

Investors Meeting FY2022/3 1H

November 22, 2021

Director, President and Representative Executive Officer
Norito Ikeda



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Consolidated Subsidiaries, etc.

Consolidated subsidiaries	4 companies Principal companies: JAPAN POST BANK LOAN CENTER Co., Ltd. Japan Post Investment Corporation
Affiliates accounted for by the equity method	ATM Japan Business Service, Ltd. JP Asset Management Co., Ltd.

Note: All Japanese yen figures in the financial statements of JAPAN POST BANK Co., Ltd. (the “Bank”) and its consolidated subsidiaries have been rounded down, unless otherwise noted. Accordingly, the total of each account may not be equal to the combined total of individual items.

Today's Key Points

About FY2022/3 1H Financial Results (P.4~)

- **1H results were favorable both compared to plan and year-on-year.** A loss of gains on foreign bond redemptions was offset by an increase in profits from dividends from foreign bonds investment trusts and private equity funds, leading to a significant increase in net interest income, etc. The stable market environment throughout the fiscal period also contributed to this.
 - Net income (consolidated): **¥235.3bn** [YoY **+¥111.0bn**, of which net interest income, etc.: YoY +¥153.1bn]

About Revised Earnings and Dividends Forecasts for FY2022/3 (P.19~)

- Based on the 1H results and recent market conditions, we have **revised the full-year earnings forecasts upward.**
 - Net ordinary income (consolidated): **¥485.0bn** [Before revision: ¥355.0bn]
 - Net income (consolidated): **¥350.0bn** [Before revision: ¥260.0bn]
- In consideration of the upward revision to the earnings forecasts and our shareholder return policy, **we have revised our annual dividends forecast to ¥47 per share, an increase of ¥7**, and **introduced a shareholder benefit program.**
 - Annual dividends (forecast): Dividend per share **¥47** [Before revision: ¥40]

About Responses to Important Themes (P.24~)

- Based on the five key strategies formulated in the Medium-term Management Plan, we have established **five themes** of focus, and explain **how we are responding to these, including Japan Post Bank's vision for the future beyond the next Medium-term Management Plan.**
 - 5 Themes: (1) Digital Strategy, (2) Market Operations, (3) System Management Framework, (4) Organizational Culture Reforms, (5) ESG Management

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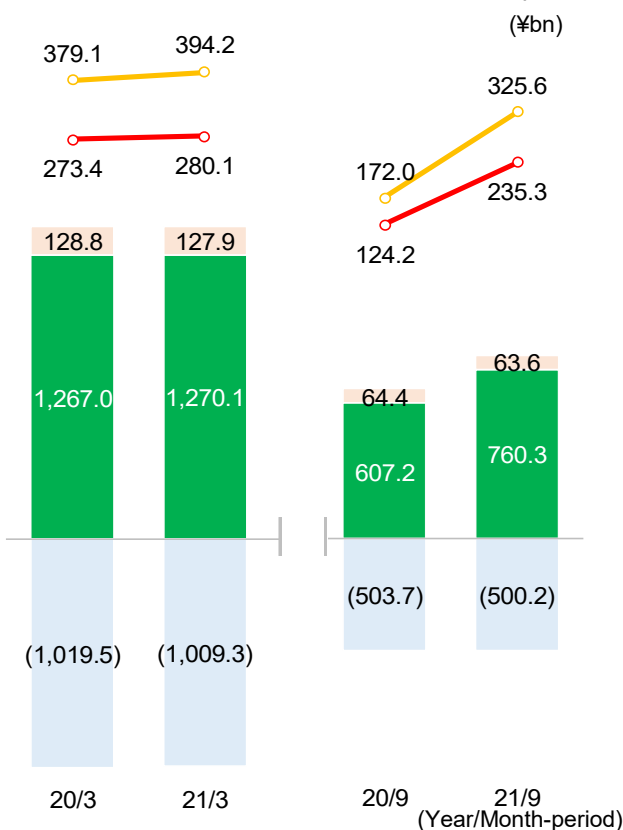
1. FY2022/3 1H Financial Results	P.4	3. Responses to Important Themes	P.24
<ul style="list-style-type: none">• Overview of FY2022/3 1H Results• Capital Adequacy Ratio• Income Analysis• Unrealized Gains (Losses) on Financial Instruments• Asset Management• Deposit Balance• Fees and Commissions• General and Administrative Expenses		<ul style="list-style-type: none">• General Remarks• Theme 1 : Digital Strategy• Theme 2 : Market Operations• Theme 3 : System Management Framework• Theme 4 : Organizational Culture Reforms• Theme 5 : ESG Management	
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1. FY2022/3 1H Financial Results

- Net income attributable to owners of parent was ¥235.3bn, up ¥111.0bn year-on-year, primarily driven by an increase in net interest income, etc.
- In particular, a loss of gains on foreign bond redemptions was offset by an increase in profits from dividends from foreign bonds investment trusts and private equity funds, leading to a significant increase in net interest income, etc. The stable market environment throughout the fiscal period also contributed to this.

Results for FY2022/3 1H (Consolidated)

- Net interest income, etc.
- General and administrative expenses
- Net fees and commissions
- Net ordinary income
- Net income attributable to owners of parent



	FY2021/3 1H (A)	FY2021/3 (B)	FY2022/3 1H (C)	Increase (Decrease) (C) – (A)	Main drivers of increase and decrease
Net interest income, etc.*	607.2	1,270.1	760.3	153.1	<ul style="list-style-type: none"> Foreign bond redemption gains [¥(140.0)bn] Dropped off roughly as expected
Net fees and commissions	64.4	127.9	63.6	(0.8)	<ul style="list-style-type: none"> Foreign bonds investment trusts [¥220.0bn] <ul style="list-style-type: none"> - Improvement of non-revenue dividends [approx. ¥64.0bn] - Increase in gains on cancellation of investment trusts [approx. ¥67.0bn] - Others (early redemption of bonds in investment trusts, improvement of foreign currency funding costs, etc.)
General and administrative expenses	503.7	1,009.3	500.2	(3.5)	
Net ordinary income	172.0	394.2	325.6	153.5	<ul style="list-style-type: none"> Strategic investment areas [¥95.0bn] <ul style="list-style-type: none"> - Private equity funds [¥68.0bn] Steady increase in corporate value of some investee companies and progress in their sale - Real estate funds (equity, debt) [¥12.0bn]
Net income attributable to owners of parent	124.2	280.1	235.3	111.0	

* Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.)

Overview of FY2022/3 1H Results

– (2) Result of Operations, Financial Conditions –

1. Results

2. Earnings/Dividends
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3. Important
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Financial Data

Overview

Asset
Management

Fee

Cost

Results of Operations (Consolidated)

(¥bn)

	FY2021/3 1H (A)	FY2022/3 1H (B)	Increase (Decrease) (B) – (A)
Consolidated gross operating profit	670.3	769.1	98.8
Net interest income	421.1	666.8	245.7
Net fees and commissions	64.4	63.6	(0.8)
Net other operating income (loss)	184.7	38.6	(146.0)
Gains (losses) on foreign exchanges	172.1	63.7	(108.4)
Gains (losses) on bonds	12.6	(25.2)	(37.9)
General and administrative expenses*	504.7	501.1	(3.6)
Provision for general reserve for possible loan losses	—	(0.0)	(0.0)
Consolidated net operating profit	165.5	268.0	102.4
Non-recurring gains (losses)	6.4	57.5	51.1
Gains (losses) related to stocks	(2.2)	(156.0)	(153.8)
Gains (losses) on money held in trust	7.5	212.0	204.4
Net ordinary income	172.0	325.6	153.5
Net income attributable to owners of parent	124.2	235.3	111.0

Financial Conditions (Non-consolidated)

(¥bn)

	As of Mar. 31, 2021 (A)	As of Sept. 30, 2021 (B)	Increase (Decrease) (B) – (A)
Assets	223,847.5	227,303.2	3,455.7
Cash and due from banks	60,768.0	61,037.8	269.7
Call loans	1,390.0	2,740.0	1,350.0
Receivables under resale agreements	9,721.3	9,704.9	(16.4)
Money held in trust	5,547.5	5,652.6	105.0
Securities	138,183.2	140,040.0	1,856.8
Loans	4,691.7	4,675.0	(16.6)
Liabilities	212,485.4	215,859.2	3,373.8
Deposits	189,593.4	191,597.9	2,004.5
Payables under repurchase agreements	14,886.4	15,270.6	384.2
Payables under securities lending transactions	1,504.5	1,315.7	(188.7)
Net assets	11,362.1	11,443.9	81.8
Total shareholders' equity	9,244.8	9,292.2	47.3
Total valuation and translation adjustments	2,117.2	2,151.7	34.4

* General and administrative expenses exclude non-recurring losses.

Overview of FY2022/3 1H Results

— (3) Progress on Financial / KPI Targets —

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Profitability

Result for FY2022/3 1H FY2026/3 Target

Consolidated Net income **¥235.3bn** **¥350.0bn or greater**

ROE* **5.06%** **3.6% or greater**
(based on shareholders' equity)

* Annualized basis.

Efficiency

Result for FY2022/3 1H FY2026/3 Target

OHR **60.81%** **66% or less**
(including gains (losses) on money held in trust basis)

G&A expenses **¥(3.5)bn** **¥(55.0)bn**
(compared to FY2021/3 1H) (compared to FY2021/3)

Soundness

Result as of Sept. 30, 2021 FY2026/3 Target

Capital adequacy ratio **15.79%** **Approx. 10%**
(domestic standard) (Levels to be secured)

CET1 ratio **14.26%** **Approx. 10%***
(international standard) (Levels to be secured)
(excluding unrealized gains on available-for-sale securities)

* Based on full implementation of Basel III.

Market Operations

Result as of Sept. 30, 2021 FY2026/3 Target

Balance of Risk assets **¥92.7tn** **Approx. ¥110tn**
(As of Mar. 31, 2021) (¥91.1tn)

Balance of Strategic investment areas **¥5.4tn** **Approx. ¥10tn**
(As of Mar. 31, 2021) (¥4.2tn)

Balance of ESG-themed investments **¥1.5tn** **¥2tn**
(As of Mar. 31, 2021) (¥1.2tn)

Retail Business

Result as of Sept. 30, 2021 FY2026/3 Target

Number of accounts registered in the bankbook app **3.82 million accounts** **10 million accounts**
(As of Mar. 31, 2021) (2.83 mn accounts)

Number of cumulate-type NISA Operation Accounts **150 thousand accounts** **400 thousand accounts**
(As of Mar. 31, 2021) (130 thousand accounts)

Regional Relationships

Result as of Sept. 30, 2021 FY2026/3 Target

Regional vitalization fund participation cases **cumulatively 36 cases** **cumulatively 50 cases**
(As of Mar. 31, 2021) (32 cases)

Number of financial institutions that have implemented the aggregation of operational processes **4 financial institutions** **Approx. 20 financial institutions**
(As of Mar. 31, 2021) (3 financial institutions)

<Consolidated>
Financial
Targets
Items

Target
KPIs

Capital Adequacy Ratio

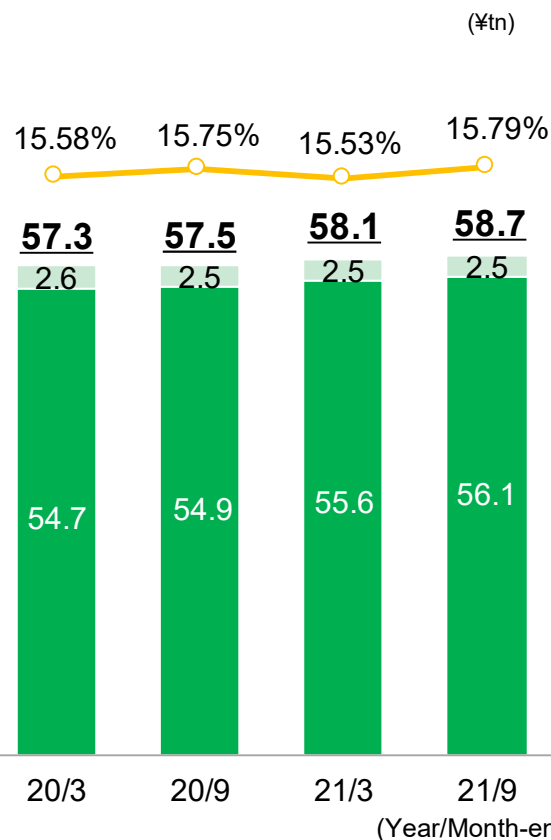
- The consolidated capital adequacy ratio at the end of September 2021 was 15.79%, up 0.25%pt compared to the end of March 2021, as the increase in total capital (numerator) had a greater impact than the increase in the total amount of risk-weighted assets (denominator).
- The increase in total capital was due to increased profits. The increase in the total amount of risk-weighted assets, etc. was mainly due to an increased balance in strategic investment areas (refer to page 12).

Capital Adequacy Ratio (Domestic Standard, Consolidated)

■ Credit risk-weighted assets

■ Operational risk equivalent / 8%

○ Capital adequacy ratio



	As of Mar. 31, 2021 (A)	As of Sept. 30, 2021 (B)	Increase (Decrease) (B) – (A)	
Total capital (a)	9,038.3	9,272.9	(1) 234.6	Main drivers of increase and decrease
Total amount of risk-weighted assets (b)	58,166.8	58,716.7	549.9	
Credit risk-weighted assets	55,614.8	56,130.2	(2) 515.4	
Capital adequacy ratio (a) / (b)	15.53%	15.79%	0.25%pt	

- (1) Increases in profits
(consolidated net income:
+¥235.3bn)
- (2) Increases in balances of the
strategic investment areas
(+¥1.1tn)

[(Ref.) International Standard, estimate*¹]

	As of Mar. 31, 2021 (A)	As of Sept. 30, 2021 (B)	Increase (Decrease) (B) – (A)
Common Equity Tier1 capital ratio (CET1 ratio)	17.73%	17.85%	0.12%pt
Excluding unrealized gains on available-for-sale securities* ²	14.09%	14.26%	0.16%pt

*1 Calculation for some items are simplified.

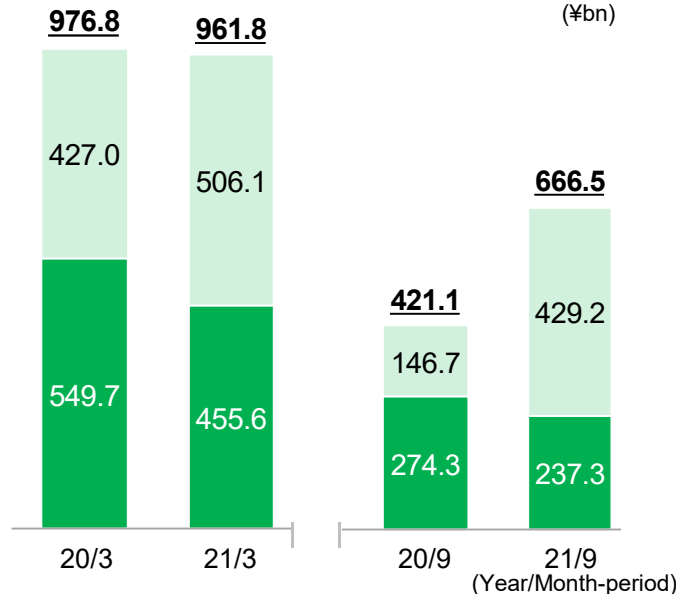
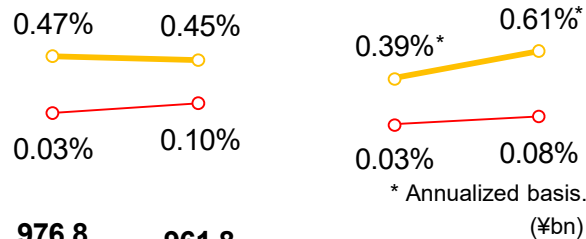
*2 After taking into consideration of gains (losses) from hedge accounting.

Income Analysis

- Net interest income for FY2022/3 1H was ¥666.5bn, up ¥245.4bn year-on-year, primarily driven by a significant increase in net interest income overseas.
- Net interest income overseas increased significantly in accordance with increased profits from dividends from foreign bonds investment trusts and private equity funds.

Income Analysis (Non-consolidated)

- Net interest income (Domestic)
- Net interest income (Overseas)
- Interest rate spread
- 10-year JGB yield



Domestic

	FY2021/3 1H (A)	FY2022/3 1H (B)	Increase (Decrease) (B) – (A)
Net interest income	274.3	237.3	(36.9)
Interest income	308.8	262.2	(46.5)
Interest on Japanese government bonds	191.2	159.2	(1) (31.9)
Interest expenses	34.5	24.9	(2) (9.5)

Main drivers of increase and decrease

- (1) Redemption of previously invested high-yield bonds, etc. and ongoing low interest rate environment

- (2) Decrease in high-yield TEIGAKU deposits (at maturity)

Overseas

	FY2021/3 1H (A)	FY2022/3 1H (B)	Increase (Decrease) (B) – (A)
Net interest income	146.7	429.2	282.4
Interest income	307.0	573.2	266.2
Interest on foreign securities	306.7	573.0	(3) 266.3
Interest expenses	160.2	144.0	(4) (16.2)

- (3) Increase in dividends from foreign bonds investment trusts and private equity funds

- (4) Foreign currency funding costs remain low (refer to page 22)

Total

	FY2021/3 1H (A)	FY2022/3 1H (B)	Increase (Decrease) (B) – (A)
Net interest income	421.1	666.5	245.4
Interest income	542.1	770.3	228.1
Interest expenses	121.0	103.7	(17.2)

Source: JGB interest rate information – Ministry of Finance Japan

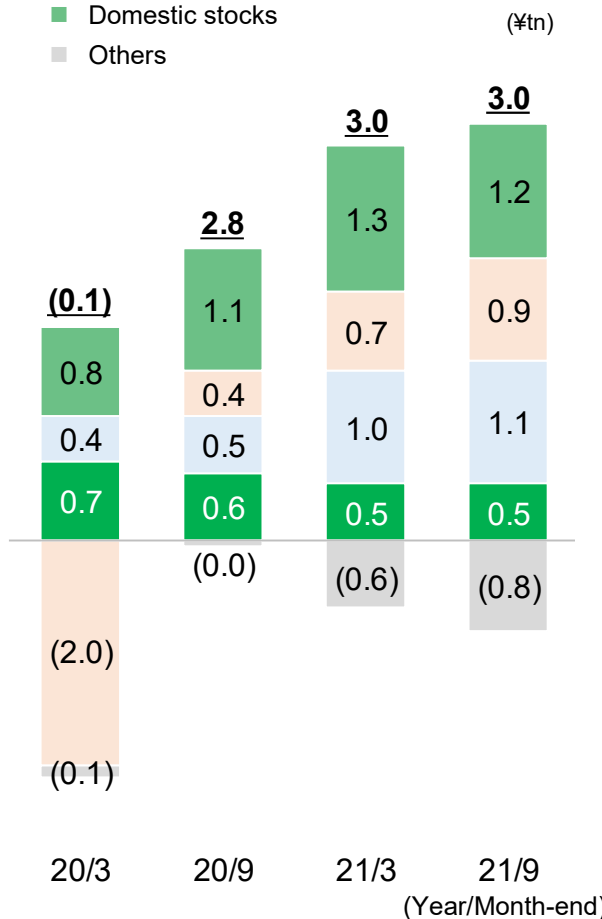
Notes: 1. "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").
2. For a part of interest income and expenses, transactions between "domestic" and "overseas" are offset to calculate totals. As a result, the total of each account may not be equal to the combined total of "domestic" and "overseas" of each item.

Unrealized Gains (Losses) on Financial Instruments

- Net unrealized gains on financial instruments (available-for-sale) after taking into consideration of gains (losses) from hedge accounting were ¥3.0tn as of September 30, 2021 (before application of tax effect accounting), increased by ¥48.5bn from March 31, 2021.
- Unrealized gains on foreign bonds and investment trusts increased due to tightening foreign credit spreads, etc.

