

Investors Meeting FY2022/3

May 19, 2022

Director, President and Representative Executive Officer

Norito Ikeda



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Consolidated Subsidiaries, etc.

Consolidated subsidiaries	6 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 Financial Results (P.4~)

Achieved the highest profits since listing.

Dividend per share was set to ¥50. (Increase of ¥3 from the annual dividends forecast of ¥47 announced in November)

- FY2022/3 Financial result (consolidated):
Net income ¥355.0bn [YoY +¥74.9bn, of which net interest income, etc.: +¥57.4bn (before income taxes)]
- FY2022/3 Annual dividends: Dividend per share ¥50 [Dividend payout ratio: 52.7%]

About FY2023/3 Financial Forecasts (P.23~)

The forecasts see a decrease in income compared to FY2022/3.

Dividend per share, based on the shareholder return policy during the Mid-term plan, **is planned to maintain ¥50.**

- FY2023/3 Financial forecast (consolidated) : Net income ¥320.0bn [YoY ¥(35.0)bn]
- FY2023/3 Annual dividends forecast: Dividend per share ¥50 [Dividend payout ratio: 58.5%]

About Progress of Important Themes (P.31~)

Updated the “five themes to be given particular focus among the five key strategies formulated in the Mid-term Plan” indicated in the materials for the previous Investor Meeting based on recent conditions and other factors.

- Theme 2 (Market Operations): New special feature on **private equity investments**, a core component of earnings

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1. FY2022/3 Financial Results

Overview of FY2022/3 Results

– (1) Results –

1. Results
(FY2022/3)

2. Forecasts
(FY2023/3)

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Overview

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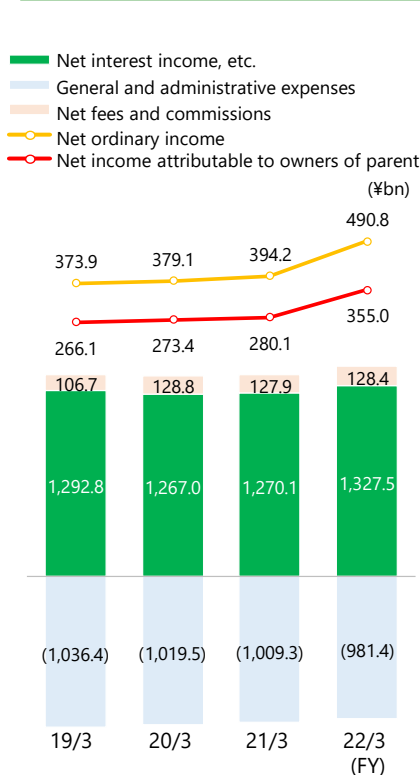
Cost

On a consolidated basis, net income was ¥355.0bn — the highest profits since listing, and an increase of ¥74.9bn compared to FY2021/3.

In particular, a loss of gains on foreign bond redemptions was offset by increased earnings from foreign bonds investment trusts and private equity funds, leading to a significant increase in net interest income, etc.

Dividend per share was set to ¥50, an increase of ¥3 from the annual dividends forecast of ¥47 announced in November.

Results for FY2022/3 (Consolidated)



	FY2022/3 (¥bn)					
	FY2021/3	FY2022/3		Actual (D)	Increase (Decrease)	
	Actual (A)	Forecast	YoY (D) - (A)		vs Revised Forecast (D) - (C)	
		Original (Mid-term Plan) (B)	Revised (November) (C)			
Net interest income, etc.*1	1,270.1	1,240.0	1,355.0	1,327.5	① 57.4	② (27.4)
Net fees and commissions	127.9	129.0	129.0	128.4	0.5	(0.5)
General and administrative expenses	1,009.3	1,015.0	1,005.0	981.4	③ ④ (27.9)	③ (23.5)
Net ordinary income	394.2	355.0	485.0	490.8	96.6	5.8
Net income attributable to owners of parent [Achievement rate*2]	280.1	260.0	350.0	355.0 [101.4%]	74.9	5.0
Dividend per share [Dividend payout ratio]	¥50	¥40	¥47	¥50 [52.7%]	—	¥3

Main drivers of increase and decrease

- ① Foreign bond redemption gains [¥(241.0)bn]
Mainly due to detachment of redemption gains
- ② Foreign bonds investment trusts [+¥193.0bn]
 - Improvement of non-revenue dividends [approx. +¥45.0bn]
 - Increase in gains on cancellation of investment trusts [approx. +¥64.0bn]
 - Others (early redemption of bonds in investment trusts, improvement of foreign currency funding costs, etc.)
- ③ Strategic investment areas [+¥134.0bn]
 - Private equity funds [+¥85.0bn]
 - Real estate funds [+¥27.0bn]
- ④ Increase in non-revenue dividends [approx. ¥(18.0)bn]
Credit spreads widened in the fourth quarter
- ③ Tax has decreased with changes to how consumption tax paid is calculated
- ④ Decrease in agency commissions paid to Japan Post

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

*2 The achievement rate to forecast for net income attributable to owners of parent.

Overview of FY2022/3 Results

– (2) Result of Operations, Financial Conditions –

1. Results
(FY2022/3)

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Results of Operations (Consolidated)

	(¥bn)		
	FY2021/3 (A)	FY2022/3 (B)	Increase (Decrease) (B) – (A)
Consolidated gross operating profit	1,319.1	1,292.0	(27.1)
Net interest income	961.9	1,147.4	185.4
Net fees and commissions	127.9	128.4	0.5
Net other operating income (loss)	229.1	16.0	(213.1)
Gains (losses) on foreign exchanges	254.6	79.0	(175.6)
Gains (losses) on bonds	(25.9)	(63.2)	(37.2)
General and administrative expenses*	1,011.4	983.2	(28.2)
Provision for general reserve for possible loan losses	—	0.0	0.0
Consolidated net operating profit	307.6	308.7	1.0
Non-recurring gains (losses)	86.5	182.1	95.5
Gains (losses) related to stocks	(188.4)	(126.3)	62.1
Gains (losses) on money held in trust	272.7	286.6	13.9
Net ordinary income	394.2	490.8	96.6
Net income attributable to owners of parent	280.1	355.0	74.9

* General and administrative expenses exclude non-recurring losses.

Financial Conditions (Non-consolidated)

	(¥bn)		
	As of Mar. 31, 2021 (A)	As of Mar. 31, 2022 (B)	Increase (Decrease) (B) – (A)
Assets	223,847.5	232,922.0	9,074.5
Cash and due from banks	60,768.0	66,664.2	5,896.2
Call loans	1,390.0	2,470.0	1,080.0
Receivables under resale agreements	9,721.3	9,861.7	140.3
Money held in trust	5,547.5	5,828.2	280.7
Securities	138,183.2	139,549.1	1,365.8
Loans	4,691.7	4,441.9	(249.7)
Liabilities	212,485.4	222,658.5	10,173.1
Deposits	189,593.4	193,441.9	3,848.4
Payables under repurchase agreements	14,886.4	19,461.6	4,575.1
Payables under securities lending transactions	1,504.5	1,514.4	9.8
Net assets	11,362.1	10,263.5	(1,098.5)
Total shareholders' equity	9,244.8	9,412.2	167.4
Total valuation and translation adjustments	2,117.2	851.2	(1,265.9)

Overview of FY2022/3 Results

– (3) Progress on Financial / KPI Targets –

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Financial Targets Items

<Consolidated>

Profitability		
	Result for FY2022/3	FY2026/3 Target
Consolidated Net income	¥355.0bn	¥350.0bn or greater
ROE based on shareholders' equity	3.80%	3.6% or greater

Efficiency		
	Result for FY2022/3	FY2026/3 Target
OHR basis including gains (losses) on money held in trust	67.52%	66% or less
General and administrative expenses (compared to FY2021/3)	¥(27.9)bn	¥(55.0)bn

Soundness		
	Result as of Mar. 31, 2022	As of Mar. 31, 2026 Target
Capital adequacy ratio (domestic standard)	15.56%	approx. 10% (levels to be secured)
CET1 Ratio (international standard) excluding unrealized gains on available-for-sale securities	14.23%	approx. 10%* (levels to be secured)

* Based on full implementation of Basel III.

Target KPIs

Investment		
	Result as of Mar. 31, 2022	As of Mar. 31, 2026 Target
Balance of risk assets (as of Mar. 31, 2021 ¥91.1tn)	¥94.9tn	approx. ¥110tn
Balance of strategic investment areas (as of Mar. 31, 2021 ¥4.2tn)	¥6.4tn	approx. ¥10tn
Balance of ESG-themed investments (as of Mar. 31, 2021 ¥1.2tn)	¥2.1tn	¥4tn raised the Target

Retail		
	Result as of Mar. 31, 2022	As of Mar. 31, 2026 Target
Number of accounts registered in the Bankbook app (as of Mar. 31, 2021 2.83 million accounts)	4.81 million accounts	10 million accounts
Number of Cumulate-type NISA Operation Accounts (as of Mar. 31, 2021 130 thousand accounts)	170 thousand accounts	400 thousand accounts

ESG		
	Result for FY2022/3	FY2026/3 Target
CO2 emissions reduction rate (compared to FY2020/3)	plan to disclose on our website, around Aug. 2022 (FY2021/3 (8.5%)*)	(46)% FY2031/3 Target
Ratio of women in managerial positions (as of Apr. 2021 15.7%*2)	16.6%*1,2	20% (Target by Apr. 2026)

*1 As of Apr. 2022. *2 Percentages are rounded.

Regional Relationship		
	Result as of Mar. 31, 2022	As of Mar. 31, 2026 Target
Regional vitalization fund participation cases (as of Mar. 31, 2021 cumulatively 32 cases)	cumulatively 39 cases	cumulatively 50 cases
Number of financial institutions that have aggregated operational processes (as of Mar. 31, 2021 3 financial institutions)	cumulatively 5 financial institutions	roughly 20 financial institutions

Rate of employees taking childcare leave (Regardless of gender) (as of Mar. 2021 99.5%*)	100%	100%
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* Percentages are rounded.

Rates of employee with disabilities (as of Jun. 2020 2.74%*2)	2.71%*1,2	2.7% or more
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*1 As of Jun. 2021. *2 Percentages are rounded.

Overview of FY2022/3 Results

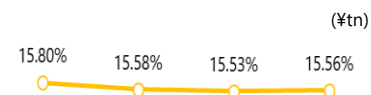
– (4) Capital Adequacy Ratio –

The consolidated capital adequacy ratio as of March 31, 2022 was 15.56%, up 0.02%pt compared to March 31, 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 14).

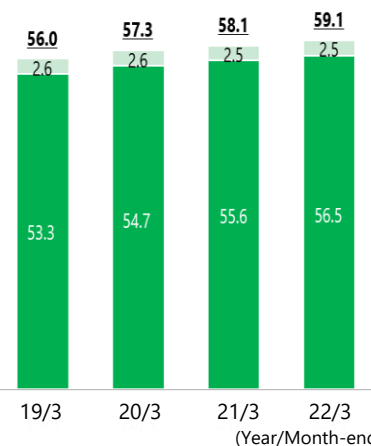
Capital Adequacy Ratio and CET1 (Common Equity Tier1 Capital) Ratio (Consolidated)

- Credit risk-weighted assets
- Operational risk equivalent / 8%
- Capital adequacy ratio



Minimum level to be secured is approx. 10%^{*1}

Regulatory level is 4% or greater



	As of Mar. 31, 2021 (A)	As of Mar. 31, 2022 (B)	Increase (Decrease) (B) – (A)
Capital adequacy ratio	15.53%	15.56%	0.02%pt
Total capital	9,038.3	9,199.3	① 160.9
Risk-weighted assets, etc.	58,166.8	59,106.0	939.2
Credit risk-weighted assets	55,614.8	56,545.5	② 930.7

Main drivers of increase and decrease

- ① Increases in profits for FY2022/3 [+¥167.5bn]
 - FY2022/3 net income: ¥355.0bn
 - FY2022/3 total dividend payment: ¥(187.4)bn
- ② Due to impact of increases in balances of the strategic investment areas [+¥2.2tn]

	As of Mar. 31, 2021 (A)	As of Mar. 31, 2022 (B)	Increase (Decrease) (B) – (A)
CET1 ratio (estimate ^{*2})	17.73%	15.68%	(2.04)%pt
Excluding unrealized gains on available-for-sale securities	14.09%	14.23%	0.14%pt
Total capital	8.6	8.9	① 0.2
Risk-weighted assets, etc.	61.5	62.6	② 1.0

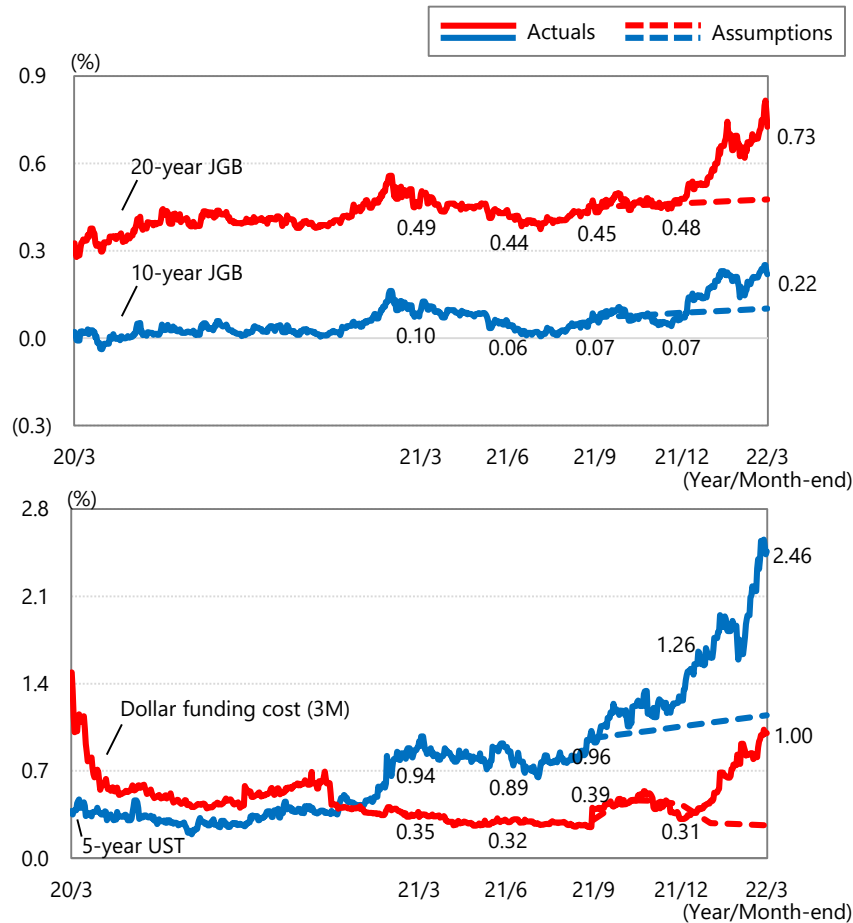
*1 Based on full implementation of Basel III in FY2026/3. *2 Calculation for some items are simplified.

Market Situation

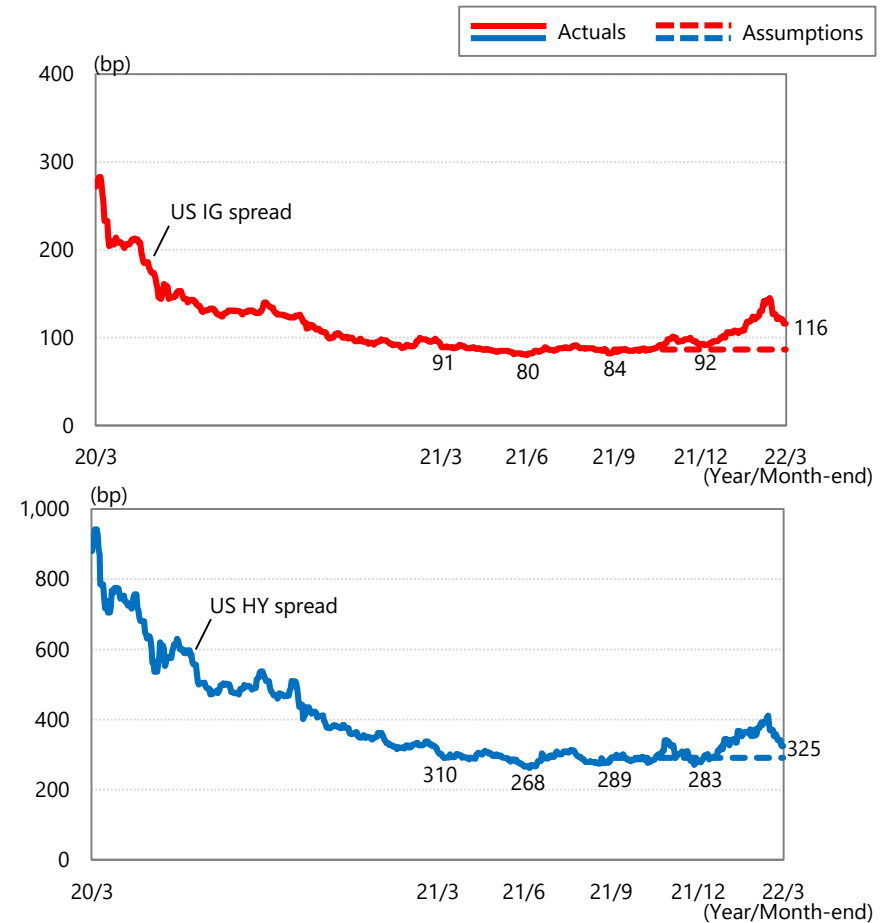
Main risk factors in the fourth quarter exceeded expectations due to a number of issues, such as the Russia-Ukraine conflict and trends in US monetary policy that reflected inflation concerns.

In particular, due to the widening of foreign credit spreads, non-revenue dividends exceeding expectations arose with respect to foreign bonds investment trusts (cumulative total of ¥21.7bn for FY2022/3, refer to next page for non-revenue dividends).

