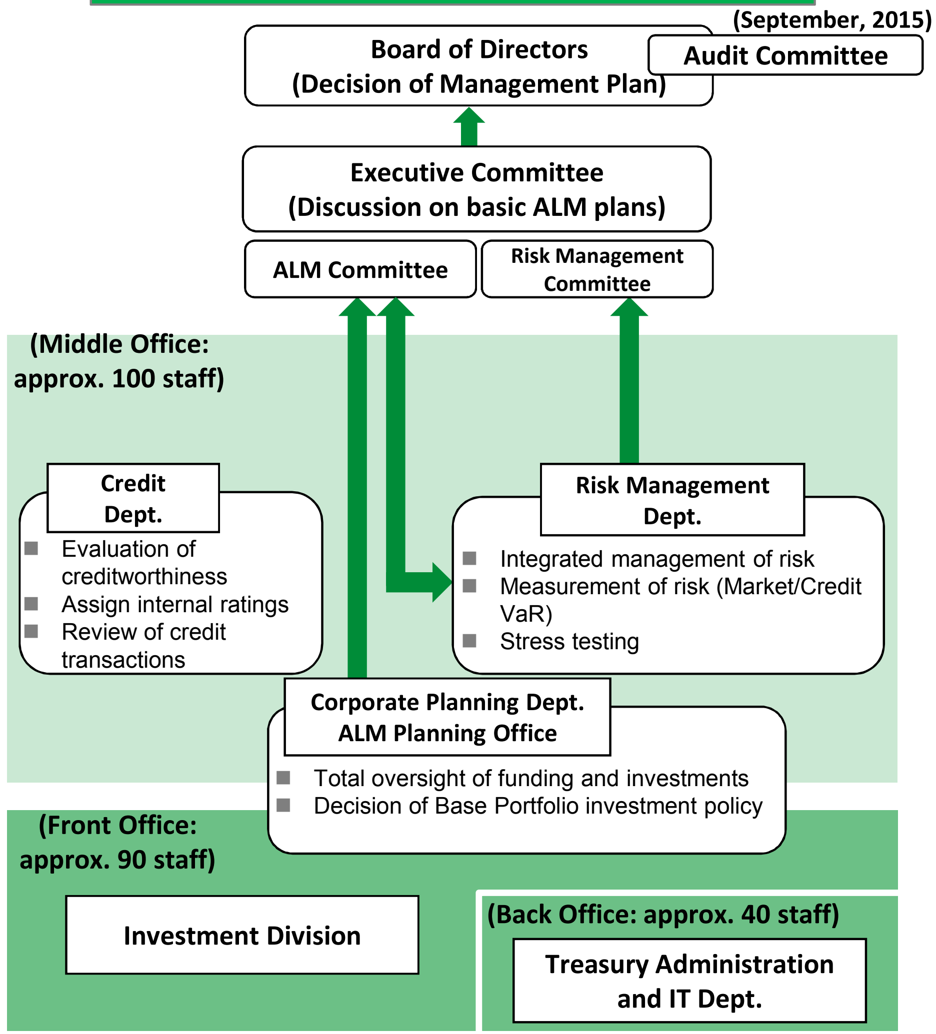
Hire investment professionals with expertise in each asset class



Enhancement of Middle and Back Offices



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Aim to grow net balance of investment products by ¥1 tn through promoting development of consulting marketing personnel

Enhancement of Consulting Marketing

- Develop and increase personnel engaging in consulting marketing

  Our branches: training is under way to increase the number of consulting marketing personnel from 1,000 to 1,200

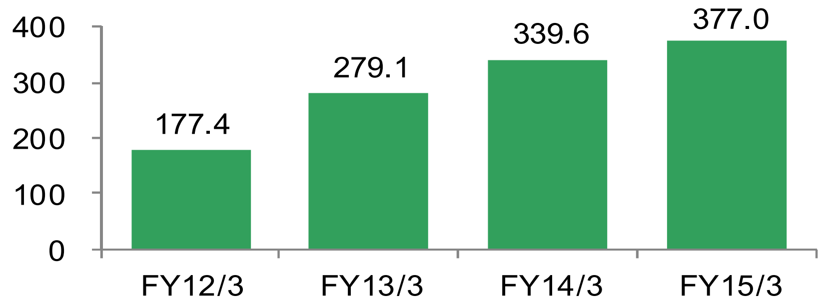
  Post offices: providing support by Japan Post Bank marketing instructors to improve the sales skills of investment products