Available-for-sale Securities (Non-consolidated)

- Japanese government bonds
- Foreign bonds
- Investment trusts
- Domestic stocks
- Others



	As of Sept. 30, 2021 Amount on the balance sheet / Notional amount		As of Sept. 30, 2021 Net unrealized gains (losses) / Net deferred gains (losses)		Main drivers of increase and decrease
		vs Mar. 31		vs Mar. 31	
Available-for-sale	120,496.5	1,556.0	3,741.9	155.1	
Securities (a)	114,843.8	1,450.9	2,661.7	254.5	
Japanese government bonds	31,416.6	1,499.5	563.5	20.7	
Foreign bonds	22,752.4	(752.6)	1,127.6	(1) 96.2	(1) Foreign credit spreads tightened, the JPY depreciated (against USD), etc.
Investment trusts*	48,564.4	973.2	916.6	(2) 140.4	(2) Foreign credit spreads tightened, and US long-term interest rates declined
Others	12,110.2	(269.2)	53.8	(3.0)	
Effect of fair value hedge accounting (b)			(216.0)	(42.5)	
Money held in trust (c)	5,652.6	105.0	1,296.2	(56.8)	
Domestic stocks	2,092.8	(168.9)	1,292.4	(71.0)	
Others	3,559.7	273.9	3.8	14.1	
Derivatives for which deferred hedge accounting is applied (d)	16,308.2	98.1	(644.6)	(3) (106.5)	(3) As the JPY depreciated (against USD), the fair value of derivative transactions hedged against dollar-denominated bonds fell
Total (a) + (b) + (c) + (d)			3,097.3	48.5	

* Investment trusts are mainly invested in foreign bonds.

- At the end of September 2021, investment assets was ¥244.1tn, an increase of ¥3.5tn compared to the end of March 2021, primarily driven by an increase in short-term investments and investment trusts.
- The balance of investment trusts rose after increases in private equity funds, foreign bonds investment trusts (IG) and real estate funds (debt).

Investment Assets (Non-consolidated)

- Japanese government bonds
- Japanese local government bonds, corporate bonds, etc.
- Foreign securities, etc.
- Money held in trust
- Loans
- Due from banks, etc.
- Short-term investments and others



(¥bn)				Main drivers of increase and decrease
Categories	Balance As of Sept. 30, 2021	%	vs Mar. 31, 2021	
Securities	140,040.0	62.4	1,856.8	(1) Increase in balances (commercial paper) (2) Balance accrual based on investment strategy (refer to page 28) (private equity funds, foreign bonds investment trusts (IG), real estate funds (debt)) Rise in fair value due to tightening of foreign credit spreads (3) Increase in balances (call loans)
Japanese government bonds	50,398.5	22.4	(94.9)	
Japanese local government bonds, corporate bonds, etc.* ¹	17,130.4	7.6	(1) 607.9	
Foreign securities, etc.	72,511.0	32.3	1,343.8	
Foreign bonds	23,859.7	10.6	354.6	
Investment trusts* ²	48,564.4	21.6	(2) 973.2	(3) Increase in balances (call loans)
Money held in trust	5,652.6	2.5	105.0	
Domestic stocks	2,092.8	0.9	(168.9)	
Loans	4,675.0	2.0	(16.6)	
Due from banks, etc.* ³	60,954.0	27.1	286.9	
Short-term investments and others* ⁴	12,858.8	5.7	(3) 1,353.0	
Total	224,180.6	100.0	3,585.2	

*1 "Japanese local government bonds, corporate bonds, etc." consists of Japanese local government bonds, commercial paper, Japanese corporate bonds and Japanese stocks.

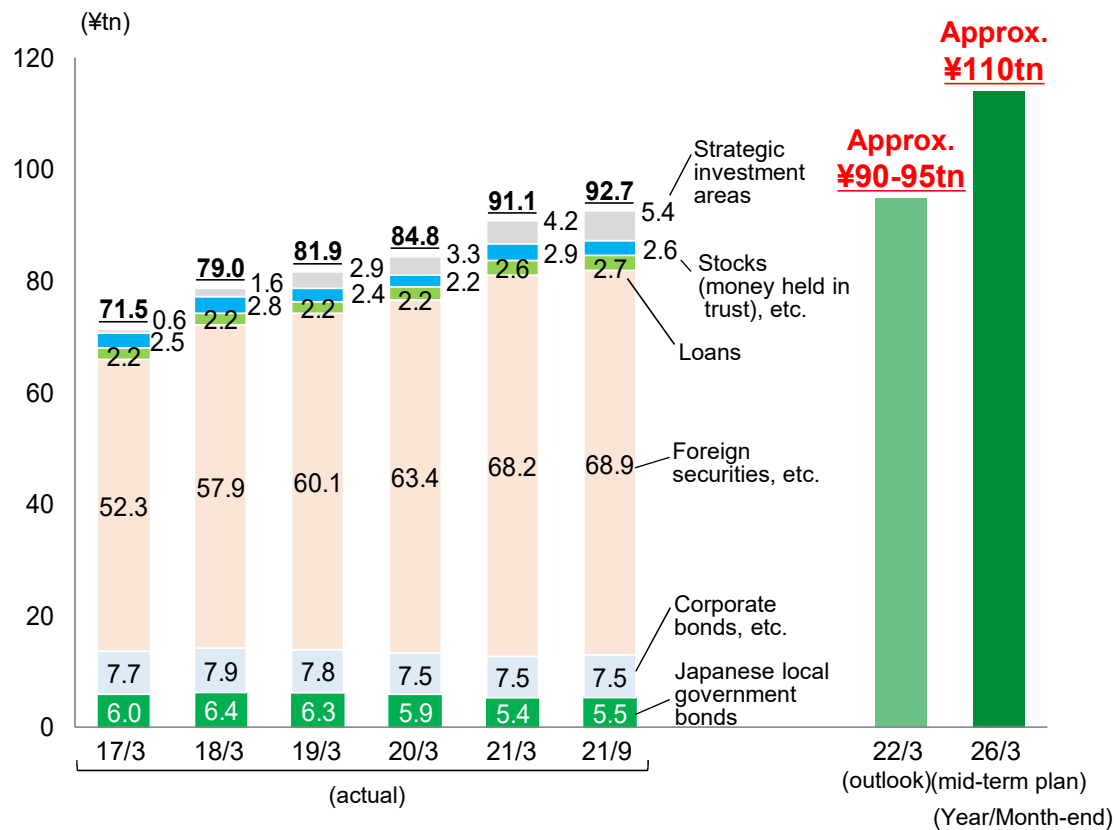
*2 Investment trusts are mainly invested in foreign bonds.

*3 "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.

*4 "Short-term investments and others" consists of call loans and receivables under resale agreements, etc.

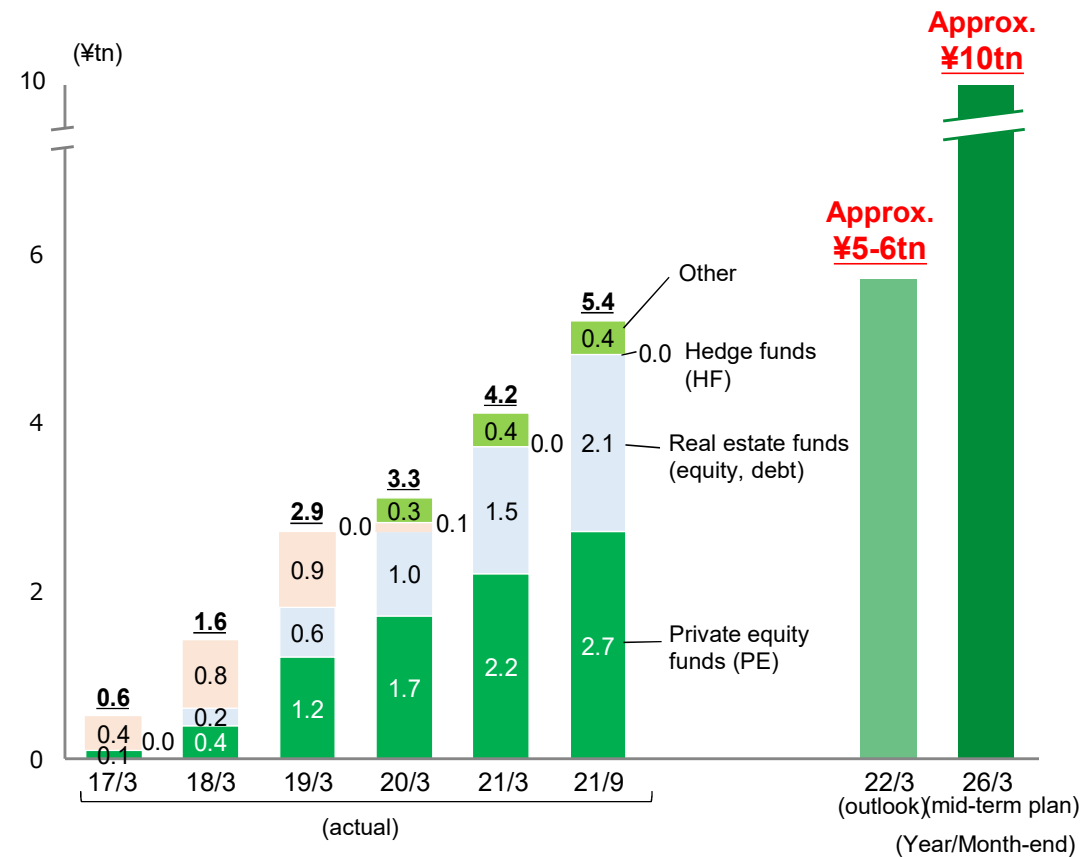
- As of the end of September 2021, the balance of risk assets*1 was ¥92.7tn, an increase of ¥1.6tn compared to the end of March 2021, primarily driven by an increased balance in strategic investment areas*2.
- The balance of strategic investment areas was ¥5.4tn, an increase of ¥1.1tn, primarily driven by increases in balances of private equity funds and real estate funds.

Risk Assets (Non-consolidated)



*1 Risk assets: assets other than yen interest rates (JGBs, etc.)

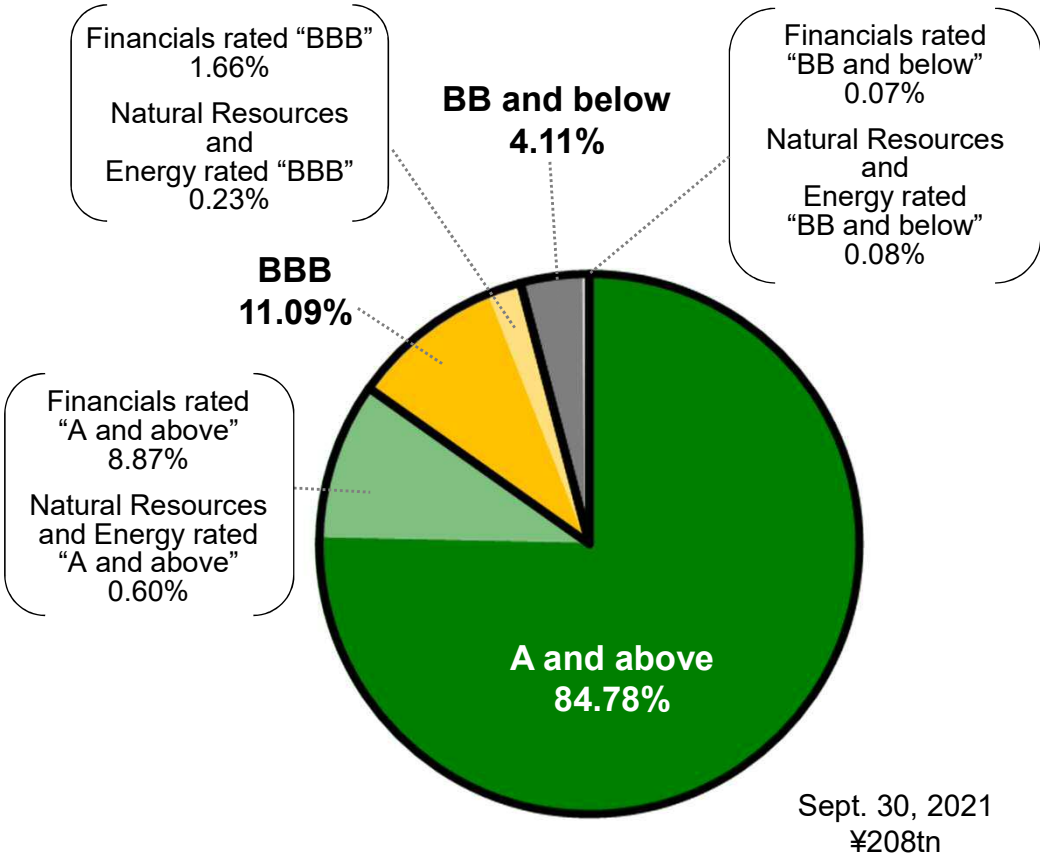
Strategic Investment Areas (Non-consolidated)



*2 Strategic investment areas: Private equity funds, Real estate funds (equity, debt), Hedge funds, Direct lending funds and Infrastructure debt funds, etc.

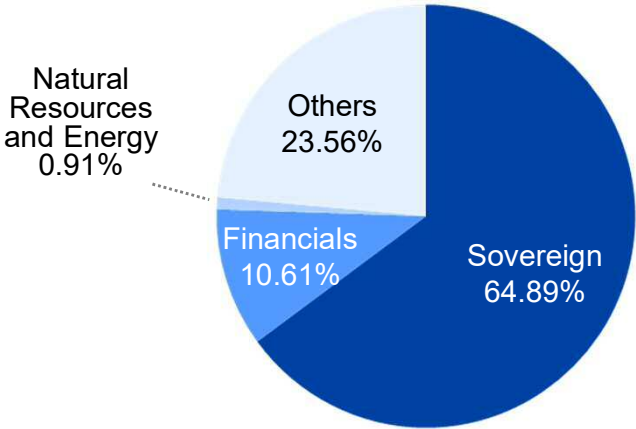
■ Breakdown of the Bank’s investment assets,
By credit rating: around 85% are rated A or above, and around 95% are rated IG (BBB or above).

Exposures Classified by Ratings (Non-consolidated)

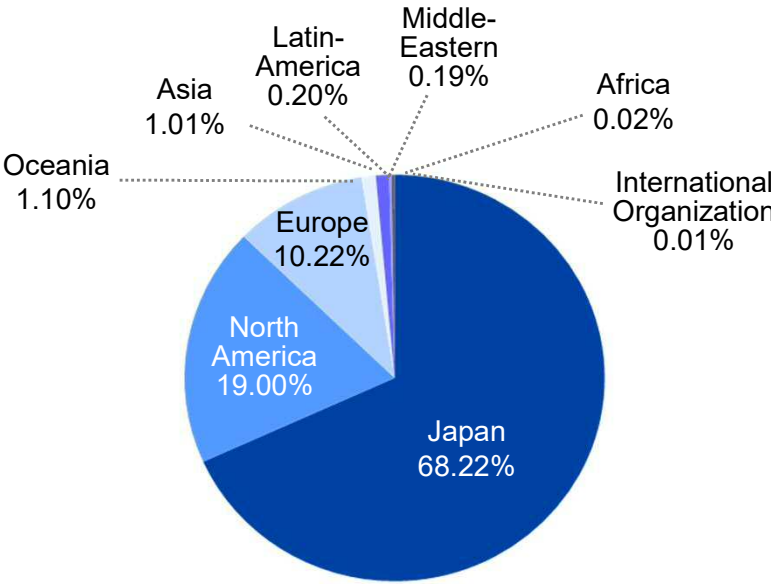


Notes: 1. The range of assets covered in this page includes bonds and/or loans to sovereign entities, financial institutions and industrial corporations, etc.
2. Exposures are calculated on the management accounting and book value basis.
3. Rating categories are based on the Bank’s internal ratings.

Exposures Classified by Sector and Region (Non-consolidated)



Note: "Sovereign" includes exposures to national and/or local governments and central banks, etc.



Asset Management

— (4) Portfolio Management Status —

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Balance (Non-consolidated)

(¥bn)

	As of Mar. 31, 2021 (A)	As of Sept. 30, 2021 (B)	Increase (Decrease) (B) – (A)
Yen interest rates assets	120,954.3	122,682.0	1,727.6
Short-term assets	66,942.3	69,032.8	2,090.5
Japanese government bonds and government guaranteed bonds	54,012.0	53,649.1	(362.8)
Risk assets	91,120.7	92,798.7	1,677.9
Japanese local government bonds	5,493.8	5,545.1	51.3
Japanese corporate bonds, etc.	7,534.2	7,506.5	(27.6)
Foreign securities, etc.	68,213.1	68,905.0	691.8
Loans	2,637.3	2,727.1	89.7
Stocks (money held in trust), etc.	2,976.8	2,683.3	(293.5)
Strategic investment areas	4,265.2	5,431.5	1,166.2

Net Gains and Losses (Including Fees and Expenses) (Non-consolidated)

(Average balance: ¥tn, Net gains (losses): ¥bn)

	FY2021/3 1H		FY2022/3 1H	
	Average balance	Net gains (losses)	Average balance	Net gains (losses)
Total portfolio	203.1	167.9	212.4	323.8
Yen interest rates assets	116.0	(260.0)	120.4	(292.1)
Customer-based funding and marketing	—	(410.1)	—	(445.6)
Investment side, etc.	—	150.1	—	153.5
Risk assets	87.1	427.9	91.9	615.9

Notes: 1. Management accounting basis.

2. Average balance of the respective portfolios is calculated as the average of the beginning and ending balances for each period.

3. Net gains and losses are calculated by the below formula. Total of net gains and losses for each portfolio is largely equal to the Bank's net ordinary income.

$$\text{Net gains/losses} = \text{Net interest income, etc. (Interest income} - \text{Interest expenses (including net gains and losses on sales, etc.))} + \text{Net fees and commission income (Fees and commission income} - \text{Fees and commission expenses)} - \text{Expenses (equivalent to general and administrative expenses in our statement of income)}$$

Notes: 1. Since these figures are calculated on management accounting basis, they are not equal to the figures for balance of each categories on page 11 and 31, and also the sum of "Yen interest rates assets" and "Risk assets" is not equal to the "Total" on page 11 and 31.

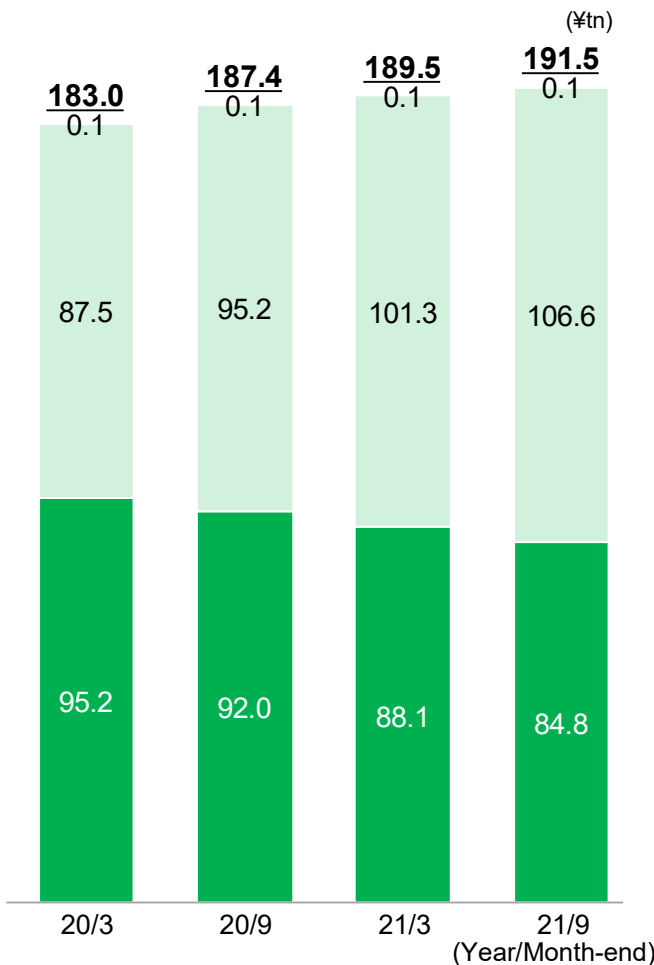
2. Strategic investment areas: Private equity funds, Real estate funds (equity, debt), Hedge funds, Direct lending funds and Infrastructure debt funds, etc.