Domestic and Foreign Interest Rates/Dollar Funding Cost



US IG and HY Spread

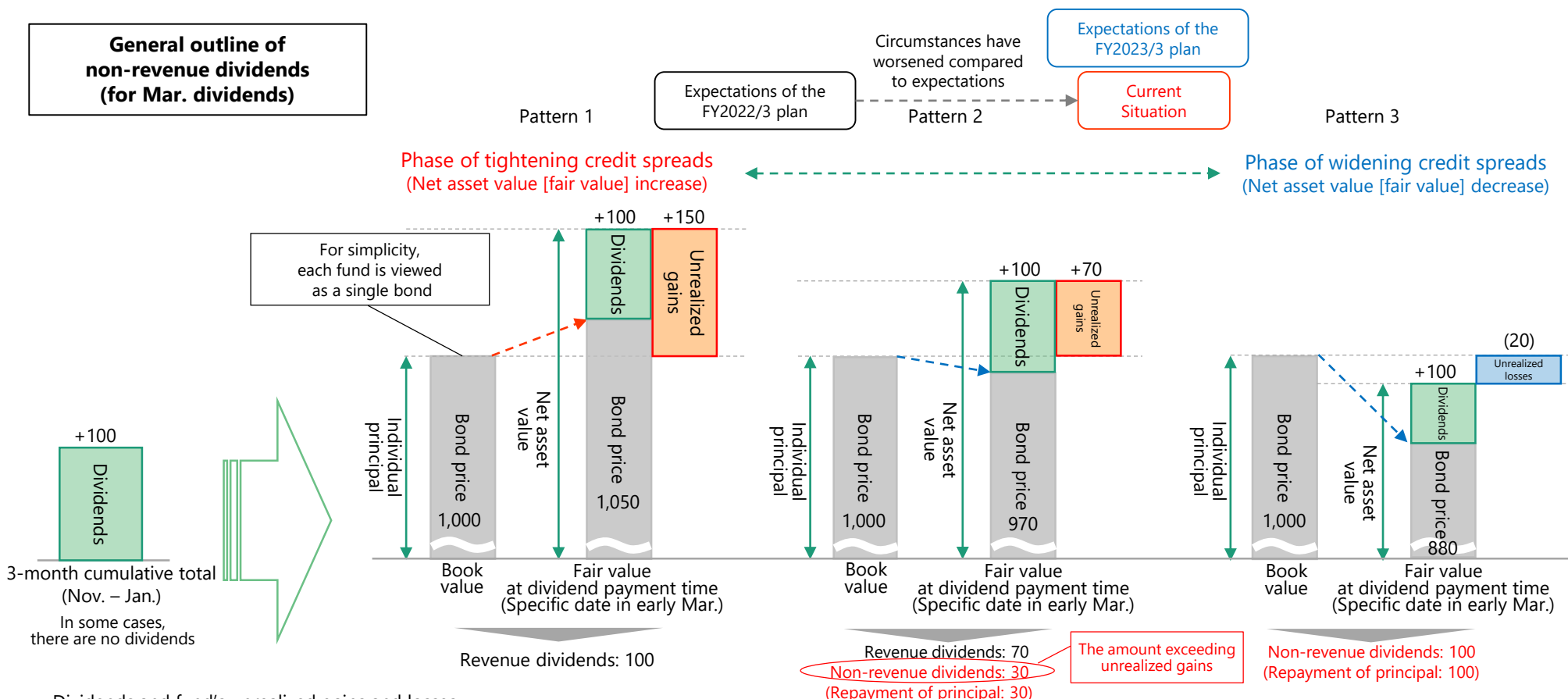


(Ref.) What are Non-revenue Dividends?

Dividends are classified into revenue dividends or non-revenue dividends and paid to the Bank by each fund (quarterly). The Bank recognizes only revenue dividends as income (non-revenue dividends are accounted for as the repayment of principal).

1. Revenue dividends: Dividends that are within unrealized gains (net asset value [fair value] - individual principal [book value]>0; the same shall apply hereafter).
2. Non-revenue dividends: Dividends that exceed unrealized gains and are equivalent to the repayment of principal.

General outline of non-revenue dividends (for Mar. dividends)



Dividends and fund's unrealized gains and losses (as of a specific date in early Mar.) are compared to classify whether revenue dividends or non-revenue dividends

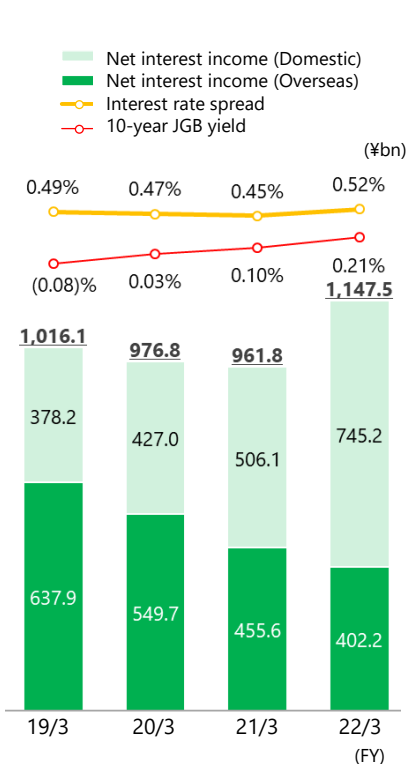
Non-revenue dividends are accounted for as the repayment of principal, therefore the gains and losses improve by the amount equivalent to the non-revenue dividends when investment trusts mature or contracts expire after bonds held are redeemed.

Income Analysis

Net interest income for FY2022/3 increased by ¥185.6bn year on year to ¥1,147.5bn.

Overseas, the main factor is the large increase in earnings from foreign bond investment trusts and private equity funds.

Income Analysis (Non-consolidated)



Source: JGB interest rate information
– Ministry of Finance Japan

	FY2021/3 (A)	FY2022/3 (B)	Increase (Decrease) (B) – (A)
Domestic			
Net interest income	455.6	402.2	(53.4)
Interest income	518.3	446.7	(71.5)
Interest on Japanese government bonds	364.6	304.1	① (60.4)
Interest expenses	62.6	44.4	② (18.1)
Overseas			
Net interest income	506.1	745.2	239.0
Interest income	751.4	991.6	240.1
Interest on foreign securities	750.9	991.2	③ 240.2
Interest expenses	245.2	246.3	④ 1.1
Total			
Net interest income	961.8	1,147.5	185.6
Interest income	1,198.2	1,369.7	171.4
Interest expenses	236.3	222.2	(14.1)

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
- ③ ● Increase in earnings from foreign bond investment trusts and private equity funds
● In addition, due to the widening of overseas credit spreads from the fourth quarter onwards, non-revenue dividends exceeded expectations (cumulative total for FY2022/3: ¥21.7bn)
- ④ ● Although foreign currency funding costs remained low through the third quarter, they increased slightly due to upticks in the fourth quarter (Refer to page 9)

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.

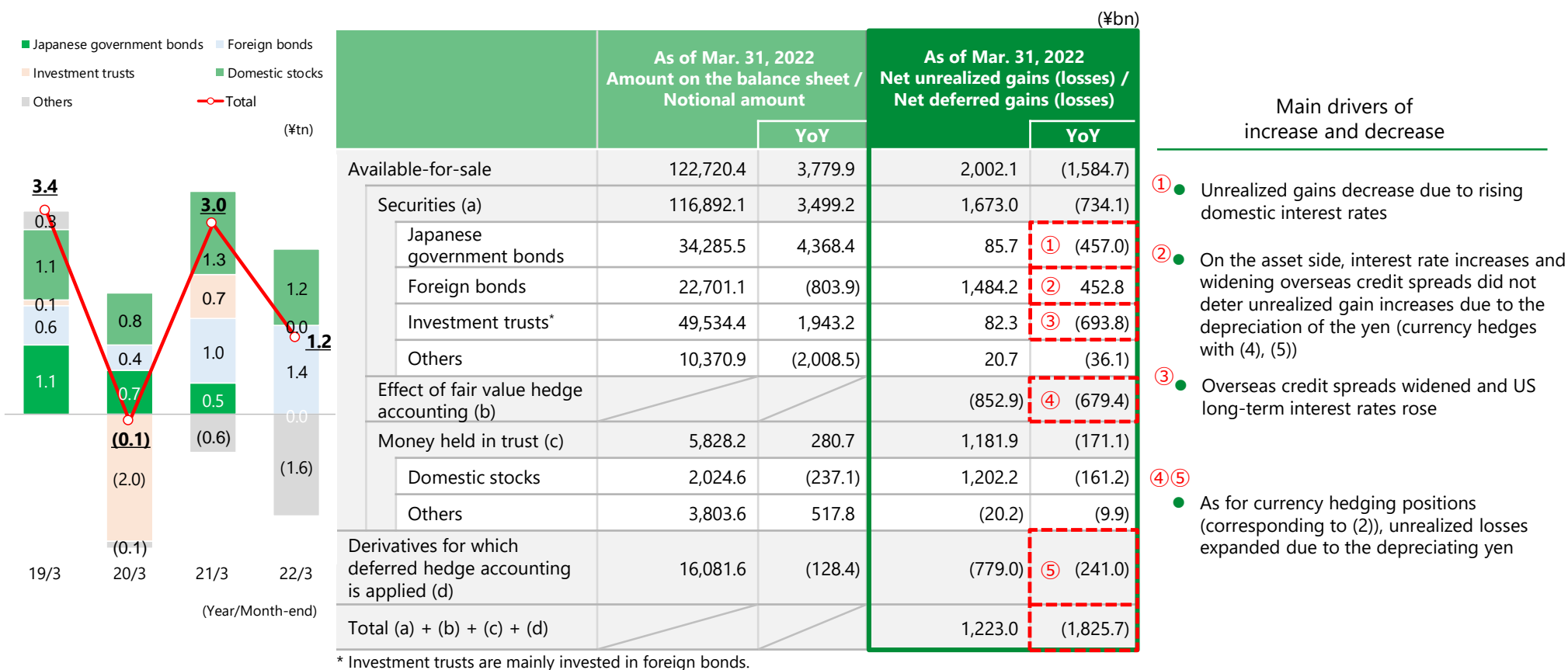
Unrealized Gains (Losses) on Financial Instruments

Net unrealized gains on financial instruments (available-for-sale) after taking into consideration of gains (losses) from hedge accounting were ¥1.2tn as of March 31, 2022 (before application of tax effect accounting), decreased by ¥1.8tn from March 31, 2021.

Unrealized gains significantly declined due to rising domestic and overseas interest rates and overseas credit spreads.

(Ref.) While net unrealized gains on investment trusts were ¥82.3bn as of March 31, 2022, net unrealized gains on investment trusts when it applied Accounting Standard Fair Value Measurement (revised 2021) were ¥1,348.8bn. (estimate)

Available-for-sale Securities (Non-consolidated)

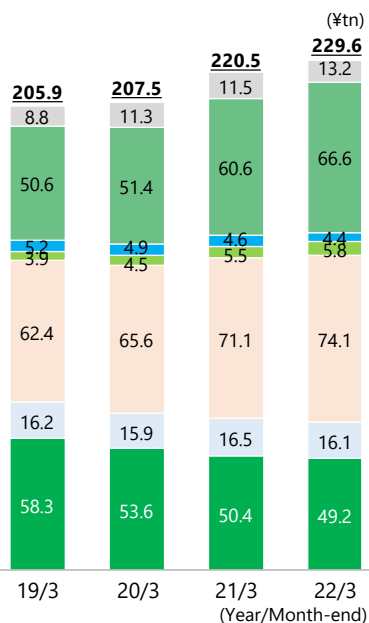


At the end of March 2022, investment assets was ¥229.6tn, an increase of ¥9.0tn compared to the end of March 2021.

This is mainly due to an increase in foreign securities, etc., and due from banks, etc. Among foreign securities, investment trusts are on the rise due to accumulating real estate funds (debt) and private equity funds in particular. Due from banks, etc., increased due to an increase in outstanding balances of Bank of Japan deposits due to increased deposits, etc.

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



	Balance (¥bn)		
	As of Mar. 31, 2022	%	vs Mar. 31, 2021
Securities	139,549.1	60.7	1,365.8
Japanese government bonds	49,259.7	21.4	(1,233.7)
Japanese local government bonds, corporate bonds, etc. ^{*1}	16,154.3	7.0	(368.1)
Foreign securities, etc.	74,135.0	32.2	2,967.7
Foreign bonds	24,509.6	10.6	1,004.5
Investment trusts ^{*2}	49,534.4	21.5	① 1,943.2
Money held in trust	5,828.2	2.5	280.7
Domestic stocks	2,024.6	0.8	(237.1)
Loans	4,441.9	1.9	(249.7)
Due from banks, etc. ^{*3}	66,622.8	29.0	② 5,955.7
Short-term investments and others ^{*4}	13,252.3	5.7	③ 1,746.6
Total	229,694.6	100.0	9,099.1

Main drivers of increase and decrease

- ① Increase in balances (real estate funds (debt), private equity funds)
- ② Outstanding balance of Bank of Japan deposits increased due to an increase in deposits [+¥3.8tn]
- ③ Increase in balances (call loans) [+¥1.0tn]

*1 "Japanese local government bonds, corporate bonds, etc." consists of Japanese local government bonds, short-term corporate bonds, Japanese corporate bonds and Japanese stocks.

*2 Investment trusts are mainly invested in foreign bonds. Investment trusts include private equity funds, etc.

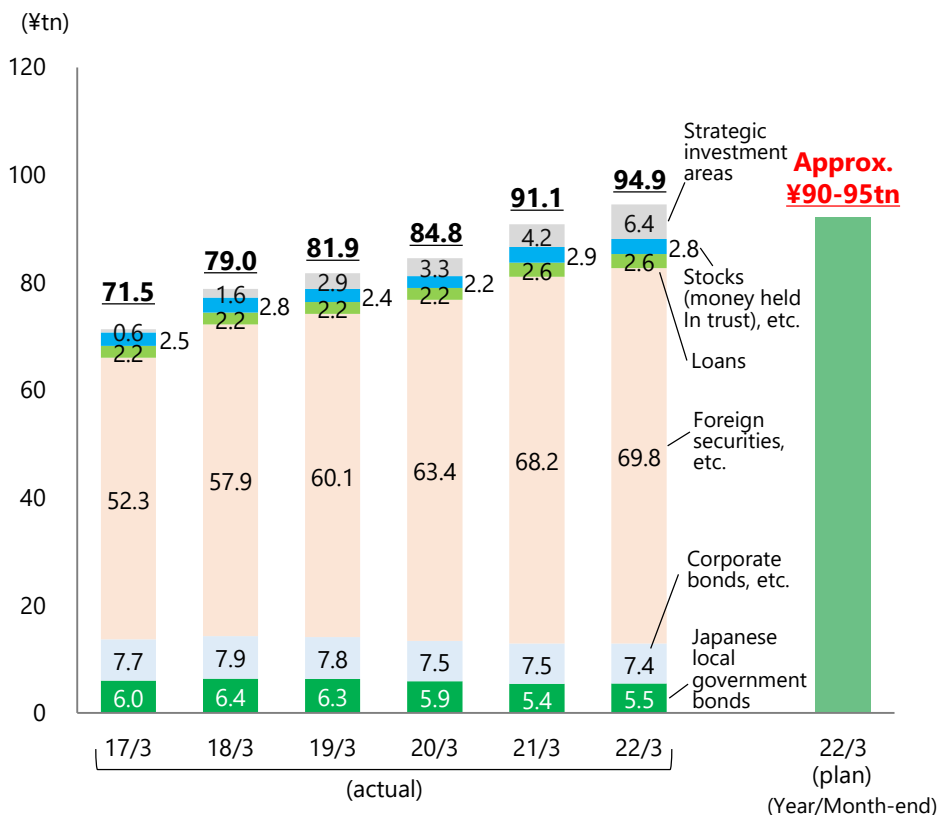
*3 "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.

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

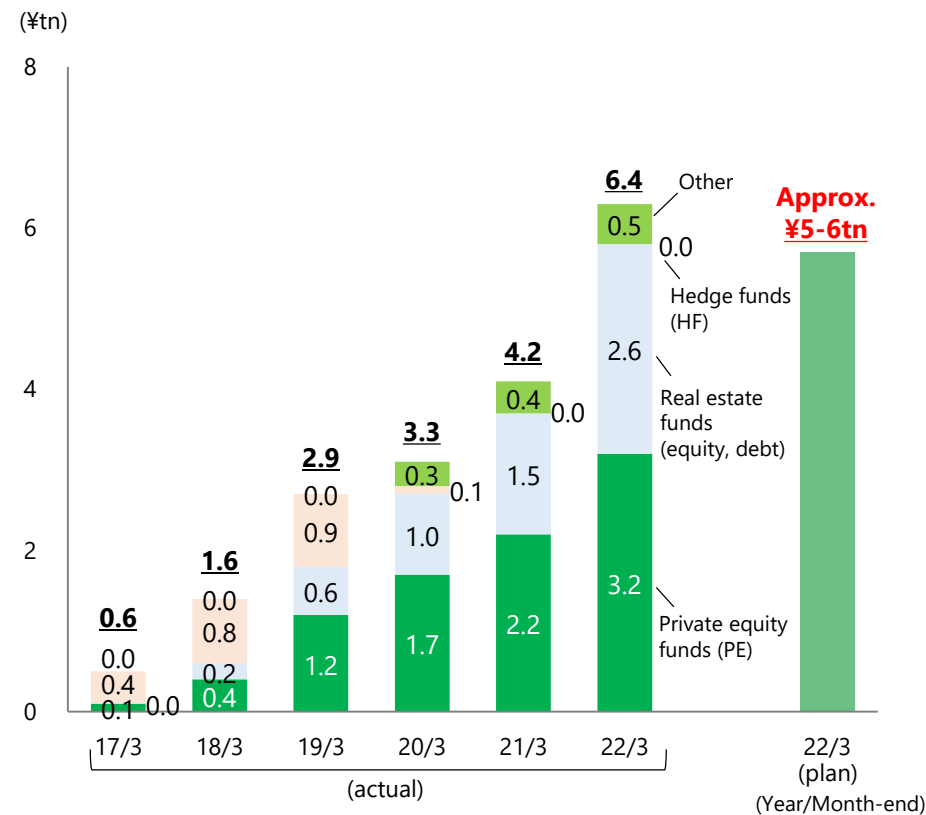
As of the end of March 2022, the balance of risk assets*1 was ¥94.9tn, an increase of ¥3.8tn compared to the end of March 2021.

Due to increased balances for real estate funds (debt) and private equity funds, the outstanding balance for strategic investment areas*2 equaled ¥6.4tn, an increase of ¥2.2tn.

Risk Assets (Non-consolidated)



Strategic Investment Areas (Non-consolidated)



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

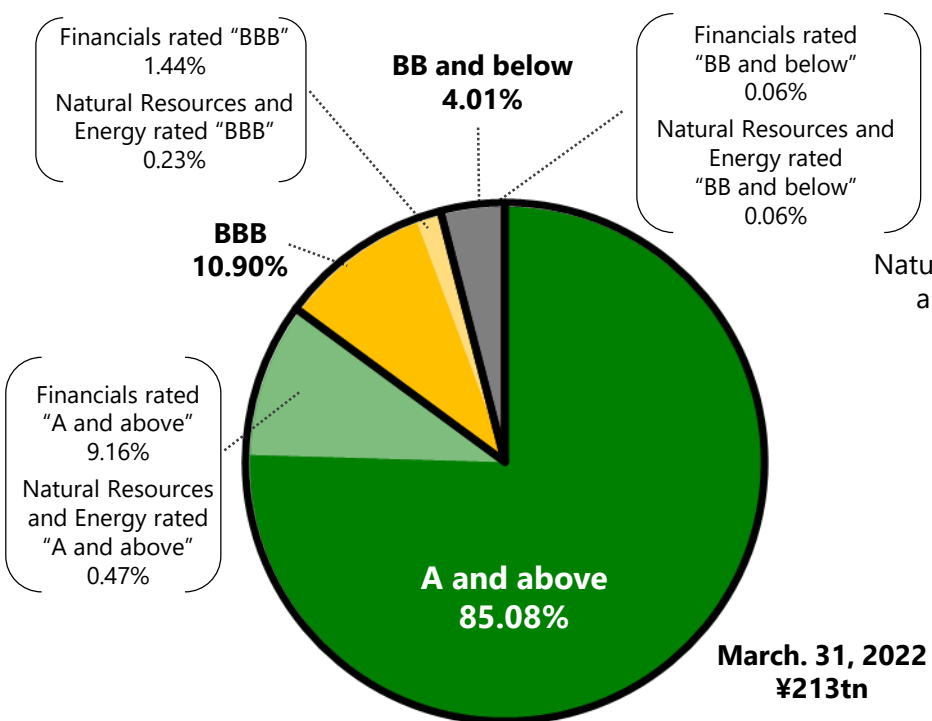
*2 Strategic investment areas: Private equity funds, Real estate funds (equity, debt), Hedge funds, Direct lending funds and Infrastructure debt funds, etc.