- Each consulting personnel is in charge of specific customers to offer comprehensive consulting services
- Internal administrators are assigned to every branch. 240 internal control managers are also assigned to post offices (12 added in the first half of FY2015/3)

Investment Trust Sales

(¥ Bn)

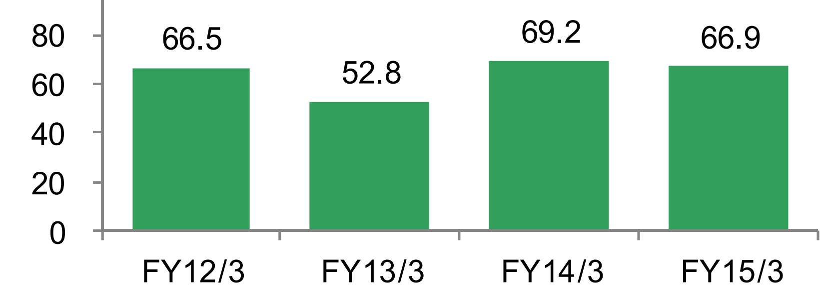
FY16/3 H1	FY15/3 H1	Difference
231.4Bn	170.5Bn	＋ 60.9Bn



Variable Annuities Business

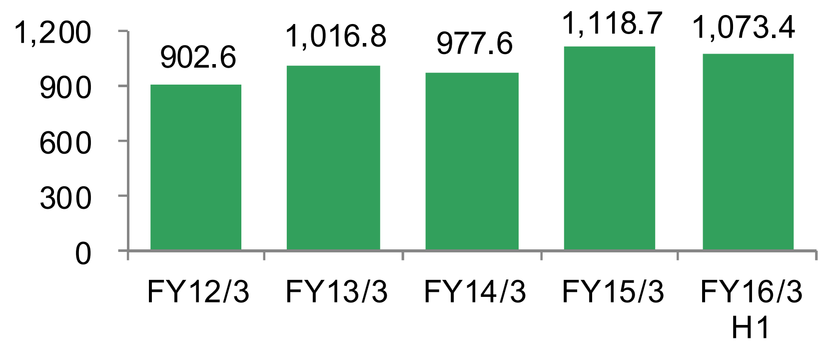
(¥ Bn)

FY16/3 H1	FY15/3 H1	Difference
48.0Bn	32.6Bn	＋ 15.4Bn



Net Balance of Investment Trusts

(¥ Bn)



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

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- **Expand ATM network at conveniently accessible locations, grow alliances with regional financial institutions**
- **Strengthen fee business through sales of investment products, and new retail businesses for which we have received regulatory approval after our corporatization**

ATM Business

- Strategic installment of out-of-branch ATMs
  - Installed approximately 500 ATMs in FamilyMart convenience stores in metropolitan areas in FY2015/3
  - More ATMs will be installed at conveniently accessible locations
- Business partnerships with regional financial institutions
  - Make efforts to have Japan Post Bank's ATM network broadly available for customers of regional financial institutions
  - Establish the Financial Institutions Business Office (October, 2015)

(Reference)

- The 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 (2015/9)

Results of Net Fees and Commissions

(¥ bn)

	FY2016/3 H1	FY2015/3 H1
Growth Areas	**18.6**	15.1
Others	**28.2**	29.4
Total	**46.9**	44.5

Growth areas are Investment trusts, Variable annuities, ATM alliance, Interbank remittance, Credit cards and Individual loans.
Others are mainly remittance services (Ordinary in-payment, Automatic in-payment, etc.)

- **Continue to enhance cost reduction efforts**
- **Aim to reduce non-personnel expenses (including deposit insurance premiums) by ¥50 bn in FY2018/3 compared to FY2015/3**

Trend of General and Administrative Expenses

(¥ bn)

	FY2016/3 H1	Difference	FY2015/3 H1	
Personnel expenses	61.1	+0.5	60.6	
Non-personnel expenses				
—Commissions paid to Japan Post Co.,	308.1	+5.0	303.1	Favorable sales of investment trusts and incentive-based services promoting Japan Post Bank to become the house bank for our customers.
—Deposit insurance premiums ※Including payments of grants to Japan Post Holdings	37.1	(35.9)	73.0	Driven by lowered deposit insurance rate
—Other	86.6	(4.1)	90.8	
Taxes and dues	37.5	+0.5	36.9	
Total	530.5	(34.0)	564.6	

＜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.