Deposit Balance

- Deposit balance at the end of September 2021 was ¥191.5tn, representing an increase of ¥2.0tn compared to the end of March 2021, primarily driven by factors such as increases in ordinary deposits, etc.
- Ordinary deposits increased by ¥4.5tn due to factors such as transfers from TEIGAKU deposits at maturity and a decrease in the amount of refunds associated with reduced consumption on account of the spread of COVID-19.

Deposit Balance (Non-consolidated)

■ Fixed-term deposits ■ Liquid deposits ■ Other deposits



	As of Mar. 31, 2021 (A)	As of Sept. 30, 2021 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	101.3	106.6	5.3
Transfer deposits	9.1	9.8	0.7
Ordinary deposits, etc.*	91.5	96.1	(1) 4.5
Savings deposits	0.6	0.6	0.0
Fixed-term deposits	88.1	84.8	(3.3)
Time deposits	4.7	4.5	(0.1)
TEIGAKU deposits	83.4	80.3	(2) (3.1)
Other deposits	0.1	0.1	(0.0)
Total	189.5	191.5	2.0

Main drivers of
increase and decrease

- (1) Transfers from TEIGAKU deposits at maturity
- Decrease in the amount of refunds associated with reduced consumption on account of the spread of COVID-19
- (2) Concentration of TEIGAKU deposits at maturity (Added a premium to interest rates 10 years ago)

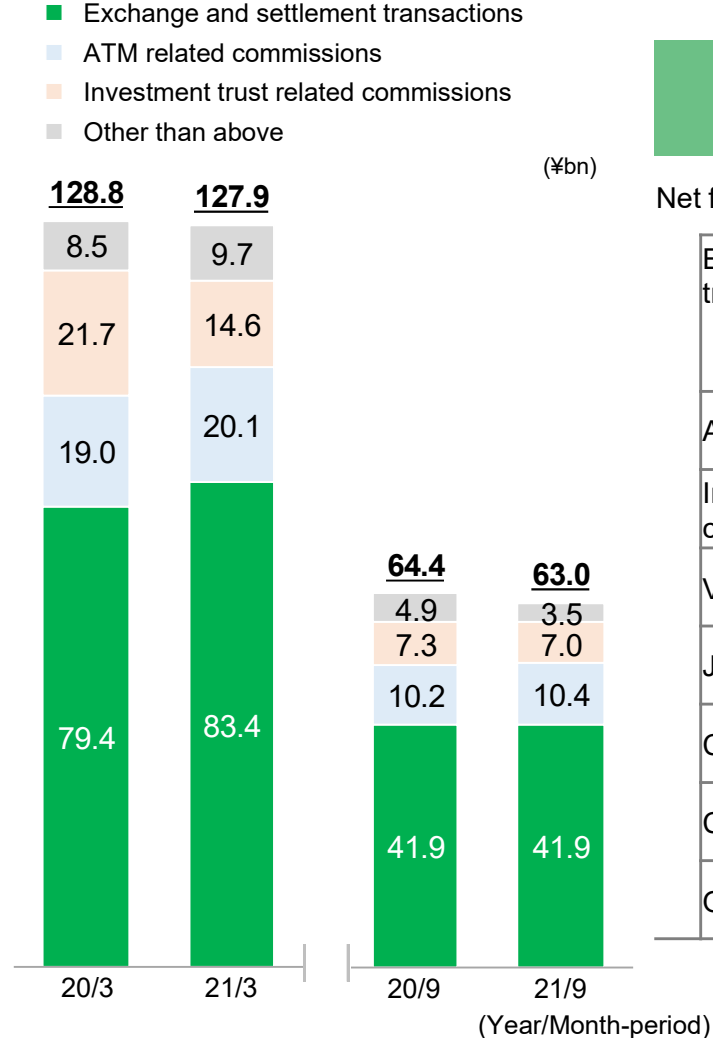
* Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)

Fees and Commissions

- Net fees and commissions for FY2022/3 1H decreased by ¥1.3bn year on year to ¥63.0bn.
- Although many revenue items decreased, ATM related commissions increased by ¥0.2bn as the number of transactions increased.

Fees and Commissions (Non-consolidated)

- Exchange and settlement transactions
- ATM related commissions
- Investment trust related commissions
- Other than above



	FY2021/3 1H (A)	FY2022/3 1H (B)	Increase (Decrease) (B) – (A)	Main drivers of increase and decrease
Net fees and commissions	64.4	63.0	(1.3)	
Exchange and settlement transactions	41.9	41.9	0.0	
Zengin-net fee	6.2	6.8	0.5	
ATM related commissions	10.2	10.4	(1) 0.2	(1) Increase in the number of transactions
Investment trust related commissions	7.3	7.0	(0.3)	
Variable annuities	0.1	0.0	(0.0)	
JGBs related commissions	0.8	0.5	(0.2)	
Credit cards	2.1	2.0	(0.1)	
Consumer loans	0.6	0.5	(0.0)	
Other	1.2	0.3	(2) (0.8)	(2) Inclusion of expenses related to account overdraft services, etc.

(Ref.) Future Prospects for Fees and Commissions

- A review of the fees for remittance and ATM services is scheduled for **January 2022**. This is expected to improve the income and expenditure.
- We aim to **launch discretionary investment services** (in partnership with Daiwa Securities) **in 2022**. This will **improve income from fees and commissions** by better addressing diversifying asset management needs.

Exchange and Settlement Transactions, etc. / ATM related commissions

Fees and Commissions [Key Items related to Exchange and Settlement transactions]

	FY2021/3 1H (A)	FY2022/3 1H (B)	Increase (Decrease) (B) - (A)
Automatic payments	12.5	12.7	0.1
Regular payments	8.9	8.7	(0.2)
Wire transfers	2.7	2.6	(0.0)
Immediate transfers	2.5	2.4	(0.0)

Increase in transactions due to high demand from those staying at home, as was the case in FY2021/3

ATM Installation Status (as of Sept. 30, 2021)



Pursue efficient ATM placement

Review of fees, etc.*
(from Jan. 17, 2022 onward)

Remittance Services

- (1) Fee increases (cash payments)

ATM Services

- (1) Fee increases
(Convenience store ATMs²)
- (2) Charging after-hours fees
(External ATMs³)

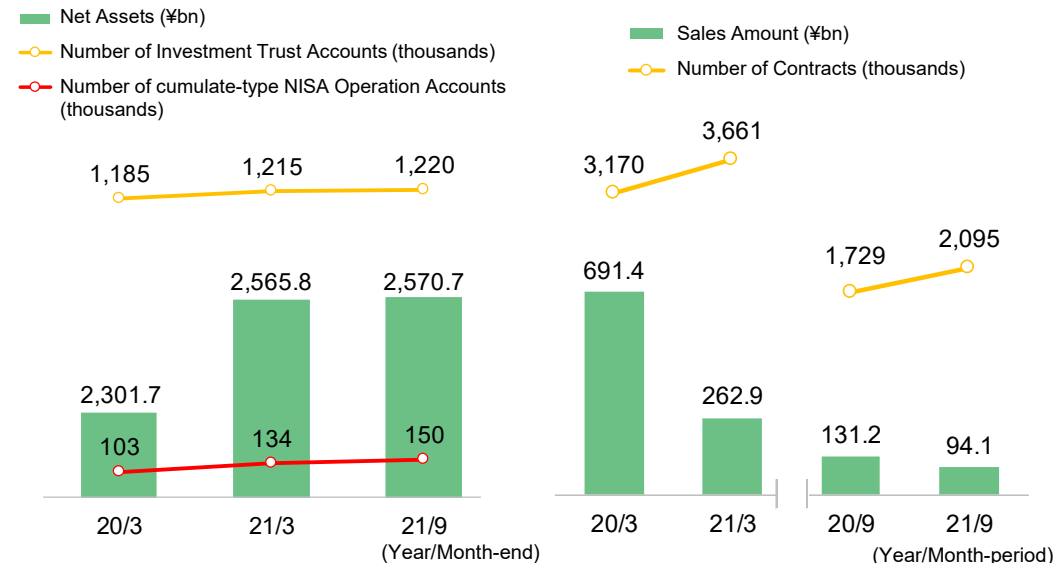
Expected to improve the income and expenditure going forward

*1 In addition to the above, new coin handling fees and new denomination designation fees will be established, although they will be recorded as revenue under different items.

*2 Lawson ATMs, E-net ATMs

*3 Installed in stations, malls and FamilyMart convenience stores, etc.

Investment Trusts Sales, etc.



Status of New Businesses Under Consideration (in Partnership with Daiwa Securities)

Current Status

Continued preparations for launching discretionary investment services in 2022

Initiatives

Going forward, we will focus primarily on the below matters in preparation for the launch of the service.

Creating sales tools

Acquiring authorization

System Development

Training at branches, etc.

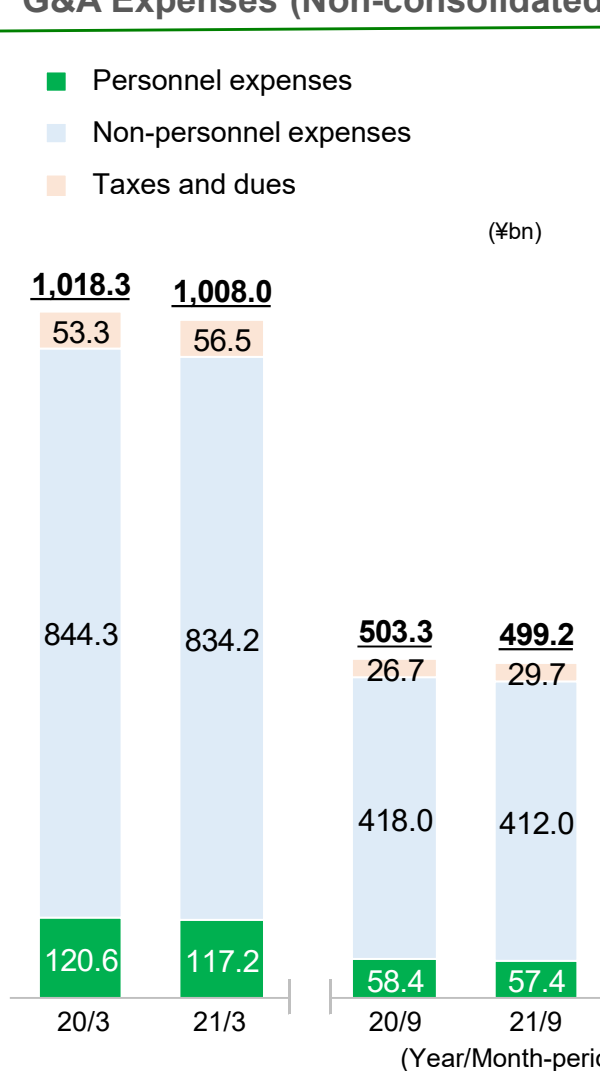
Service launches (in 2022)

General and Administrative Expenses

- General and administrative expenses for FY2022/3 1H decreased by ¥4.1bn year on year to ¥499.2bn, driven primarily by factor such as the reduction of non-personnel expenses.
- Due to a decrease in directly-operated branches costs on account of decreased personnel, commissions on bank agency services, etc. paid to Japan Post decreased as planned.

G&A Expenses (Non-consolidated)

- Personnel expenses
- Non-personnel expenses
- Taxes and dues



	FY2021/3 1H (A)	FY2022/3 1H (B)	Increase (Decrease) (B) – (A)	Main drivers of increase and decrease
Personnel expenses*	58.4	57.4	(1.0)	(1)
Salaries and allowances	47.9	47.0	(1)	(0.8)
Non-personnel expenses	418.0	412.0	(5.9)	
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	187.2	181.7	(2)	(5.5)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network	118.7	118.5		(0.1)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	28.7	27.6	(3)	(1.0)
Taxes and dues	26.7	29.7	(4)	2.9
Total	503.3	499.2		(4.1)

* Personnel expenses include non-recurring losses.

- Reductions in employee numbers brought about by factors such as fewer new hirings
(Refer to page 56)
Number of employees
- as of Sept. 30, 2021: 12,457 people
- as of Sept. 30, 2020: 12,646 people
- Decrease in costs of directly-operated branches due to decrease in personnel, etc.
- Decrease in effective rates
- Increase in business tax (due to increase in profits)
- Increase in consumption tax (increase in capital investment, etc.)

2. Revised Earnings and Dividends Forecasts for FY2022/3

Earnings Forecasts (Revised)

- In light of the 1H results and recent market conditions, we have revised the full-year earnings forecast (net income attributable to owners of parent) upward from the original forecast of ¥260.0bn to ¥350.0bn, an increase of ¥90.0bn. The progress rate to our earnings forecast after the upward revision is 67.2%.

Revised Full-year Earnings Forecasts for FY2022/3 (Consolidated)

	FY2021/3	FY2022/3 1H	FY2022/3		(¥bn)	Main drivers of increase and decrease
	Actual	Actual	Forecasts (Original Plan) (May 14, 2021) (A)	Forecasts (Revised Plan) (Nov. 12, 2021) (B)	Increase (Decrease) (B) – (A)	
Net interest income, etc.* ¹	1,270.1	760.3	1,240.0	1,355.0	(1) 115.0	(1) ● We expect the market environment to continue to be stable ● Profits from foreign bonds investment trusts and strategic investment areas will increase (Refer to pages 21 and 22 for details)
Net fees and commissions	127.9	63.6	129.0	129.0	—	
General and administrative expenses	1,009.3	500.2	1,015.0	1,005.0	(2) (10.0)	(2) ● Progress in reducing non-personnel expenses ● The reduction in agency commissions paid to Japan Post is progressing as planned
Net ordinary income* ²	394.2	325.6 [67.1%]	355.0	485.0	130.0	
Net income attributable to owners of parent* ²	280.1	235.3 [67.2%]	260.0	350.0	90.0	

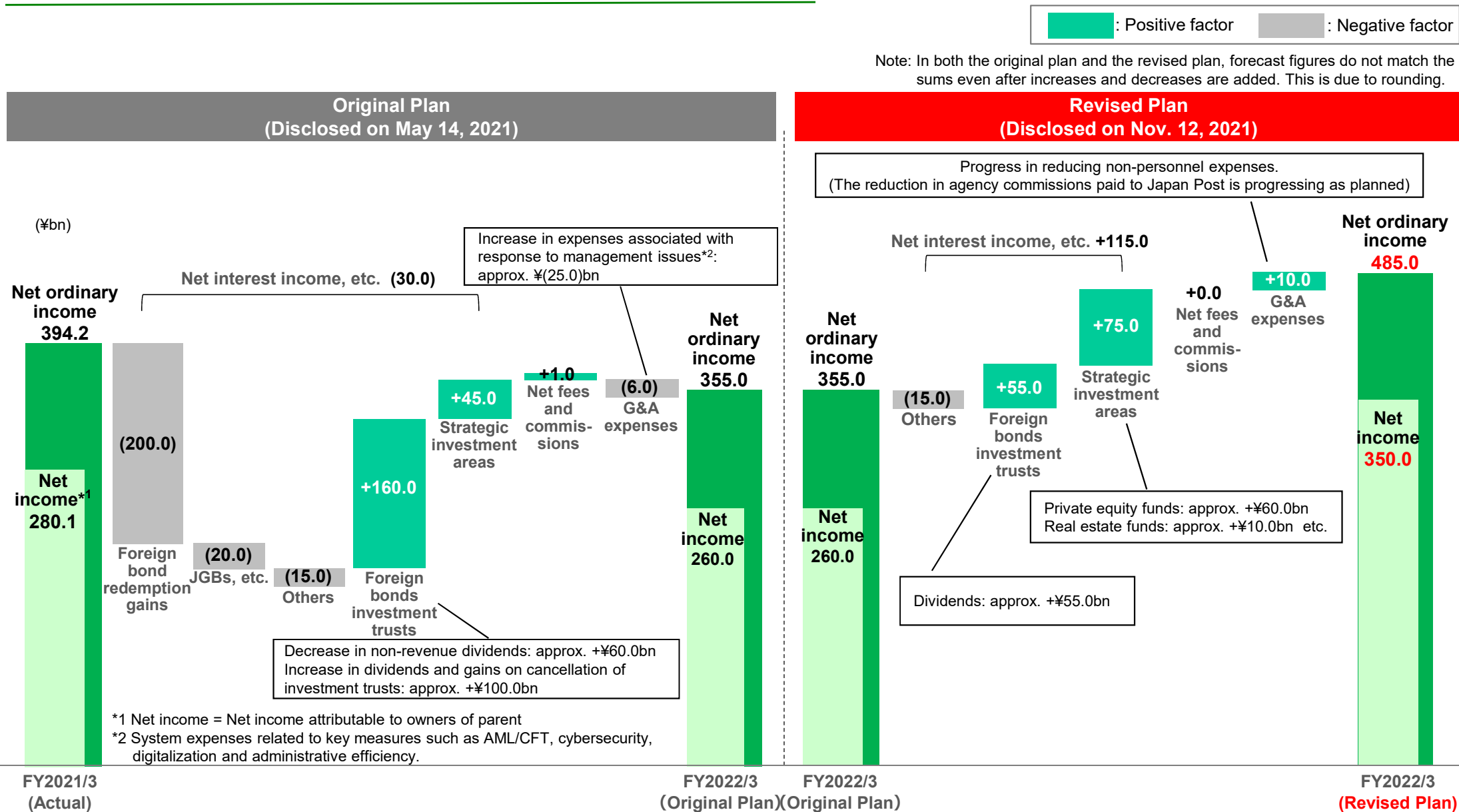
Note: The above earnings forecasts are calculated based on information available at this point. Actual earnings may differ depending on various factors that may arise in the future.

*1 Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.)

*2 Progress rates to revised earnings forecasts are written inside parentheses.