Asset Management

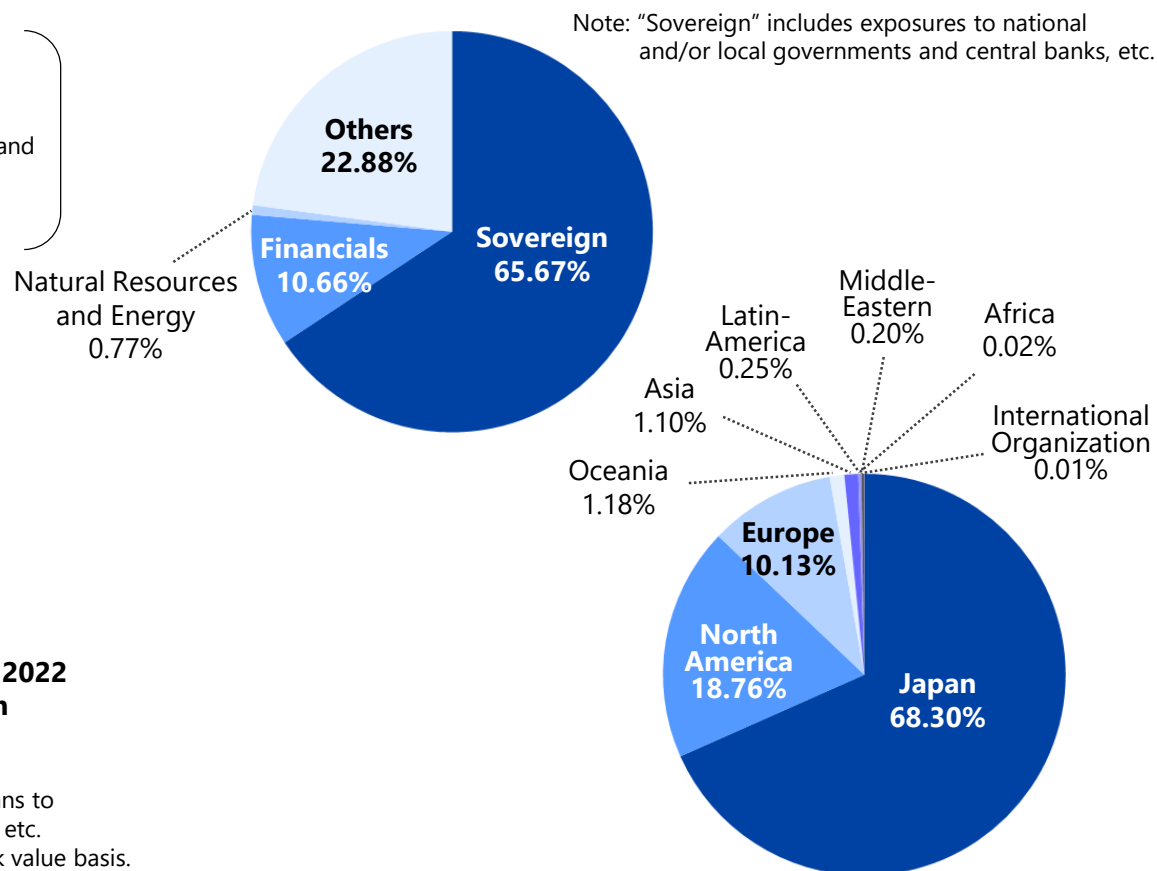
– (3) Exposure Profile of Investment Assets –

Breakdown of the Bank's investment assets,
By credit rating: around 85% are rated A or above, and around 96% are rated IG (BBB or above).

Exposures Classified by Ratings (Non-consolidated)



Exposures Classified by Sector and Region (Non-consolidated)

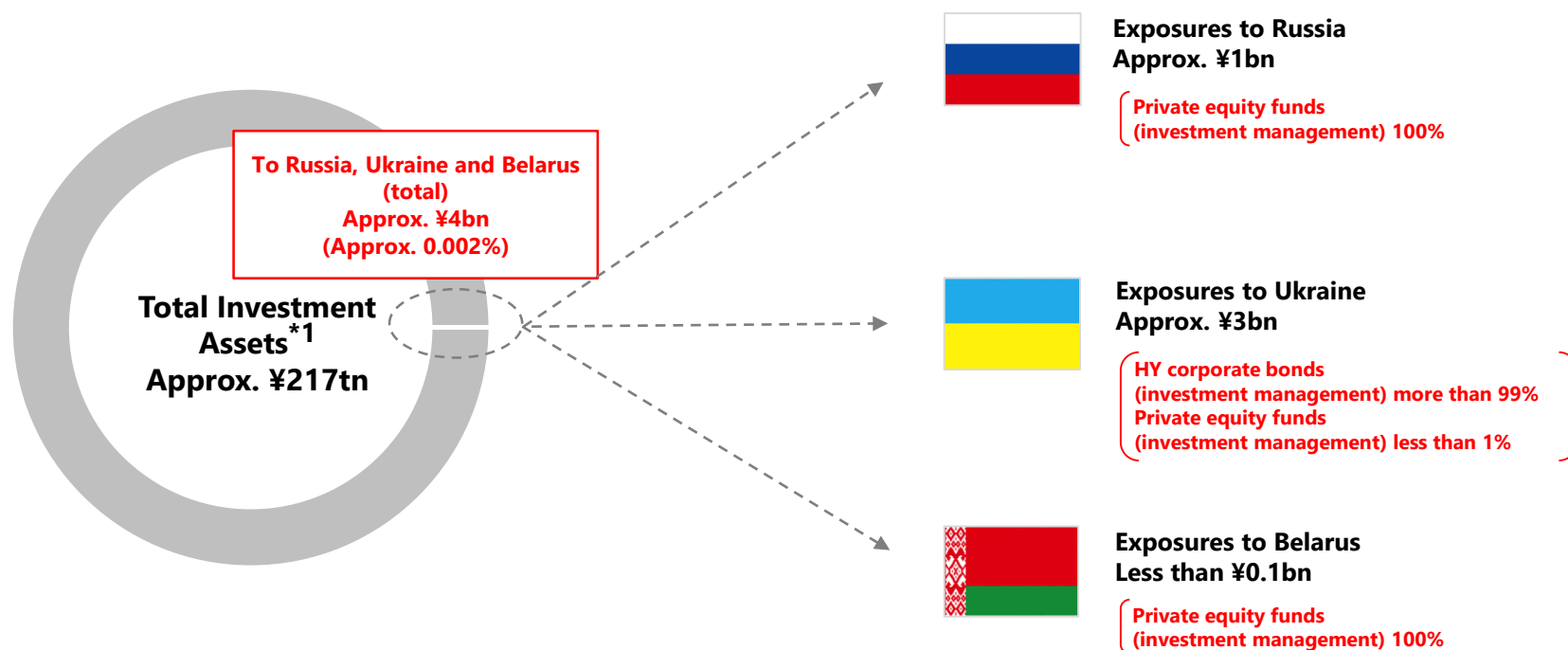


Notes: 1. The range of assets covered in this page includes bonds and/or loans to sovereign entities, financial institutions and industrial corporations, etc.
 2. Exposures are calculated on the management accounting and book value basis.
 3. Rating categories are based on the Bank's internal ratings.

(Ref.) Exposures to Russia, Ukraine and Belarus

Mainly invested in developed countries in Europe and the U.S. as for foreign investments. Exposures to Russia, Ukraine and Belarus^{*1,2} are minimal, so the impact on the Bank is expected to be very minor.

Exposures to Russia, Ukraine and Belarus^{*1,2} (Non-consolidated) As of March 31, 2022



*1 The range of assets covered in this page includes private equity funds and those of "Exposure Profile of Investment Assets" on the previous page. Management accounting basis.

*2 The figures are on an ultimate risk basis and excludes investments and loans guaranteed by the Japanese government and other entities.

Asset Management

– (4) Portfolio Management Status –

Balance of the respective portfolios increased for both yen interest rates assets and risk assets compared to March 31, 2021. In yen interest rates assets, the balance of Japanese government bonds decreased while the outstanding balance of the Bank of Japan deposits increased significantly.

Total of net gains and losses for each portfolio increased compared to FY2021/3. In particular, increased dividends from foreign bond investment trusts and private equity funds increased risk asset gains.

Balance (Non-consolidated)

	As of Mar. 31, 2021 (A)	As of Mar. 31, 2022 (B)	Increase (Decrease) (B) – (A)
			(¥bn)
Yen interest rates assets	120,954.3	125,657.4	4,703.0
Short-term assets	66,942.3	73,223.3	6,281.0
Japanese government bonds and government guaranteed bonds	54,012.0	52,434.0	(1,578.0)
Risk assets	91,120.7	94,960.7	3,839.9
Japanese local government bonds	5,493.8	5,580.8	87.0
Japanese corporate bonds, etc.	7,534.2	7,496.5	(37.7)
Foreign securities, etc.	68,213.1	69,865.1	1,651.9
Loans	2,637.3	2,692.4	55.1
Stocks (money held in trust), etc.	2,976.8	2,849.7	(127.1)
Strategic investment areas	4,265.2	6,475.9	2,210.6

Note: Since these figures are calculated on management accounting basis, they are not equal to the figures for balance of each categories on page 13 and 37, and also the sum of “Yen interest rates assets” and “Risk assets” is not equal to the “Total” on page 13 and 37.

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

	FY2021/3		FY2022/3	
	Average Balance	Net gains (losses)	Average Balance	Net gains (losses)
Total portfolio	204.0	388.9	215.0	475.9
Yen interest rates assets	116.1	(581.8)	121.9	(580.3)
Customer-based funding and marketing	—	(840.7)	—	(878.4)
Investment side, etc.	—	258.8	—	298.1
Risk assets	87.9	970.8	93.0	1,056.2

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.

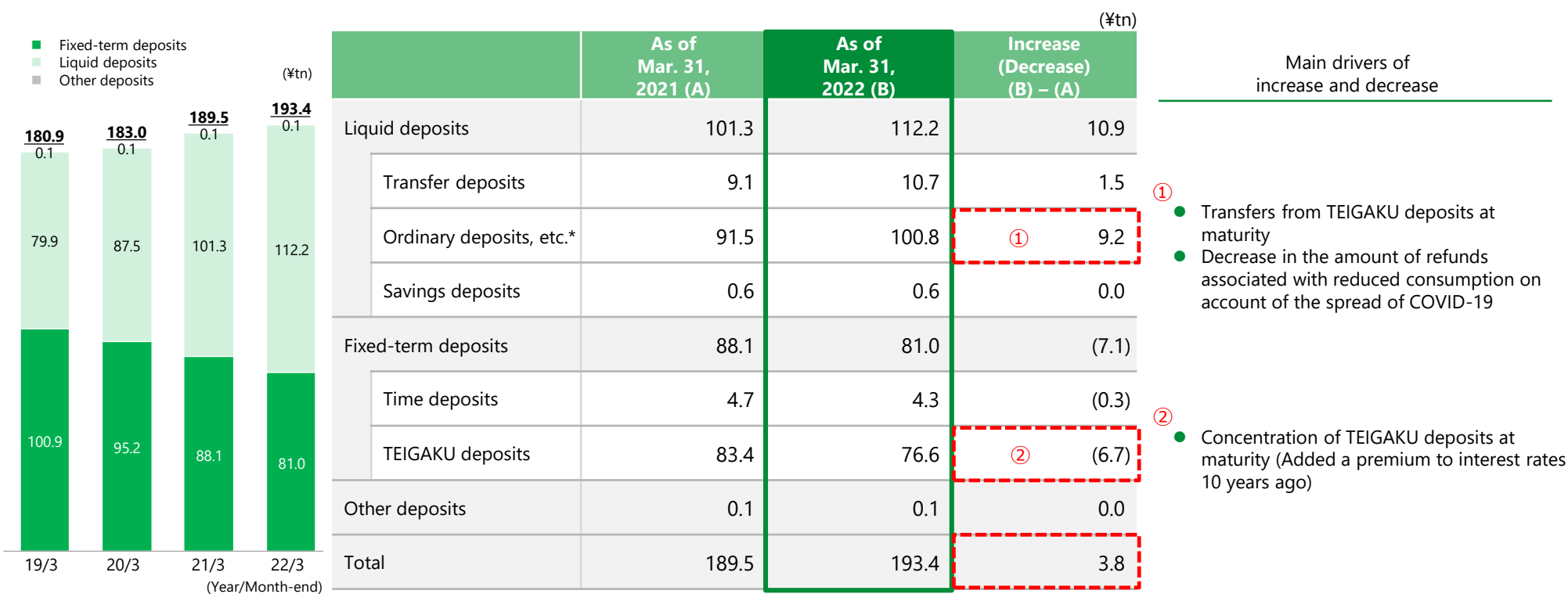
Net gains/losses = Net interest income, etc. (Interest income – Interest expenses (including net gains and losses on sales, etc.)) + Net fees and commission income (Fees and commission income – Fees and commission expenses) – Expenses (equivalent to general and administrative expenses in our statement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

Deposit Balance

Deposits on March 31, 2022 amounted to ¥193.4tn, up ¥3.8tn from March 31, 2021.

Ordinary deposits increased by ¥9.2tn 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)



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

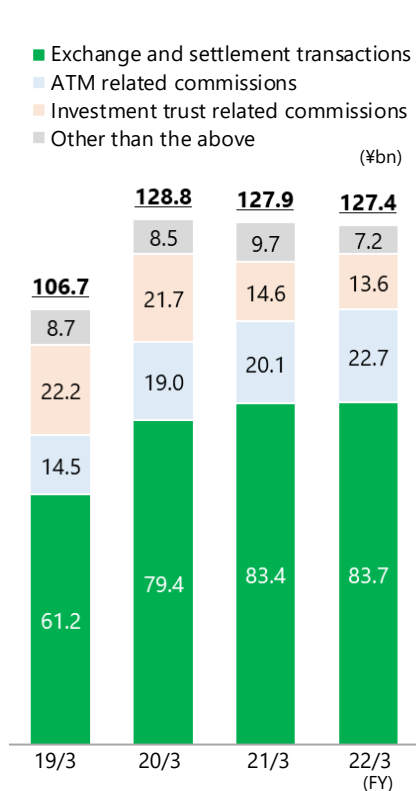
Fees and Commissions

– (1) Summary –

Net fees and commissions for FY2022/3 decreased by ¥0.5bn year on year to ¥127.4bn.

This harsh environment, which saw earnings drop in numerous categories, was mitigated to a certain extent by an increase in ATM related commissions arising from a January 2022 fee revision.

Fees and Commissions (Non-consolidated)



	FY2021/3 (A)	FY2022/3 (B)	Increase (Decrease) (B) – (A)
Net fees and commissions	127.9	127.4	(0.5)
Exchange and settlement Transactions	83.4	83.7	0.2
Zengin-net fee	12.9	12.8	(0.0)
ATM related commissions	20.1	22.7	① 2.6
Investment trust related commissions	14.6	13.6	② (0.9)
Variable annuities	0.2	0.1	(0.1)
JGBs related commissions	1.2	1.1	(0.1)
Credit cards	4.4	3.9	(0.4)
Consumer loans	1.2	1.1	(0.1)
Other	2.4	0.8	③ (1.6)

Main drivers of increase and decrease

- ① The impact of the fee revision in January 2022
- ② Decrease in sales fee (Ref.)
Sales amount of investment trust (Refer to next page)
– FY2022/3: ¥200.4bn [YoY: ¥(62.4)bn]
– FY2021/3: ¥262.9bn
- ③ Inclusion of expenses related to account overdraft services (FY2022/3 onward), etc.

Fees and Commissions

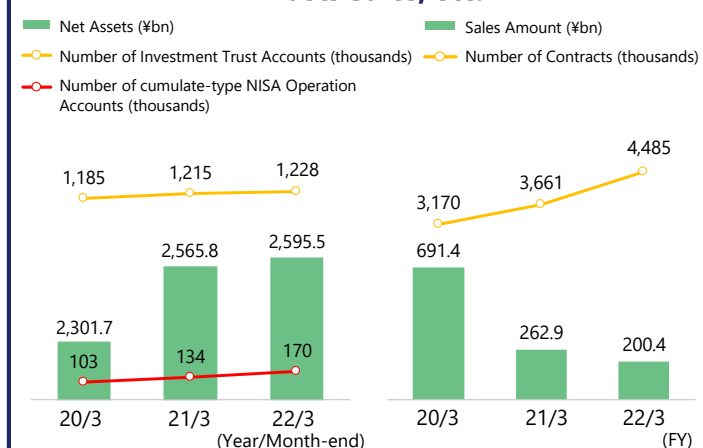
– (2) Status of the Three Main Sources of Revenue, etc. –

Continuing from the previous fiscal year, revenue from immediate transfer services increased steadily due to demand from those staying at home owing to COVID-19.

We will continue to closely monitor the impact of the January 2022 fee revisions on customer usage and revenue, as they were implemented only recently.

Status of the Three Main Sources of Revenue

Investment Trusts Sales, etc.



- Elimination of sales fees (Digital Channel) (Jan. 2022)
- Consolidation of sales channels
 - Post Offices:
 - Focus on simple products (cumulate-type NISA (Nippon Individual Savings Account), etc.)
 - Directly-operated branches:
 - Responding to a wide range of customer needs (Yucho Fund wraps, etc.)

Exchange and Settlement Transactions, etc.

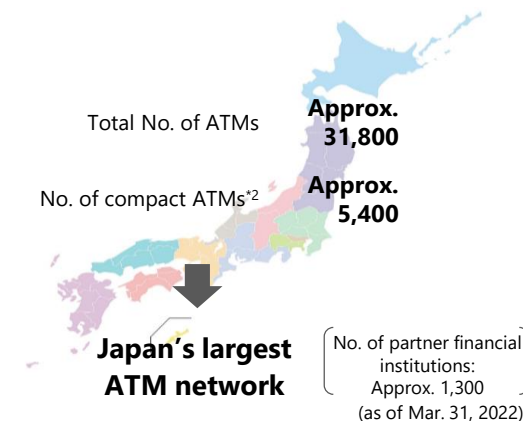
<Income and Expenditure of Key Products> (Management Accounting Basis) (¥bn)

	FY2021/3	FY2022/3	Increase (Decrease)
Automatic payments	25.3	25.4	0.1
Regular payments	18.1	17.9	(0.2)
Wire transfers	5.4	5.2	(0.1)
Immediate transfers	4.5	5.4	0.8

Demand from those staying at home/
Penetration of cashless payments, etc.

- Fee increases in cash payment service (Jan. 2022)
- Collection of contractual and monthly fees for Yucho Biz Direct, etc.*1 (Apr. 2022)
- Expansion of Yucho Bankbook app functions (addition of cash transfer function) (Mar. 2022)

ATM



- Fee increases in convenience store ATMs³ (Jan. 2022)
- Charging after-hours fees in external ATMs⁴ (Jan. 2022)
- Addition of ATM-linked financial institutions (Apr. 2022)

Recent Topics

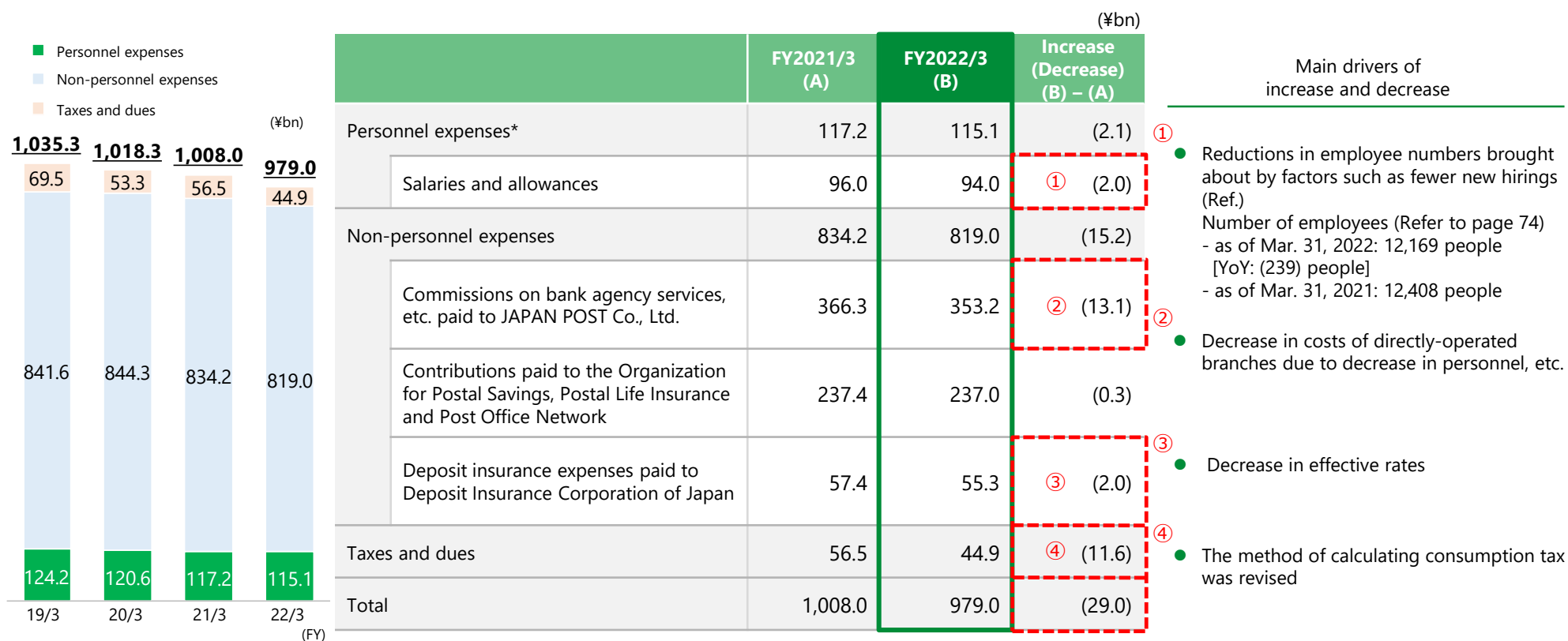
*1 Campaign run between April 2019 and March 2022, where contractual and monthly fees were eliminated for the duration of the campaign period. *2 Installed in FamilyMart convenience stores, etc. *3 Lawson ATMs, E-net ATMs *4 Installed in stations, malls and FamilyMart convenience stores, etc.

General and Administrative Expenses

General and administrative expenses for FY2022/3 decreased by ¥29.0bn year on year to ¥979.0bn.

As for 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. Also, the method of calculating consumption tax to be paid was revised, causing a significant tax decrease.

G&A Expenses (Non-consolidated)



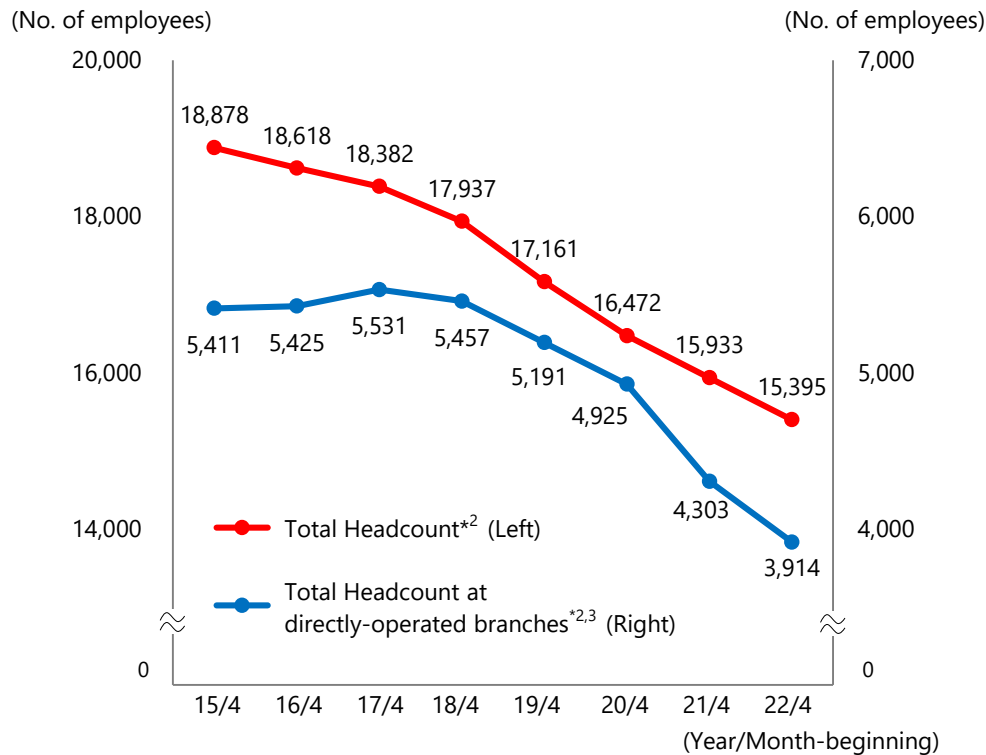
Headcount Reduction, Work Reforms and Productivity Improvements

Reduced the total headcount by improving administrative efficiency and optimizing the number of administrative staff.

As for work reform initiatives, the policies set forth in the Mid-term Plan (introduction of the teller tablet system and BPMS*1, etc.) are progressing steadily.

*1 Abbreviation of Business Process Management System. This system automatically activates RPAs, and systematically controls work flows that require human confirmation work, etc., and conducts automatic process management.

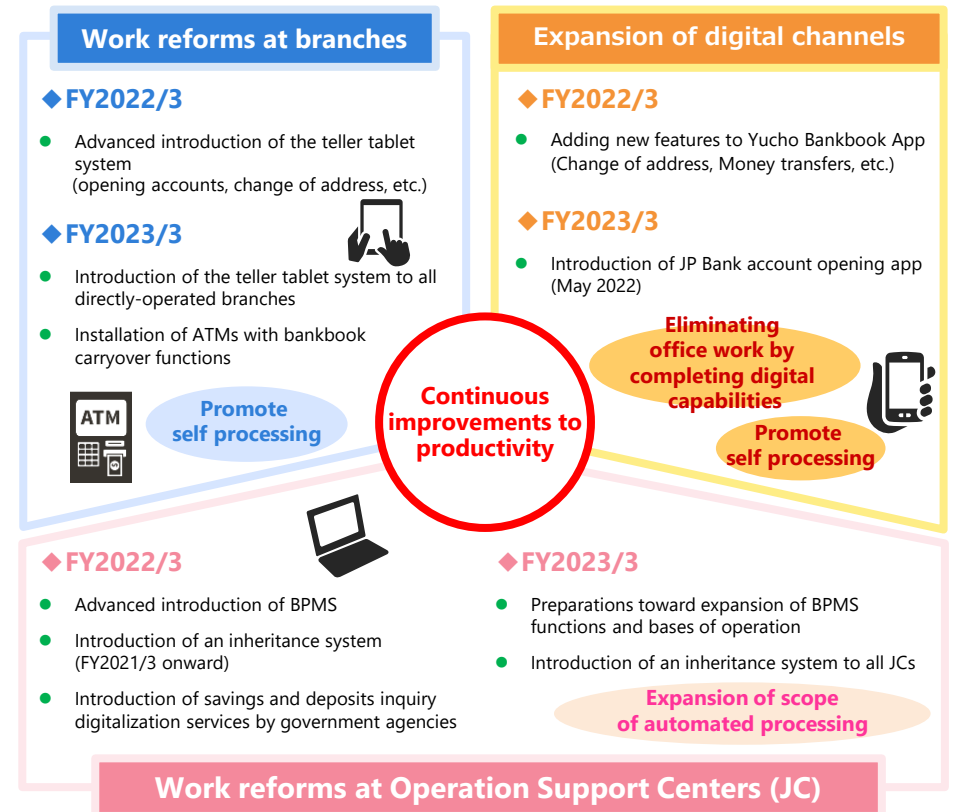
Headcount Reduction -Decrease in Costs of Directly-Operated Branches-



*2 Includes non-regular employees. 2022 headcount for non-regular employees is as of Mar. 31.

*3 Headcount of Counter Services, Financial Consulting and Fund managing Department.

Work Reforms and Productivity Improvements



2. FY2023/3 Financial Forecasts

Earnings and Dividends Forecasts

For earnings forecasts for FY2023/3, net ordinary income and net income attributable to owners of parent are expected to amount to ¥445.0bn and ¥320.0bn, respectively. Although we expect an increase in income from private equity funds and reductions in general and administrative expenses, among other efforts, the forecasts see a decrease in income compared to FY2022/3, mainly due to an increase in foreign currency funding costs and reductions in interest income from Japanese government bonds.

Dividend per share for FY2023/3, based on the shareholder return policy during the Mid-term Plan, is planned to be ¥50 (dividend payout ratio of 58.5%).

Earnings Forecasts (Consolidated)

	FY2022/3 (Actual) (A)	FY2023/3 (Forecast) (B)	Increase (Decrease) (B) – (A)
			(¥bn)
Net interest income, etc.*	1,327.5	1,235.0	(92.5)
Net fees and commissions	128.4	143.0	14.5
General and administrative expenses	981.4	935.0	(46.4)
Net ordinary income	490.8	445.0	(45.8)
Net income attributable to owners of parent	355.0	320.0	(35.0)

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

Dividends Forecasts (Consolidated)

	FY2022/3 (Actual)	FY2023/3 (Forecast)
Dividend per share	¥50 (Annual ¥50)	¥50 (Annual ¥50)
Total dividend payment	¥187.4bn	¥187.4bn
Dividend payout ratio	52.7%	58.5%

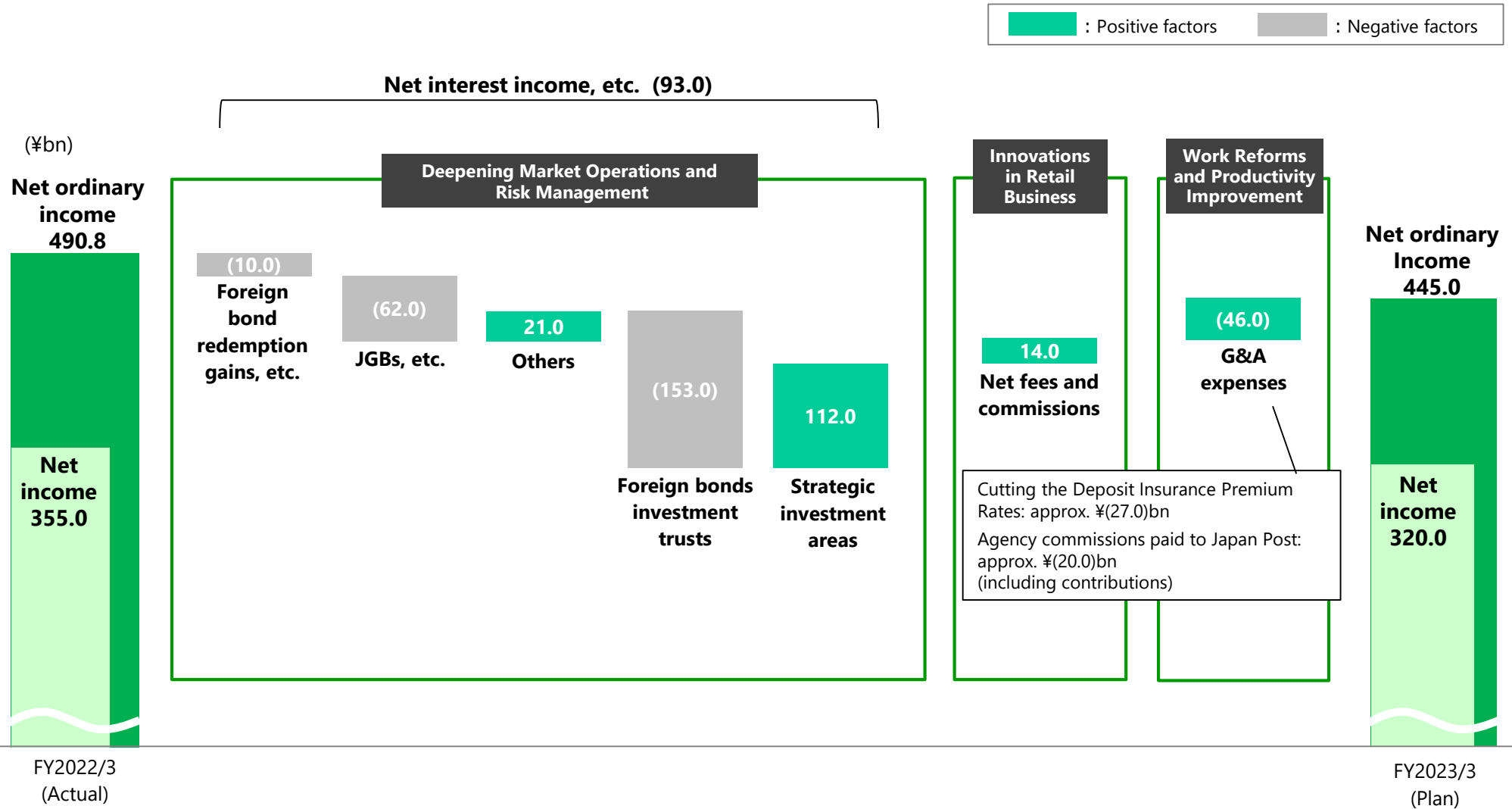
(Ref.) Shareholder return policy

- Taking into consideration the balance between shareholder returns, financial soundness and growth investments, throughout the term of the Mid-term 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.
 - 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 plan.

(Ref.) Changes in Net Ordinary Income for Earnings Forecasts

Causes of Changes in Net Ordinary Income (Consolidated) [FY2022/3 Actual vs FY2023/3 Forecasts]

Note: The addition of total changes to FY2022/3 results does not equal the forecasts for FY2023/3 due to rounding, other ordinary income/expenses and similar factors.



(Ref.) Capital Investment Targets and Prospect for CET1 Ratio

In order to achieve improvements to our earnings by actively utilizing our capital and taking appropriate risks, while ensuring thorough financial soundness, we set a CET1 ratio of approximately 10% as minimum levels to be secured.

The CET1 ratio is expected to fall gradually to around 10%, the minimum level to be secured, by March 31, 2026, due to the acceleration of investment in risk assets and reinforcement of financial regulations.

Capital Investment Targets and Prospect for CET1 Ratio (Based on Excluding Unrealized Gains on Available-for-sale Securities)

As of March 31, 2022

To March 31, 2026 (Mid-term Plan)

CET1 ratio*1= **14.23%**
(estimate)

*1 Calculation for some items are simplified.
Based on excluding unrealized gains on available-for-sale securities.

<Numerator>



- Steady accumulation of profit (Shareholder returns based on a dividend payout ratio approx. 50%)

<Denominator>

- Investment in risk assets (growth investments) *2
- Reinforcement of financial regulations (Basel III finalization)

The impact of increasing the denominator is greater than that of increasing the numerator.

*2 Refer to page 29 "Individual Plan -(1) Investments -".

Expected to fall gradually to around 10% (the minimum level to be secured formulated in the Mid-term Plan), by March 31, 2026.

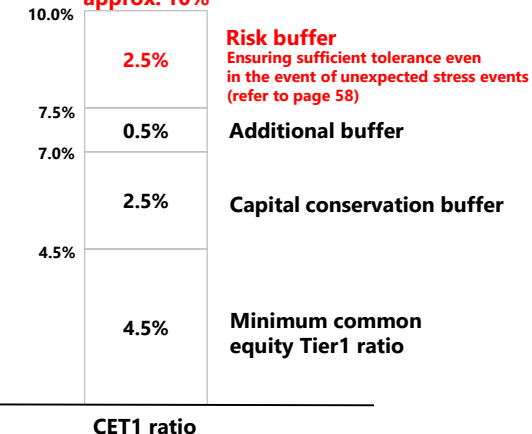
*** Under the current plan, we expect to be able to secure around 10%.**

(Ref.) Minimum levels to be secured

Although the Bank is a domestic standard bank, given certain factors such as the size of the Bank's overseas credit, we set a CET1 ratio*3 of approximately 10% as the minimum level to be secured, based on the idea that **we should aim for capital management of a level commensurate with large-scale domestic financial institutions.**

*3 CET1 ratio of FY2026/3 is based on full implementation of Basel III.