Revised Plan vs. Original Plan

Difference from Original Plan (Net ordinary income, Consolidated)



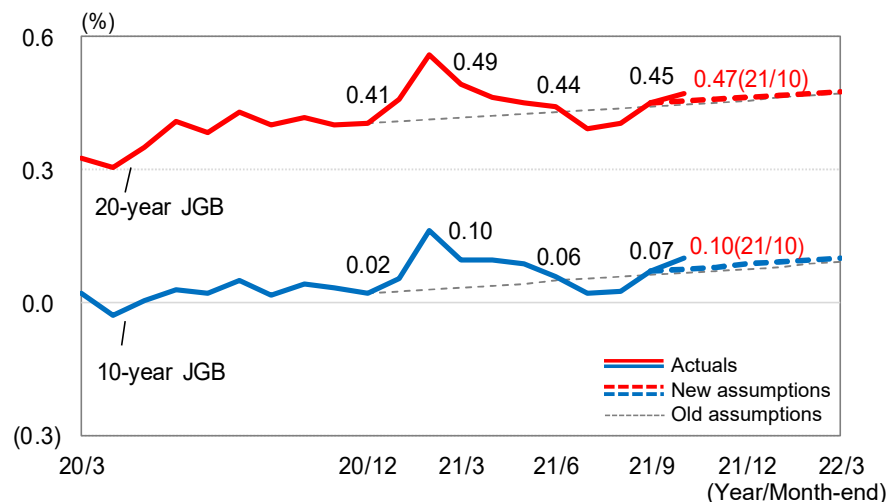
Assumptions for Earnings Forecasts (Revised)

■ The assumptions made in the revised earnings forecasts are as follows:

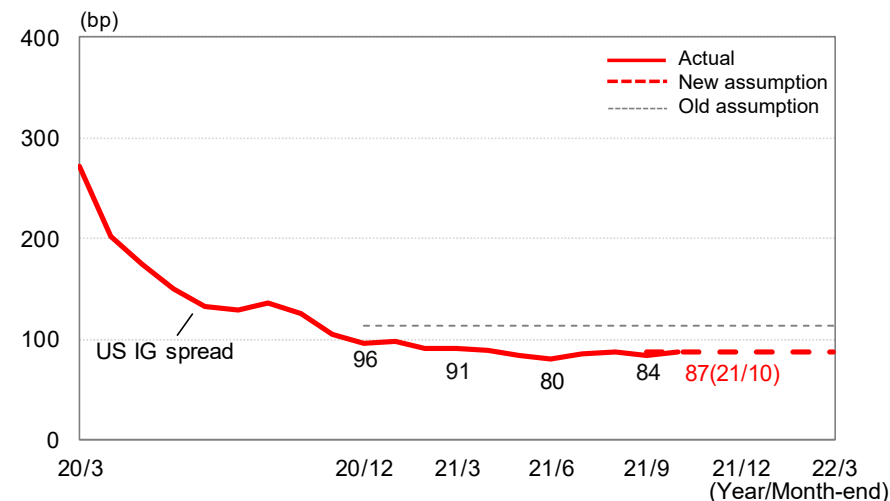
- Domestic and foreign interest rates will **move in the line with the implied forward rates as of September 30, 2021.**
- Foreign credit spreads will **remain almost flat compared to the levels of first half of FY2022/3.**
- Foreign exchange will **continue at the same levels as of September 30, 2021.**

Assumptions and Actuals

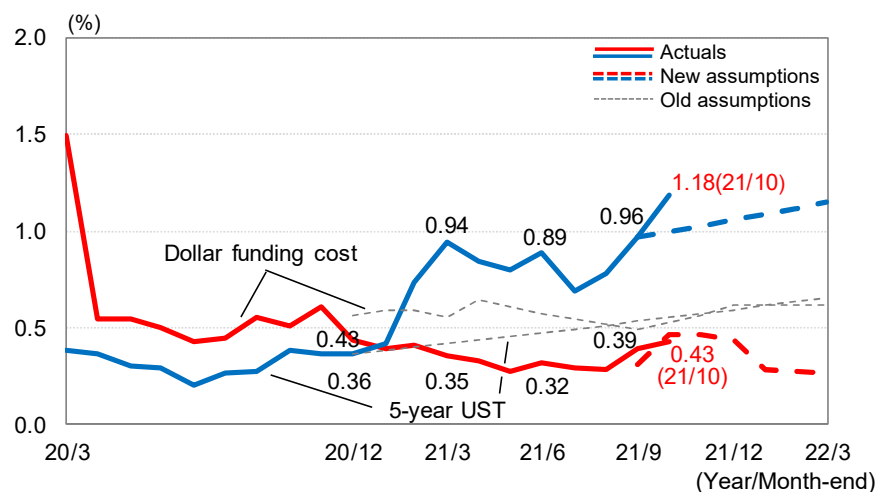
Yen interest rates



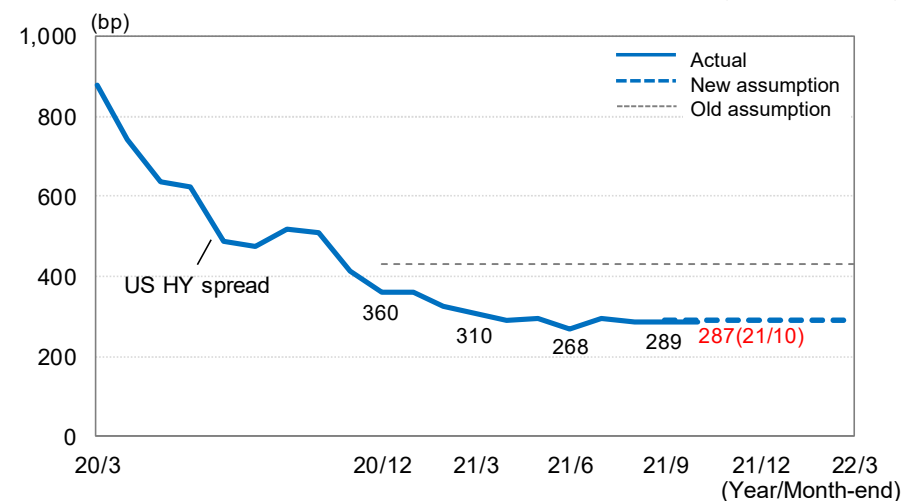
US IG spread



US interest rate
Dollar funding cost



US HY spread



Dividends Forecast (Revised) and Shareholder Benefit Program

- In light of the revised-upward earnings forecasts and our shareholder return policy, we have revised the annual dividends forecast to ¥47 per share, up by ¥7 from the previous forecast of ¥40 per share, and have decided to introduce a shareholder benefit program.

Dividends Forecast (Revised)

	FY2021/3	FY2022/3	
	Actual	Previous Forecast (May 14, 2021)	Revised Forecast (Nov. 12, 2021)
Dividend per share	¥50 (Annual ¥50)	¥40 (Annual ¥40)	¥47 (Annual ¥47)
Total dividend payment	¥187.4bn	¥149.9bn	¥176.2
Dividend payout ratio	66.9%	57.6%	50.3%

Note: The above dividends forecast is calculated based on information available at this point.
Actual dividends may differ depending on various factors that may arise in the future.

(Ref.) Shareholder return policies

- Taking into consideration the balance between shareholder returns, financial soundness and growth investments, throughout the term of the Medium-term Management Plan (FY2022/3 through FY2026/3), the basic policy is to maintain a dividend payout ratio of approximately 50%.
- However, the target dividend payout ratio will be set between 50% and 60% while keeping in mind the stability and sustainability of dividends and we will target increases to dividends per share (DPS) compared to projected dividend levels for FY2022/3*.

* The annual dividends forecast for FY2022/3 was revised to ¥47 per share, from the previous forecast of ¥40 per share.

- Based on future expansions in income, the repleteness of internal reserves, the status of regulatory trends, and the Japan Post Group's disposal policy* with regard to the Bank shares, we are also considering implementing additional shareholder return policies, including share buyback.

* As a Japan Post Group policy, Japan Post Holdings aims to dispose of their equity interests in the Bank to lower the holding ratio to 50% or less as early as possible during the Mid-term management plan.

Introduction of a shareholder benefit program

- We aim to express our gratitude to our shareholders for their daily support, to enhance the appeal of investing in the Bank's shares and thereby increase the number of our shareholders.

[Details of the shareholder benefit program]

Subject	<ul style="list-style-type: none"> ● Shareholders who hold at least 500 shares (five units) in the Bank as of March 31
Details	<ul style="list-style-type: none"> ● Applicable shareholders will be able to choose from a range of products (equivalent to ¥3,000) in the Bank original catalog ● The original catalog will include products from Japan Post's "Furusato Kozutsumi" (Hometown Parcel) service, as well as foods, sundries, contributions to social welfare organizations, original frame stamp and more
Timeframe	<ul style="list-style-type: none"> ● We plan to enclose the original catalog with the "Notice of Resolutions from the Ordinary General Meeting of Shareholders" sent after the Ordinary General Meeting of Shareholders at the end of June ● The first catalog is scheduled for late June 2022

3. Responses to Important Themes

General Remarks (Mid-term Plan Deep Dive)

- The environment surrounding banks is severe, **with increasing social interest in ESG management, social demands on the banking business, and a rapidly changing market environment.**
- Of the “five key strategies” formulated in the Mid-term Plan to address these issues, **we will set five themes that should be explored in particular depth.**

Business
environment

Increased social demands on the banking business
⇒ Stable system operations - Money laundering - Cyber security

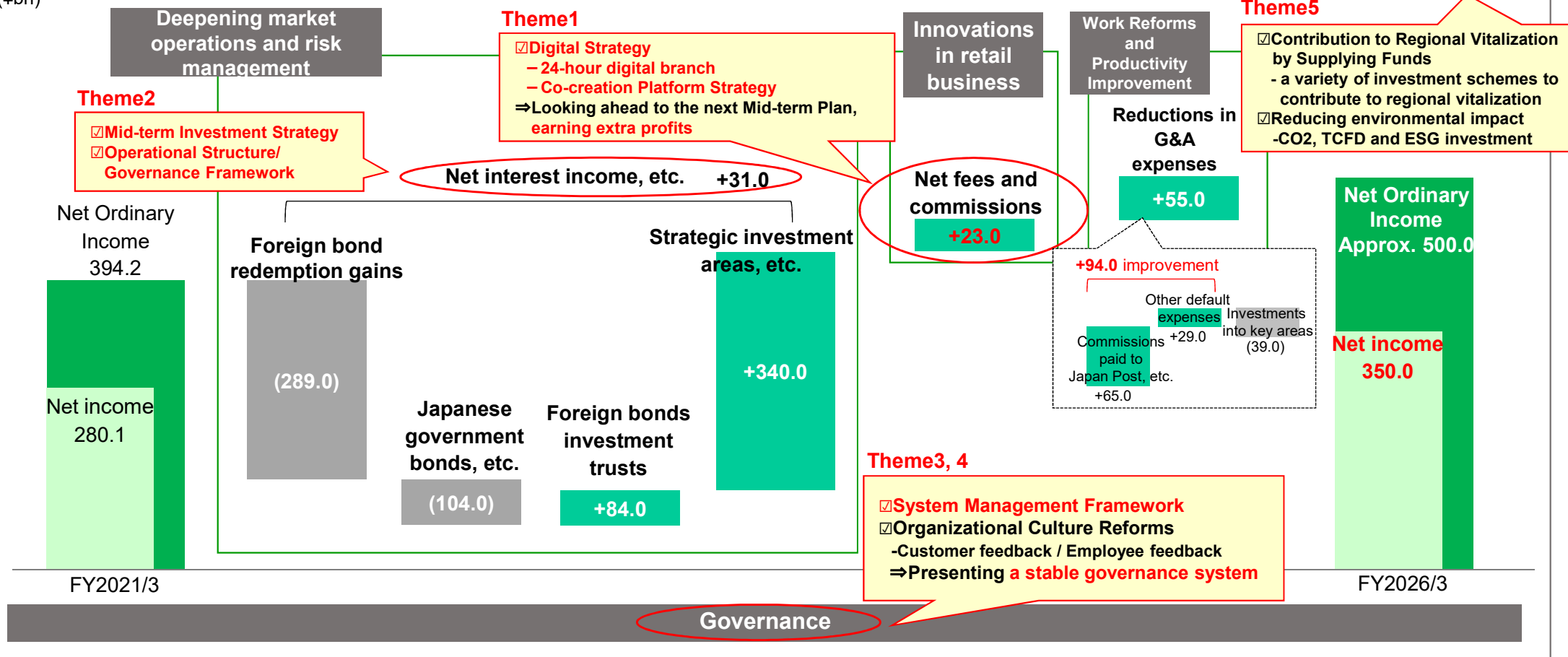
Reduced profit opportunities for banking businesses
⇒ Continued low interest rates both domestic and foreign
- Fintech companies entering the market

Increased social interest in ESG management
⇒ Both improvements in corporate value and
contributions to the solution of social issues

Five themes for dealing with challenges

<Excerpt from Mid-term Plan Profit Roadmap>

(¥bn)



Theme 1 : Digital Strategy – (1) 24-hour digital branch –

[Key concept : 24-hour digital branch]

(1) Enhancement of digital banking capabilities

Enabling a seamless digital-physical customer experiences

(2) Banking via smartphones

Improving UI/UX and promoting a shift to digital services that are secure and safe

(3) Improving convenience and expansion of other digital services

Creating a PFM (Personal Finance Management) app to accumulate data and deliver them to **a new financial platform**

Digital Strategy

Physical Channels

- Enhancing digital access to branches and ATMs



- Teller tablet system (physical)
– Feb. 2022: Start a trial run



- ATM deposits and withdrawals via smartphone (May 2023)



- App for opening accounts (digital)
– May 2022: App launch

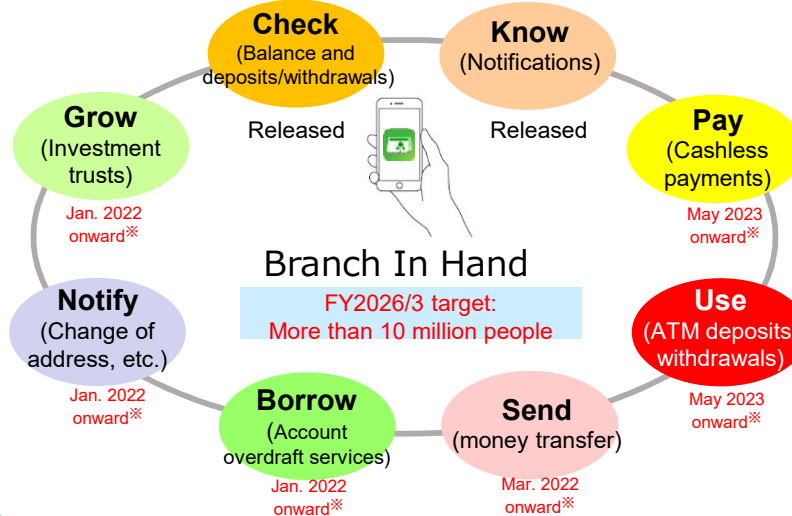
- Contact Center Yucho Bankbook App Support Desk
– Jan. 2022: Newly established

- New brand debit cards and Rakuten cards (the Bank design) will be launched
⇒ Contributing to Japan Post's cashless measures

Digital Channels



Function addition
(Improving convenience)



Digital shift

Expansion of services

Co-creation Platform Strategy

Develop a new PFM app and attract customers to a new financial platform

Household Accounting

- Comprehensive income and expenditure management
- Make financial assets within and outside of the Bank more visible

Making assets more visible

Manage income and expenditure

Payment via smartphone (debit, etc.)

Household Budget Consultation

- Raising awareness of asset building, etc.
- Leading to cross-use in products both within and outside the Bank

Life Plan Simulation

Personalized recommendation

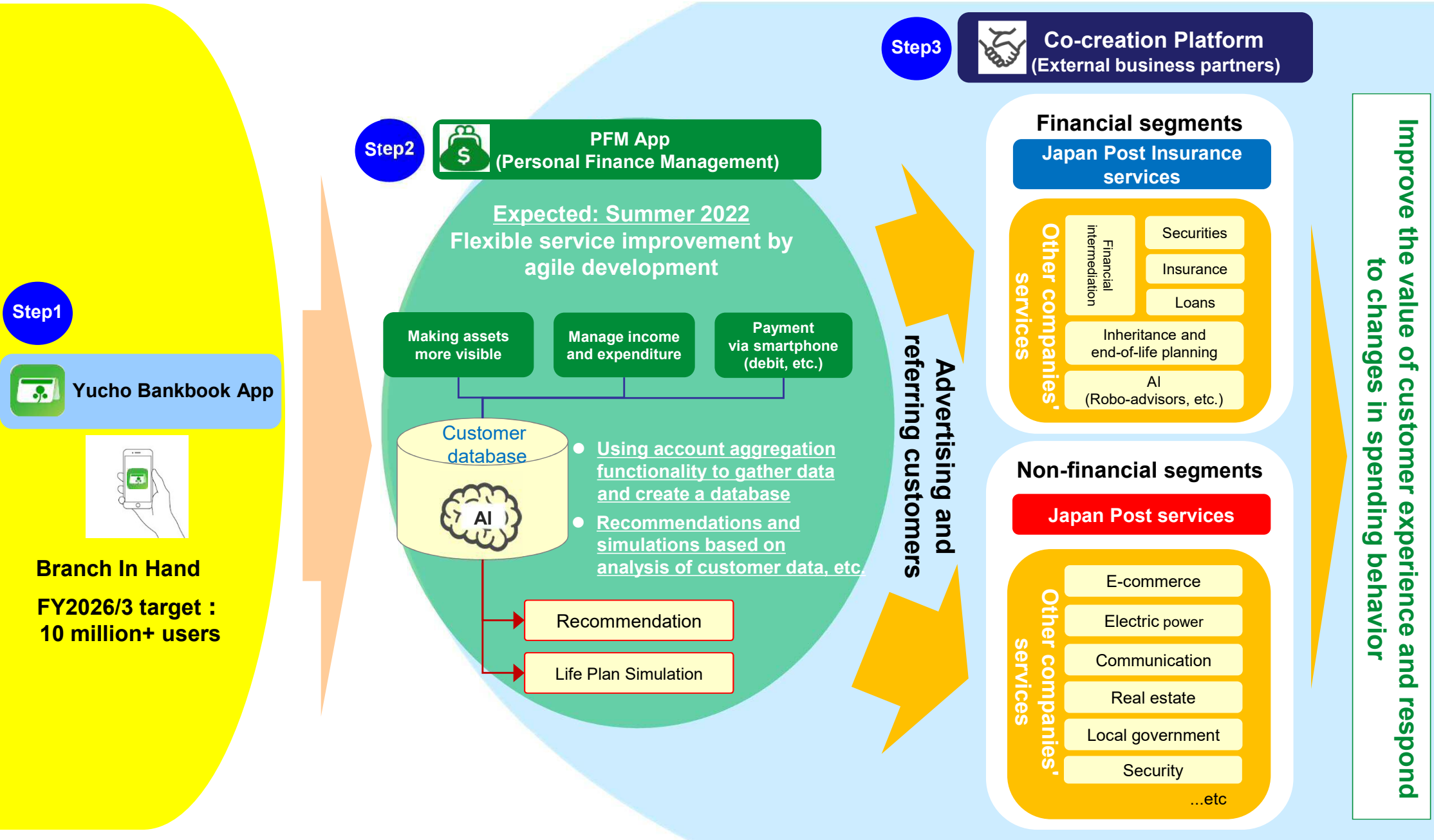
Advertising and referring customers

Co-creation Platform

Japan Post Insurance Products Securities Insurance
Loans AI (Robo-advisors, etc.) E-commerce
...etc













* Release dates of each feature are tentative.

Theme 1 : Digital Strategy – (2) Co-creation Platform Strategy –



– (1) Mid-term Investment Strategy (Risk Assets and Strategic Investment Areas) –

- Secure profits by building up balances of risk assets, including strategic investment areas, with appropriate risk management while closely monitoring the market environment.
- Continue investment centered on IG (Investment Grade) to maintain stable profits.**
- Continue selective investment** in strategic investment areas. In particular, **private equity funds are expected to contribute to profits from the amount accumulated (approximately ¥2.2tn) through to the period covered by the previous Mid-term Plan.**

Main Assets of Risk Assets			Mid-term Investment Policy			Image for FY2026/3					
						BS		PL			
Credit	Foreign bonds investment trusts	IG									
		XOVER									
		HY (included bank loan funds)									
		CLO									
Stocks		Stocks									
Strategic Investment Areas	Real estate funds	Private equity funds									
		Equities									
		Debts									
	Direct lending funds										
	Infrastructure debt funds										
Hedge funds											
			<ul style="list-style-type: none">● Expand investment amount while improving credit quality● Continue investment centered on IG to maintain stable profits					<div>Compared with FY2021/3 +¥84.0bn</div>			
			<ul style="list-style-type: none">● Invest cautiously, taking into account the amount of risk in HY areas								
			<ul style="list-style-type: none">● Increase investment appropriately, keeping market share in mind								
			<ul style="list-style-type: none">● Adjust the amount of risk, keeping in mind the downside risk								
								<div>End of FY2026/3 Approx. ¥110tn Compared with the end of Mar. 2021 +Approx. ¥20tn (+20%)</div>			
			<ul style="list-style-type: none">● Invest selectively in quality projects● Increase investment while expanding investment areas, etc.● Maintain stable profits while also focusing on income								
								<div>Compared with FY2021/3 +¥340.0bn*</div>			
			<ul style="list-style-type: none">● Continue initiatives to cancel all contracts								
						<div>End of FY2026/3 Approx. ¥10tn Compared with the end of Mar. 2021 +Approx. ¥6tn (+140%)</div>					

* +¥340.0bn in strategic investment areas and elsewhere when totaled with other items.