Minimum levels to be secured approx. 10%

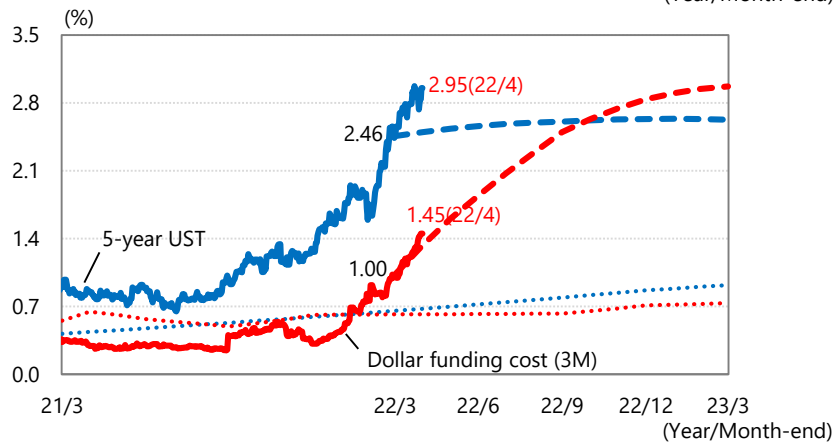
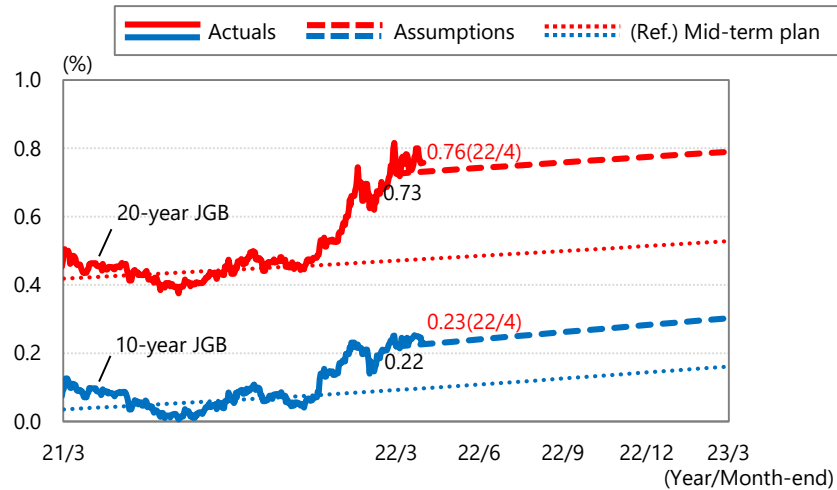


Assumptions for Earnings Forecasts

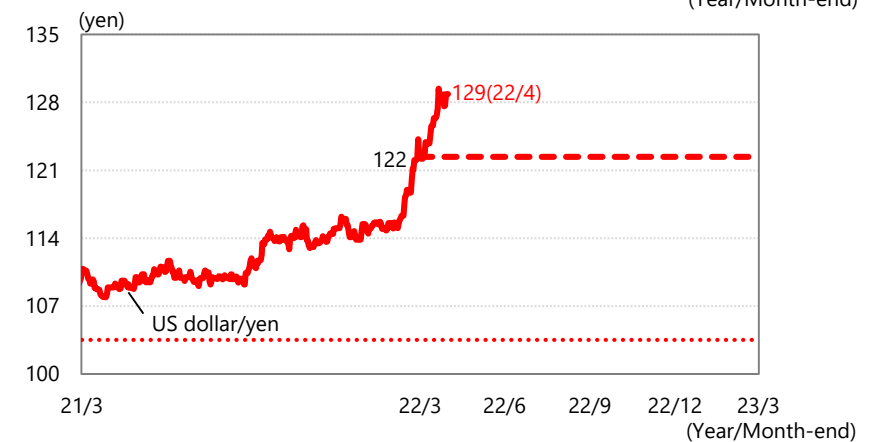
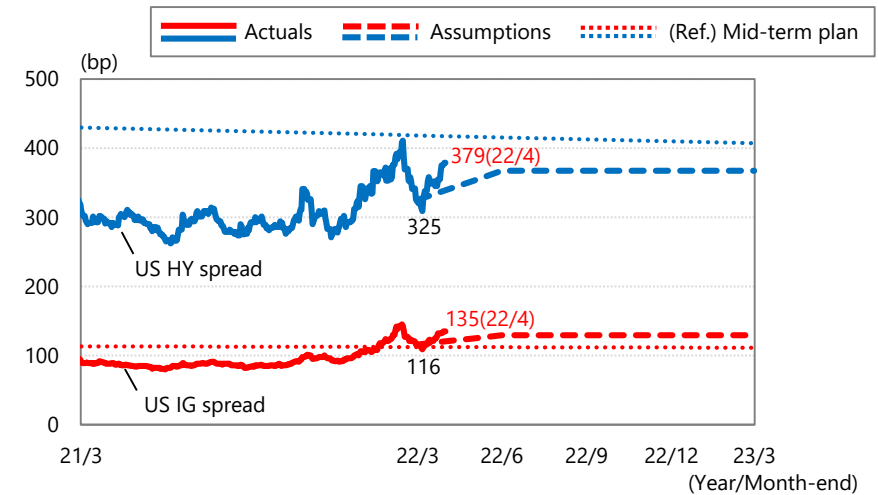
The assumptions for each risk factor are as follows:

- (1) Domestic and foreign interest rates will move in the line with the implied forward rates as of March 31, 2022.
- (2) Foreign credit spreads will continue at the average levels for March, 2022.
- (3) Foreign exchange will continue at the levels as of March 31, 2022.

Domestic and Foreign Interest Rates / Dollar Funding Cost



US IG and HY Spread / US Dollar/Yen



(Ref.) Relationship between the Bank's Portfolio and Credit Spreads/Foreign Currency Interest Rates

Organized impact of credit spreads and foreign currency interest rates on income of the Bank's portfolio.

Relationship between the Bank's Portfolio and Credit Spreads/Foreign Currency Interest Rates

<Balance of Investment Assets> (Refer to page 13)

(¥bn)

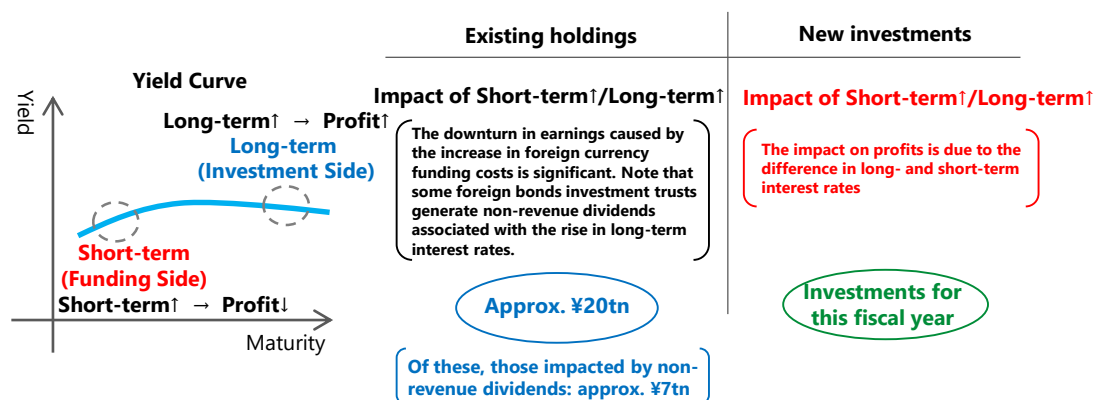
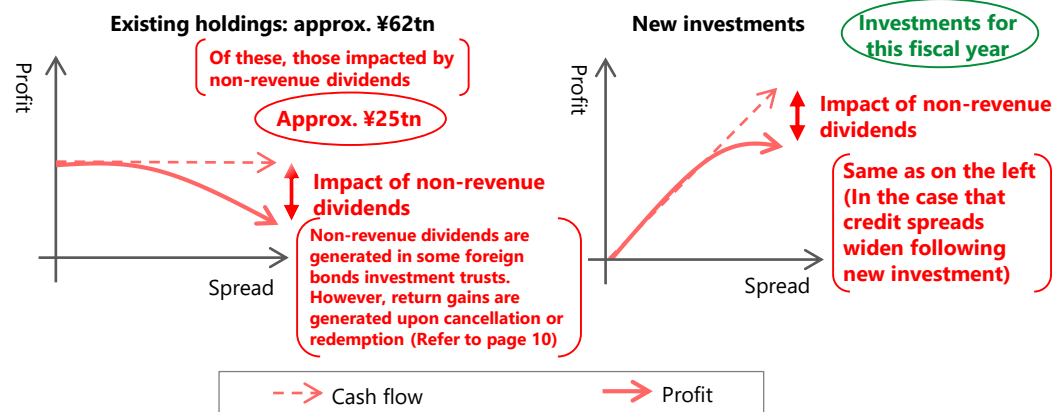
	As of Mar. 31, 2022
Securities	139,549.1
Japanese government bonds	49,259.7
Japanese local government bonds, corporate bonds, etc.	16,154.3
Foreign securities, etc.	74,135.0
Foreign bonds	24,509.6
Investment trusts	49,534.4
Money held in trust*	5,828.2
Domestic stocks	2,024.6

* This applies to some money held in trust assets (real estate funds (debt), direct lending funds).

While the Bank has primarily taken on credit risk, it has also taken on interest rate risk with an eye towards diversification

<Source of revenue>
Credit risk

<Source of revenue>
Foreign currency interest rates risk
(Difference in long- and short-term interest rates)



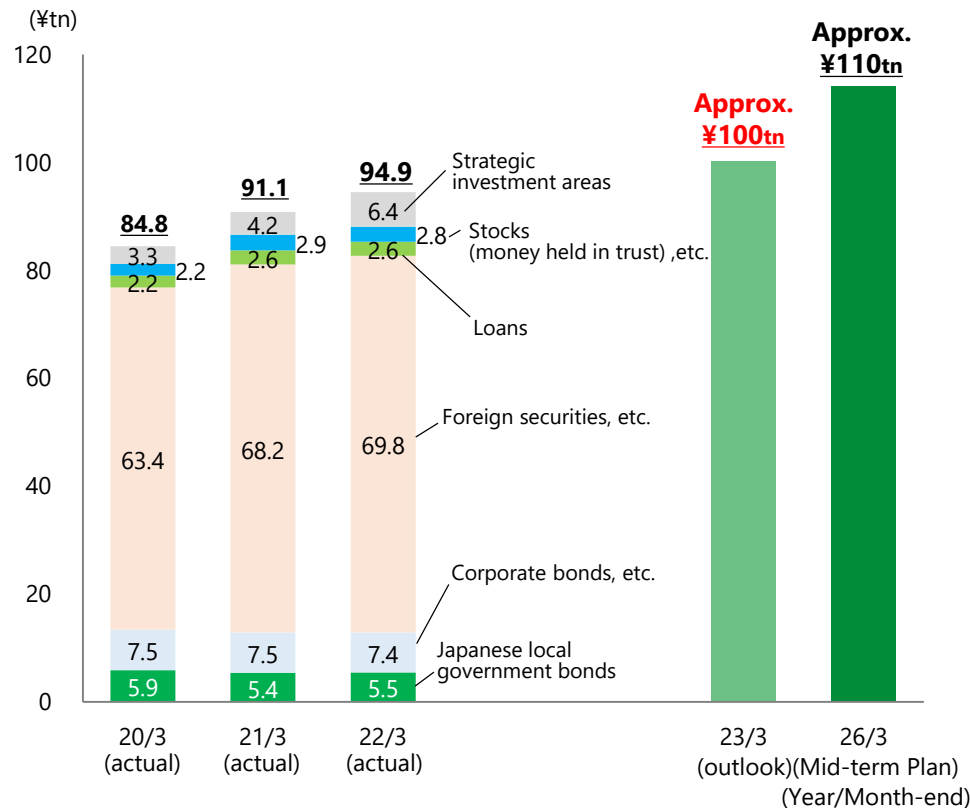
Individual Plan

– (1) Investments –

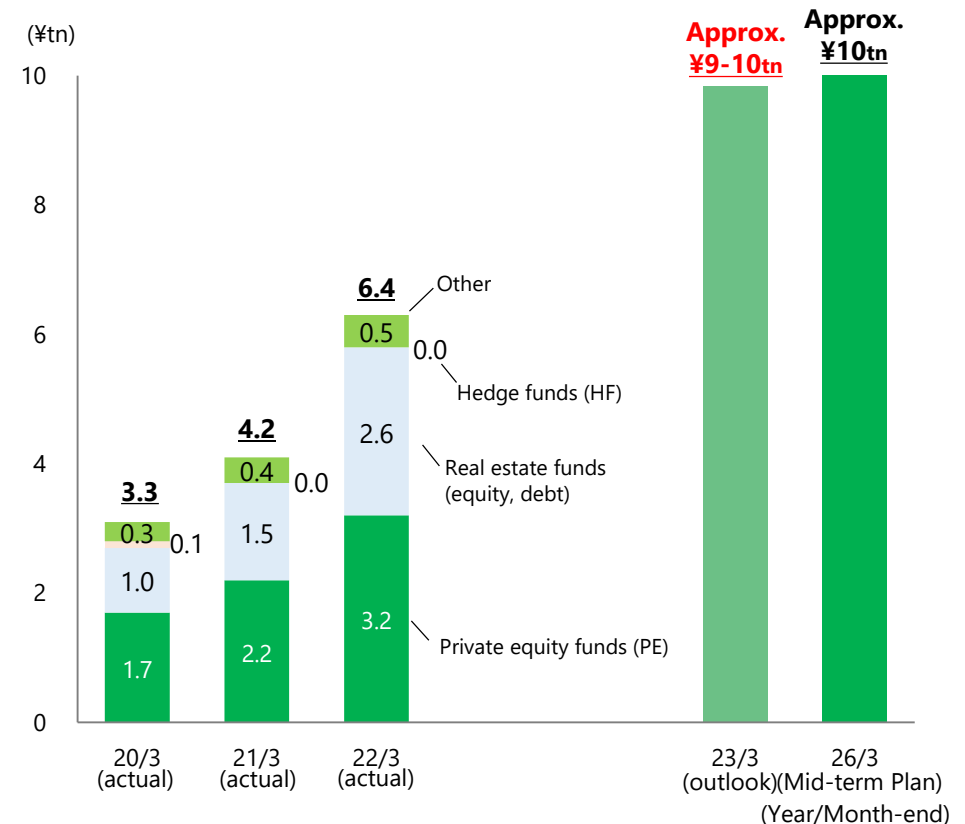
Plan to increase the balance of risk assets focused on the IG area, based on appropriate risk management and close monitoring of the market environment. Continue selective investment in quality funds in strategic investment areas.

In FY2023/3, the outlook for a balance of risk assets is approximately ¥100tn, for a balance of strategic investment areas is approximately ¥9-10tn. (Refer to page 35 for specific investment policies)

Risk Assets (Non-consolidated)



Strategic Investment Areas (Non-consolidated)



Note: Private equity funds and real estate funds, excluding some assets, are calculated on a fair value basis from FY2023/3 onward.

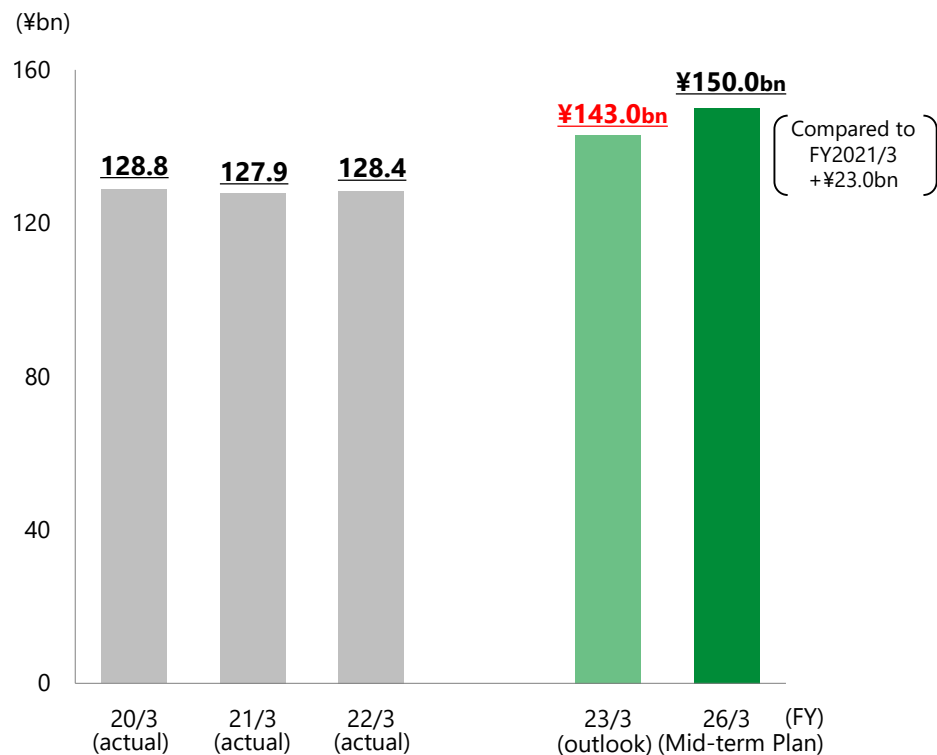
Individual Plan

– (2) Fees and Commissions/G&A Expenses –

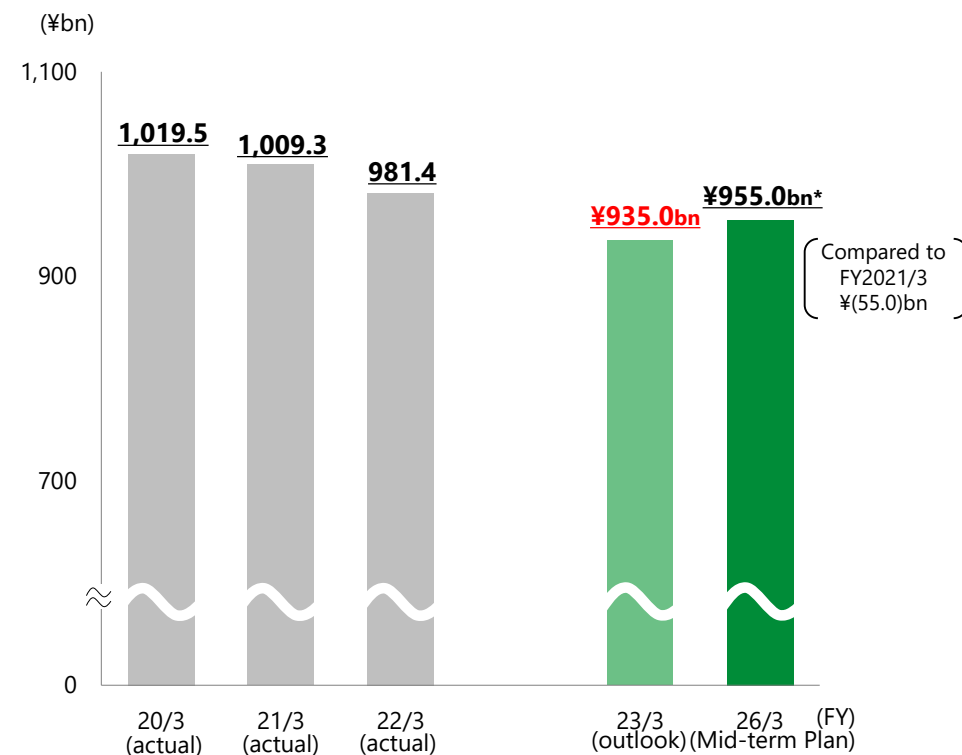
The outlook for fees and commissions for FY2023/3 is ¥143.0bn. Anticipated the impact of the fee revision in January 2022.

The outlook for G&A expenses for FY2023/3 is ¥935.0bn. In addition to the cutting deposit insurance premium rates, agency commissions paid to Japan Post are also expected to decrease.

Fees and Commissions (Consolidated)



G&A Expenses (Consolidated)



* Aim to outperform the reduction target for the Mid-term Plan (FY2026/3: ¥955.0bn).

3. Progress of Important Themes

General Remarks (Mid-term Plan Deep Dive)

We updated the “five themes to be given particular focus among the five key strategies formulated in the Mid-term Plan” indicated in the materials for the previous Investor Meeting based on recent conditions and other factors.

Business environment

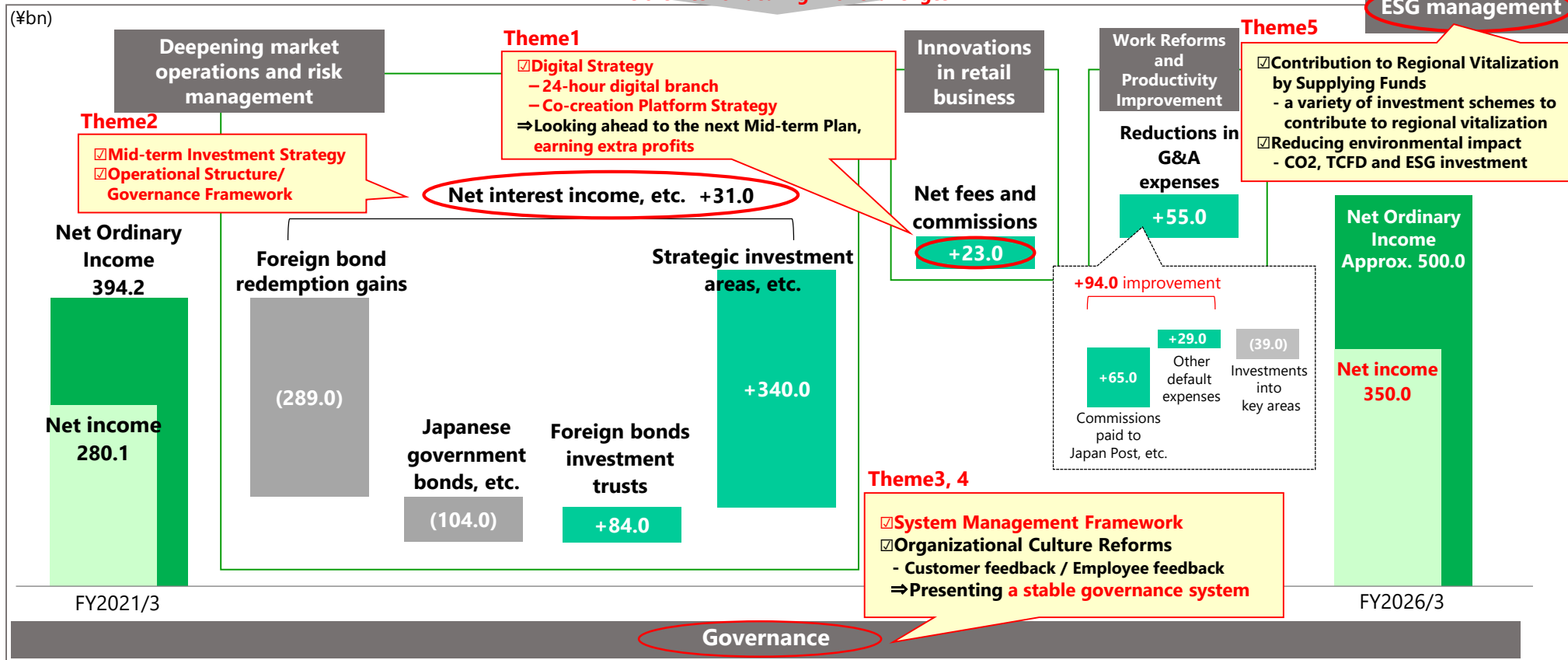
Increased social demands on the banking business
⇒ Stable system operations - Money laundering - Cyber security

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

<Excerpt from Mid-term Plan Profit Roadmap>

Five themes for dealing with challenges



Theme 1 : Digital Strategy

(1) Enhancement of digital banking capabilities

Enabling a seamless digital-physical customer experiences

(2) Banking via smartphones

Improving UI/UX*1 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 the Co-creation platform

Digital Strategy

Physical Channels

- Enhancing digital access sequentially



- Account opening app
May 2022: App launch
- ATM deposits and withdrawals via smartphone
(May 2023)
- New brand debit cards launched (May 2022)
- Teller tablet system - Trial run
- Contact Center
(Yucho Bankbook App Support Desk)
- Rakuten cards (the Bank design)

Digital shift

Digital Channels



Yucho Bankbook App
ゆうちょ通帳アプリ

4.81 million accounts

(As of Mar. 31, 2022)

(Compared with FY2021/3 +approx. 1.98 million accounts)

FY2026/3 target:
10 million accounts

Check
(Balance and deposits/withdrawals)

Know
(Notifications)

Grow
(Investment trusts)

Deposit
(TEIGAKU (fixed-amount) deposits, and time deposits)

Borrow
(Account overdraft services)

Send
(Money transfers)

Notify
(Change of address, etc.)

- Plan to add new features

Use
(ATM deposits/withdrawals)

Pay
(Cashless payments)

May 2023*2

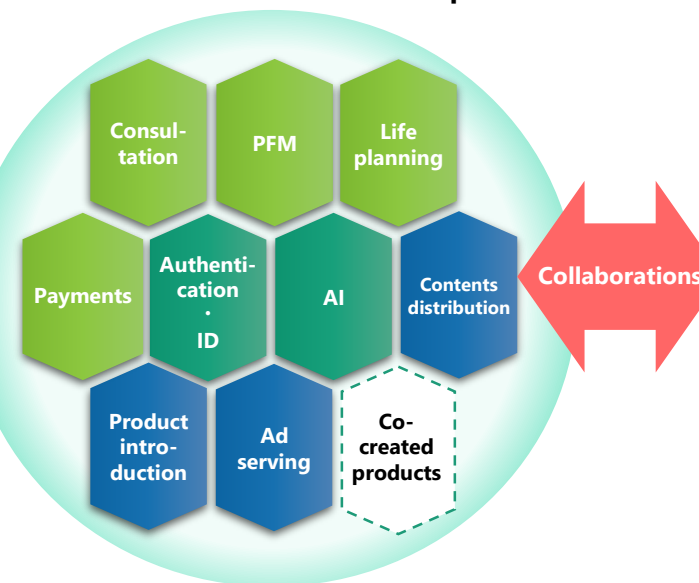
May 2023*2

Expansion of services

Co-creation Platform Strategy

Develop a new PFM app

- Release around Dec. 2022 (planned)
- Following release, we have planned flexible service improvements and broad collaborations with the services of other companies



Services of other companies

- | | |
|--------------------------|------------------------------------|
| Financial Intermediation | Securities |
| | Insurance |
| | Loans |
| | Inheritance – End-of-life planning |
| | AI (Robo-advisors, etc.) |
| | E-commerce |
| | Electric power |
| | Telecom |
| | Real estate |
| | Administration |
| | Security |
| | ...etc |

*1 Abbreviations of User Interface/User Experience. In addition to making the services easier to operate and use, we will work to improve the value of the customers experience.

*2 Release dates of each feature are tentative.

(Ref.) Future Prospects for Fees and Commissions

By introducing new services, we will work to expand net fees and commissions over the medium and long term.

- (1) Began handling Yucho Fund wraps in May 2022 as a new, retail-oriented product jointly developed with Daiwa Securities.
- (2) Began issuing Japan Post Bank Debit cards in May 2022 as a new brand debit card that can function as an alternative to mijica*.

* Visa debit, prepaid card mijica

Yucho Fund Wraps (Discretionary Investment Contract Services)

Newly handling discretionary investment contract services jointly developed with Daiwa Securities

JP BANK JAPAN POST BANK

大和証券

Daiwa Securities

Asset management consulting know-how

Industry top-class share product development know-how

ゆうちょファンドラップ
Yucho Fund wraps



Supporting medium and long term asset building for customers all over Japan

Purpose of handling Yucho Fund wraps

- Addressing diversifying customer needs
- Providing services that closely center on customers
- Innovating from flow business to stock business

Japan Post Bank Debit

Newly began issuing new brand debit cards that can function as an alternative to mijica



- Renewed debit card business in response to fraudulent use problems
- Concluded "mijica" service (end of July 2022), newly began issuing Japan Post Bank Debit cards (May 6, 2022)

New brand debit card "Japan Post Bank Debit"



Provision of services with reduced risks, etc.

- Implementing measures for addressing fraudulent uses of mijica
⇒ **Massive enhancement of security**
- Achievement of efficient business flow by standardizing the outsourcing of Japan Post Bank Debit and JP BANK card (credit card)

A certain number of customers are expected to transition from approx. 200,000 mijica members

Theme 2 : Market Operations

– (1) FY2023/3 Investment Strategy (Risk Assets and Strategic Investment Areas) –

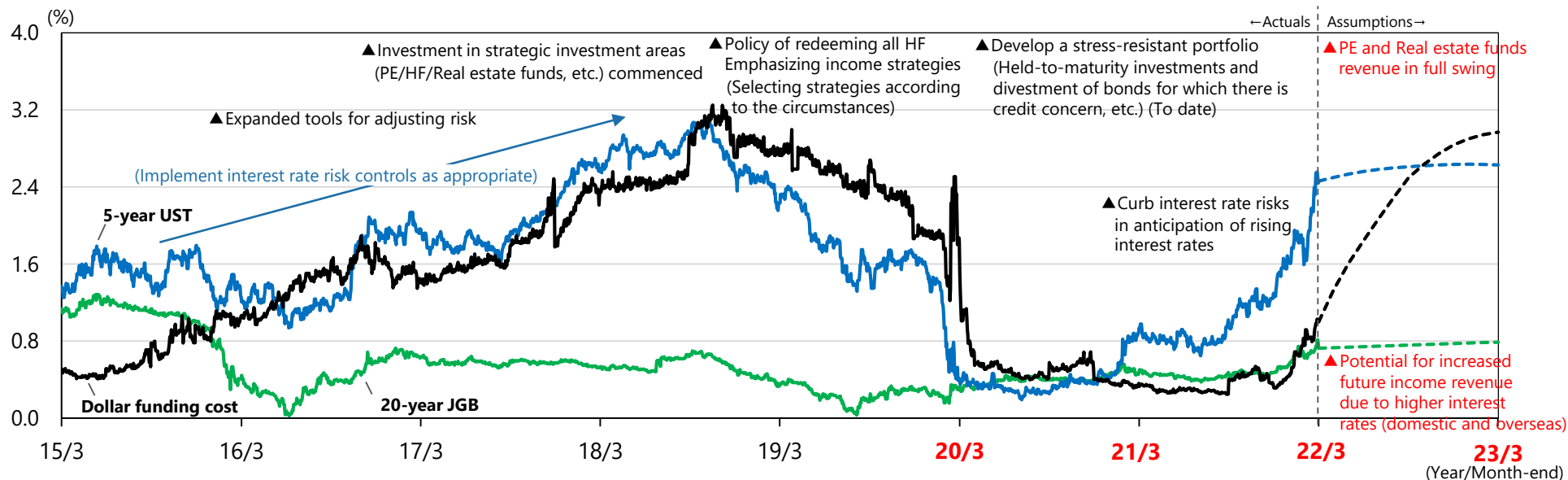
Secure stable profits by building up balances of risk assets, including strategic investment areas, with appropriate risk management while closely monitoring the market environment.

- Increase credit, centering on overseas IG (Investment Grade).
- Continue to make selective investments in quality funds, in strategic investment areas, while also focusing on income.

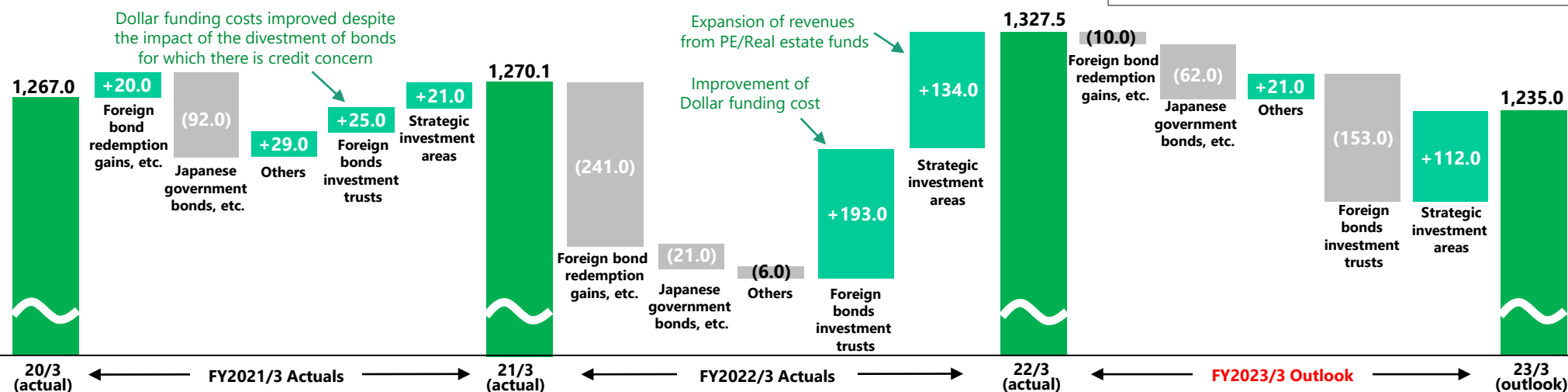
		Domestic	Overseas	FY2023/3 Investment Policy	
Interest Rates		→	→	<ul style="list-style-type: none"> Take on and/or curb risk according to market conditions, while closely monitoring trends of hikes in interest rates in the developed countries 	
Credit	IG	→	→	<ul style="list-style-type: none"> Expand investment amount centered on IG while improving credit quality Carefully consider investing in HY areas 	
	XOVER	→	→		
	HY	—	→	<ul style="list-style-type: none"> Increase investment appropriately, keeping market share in mind 	
	CLO	—	→		
Stocks		→	→	<ul style="list-style-type: none"> Take on and/or curb risk according to market conditions 	
Foreign Exchange		—	→	<ul style="list-style-type: none"> Take on and/or curb risk according to market conditions 	
Strategic Investment Areas	Private equity funds	→	→	<ul style="list-style-type: none"> Continue to make selective investments in quality funds with a medium- to long-term perspective Increase investment while expanding investment areas, etc. Maintain stable profits while also focusing on income 	
	Real estate funds	Equities	→		→
		Debts	—		→
	Direct lending funds	—	→		
	Infrastructure debt funds	—	→		
	Hedge funds	—	→		
				<ul style="list-style-type: none"> Continue initiatives to cancel all contracts 	

– (2) A Variety of Measures against Challenging Investment Conditions –

Taking a variety of measures to ensure stable profit amidst challenging investment conditions with prolonged ultra-low interest rates in Japan.

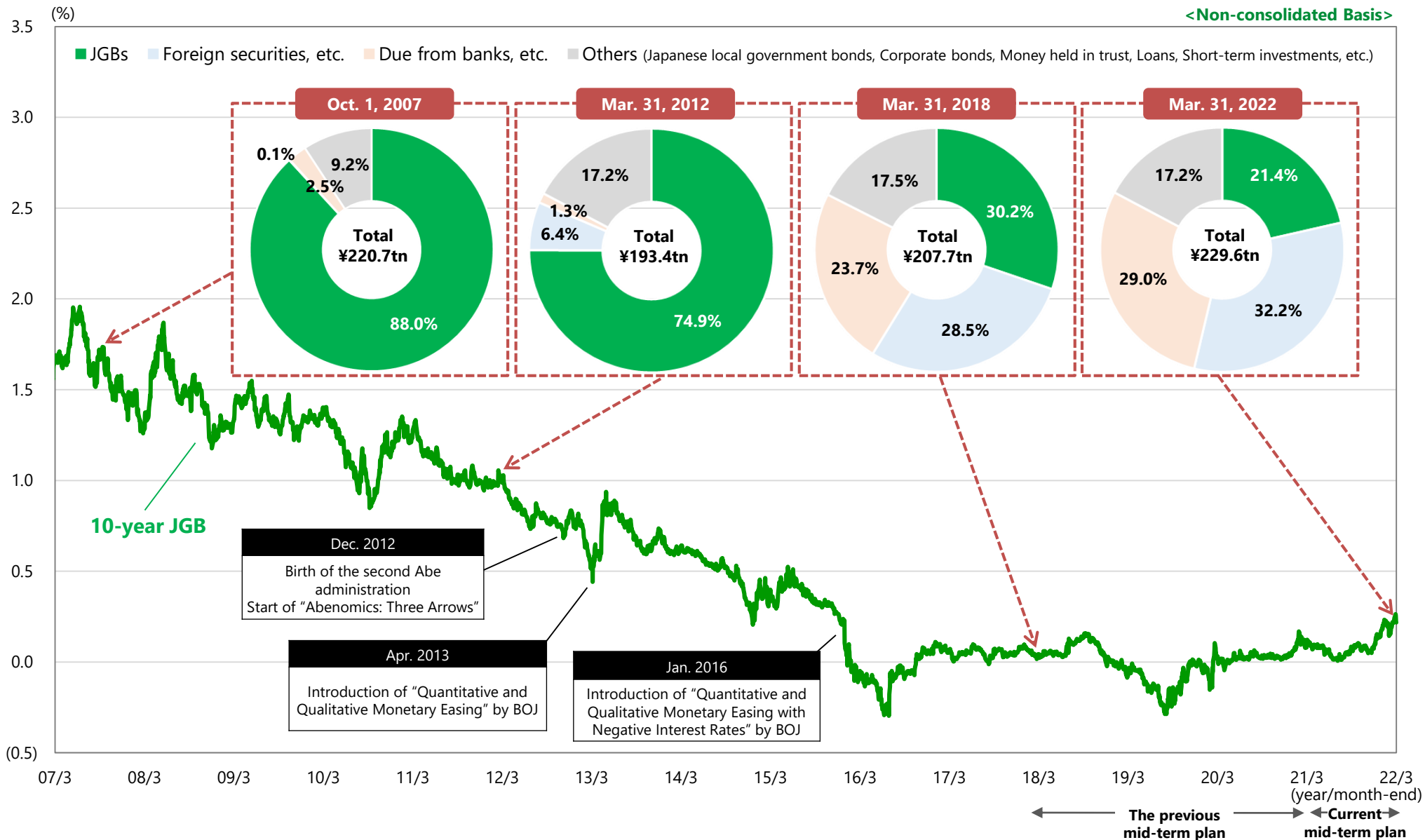


<Changes in Net interest income, etc. (Consolidated, ¥bn)>



Note: The addition of total changes to result for each fiscal year do not equal the figures of the next fiscal year due to rounding and similar factors.