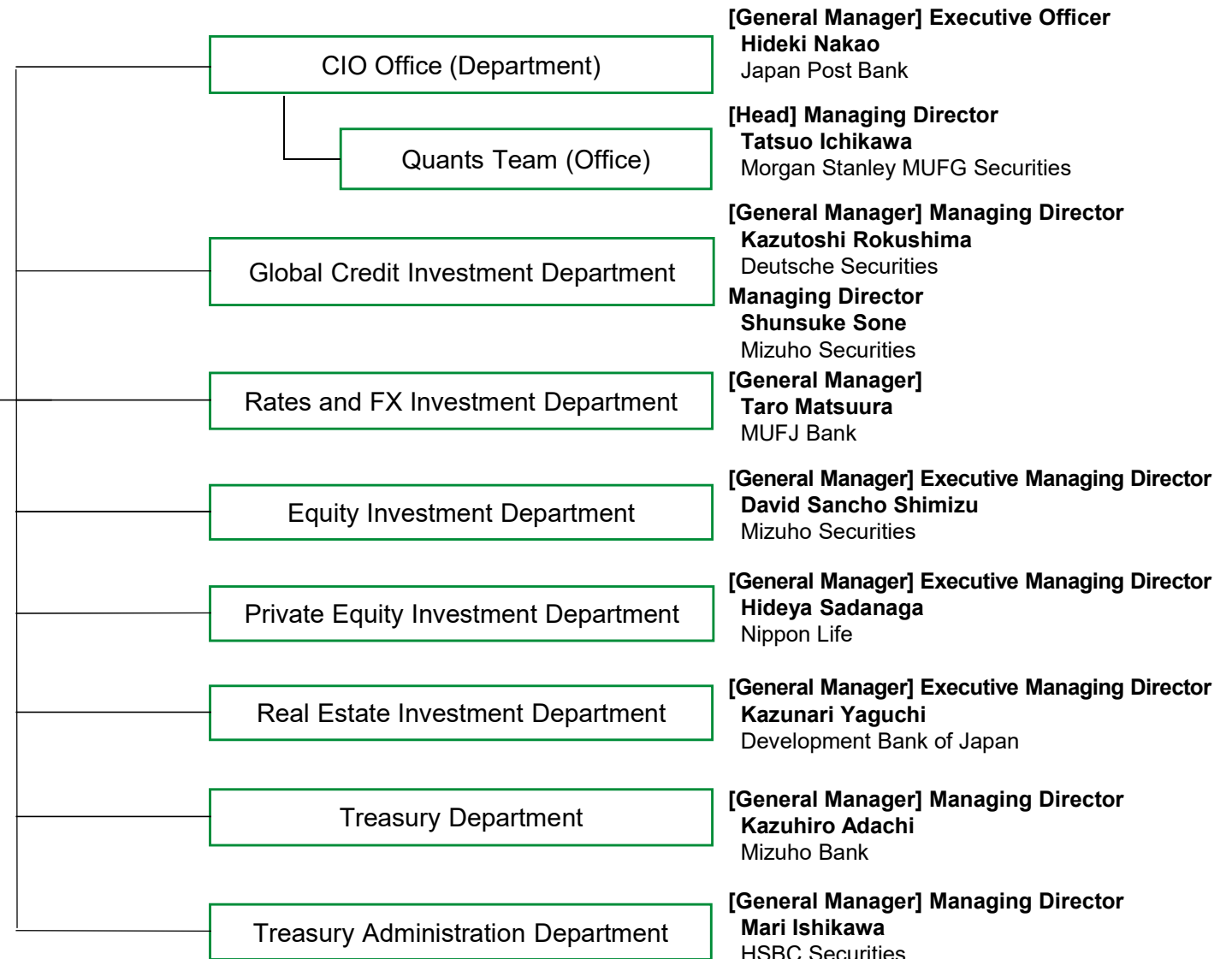
Theme 2 : Market Operations – (2) Operational Structure –

- The organization comprises **eight departments and one office, specializing in different fields**, under the supervision of the dedicated Executive Officer in charge of the Investment Division.
- **A variety of specialized personnel** are assigned to them as General Manager-level management. **They are actively engaged in passing on their expertise, as well as training more junior employees.**

Investment Division (Eight departments and one office) (As of Nov. 2021)

Executive Officer in charge of
the Investment Division

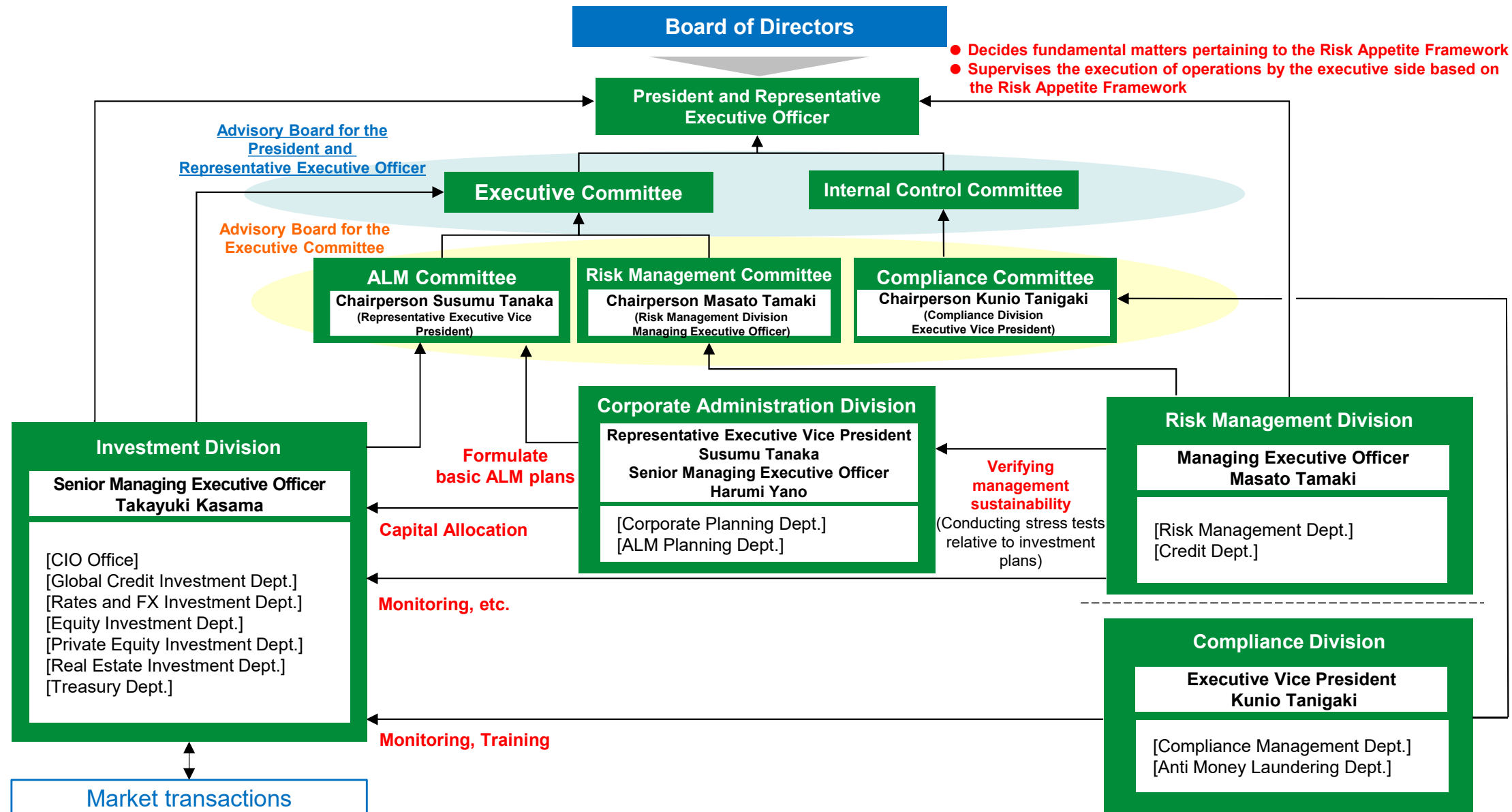
**Senior Managing Executive Officer
Takayuki Kasama**
Goldman Sachs, Golvis Investment



Note: Main previous appointment listed below name.

Theme 2 : Market Operations – (3) Governance Framework –

- Management of investment implementation, etc., while ensuring adequate checks and balances by the Risk Management Division and the Compliance Division.



Theme 2 : Market Operations

(Ref.) Change in Investment Portfolio

1. Results

2. Earnings/Dividends
Forecasts

3. Important
Themes

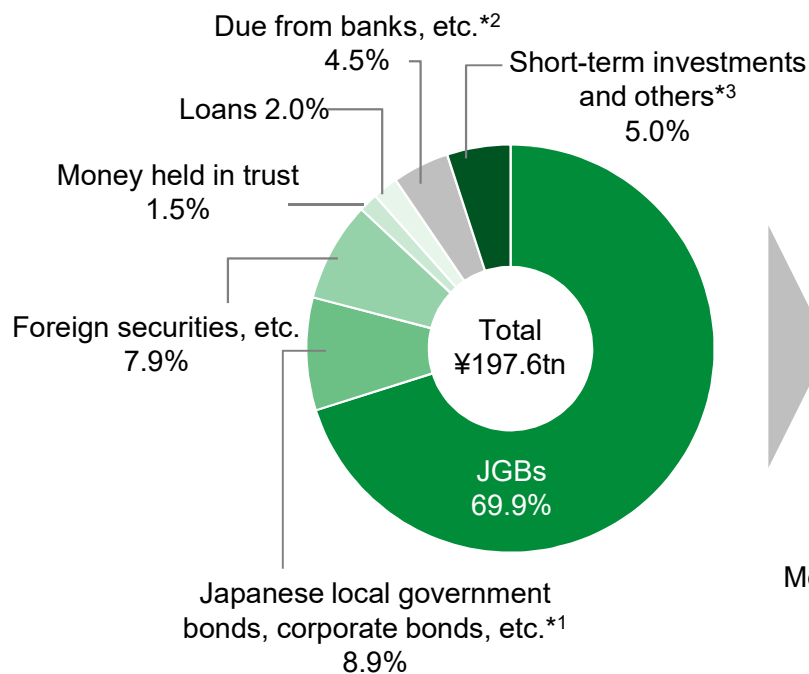
Appendix

Financial Data

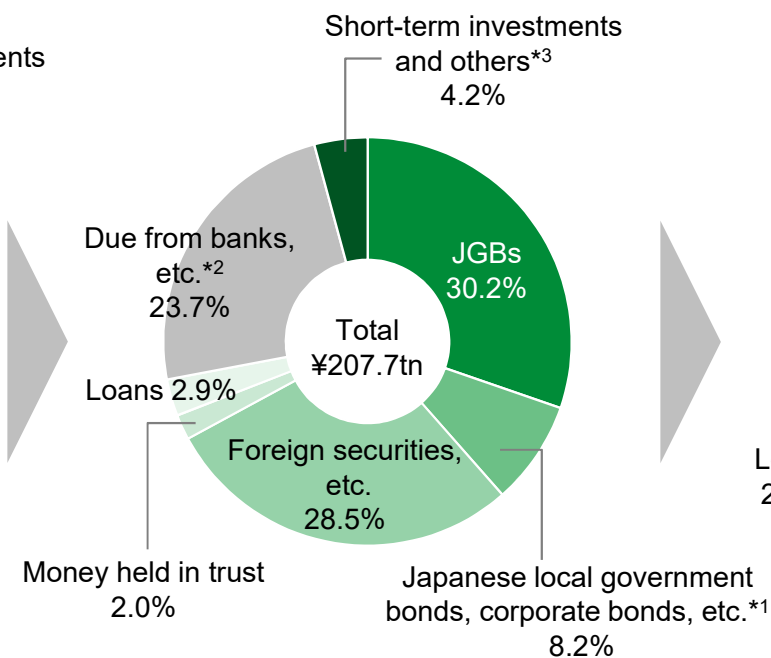
- Amidst challenging investment conditions with prolonged ultra-low interest rates in Japan, we shifted our investment focus from JGBs to Risk assets under appropriate risk management.

Change in Investment Portfolio (Non-consolidated)

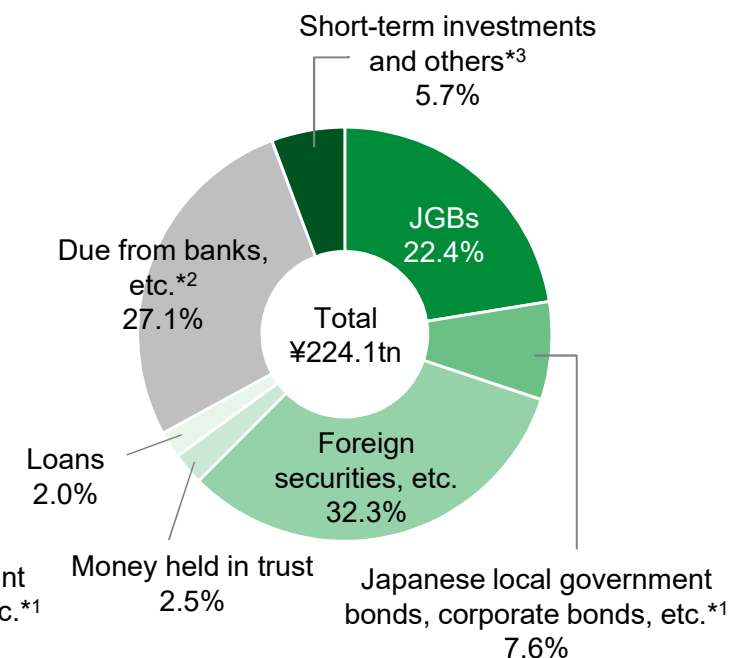
As of Mar. 31, 2013



As of Mar. 31, 2018



As of Sept. 30, 2021



JGBs

69.9% [¥138.1tn]

30.2% [¥62.7tn]

22.4% [¥50.3tn]

Foreign securities, etc.

7.9% [¥15.7tn]

28.5% [¥59.2tn]

32.3% [¥72.5tn]

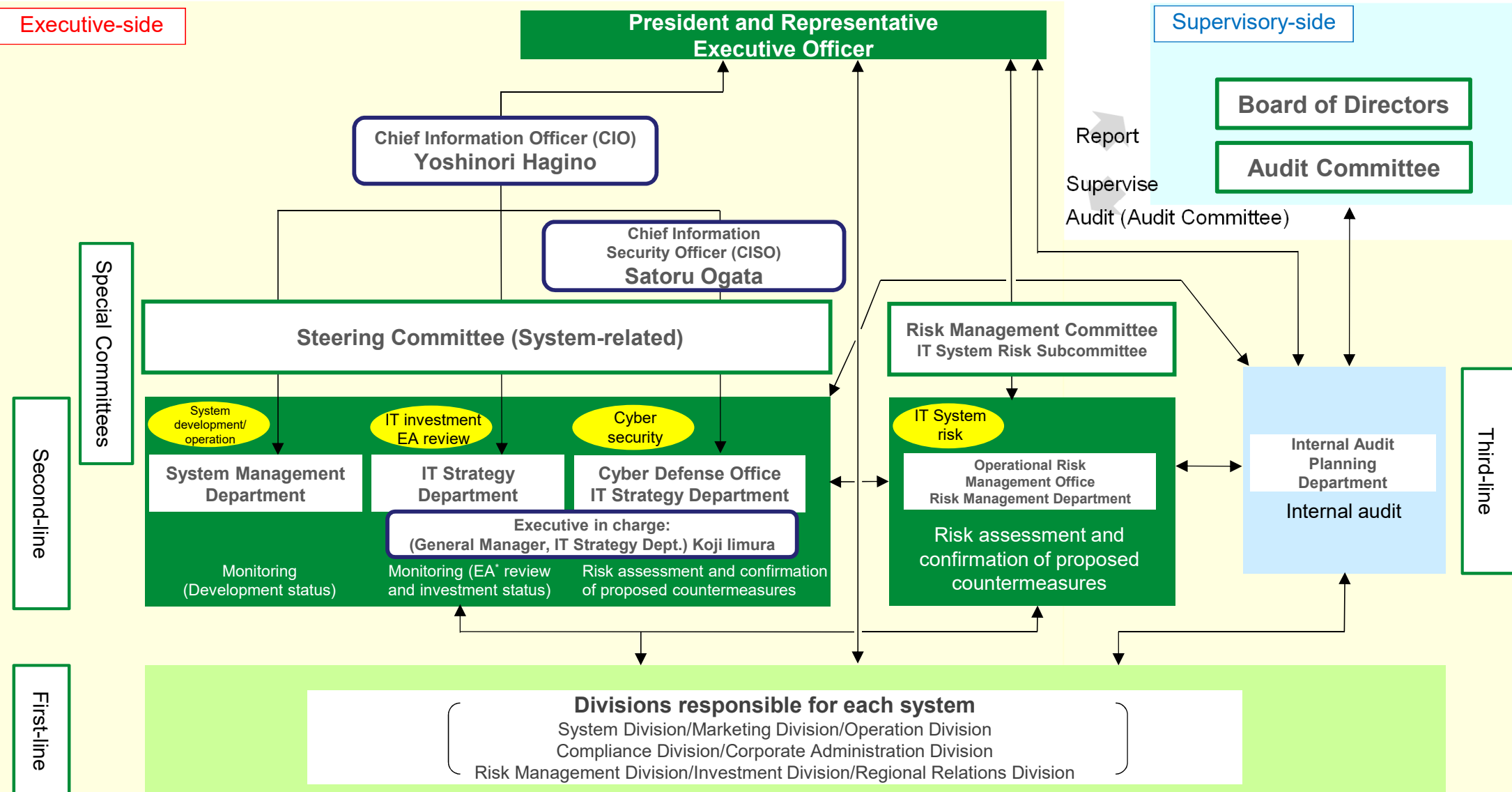
*1 "Japanese local government bonds, corporate bonds, etc." consists of Japanese local government bonds, commercial paper, Japanese corporate bonds and Japanese stocks.

*2 "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.

*3 "Short-term investments and others" consists of call loans and receivables under resale agreements, etc.

Theme 3 : System Management Framework

- Appropriate three lines of defence of IT system risk and cyber security. The framework has also been improved with specialized human resources in management (CIO/CISO).

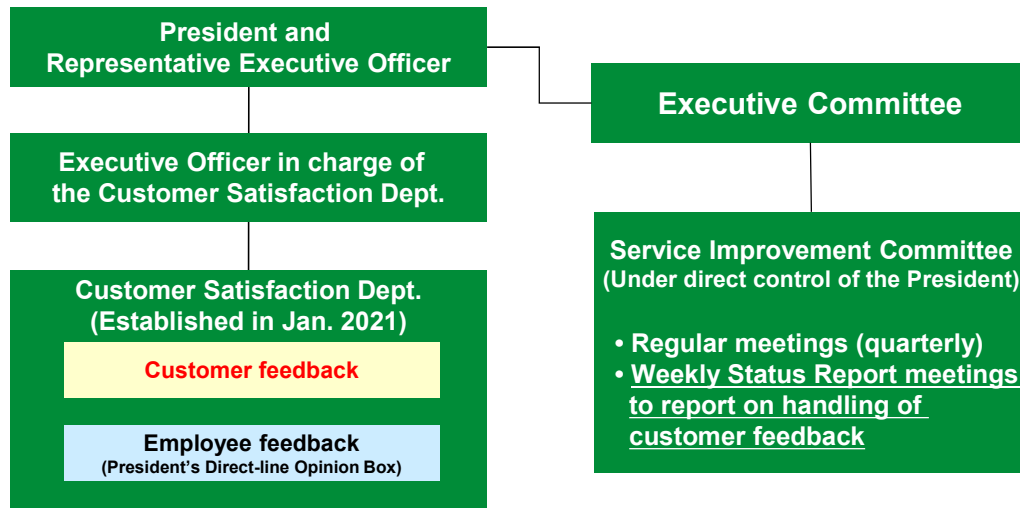


* Abbreviation of Enterprise Architecture. EA evaluates IT-related development, investment and adoption of technology to ensure consistency with management strategies and to optimize IT activities overall.

Theme 4 : Organizational Culture Reforms – (1) Customer-Oriented Measures –

- Create an attitude toward organization and management centered around listening earnestly to customer feedback (opinions, requests, etc.).

Strengthening the organization and its attitude (Establishment of Customer Satisfaction Dept., etc.)



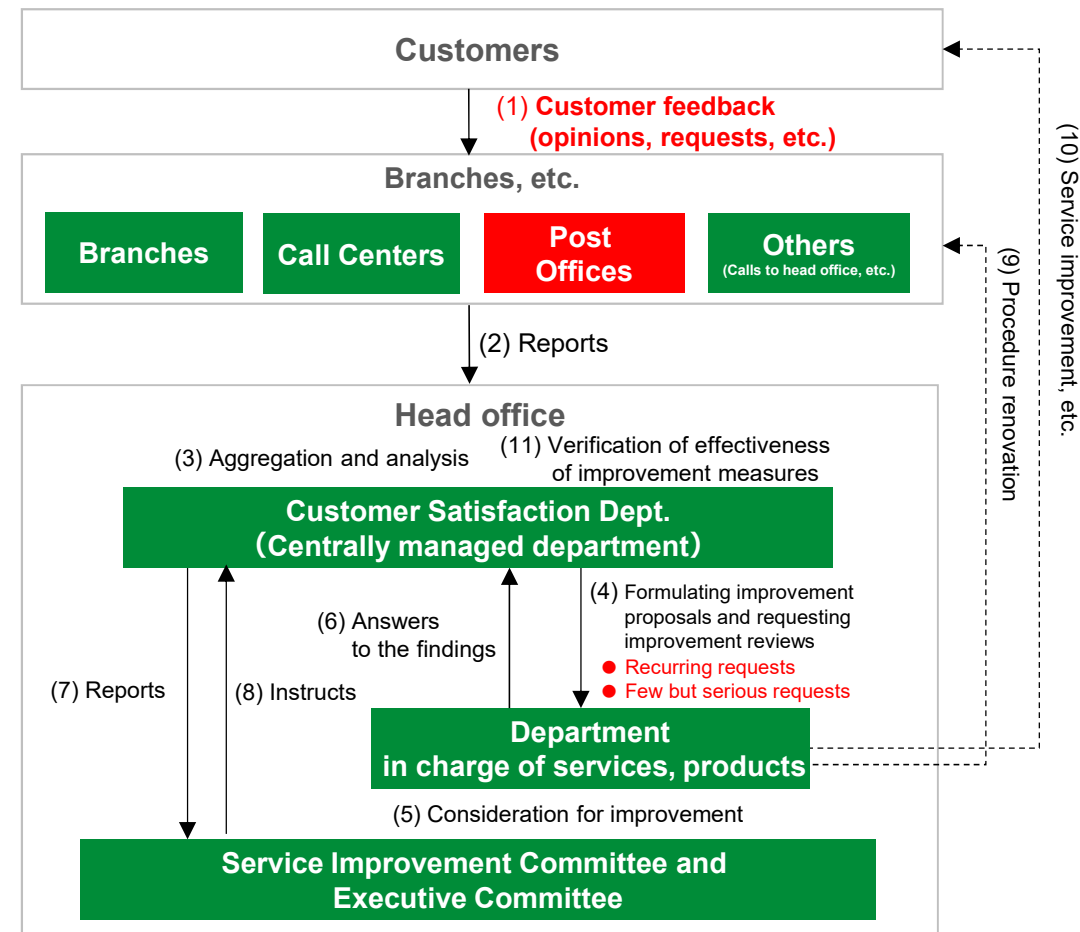
[Strengthening organization]

In order to transform itself into a truly customer-oriented organization, the Bank has reorganized and established the Customer Satisfaction Dept.

[Strengthening attitudes]

- ① **Strengthening our 2nd-line governance functionality**
Weekly Status Report Meetings (report meetings) for reporting on the status of important customer feedback on a case-by-case basis
- ② **Strengthening executive involvement**
 - At the report meetings, the request status is identified and a response is indicated
 - The matters discussed at the report meeting are reported to the Executive Committee on a monthly basis

Customer feedback flowchart



Theme 4 : Organizational Culture Reforms – (2) Improvement of Internal Communications –

- In addition to customer feedback, **the Bank also takes on feedback from employees, further enhancing internal communications.** Besides using employee feedback to improve, the Bank encourages more active two-way communication by sharing examples of these improvements within the company.

Organizational Culture Reforms

Efforts centering around the
**Service Improvement
Committee led by the
President**

Customer
feedback

Employee
feedback

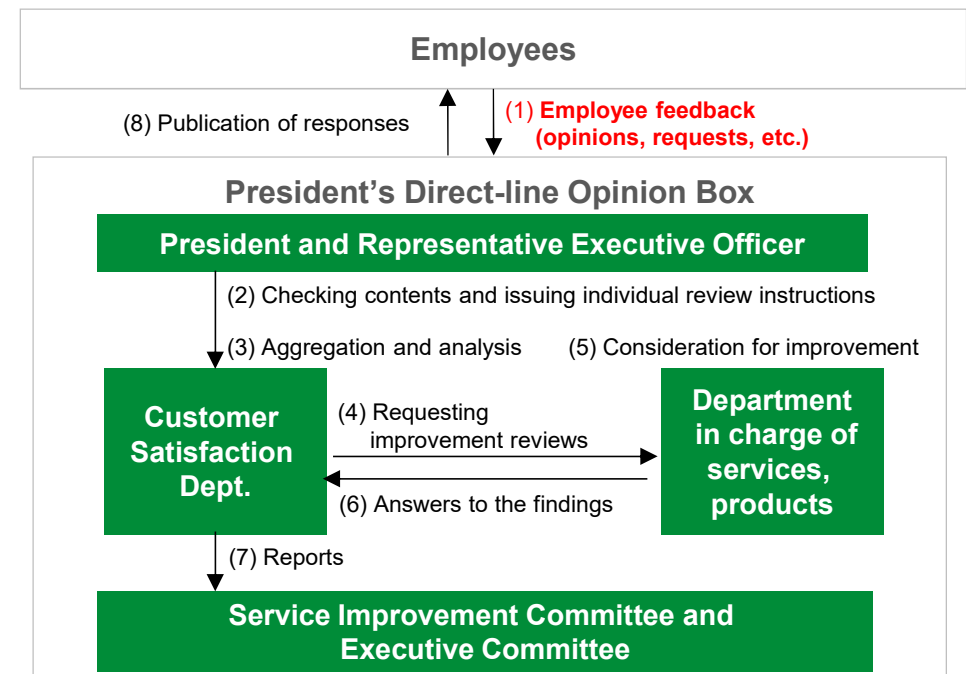
Enhancements to communications within and between organizations

- We will ensure internal dissemination of our customer-oriented management philosophy through enhanced communications between the front lines and management, among other efforts
- We will promote interactions between personnel between organizations internal to the Bank, and businesses both within and without the Group

Reviews of organizations, rules, and personnel evaluations, etc.

- We will reflect customer-oriented thinking in our organizations and evaluation systems, etc.

Use of the President's Direct-line Opinion Box



Some employee feedback have led to improvements being made, so have been beneficial.
⇒ This practice will be continued going forward, alongside new initiatives

Examples of New Initiatives

- Internal communications via video (also videos by headquarters department heads, in addition to executives)
- Improved content of internal informational publications
⇒ More active two-way communication within the company by introducing and sharing examples of improvements

– (1) Contribution to Regional Vitalization by Supplying Funds –

- For the development of regional economies, **a variety of investment schemes to contribute to regional vitalization by supplying funds are in progress.**
- **Supporting the regional vitalization throughout Japan for various needs of funds.**

Our promise is to be an essential bank for sustainable development of regional communities with local financial institutions, etc.

FY2011/3 FY2017/3 FY2022/3 FY2023/3

Making further progress to establish a new stage of growth

Further Challenges for contributing to regional vitalization by creating new investment schemes!



Renewable Energy Investments Fund (Z Energy Co., Ltd.)

Z Energy's new fund would realize regional vitalization by creating and/or developing new businesses and employment in the invested region, related to renewable energy.



Regional Co-Creation / SDGs Fund (Japan Post Investment Corporation)

General
Partners

Japan Post Investment's new fund would contribute to regional vitalization by creating new businesses / industries, for the purpose of the establishment of sustainable society by solving social agenda with regional companies.



Regional Vitalization Funds and Investment in Business Management Company

Limited Partners /
Preferred shares investment

- **Regional Vitalization Funds** : Contribute to supply risk money by investing in 36 regional vitalization funds in cooperation with 100 local financial institutions (as of Sept. 2021) for supporting regional vitalization.
- **Investment in Business Management Companies**: Invest in regional companies, and support to solve business challenges by management reforms and DX.

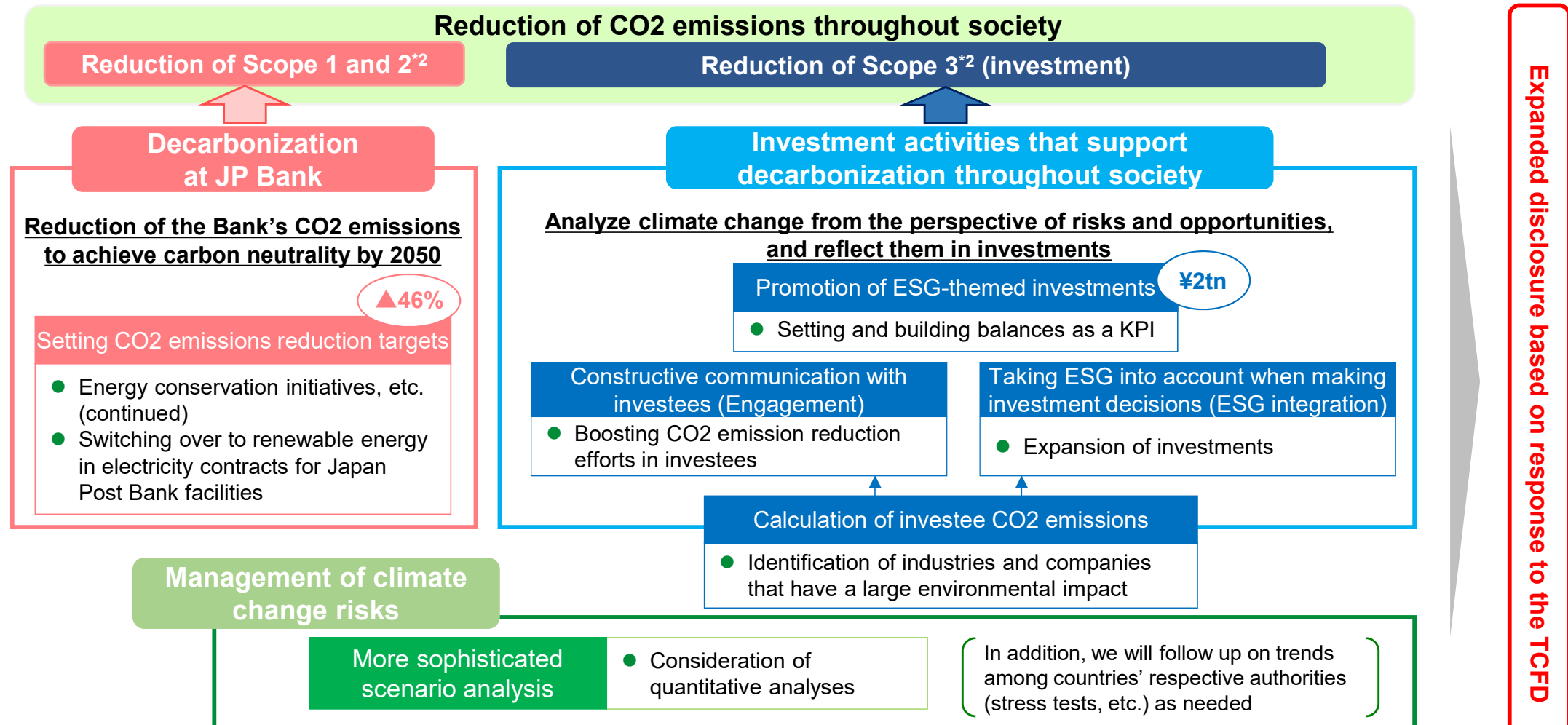


Regional Finance Projects

Actively participate in project finance and PFI, etc. which contribute to vitalization of regional economies, in partnership with local financial institutions to solve various regional challenges.

– (2) Reducing Environmental Impact – 1) Reduction of CO2 emissions and Response to TCFD

- Our policy is to reduce our own CO2 emissions while also working through our investment operations to reduce the environmental impact of society as a whole.
- In April 2019, we joined with the Japan Post Group in endorsing the TCFD^{*1} recommendations. We have been working to **enhance scenario analysis and climate change risk management**.



^{*1} An organization established at the proposal of the Financial Stability Board for the purpose of thoroughly realizing corporate information disclosure pertaining to climate change, in which the representatives of the central banks and financial supervisory authorities, etc. of key nations participate.

^{*2} Scope 1 and 2 refers to CO2 emissions from JP Bank's own operations. Scope 3 refers to the CO2 emissions of other companies that are associated with our operations.

– (2) Reducing Environmental Impact – 2) KPIs for Achievement of Carbon Neutrality

- The Bank laid out a clear plan to achieve carbon neutrality by 2050 and established KPIs to contribute to decarbonization at the Bank and throughout society.

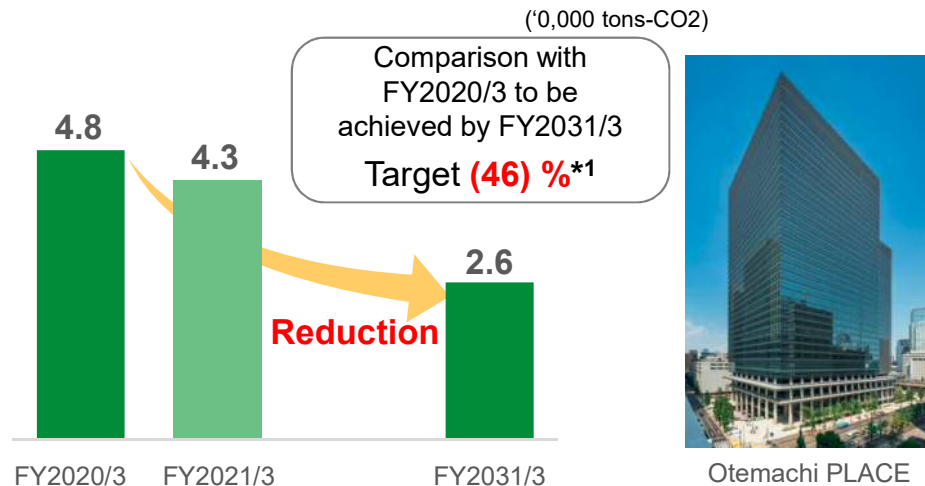
Reduction of Japan Post Bank's CO2 emissions

- Introducing renewable energy for the Bank's own facilities, etc.
 - Achieved zero emissions for the office building "Otemachi PLACE," which is the site of the Bank's head office (Sept. 2021 onward)
 - Power used at some facilities will also gradually be switched to renewable energy (Oct. 2021 onward)

Reduction of the environmental impact of society as a whole through the Bank's investment operations

- Investment in green bonds, etc. and contribution to forming a sustainable society
- Establishing KPI for ESG-themed investments and building balances (¥2tn by the end of FY2026/3)
- ESG integration and Engagements with investee companies
- Zero balance for project financing extended to coal-fired power plants

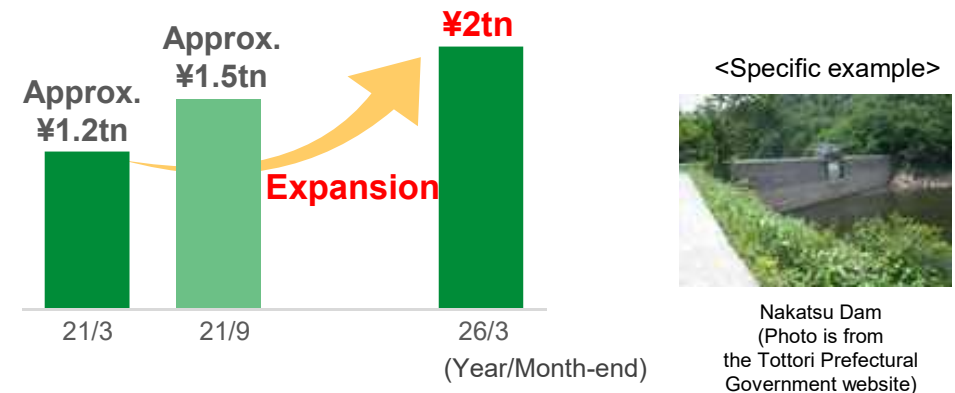
KPI Reduction of CO2 emissions



*1 Levels that will allow Japan to reach its targets (goal of carbon neutrality by 2050, (46)% compared to FY2014/3 by FY2031/3).

Presumes that renewable energy dissemination and shifts toward carbon neutrality have advanced significantly in Japan. Japan Post Bank will boost efforts to achieve carbon neutrality in Japan and throughout the world through the application of the resources available to us.

KPI Balance of ESG-themed investments*2



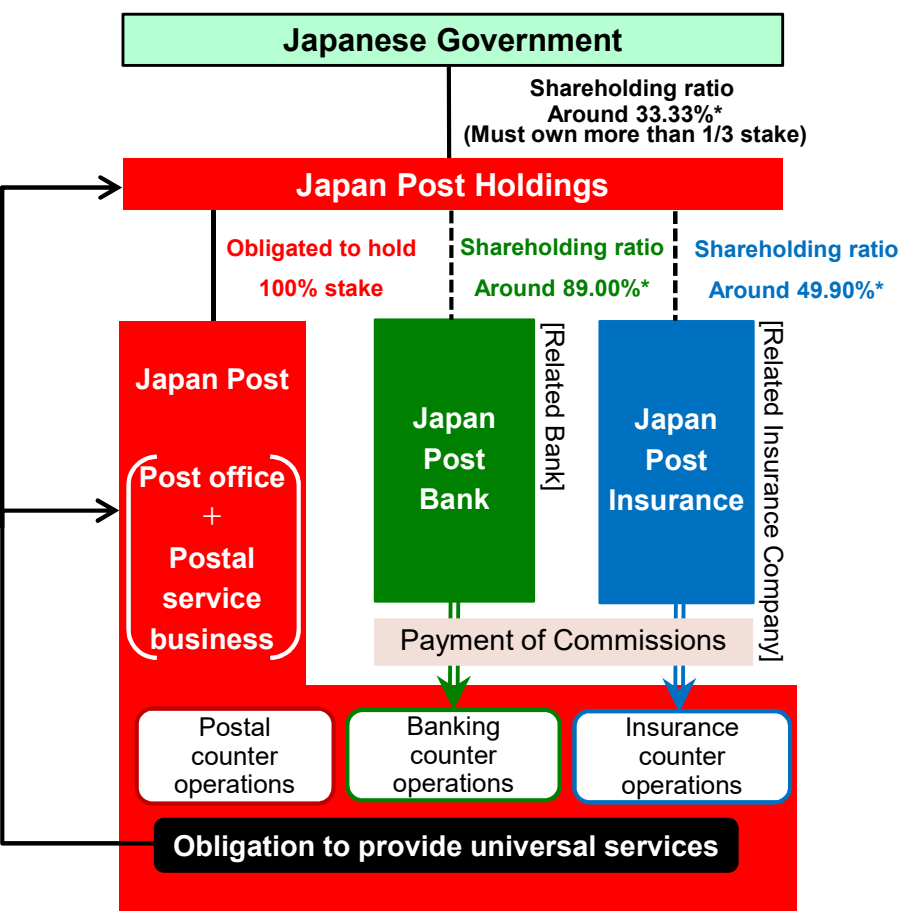
*2 ESG bonds (green bonds, social bonds (including pandemic bonds), sustainability bonds), loans to the renewable energy sector, and regional vitalization funds, etc.

Appendix

– (1) Relationship with Group Companies, etc. –

■ As a Japan Post Group policy, Japan Post Holdings aims to dispose of their equity interests in the Bank to lower the holding ratio to 50% or less as early as possible during the mid-term plan. The Bank has been steadily driving forward the privatization process in line with the policy.

Relationship with Group Companies (as of Oct. 31, 2021)



* Excluding treasury stock. Figures are rounded to two decimal places.

Limitations on New Business, etc.

- Currently, the regulations of the Postal Service Privatization Act (additional regulations) apply in addition to the regulations of the Banking Act.
- Once Japan Post Holdings has disposed of all of its shares in the Bank, the additional regulations will be rescinded and only the regulations of the Banking Act will apply.