(Ref.) Change in Investment Portfolio

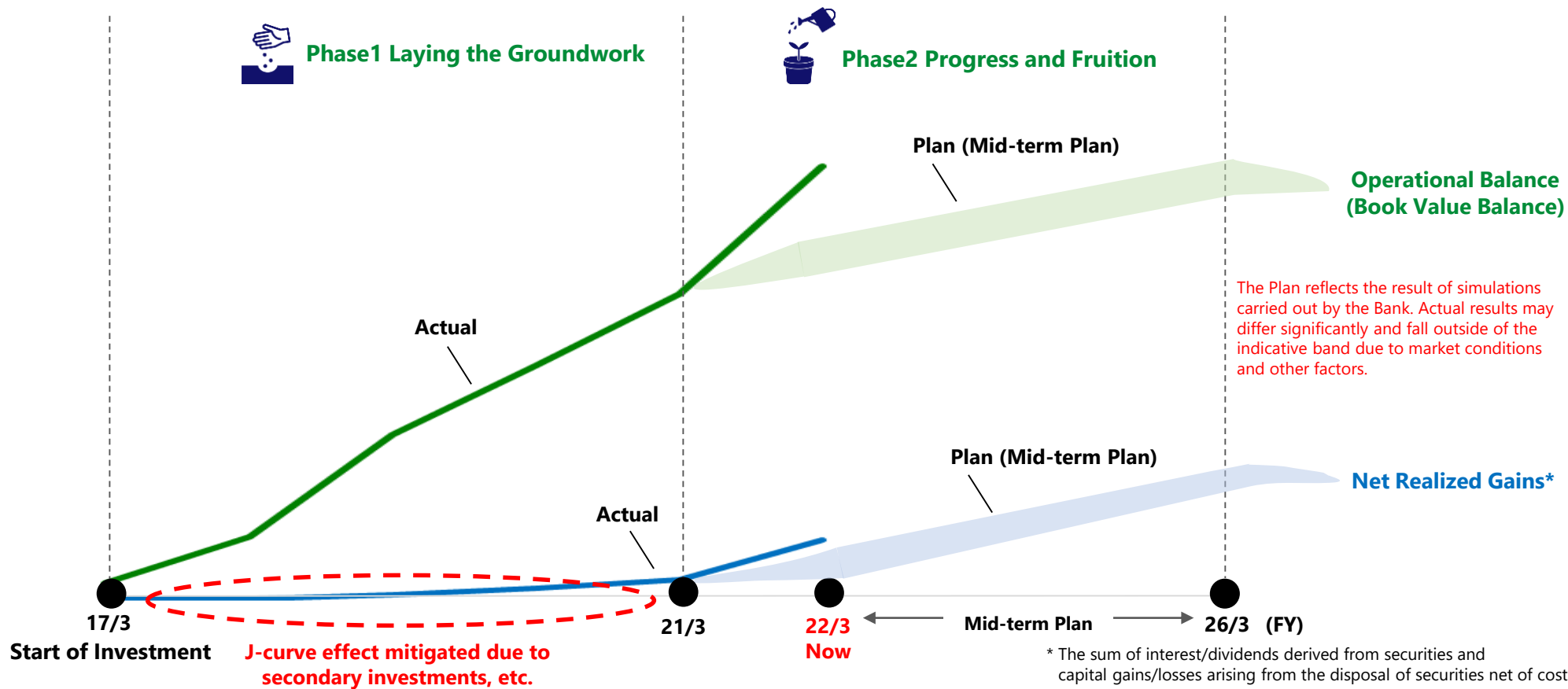


Theme 2 : Market Operations

– (3) Private Equity Investments – 1) Overview –

During the initial phase of portfolio construction, we mitigated the J-curve effect, typically expected from a young private equity portfolio, by focusing on strategies expected to generate early returns such as secondary investments.

Two Phases



Theme 2 : Market Operations

– (3) Private Equity Investments – 2) Situation to Date –

The current balance stands at ¥3.2tn. The market environment has been generally favorable, and unrealized gains as of March end was approximately ¥1.2tn (before application of tax effect accounting).

We saw a significant increase in value for a portion of our portfolio companies in recent years that has exceeded our expectations, and Net Realized Gains have been above our plan.

Return Target/Actual Results

[Target]

- Net* IRR : 8.0%
 - Net* TVPI : 1.30x
- (TVPI: Total Value to paid in)

[Actual Results (as of Mar. 31, 2022)]

- Net* IRR : **17.2%**
- Net* TVPI : **1.42x**

* After deduction of expenses; Japanese yen basis

We are currently ahead of our original plan

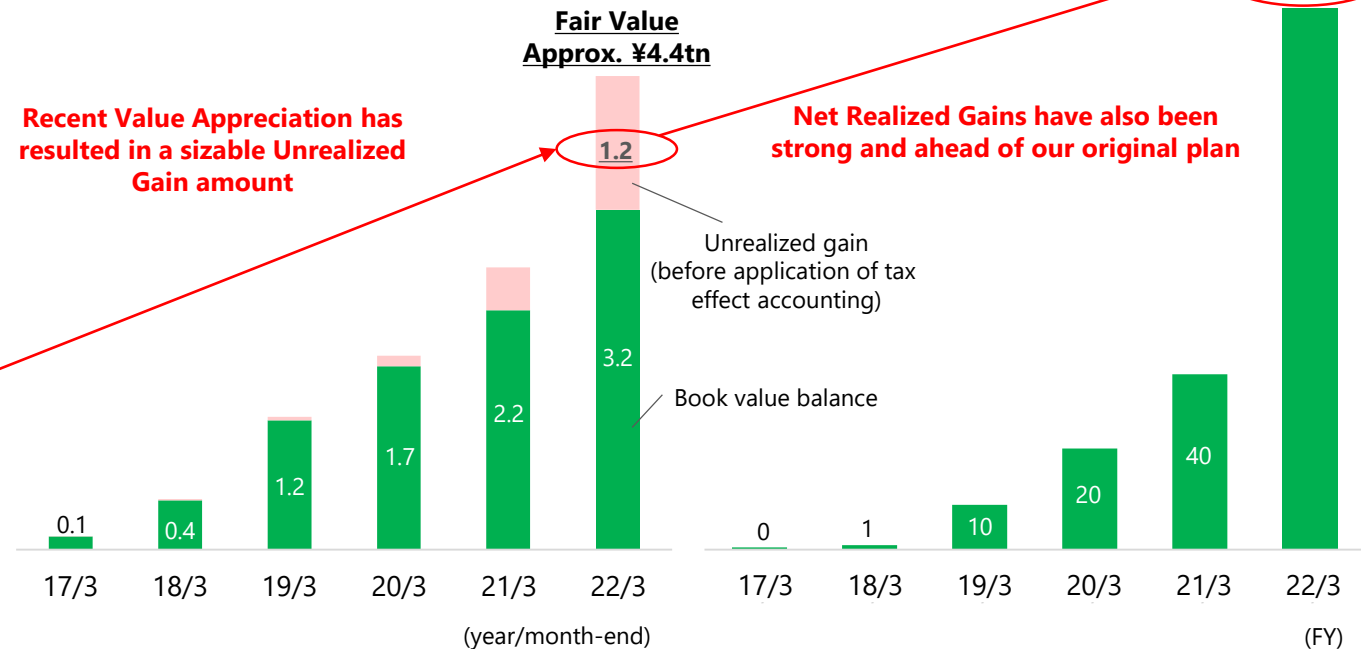
Status of Balance and Net Realized Gains

<Balance>

(¥tn)

<Net Realized Gains>

(¥bn)



Theme 2 : Market Operations

– (3) Private Equity Investments – 3) The Portfolio (Strategy/Sector) –

During the initial phase of portfolio construction, we mitigated the J-curve effect typically expected from a young private equity portfolio by focusing on strategies expected to generate early returns such as secondary investments*1.

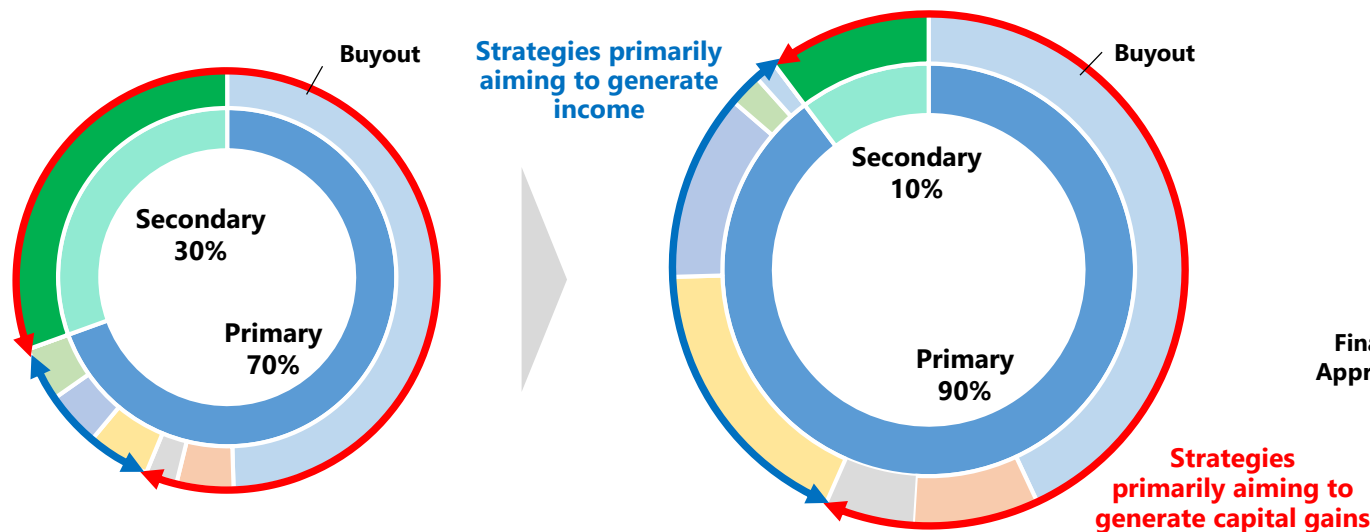
At present, while the primary aim is to earn capital gains by predominantly focusing on buyouts, we are also allocating substantially to income strategies*2, we are aiming to earn stable interest or dividend income to supplement realizations from our buyout-centric portfolio in case the economy should experience weakness.

Strategy Diversification

(In terms of commitment)

FY2017/3 Strategy

FY2022/3 Strategy

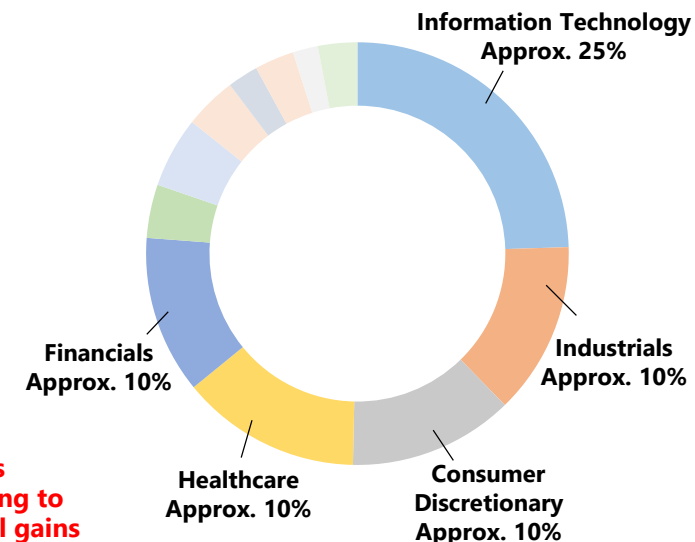


<Note>
Inner ring: primary vs. secondary split
Outer ring: investment strategy

Sector Diversification

(Fair Value Basis)

As of Mar. 31, 2022



A portfolio that exhibits sector diversification
Total number of investee companies: approx. 35,000
(Average investment amount: approx. ¥110mn per company)

*1 Strategies aimed at obtaining early return on investment, through secondary acquisitions of private equity fund interests.

*2 Investment strategies focused primarily on generating income, such as infrastructure investments and mezzanine investments.

(Ref.) Operational Structure

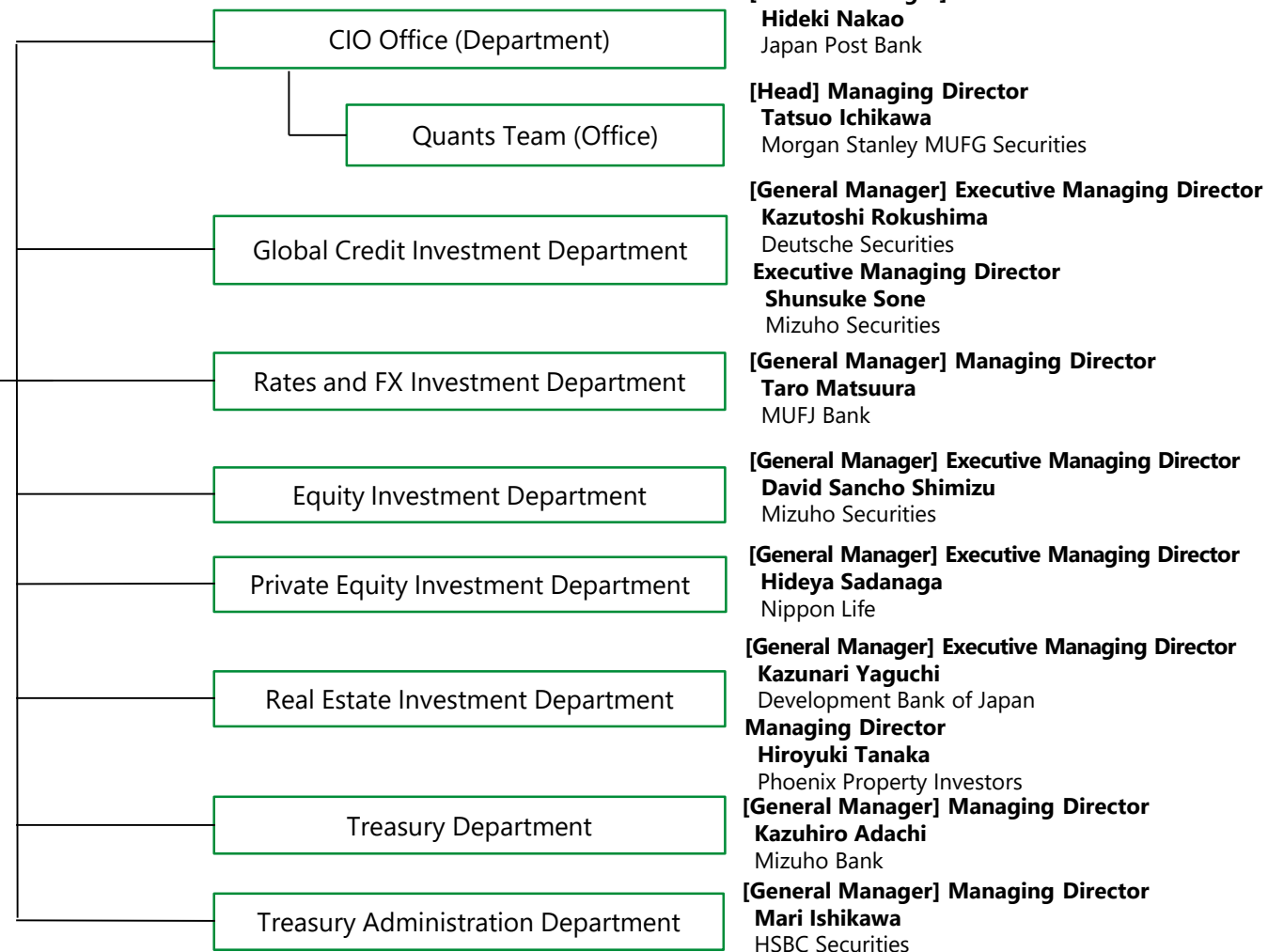
The organization comprises eight departments and one office, specializing in different fields, under the supervision of the dedicated Executive Officer in charge of the Investment Division.

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 young employees.

Investment Division (Eight departments and one office) (As of Apr. 2022)

Executive Officer in charge of
the Investment Division

Senior Managing Executive Officer
Takayuki Kasama
Goldman Sachs, Golvis Investment



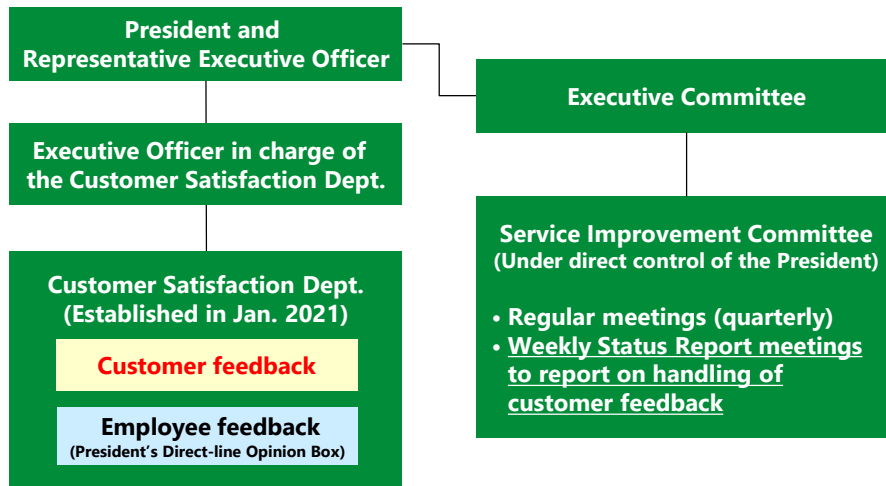
Note: Main previous appointment listed below name.