		Japan Post Holdings' shareholding ratio		
		Over 50%	50% or less	0%
New business	Banking Act ^{*1}	None	None	None
	Postal Service Privatization Act ^{*1}	Permission	Notification	None
Owning affiliates	Banking Act ^{*1}	Notification	Notification	Notification
	Postal Service Privatization Act ^{*1}	Notification	Notification	None
Owning subsidiaries				
Banks	Banking Act ^{*1}	Permission	Permission	Permission
	Postal Service Privatization Act ^{*1}	Prohibited	Prohibited	None
Other	Banking Act ^{*1}	Permission ^{*2}	Permission ^{*2}	Permission ^{*2}
	Postal Service Privatization Act ^{*1}	Permission ^{*3}	Permission ^{*3}	None
Mergers and acquisitions (M&A)				
Financial ^{*4} institutions	Banking Act ^{*1}	Permission	Permission	Permission
	Postal Service Privatization Act ^{*1}	Prohibited ^{*5}	Prohibited ^{*5}	None
Other	Banking Act ^{*1}	Permission	Permission	Permission
	Postal Service Privatization Act ^{*1}	Permission	Permission	None
Restrictions on the Maximum Amount of Deposit	Banking Act ^{*1}	None	None	None
	Postal Service Privatization Act ^{*1}	Regulated	Regulated	None

^{*1} Permission is to be sought from, and notifications are to be made to: the Commissioner of the Financial Services Agency (Japan) in the case of the Banking Act; the Commissioner of the Financial Services Agency (Japan) and also the Minister for Internal Affairs and Communications in the case of the Postal Service Privatization Act.

^{*2} May provide notification for making into subsidiaries companies that exclusively perform dependent services or specific financial operations.

^{*3} May provide notification for making into subsidiaries companies that exclusively perform dependent services, engaged in financial research and studies, and companies that provide consultation in relation to the accumulation of personal wealth.

^{*4} Banks, long-term credit banks, shinkin banks, credit cooperatives, labor banks, shinkin bank associations, credit cooperative associations, labor bank associations, and Shoko Chukin Bank.

^{*5} Permitted in the case of acquisitions of operations other than deposit operations.

– (2) Overview of Regulations Surrounding the Bank –

(Ref.) Overview of Regulations Surrounding the Bank

Summary of Regulations			
Universal Service Obligation Related to Banking Service (Imposed on Japan Post Holdings and Japan Post)		<ul style="list-style-type: none">■ Obligation to provide basic banking services (acceptances and withdrawals of ordinary, TEIGAKU and time deposits, and remittance, etc.) through the post office network■ Japan Post has Bank Counter Services Agreement with the Bank	
Share-holding	Japan Post Holdings ⇒ the Bank		<ul style="list-style-type: none">■ Japan Post Holdings must aim to dispose all of their shares within the earliest possible timeframe while considering the management situation of the Bank, and the impact on the fulfillment of obligations to provide universal services
Regulations on the Bank	Regulations under the Banking Act		<ul style="list-style-type: none">■ Same regulation is imposed as a “Bank” under the Banking Act
	Additional Regulations*2	Restrictions on Scope of Business	Current <ul style="list-style-type: none">Permission from the Commissioner of the Financial Services Agency (of Japan)*1 and the Minister for Internal Affairs and Communications required (+ Consultation with the Postal Privatization Committee + Supervision)
			After Japan Post Holdings disposes of 50% or more (Voting rights basis) <ul style="list-style-type: none">Notification to the Commissioner of the Financial Services Agency (of Japan)*1 and the Minister for Internal Affairs and Communications (+ Obligation to care for fair competition + notice to Postal Privatization Committee + Supervision)
			After Japan Post Holdings disposes of all shares <ul style="list-style-type: none">Same regulation is imposed as a “Bank” under the Banking Act
		Restrictions on the Maximum Amount of Deposit	<ul style="list-style-type: none">■ Maximum amount of deposits (ordinary deposits:¥13mn/fixed-term deposits:¥13mn) are stipulated by the enforcement order of the Privatization Act

*1 The authority of the Prime Minister of Japan has been delegated to the Commissioner of the Financial Services Agency (of Japan), with some exceptions (such as the decision not to apply part of the Postal Service Privatization Act when 50% or more of shares have been disposed of).

*2 The regulations of the Postal Service Privatization Act apply in addition to the regulations of the Banking Act.

– (3) Agency Commissions Paid to Japan Post, etc. –

- Expenses associated with outsourcing to Japan Post consist of 1) subsidies and 2) agency commissions.

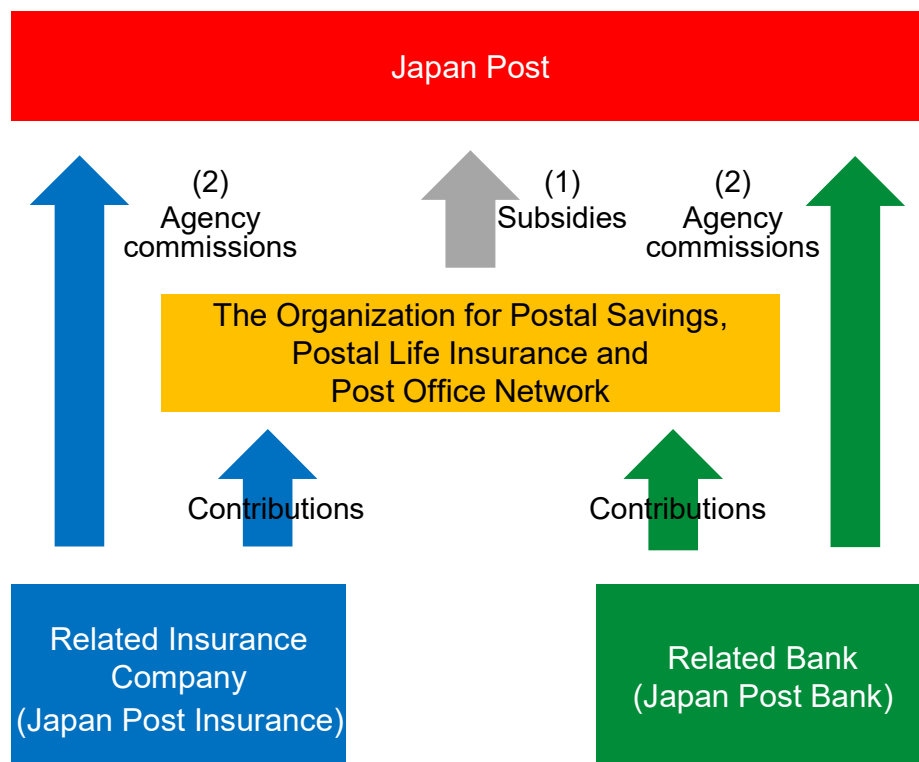
(1) Subsidies are calculated each fiscal year by the Organization for Postal Savings, Postal Life Insurance and Post Office Network and approved by the Minister of Internal Affairs and Communications (Japan).

Subsidies are funded by contributions from the Bank and Japan Post Insurance.

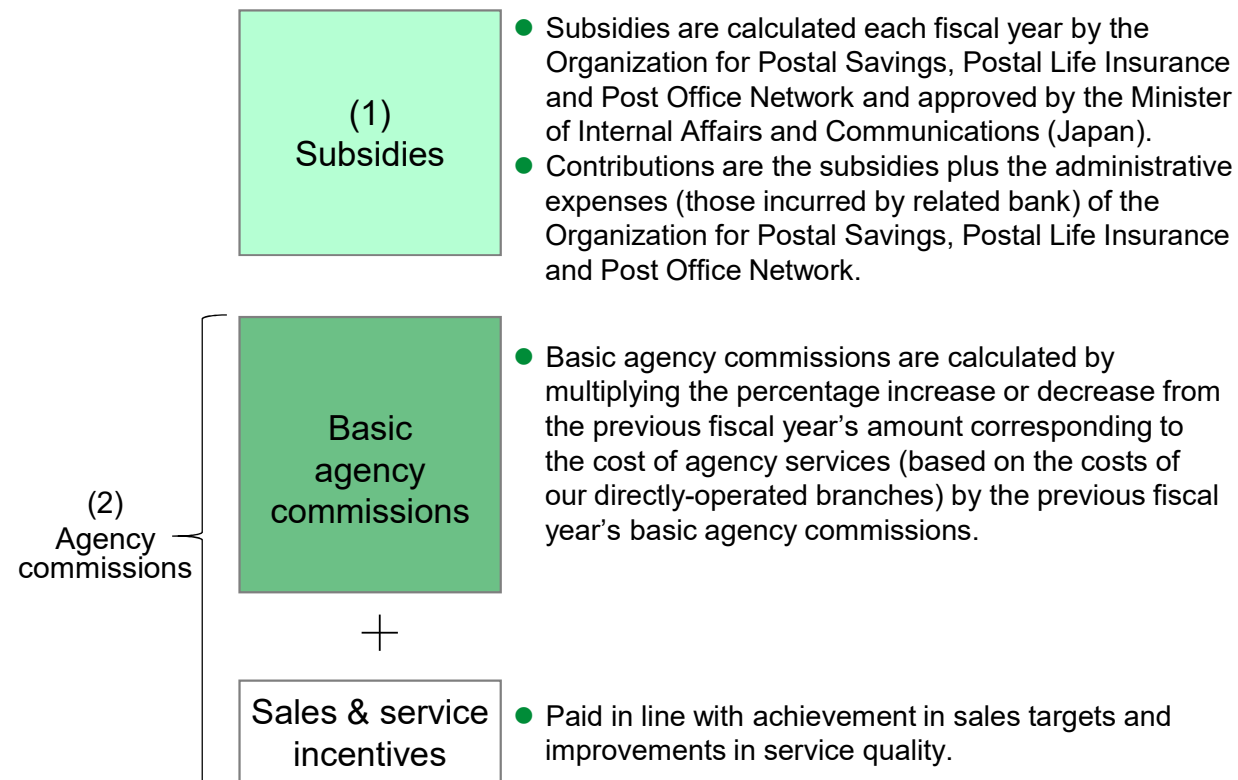
(2) Agency commissions consist of basic agency commissions (commission for operating deposits, investment trusts, and for remittance and settlement services) and sales & service incentives.

- The structure of the basic agency commissions is that will reflect any change in operating efficiency of our directly-operated branches.

Contribution System

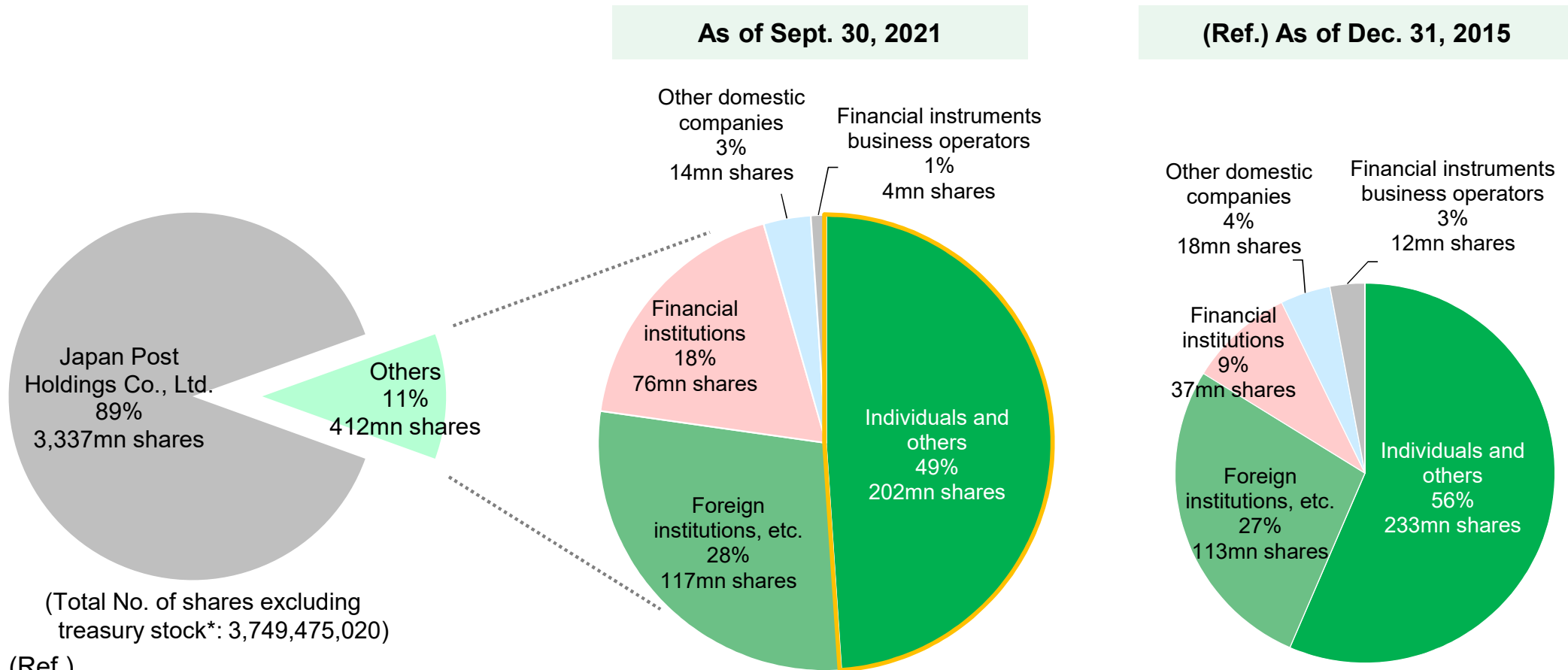


Structure of Expenses Associated with Outsourcing to Japan Post



Shareholder Composition

- Individual shareholders make up approximately half of the Bank's shareholders (excluding Japan Post Holdings).



(Ref.)

Total No. of outstanding shares	3,749,545,020
No. of treasury stock*	70,000

Note: All figures are rounded

* Treasury stock excludes the Bank's shares held by stock benefit trust

Market Restructuring (Tokyo Stock Exchange) – (1) Updates –

- Updates since the last investors meeting session (May):
 - The Bank intended to increase its tradable share ratio, and **canceled its own treasury stock** (Sept. 15).
 - Following a resolution of the Board of Directors, **a selection application was made to the TSE for transition into the Prime Market** (Nov. 12).
- Going forward, the bank will strive to conform to the level of continued listing requirement by steadily driving forward the privatization process. The Bank **will strive to create an environment in which it is easy for Japan Post Holdings Co., Ltd to reduce its shareholding ratio (increase profits and increase corporate value)**.

Updates after May 2021

July 9 Result received

Notified by TSE that the tradable share ratio doesn't conform to the Prime Market's level of continued listing requirement. (the Bank's stands at 8.8%, compared with the 35% requirement)

Sept. 15 Cancellation of treasury stock

With this restructuring in mind, the Bank canceled its treasury stock in order to increase its tradable share ratio. (Tradable Share Ratio: 8.8% → 10.6%)

Nov. 12 Selection application

Following a resolution of the Board of Directors, a selection application was made for transition into the Prime Market.

For the Prime Market selection, the following related documents were submitted and disclosed to the TSE*1.

- ① Application Form for Selecting the New Market Segment
- ② Documents that attest to the Board's decision on the Market Segment Selection
- ③ Plans to meet the level of continued listing requirements
https://www.jp-bank.japanpost.jp/en/ir/press/2021/pdf/pr211112_01.pdf
- ④ CG Report based on Revised CG Code*2
<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/report.pdf>

*1 ② Documents that attest to the Board's decision will be submitted to the TSE in December.

*2 The response to the revised Corporate Governance Code is detailed on the next page.

Future Actions

[Japan Post Holdings]

- As a Japan Post Group policy, Japan Post Holdings aims to dispose of their equity interests in Japan Post Bank to lower the holding ratio to 50% or less as early as possible during the Mid-term management plan.

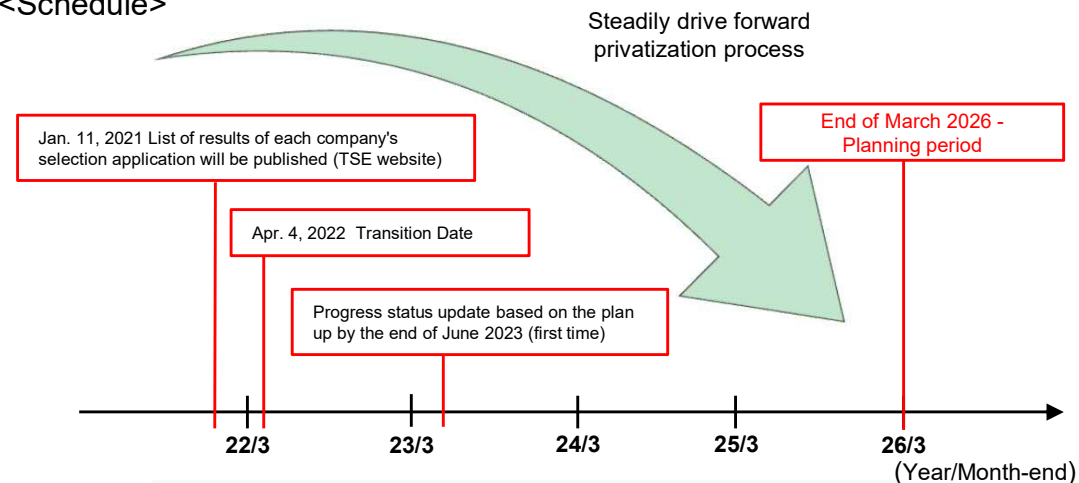
[Japan Post Bank]

- Steadily drive forward the privatization process to conform to the level of continued listing requirement. The Bank **will strive to create an environment in which it is easy for Japan Post Holdings to implement the relevant policies (increase profits and increase corporate value)**.

- The progress status of the plan will be disclosed by the end of June 2023*3

*3 When the contents of the plan change significantly, a document reflecting the changes will be released.

<Schedule>



(Tokyo Stock Exchange) – (2) Response to Revised Japan's Corporate Governance Code –

■ In response to the requirements of the Prime Market, the Bank has fully complied with the revised Corporate Governance Code (CG code).

Items that need to be addressed in light of the revised CG code*		Compliance status before revision	Compliance status after revision	
Supplementary Principle 2.4.1	<ul style="list-style-type: none"> Disclosure of policies and targets for securing diversity <ul style="list-style-type: none"> Promotion of women, foreign nationals and midcareer hires to middle managerial positions, etc. Policies for human resource development and internal environment development, and the status of their implementation 	<ul style="list-style-type: none"> Disclosure of the following <ul style="list-style-type: none"> Target ratio of women in managerial positions (Apr. 1, 2026: 20%) 	<ul style="list-style-type: none"> Disclosure of the following policies etc. <ul style="list-style-type: none"> "Stance of ensuring diversity" "Policy of Fostering Human Resources" and "Status of Improvements to the Internal Environment" Mid-career manager hiring ratio 	Comply
Supplementary Principle 4.2.2	<ul style="list-style-type: none"> Developing a basic policy for the company's sustainability initiatives 	<ul style="list-style-type: none"> The basic sustainability policy is detailed in the internal rules (Basic ESG/CSR Rules) 	<ul style="list-style-type: none"> <u>Newly formulated "Basic Sustainability Policy"</u> disclosed 	Comply
Supplementary Principle 4.8.3	<ul style="list-style-type: none"> Appointment of independent outside directors with independence from controlling shareholders (a least a third; majority for prime listed companies), or establishment of a special committee to discuss and investigate conflicts of interest between controlling and minority shareholders 	<ul style="list-style-type: none"> A majority of independent outside directors have been appointed 	<ul style="list-style-type: none"> "Basic Policy on Corporate Governance" and "Criteria for Nomination of Director Candidates" <u>clearly state that a majority of independent outside directors must be appointed</u> 	Comply
Supplementary Principle 4.11.1	<ul style="list-style-type: none"> Identify the skills, etc. that each director should have Disclosure of a skills matrix, which lists the knowledge, experience, and abilities etc. of each director 	<ul style="list-style-type: none"> The skills etc. that each director should have are defined in "Criteria for Nomination of Director Candidates" Disclosure of expertise of outside directors 	<ul style="list-style-type: none"> Revised and disclosed "Criteria for Nomination of Director Candidates" <u>Creation and disclosure of skills matrix</u> 	Comply

* There are other revised rules, etc., but they have been omitted as they have already been addressed.

Market Restructuring (Ref.) Skills Matrix of Directors

Name			Experience/Expertise						
			Management Corporate Management	Legal/ Compliance	Financial Accounting	Finance	Sales/ Digital Marketing	Human Resource Development	Administration
1	Norito Ikeda		●			●			
2	Susumu Tanaka					●			●
3	Hiroya Masuda		●						●
4	Atsuko Onodera							●	●
5	Katsuaki Ikeda	Outside Independent	●		●	●			
6	Ryoji Chubachi		●						
7	Keisuke Takeuchi		●						
8	Makoto Kaiwa		●						
9	Risa Aihara		●				●		
10	Hiroshi Kawamura			●					
11	Kenzo Yamamoto					●			
12	Shihoko Urushi		●					●	

(Ref.) FY2022/3 1H Financial Data - Non-consolidated Basis -

Income Analysis

	For the six months ended		(B) – (A)
	September 30, 2020 (A)	September 30, 2021 (B)	
Gross operating profit	670,304	768,316	98,012
Net interest income	421,118	666,560	245,441
Net fees and commissions	64,480	63,081	(1,399)
Net other operating income (loss)	184,705	38,675	(146,030)
Gains (losses) on foreign exchanges	172,187	63,772	(108,414)
Gains (losses) on bonds	12,680	(25,270)	(37,950)
General and administrative expenses	(504,336)	(500,146)	4,190
Personnel expenses	(59,480)	(58,339)	1,141
Non-personnel expenses	(418,069)	(412,098)	5,971
Taxes and dues	(26,787)	(29,709)	(2,921)
Operating profit (before provision for general reserve for possible loan losses)	165,967	268,170	102,202
Core net operating profit	153,287	293,440	140,153
Excluding gains (losses) on cancellation of investment trusts	147,700	220,139	72,439
Provision for general reserve for possible loan losses	—	6	6
Net operating profit	165,967	268,176	102,209
Non-recurring gains (losses)	5,876	57,395	51,518
Gains (losses) related to stocks	(2,219)	(155,316)	(153,097)
Gains (losses) on money held in trust	7,592	212,043	204,450
Net ordinary income	171,844	325,572	153,727

(Millions of yen)

	For the six months ended		(B) – (A)
	September 30, 2020 (A)	September 30, 2021 (B)	
Extraordinary income (loss)	(218)	5,228	5,446
Gains (losses) on sales and disposals of fixed assets	(218)	5,240	5,459
Losses on impairment of fixed assets	—	(12)	(12)
Income before income taxes	171,626	330,800	159,174
Income taxes – current	(54,697)	(81,729)	(27,032)
Income taxes – deferred	6,999	(14,168)	(21,167)
Total income taxes	(47,697)	(95,898)	(48,200)
Net income	123,928	234,901	110,973
Gains (losses) on money held in trust	7,592	212,043	204,450
Dividends and interest income	36,958	48,719	11,760
Gains (losses) on sales of stocks	5,558	171,093	165,535
Impairment losses	(23,564)	(592)	22,972
Withholding income tax, etc.	(11,359)	(7,177)	4,182
Credit-related expenses	(18)	5	23
Provision for general reserve for possible loan losses	(18)	5	23

- Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥920 million and ¥1,002 million recorded as profits for the six months ended September 30, 2021 and 2020, respectively).
2. Core net operating profit = Operating profit (before provision for general reserve for possible loan losses) - Gains (losses) on bonds
3. Credit-related expenses are those expenses related to problem assets disclosed under the Financial Reconstruction Act.
4. Numbers in parenthesis indicate the amount of loss, expense or decrease.

Summarized Balance Sheets

	As of March 31, 2021 (A)	As of September 30, 2021 (B)	Increase (Decrease) (B) – (A)
Total assets	223,847,547	227,303,269	3,455,721
Cash and due from banks	60,768,034	61,037,810	269,776
Call loans	1,390,000	2,740,000	1,350,000
Receivables under resale agreements	9,721,360	9,704,937	(16,423)
Monetary claims bought	362,212	383,906	21,693
Trading account securities	13	0	(13)
Money held in trust	5,547,574	5,652,627	105,053
Securities	138,183,264	140,040,090	1,856,825
Loans	4,691,723	4,675,069	(16,654)
Foreign exchanges	80,847	89,987	9,140
Other assets	2,857,518	2,731,260	(126,258)
Tangible fixed assets	197,940	198,692	752
Intangible fixed assets	47,992	49,918	1,926
Reserve for possible loan losses	(935)	(1,033)	(97)

(Millions of yen)

	As of March 31, 2021 (A)	As of September 30, 2021 (B)	Increase (Decrease) (B) – (A)
Total liabilities and net assets	223,847,547	227,303,269	3,455,721
Total liabilities	212,485,414	215,859,299	3,373,884
Deposits	189,593,469	191,597,989	2,004,520
Payables under repurchase agreements	14,886,481	15,270,695	384,214
Payables under securities lending transactions	1,504,543	1,315,749	(188,794)
Borrowed money	3,917,500	4,774,100	856,600
Foreign exchanges	514	431	(82)
Other liabilities	1,535,953	1,825,101	289,147
Reserve for bonuses	7,408	7,068	(339)
Reserve for employees' retirement benefits	141,740	142,716	976
Reserve for employee stock ownership plan trust	535	258	(277)
Reserve for management board benefit trust	303	291	(12)
Reserve for reimbursement of deposits	73,830	71,756	(2,073)
Deferred tax liabilities	823,134	853,140	30,006
Total net assets	11,362,133	11,443,969	81,836
Capital stock	3,500,000	3,500,000	—
Capital surplus	4,296,285	3,500,000	(796,285)
Retained earnings	2,749,408	2,293,125	(456,283)
Treasury stock	(1,300,844)	(910)	1,299,933
Total shareholders' equity	9,244,849	9,292,214	47,364
Net unrealized gains (losses) on available-for-sale securities	2,487,770	2,596,659	108,888
Net deferred gains (losses) on hedges	(370,486)	(444,903)	(74,416)
Total valuation and translation adjustments	2,117,283	2,151,755	34,472

Yield of Interest-Earning Assets and Interest-Bearing Liabilities

(1) Domestic

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2020 (A)			September 30, 2021 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	202,473,730	308,862	0.30%	210,264,412	262,290	0.24%	(0.05)%
Loans	6,520,493	5,024	0.15	4,646,437	5,112	0.21	0.06
Securities	71,216,281	216,354	0.60	69,456,376	178,564	0.51	(0.09)
Due from banks, etc.	54,096,198	15,507	0.05	60,224,561	15,305	0.05	(0.00)
Interest-bearing liabilities	195,336,889	34,523	0.03	203,417,608	24,942	0.02	(0.01)
Deposits	186,556,941	21,797	0.02	191,549,454	12,205	0.01	(0.01)
Payables under securities lending transactions	198,722	99	0.09	33,851	16	0.09	0.00

(2) Overseas

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2020 (A)			September 30, 2021 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	66,483,670	307,066	0.92%	69,915,385	573,271	1.63%	0.71%
Loans	21,964	58	0.53	25,571	67	0.52	(0.00)
Securities	66,309,043	306,779	0.92	69,757,315	573,096	1.63	0.71
Due from banks, etc.	—	—	—	—	—	—	—
Interest-bearing liabilities	66,858,552	160,286	0.47	69,537,383	144,058	0.41	(0.06)
Payables under securities lending transactions	1,593,878	4,777	0.59	1,463,700	1,184	0.16	(0.43)

Yield of Interest-Earning Assets and Interest-Bearing Liabilities

(3) Total

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2020 (A)			September 30, 2021 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	208,470,432	542,152	0.51%	215,722,363	770,310	0.71	0.19%
Loans	6,542,458	5,083	0.15	4,672,009	5,179	0.22	0.06
Securities	137,525,324	523,133	0.75	139,213,692	751,660	1.07	0.31
Due from banks, etc.	54,096,198	15,507	0.05	60,224,561	15,305	0.05	(0.00)
Interest-bearing liabilities	201,708,472	121,033	0.11	208,497,556	103,749	0.09	(0.02)
Deposits	186,556,941	21,797	0.02	191,549,454	12,205	0.01	(0.01)
Payables under securities lending transactions	1,792,600	4,877	0.54	1,497,552	1,201	0.16	(0.38)

Notes: 1. "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").

2. Income and expenses for money held in trust are included in "other ordinary income" and "other ordinary expenses", respectively. Accordingly, the average balance of money held in trust (six months ended September 30, 2021, ¥4,106,487 million; six months ended September 30, 2020, ¥3,809,231 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (six months ended September 30, 2021, ¥4,106,487 million; six months ended September 30, 2020, ¥3,809,231 million) and the corresponding interest (six months ended September 30, 2021, ¥4,157 million; six months ended September 30, 2020, ¥4,646 million) are excluded from interest-bearing liabilities.

3. For investment trusts, the distribution of profits, which was deducted from the book value as the repayment of principal, was ¥732 million for the six months ended September 30, 2021 (¥65,367 million for the six months ended September 30, 2020).

4. Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

5. "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.

6. Earnings yield is annualized.

Interest Rate Spread

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2020 (A)	September 30, 2021 (B)	
Yield on interest-earning assets (a)	0.51%	0.71%	0.19%
Total cost of funding (including general and administrative expenses) (b)	0.61	0.57	(0.04)
Interest rate on interest-bearing liabilities (c)	0.11	0.09	(0.02)
Overall interest rate spread (a) - (b)	(0.09)	0.13	0.23
Interest rate spread (a) - (c)	0.39	0.61	0.21

Note: All numbers are annualized.

Unrealized Gains (Losses) on Financial Instruments

(1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2021 (A)		As of September 30, 2021 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese government bonds	20,576,382	230,680	18,981,861	180,239	(1,594,521)	(50,440)
Japanese local government bonds	1,891,261	1,605	2,329,259	2,894	437,998	1,289
Japanese corporate bonds	2,710,435	5,892	3,178,708	7,915	468,273	2,022
Others	—	—	1,107,329	(1,705)	1,107,329	(1,705)
Foreign bonds	—	—	1,107,329	(1,705)	1,107,329	(1,705)
Total	25,178,079	238,178	25,597,159	189,343	419,080	(48,834)

Note: Net unrealized gains (losses) shown above are calculated by deducting the amount on the balance sheet from the fair value.

(2) Available-for-sale Securities

(Millions of yen)

	As of March 31, 2021 (A)		As of September 30, 2021 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese stocks	10,505	—	18,028	—	7,522	—
Bonds	41,824,162	597,822	43,017,913	615,631	1,193,751	17,808
Japanese government bonds	29,917,094	542,798	31,416,685	563,590	1,499,590	20,792
Japanese local government bonds	3,602,553	17,172	3,215,878	13,574	(386,675)	(3,598)
Commercial paper	1,869,535	—	2,442,550	—	573,015	—
Japanese corporate bonds	6,434,978	37,850	5,942,799	38,465	(492,179)	614
Others	71,558,269	1,809,429	71,807,953	2,046,126	249,684	236,696
Foreign bonds	23,505,116	1,031,399	22,752,450	1,127,693	(752,665)	96,294
Investment trusts	47,591,186	776,215	48,564,480	916,653	973,293	140,437
Total	113,392,936	2,407,252	114,843,894	2,661,757	1,450,958	254,505

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. Net unrealized gains (losses) shown above are calculated by deducting the acquisition cost from the amount on the balance sheet.

3. Of net unrealized gains (losses) shown above, ¥216,070 million and ¥173,512 million profits were included in the statement of income for the six months ended September 30, 2021 and the fiscal year ended March 31, 2021, respectively, because of the application of fair value hedge accounting.

4. Investment trusts are mainly invested in foreign bonds.

5. No impairment losses were recognized for the six months ended September 30, 2021 and the fiscal year ended March 31, 2021, respectively.

Unrealized Gains (Losses) on Financial Instruments

(3) Money Held in Trust Classified as Available-for-sale

(Millions of yen)

	As of March 31, 2021 (A)		As of September 30, 2021 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Money held in trust classified as available-for-sale	5,547,574	1,353,124	5,652,627	1,296,298	105,053	(56,826)
Domestic stocks	2,261,772	1,363,424	2,092,830	1,292,415	(168,941)	(71,009)
Domestic bonds	1,545,190	(11,689)	1,355,327	(2,403)	(189,863)	9,285

Notes: 1. Net unrealized gains (losses) shown above are calculated by deducting the acquisition cost from the amount on the balance sheet.

2. Impairment losses for the six months ended September 30, 2021 and the fiscal year ended March 31, 2021 amounted to ¥592 million and ¥5,528 million, respectively.

(4) Derivatives under Hedge Accounting (Deferred Hedge Accounting)

(Millions of yen)

	As of March 31, 2021 (A)		As of September 30, 2021 (B)		Increase (Decrease) (B) – (A)	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	8,136,647	(175,043)	7,855,032	(226,685)	(281,615)	(51,642)
Currency swaps	8,073,418	(363,009)	8,453,183	(417,961)	379,764	(54,951)
Foreign exchange forward contracts	—	—	—	—	—	—
Total	16,210,065	(538,052)	16,308,215	(644,646)	98,149	(106,593)

Notes: 1. Net deferred gains (losses) are those before application of tax effect accounting.

2. Hedged instruments are mainly available-for-sale securities.

Total (2) + (3) + (4)

(Millions of yen)

	As of March 31, 2021 (A)	As of September 30, 2021 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	3,048,811	3,097,338	48,527

Note: Total net unrealized gains (losses) exclude gains (losses) which are included in the statements of income because of the application of fair value hedge accounting.

General and Administrative Expenses

(Millions of yen, %)

		For the six months ended				Increase (Decrease) (B) – (A)
		September 30, 2020 (A)		September 30, 2021 (B)		
		Amount	%	Amount	%	Amount
Personnel expenses		58,478	11.61	57,418	11.50	(1,059)
	Salaries and allowances	47,959	9.52	47,090	9.43	(869)
	Others	10,518	2.08	10,328	2.06	(189)
Non-personnel expenses		418,069	83.05	412,098	82.54	(5,971)
	Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	187,238	37.19	181,737	36.40	(5,501)
	Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network*	118,719	23.58	118,520	23.74	(199)
	Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	28,718	5.70	27,690	5.54	(1,027)
	Rent for land, buildings and others	5,799	1.15	5,511	1.10	(287)
	Expenses on consigned businesses	32,468	6.45	32,171	6.44	(297)
	Depreciation and amortization	17,330	3.44	18,700	3.74	1,369
	Communication and transportation expenses	7,474	1.48	7,013	1.40	(460)
	Maintenance expenses	6,377	1.26	7,294	1.46	916
	IT expenses	5,820	1.15	5,947	1.19	127
	Others	8,121	1.61	7,509	1.50	(611)
Taxes and dues		26,787	5.32	29,709	5.95	2,921
Total		503,334	100.00	499,225	100.00	(4,108)

* The Bank makes payments of contributions to the Organization for Postal Savings, Postal Life Insurance and Post Office Network in accordance with Article 18-3 of the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network.

Capital

(1) Capital Adequacy Ratio (Non-consolidated, Domestic Standard)

(Millions of yen)

	As of March 31, 2021 (A)	As of September 30, 2021 (B)	Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	9,057,656	9,292,488	234,832
Core Capital: regulatory adjustments (b)	33,294	34,631	1,336
Total capital (a) - (b) = (c)	9,024,361	9,257,857	233,495
Total amount of risk-weighted assets (d)	58,157,118	58,708,933	551,814
Credit risk-weighted assets	55,604,917	56,122,440	517,523
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,552,200	2,586,492	34,291
Capital adequacy ratio (c) / (d)	15.51%	15.76%	0.25%pt

(2) Capital Adequacy Ratio (Consolidated, Domestic Standard)

(Millions of yen)

	As of March 31, 2021 (A)	As of September 30, 2021 (B)	Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	9,071,821	9,307,790	235,969
Core Capital: regulatory adjustments (b)	33,498	34,842	1,343
Total capital (a) - (b) = (c)	9,038,322	9,272,947	234,625
Total amount of risk-weighted assets (d)	58,166,845	58,716,789	549,944
Credit risk-weighted assets	55,614,821	56,130,282	515,460
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,552,023	2,586,507	34,484
Capital adequacy ratio (consolidated) (c) / (d)	15.53%	15.79%	0.25%pt

Securitized Products Exposure

As of March 31, 2021 and September 30, 2021, the Bank held the following securitized products and others. The Bank's holdings of securitized products and others were limited to securitization exposure as final investor. The Bank has never originated any securitized products and thus has no exposure as an originator and no exposure to special purpose entities (SPEs) that should be consolidated.

(1) Securitized products

(Millions of yen)

Region		As of March 31, 2021			As of September 30, 2021		
		Acquisition cost	Net unrealized gains (losses)	Credit ratings	Acquisition cost	Net unrealized gains (losses)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,354,370	19,045	AAA	1,339,320	19,286	AAA
	Held-to-maturity	282,293	(1,561)	AAA	311,576	185	AAA
	Collateralized loan obligations (CLO)	—	—	—	—	—	—
	Other securitized products	225,448	33	AAA	225,345	(61)	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	870	28	AAA	797	23	AAA
	Subtotal	1,580,689	19,106		1,565,463	19,248	
Overseas	Residential mortgage-backed securities (RMBS)	54,999	3,897	AAA	45,152	832	AAA
	Collateralized loan obligations (CLO)	2,036,348	36,013	AAA	1,958,482	54,384	AAA
	Held-to-maturity	—	—	—	477,637	11,050	AAA
	Subtotal	2,091,347	39,911		2,003,635	55,216	
Total		3,672,037	59,017		3,569,098	74,464	

Notes: 1. The underlying assets provided are only those from multiple debtors comprising securitized products.

2. The above table does not include securitized products that might be included in investment trusts. The same shall apply hereinafter.

3. Net unrealized gains (losses) do not reflect the effect of foreign exchange hedging. No hedging activities against credit risks were made.

4. Other securitized products are securitized products of which underlying assets are mainly auto loan claims.

5. "Overseas" does not include U.S. government sponsored enterprises, etc. (GSEs) related products.

6. The overseas collateralized loan obligations (CLO) are only those in the United States. Net unrealized gains (losses) including foreign exchange hedging on the overseas CLO (available-for-sale) in the application of fair value hedge accounting were ¥1,036 million as of September 30, 2021, compared with ¥1,916 million as of March 31, 2021 (reference value calculated on management accounting basis). Net unrealized gains (losses) of held-to-maturity contain foreign exchange gains (losses) which are included in the statements of income.

(2) Structured investment vehicles (SIVs)

There were no investments in SIVs.

(3) Leveraged loans

There were no outstanding leveraged loans.

(4) Monoline insurer related products

There were no monoline insurer related exposures. In addition, the Bank has not extended credit to or executed credit derivative transactions with any monoline insurers.

Selected Historical Financial Data

(¥bn)

	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2021/3 1H	FY2022/3 1H
Gross operating profit	1,462.3	1,327.0	1,314.2	1,319.0	670.3	768.3
Net interest income* ¹	1,175.6	1,016.1	976.8	961.8	421.1	666.5
Net fees and commissions	96.4	106.7	128.8	127.9	64.4	63.0
General and administrative expenses* ²	(1,045.0)	(1,037.5)	(1,020.2)	(1,010.1)	(504.3)	(500.1)
Provision for general reserve for possible loan losses	(0.0)	—	(0.0)	—	—	0.0
Net operating profit	417.3	289.4	293.9	308.8	165.9	268.1
Non-recurring gains (losses)	82.3	84.8	85.1	85.4	5.8	57.3
Net ordinary income	499.6	374.2	379.0	394.3	171.8	325.5
Extraordinary income (losses)	(0.7)	(4.1)	(0.4)	(1.5)	(0.2)	5.2
Net income	352.7	266.1	273.0	279.8	123.9	234.9
Total net assets* ³	11,513.1	11,350.8	8,987.6	11,362.1	11,048.2	11,443.9
Total assets* ³	210,630.6	208,970.4	210,905.1	223,847.5	222,290.8	227,303.2
Capital adequacy ratio (Domestic standard)* ³	17.42%	15.78%	15.55%	15.51%	15.73%	15.76%
Number of employees (people)* ³	13,009	12,800	12,477	12,408	12,646	12,457
Average number of temporary employees (people)* ³	4,612	4,184	3,865	3,601	3,640	3,299
New employees (people)* ⁴	542	404	234	230	—	—
Net ordinary income	499.6	373.9	379.1	394.2	172.0	325.6
Net income attributable to owners of parent	352.7	266.1	273.4	280.1	124.2	235.3
Capital adequacy ratio (Domestic standard)* ³	17.43%	15.80%	15.58%	15.53%	15.75%	15.79%

*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 expenses. *3 As of the end of each fiscal period. *4 As of the beginning of each fiscal year. The number of new employees in FY2022/3 is 147.