Theme 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



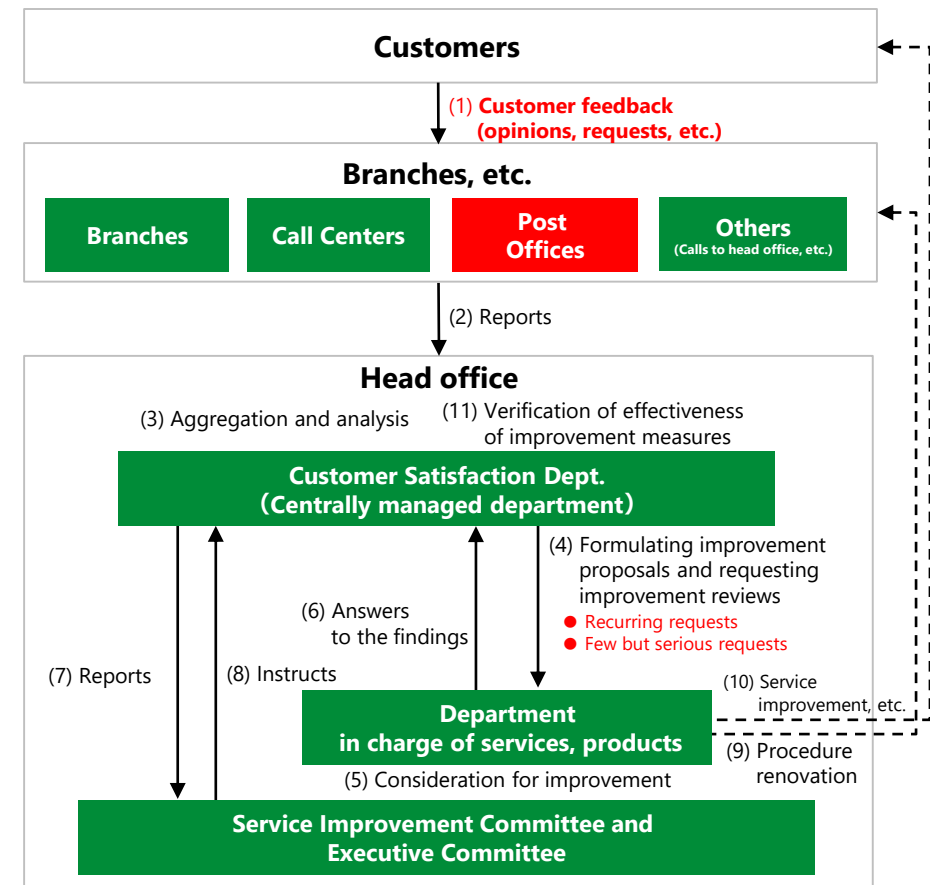
[Strengthening organization]

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

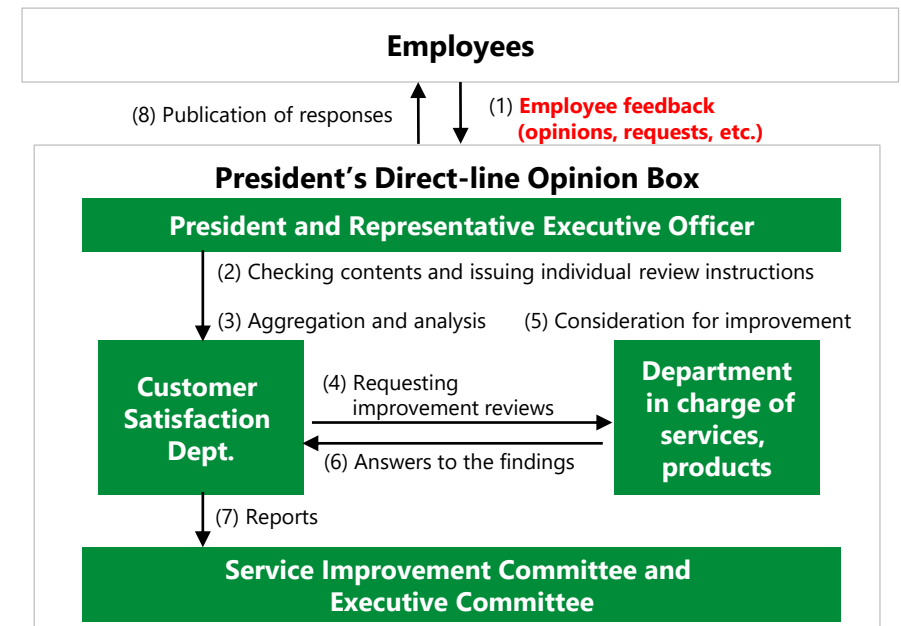
Reviews of organizations, rules, and personnel evaluations, etc.

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

Examples of New Initiatives to Improve Internal Communications

- Internal communications via video picture
⇒ Distribute videos of executives and employees in the internal communication site as well
- Improved content of internal informational publications
⇒ More active two-way communication within the company by introducing and sharing examples of improvements

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

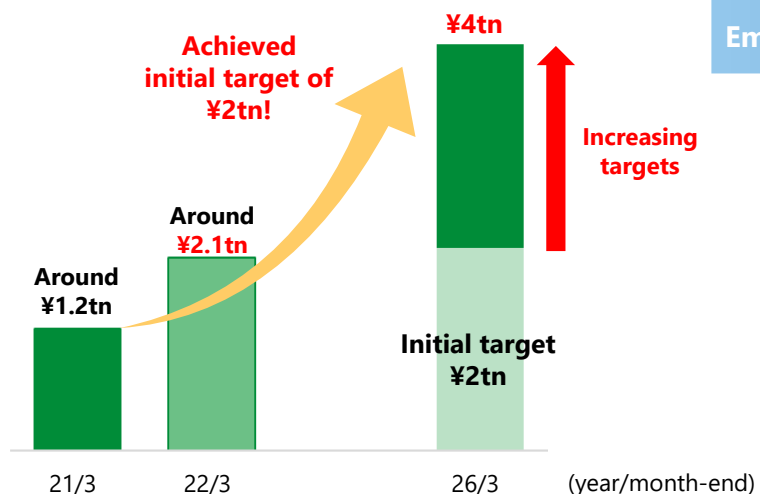
Theme 5 : ESG Management

– (1) Reducing Environmental Impact ESG-themed Investments/Net Zero GHG Emissions Declaration –

In light of recent growth in the sustainable finance market, we increased target KPI for balance of ESG-themed investments* from ¥2tn to ¥4tn. In March 2022, we committed to achieving net zero greenhouse gas (GHG) emissions in the Bank and finance portfolio by 2050. We will accelerate our various initiatives meant to address climate change, and contribute to the realization of a carbon-free society.

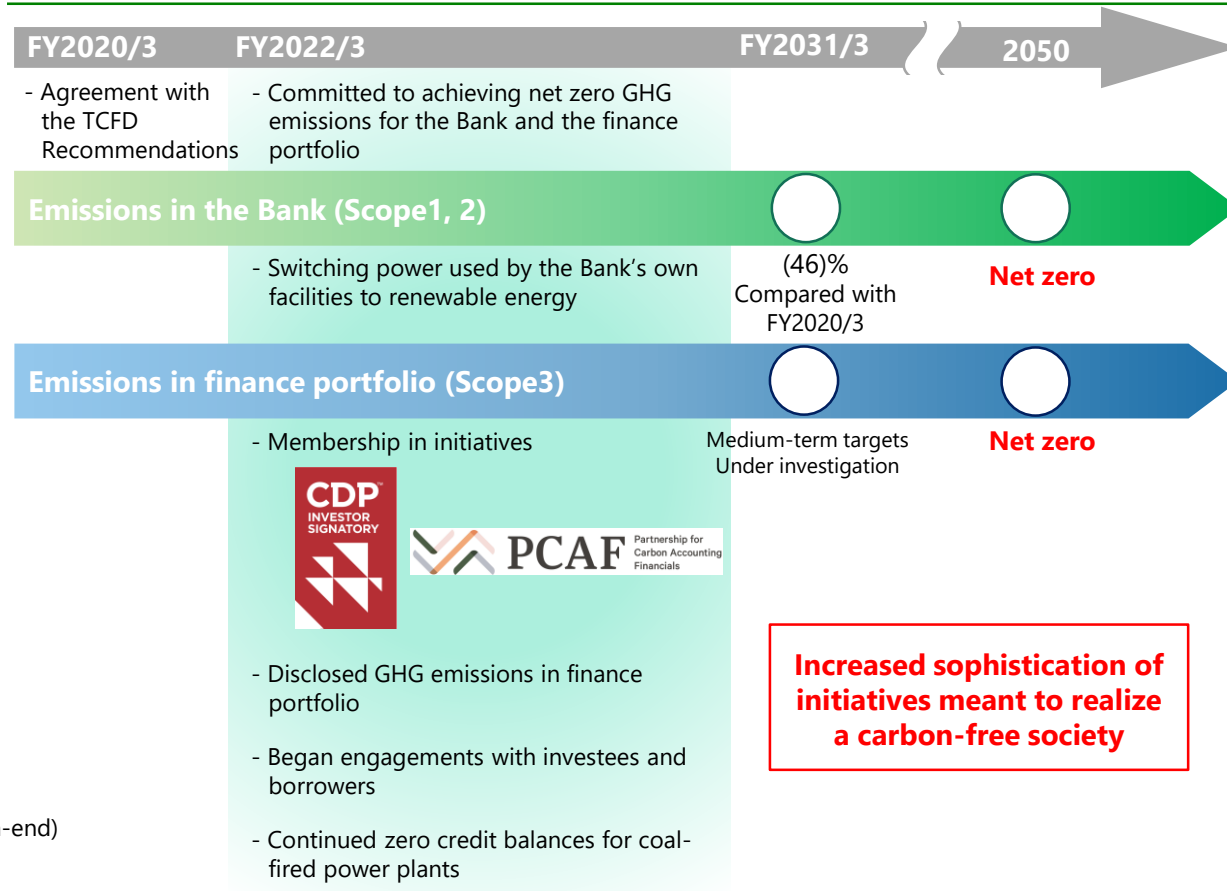
Reviews of Target KPIs for Balance of ESG-themed Investments*

- As of the end of FY2022/3, achieved initial goal (¥2tn)
- We will continue advancing ESG investments, and strive to both increase medium and long term returns, and resolve social issues such as SDGs



* Green bonds, Social bonds (including Pandemic bonds), Sustainability bonds, Loans to the renewable energy sector, and Regional vitalization funds, etc.

Net Zero GHG Emissions Declaration



(Ref.) List of the Bank Initiatives Related to “E : Environment”

Initiatives that accord with the TCFD Recommendations



Governance	<ul style="list-style-type: none"> ● The Board of Directors supervises the formulation of policies and the status of Sustainability initiatives to counter climate change, etc. ● Policies concerning the environment and climate change are stipulated in the JAPAN POST BANK Environmental Policy. ● Following discussions within the Sustainability Committee, Executive Committee, and the Board of Directors, issues relating to climate change have been incorporated into the Mid-term Plan and fiscal year management plan. ● At the Sustainability Management Office, Corporate Planning Department, facilitate the advancement of initiatives concerning climate change in unison with management strategies. ● Promotion of ESG management, which includes addressing climate change, has been incorporated as an evaluation indicator for executive compensation.
Strategy	<ul style="list-style-type: none"> ● Identify the impact (risks and opportunities) of climate change on the Bank. ● Scenario analysis has been employed to ascertain the impact of climate change-related risks on the Bank’s management portfolio. ● Monitor the proportion of carbon-related assets in loans.
Risk Management	<ul style="list-style-type: none"> ● Risks associated with issues related to climate challenge have been recognized as top risks (refer to page 57). Responding to them has been reflected in management plans and they are examined and managed on a quarterly basis. ● Develop the ESG Investment Policy, which is a policy on investments and lending in sectors that have a significant impact on climate change. ● Make ESG engagements with investees.
Metrics and Targets	<ul style="list-style-type: none"> ● Committed to achieving net zero by 2050 in JAPAN POST BANK Net zero GHG emissions declaration. <ul style="list-style-type: none"> - GHG emissions for the Bank (Scope1, Scope2): Aim to achieve 46% reduction compared to FY2020/3 by FY2031/3 and net zero by 2050. (Currently in the process of gradually switching to power from renewable energy sources, since FY2022/3) - GHG emissions for the finance portfolio (Scope3): Aim to achieve net zero by 2050. (The FY2031/3 target is under consideration) ● The Bank is targeting an ESG-themed investment balance of ¥4tn by the end of FY2026/3.

In order to strengthen the sustainability of our business and enhance corporate value while helping to resolve social issues, we aim to maximize human capital by recruiting specialized personnel, encouraging voluntary and independent career building, promoting diversity management, expanding flexible working styles, and enhancing initiatives on respecting human rights.

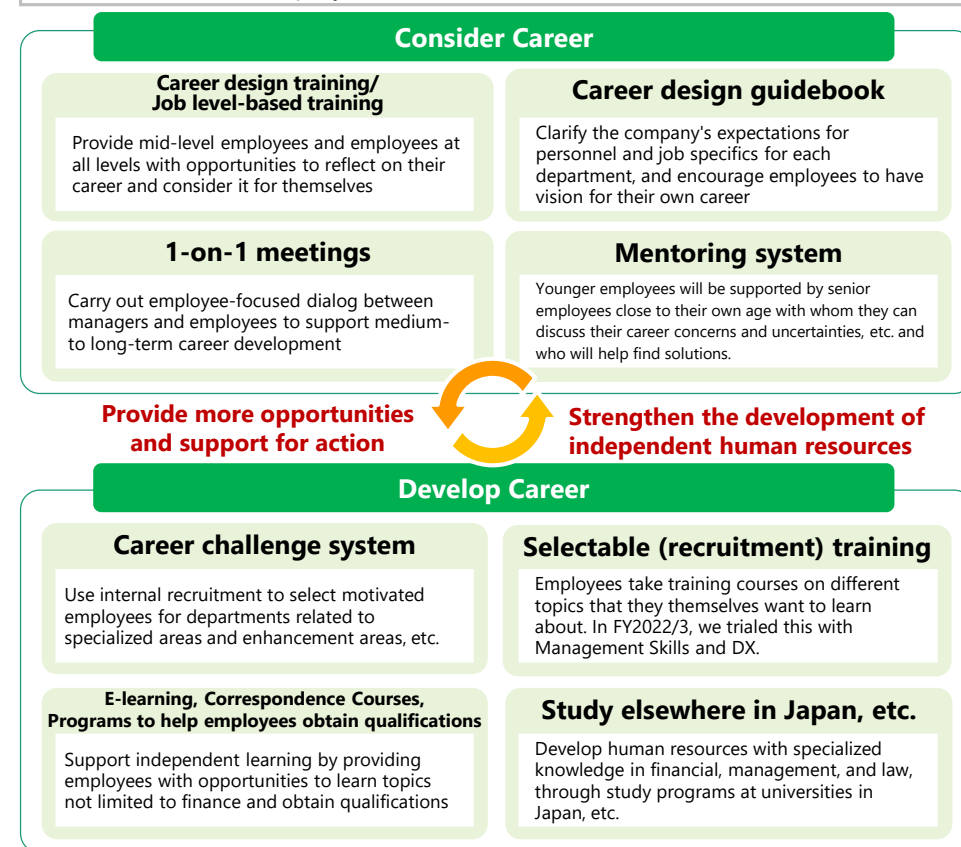
Recruiting Specialized Personnel

- Actively securing personnel through recruitment and utilizing internal personnel in order to retain specialized personnel

		Market Operations/ Risks	Digital/ Cybersecurity	GP Business
Recruiting	New Graduates	Recruiting specialized personnel - Started recruitment with 2017 graduates - 2022 graduates: 5 people	Recruiting specialized personnel - Started recruitment with 2022 graduates - 2022 graduates: 8 people	—
	Mid-career Hires	Recruiting for professional positions - FY2017/3: Started recruitment - FY2022/3: 14 people	Recruiting specialized personnel - FY2021/3: Started recruitment - FY2022/3: 9 people	Recruiting in Japan Post Investment Corporation
Utilizing Internal Personnel	Internal Recruitment	- Using internal recruitment (career challenge system) to assign employees who are willing to take on challenges - FY2022/3: Around 140 people applied, and around half of these were assigned to their desired department.		
	Human Resource Development	- Dispatching of employees to domestic and overseas companies - Promoting young employees	- Dispatching of employees to domestic and overseas companies, etc. - Acquiring knowledge through seminars, etc.	- Secondments to fund companies, etc. - Acquiring knowledge of subsidiaries' operations
	Departmental training by specialized personnel (mid-career hires, etc.) + Enhancement of on-the-job training + Programs to help employees obtain qualifications			

Voluntary and Independent Career Building

- Developing an environment where employees can voluntarily and independently grow and challenge, and making work more worthwhile for each individual employee



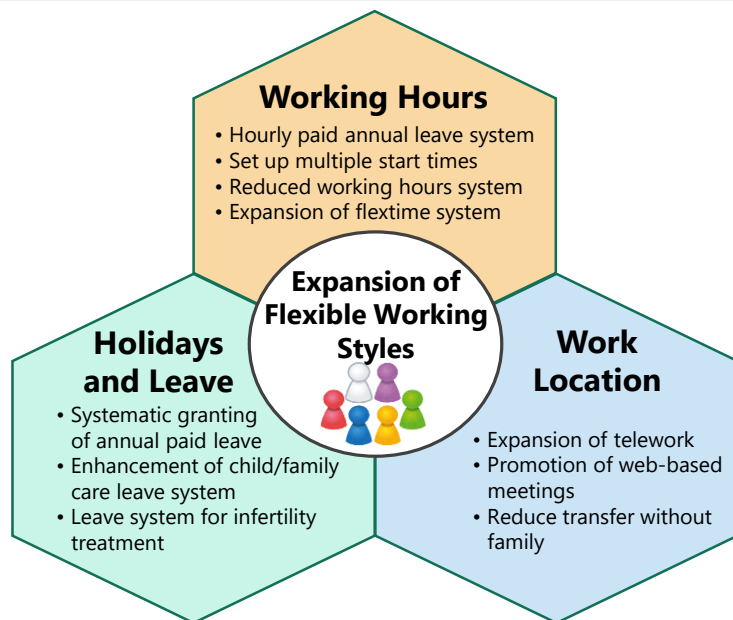
Promotion of Diversity Management

- Continue efforts to improve the ratio of women in managerial positions (Apr. 2022: 16.6%*)
 - Conducting dialog
 - Develop potential future managers
- Achieved 100 % rate of employees taking childcare leave (regardless of gender)
- Achieved rates of employees with disabilities above the statutory employment rate (Jun. 2021: 2.71%*)
- Active promotion of health management (ways to prevent lifestyle diseases, promotion of mental health care)

* Percentages are rounded.

Expansion of Flexible Working Styles

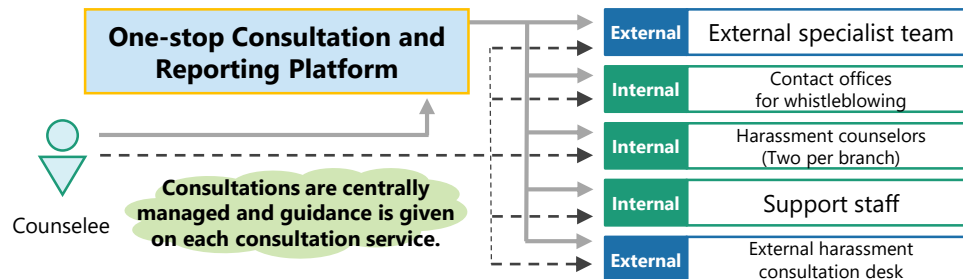
- Enhancing and promoting the use of the working styles system will create an environment in which each employee can choose from a variety of working styles.



Respect for Human Rights

Enhancement of the Harassment Consultation System

- We are establishing a platform that provides centralized access to various consultation services, including external consultation services, for consultation on various types of harassment and other matters.



Building a Working Environment

- Providing human rights awareness training to all employees and executives, regarding the prevention of harassment in the workplace and various human rights issues.
- Annual employee satisfaction surveys, 360° assessments, and working environment checks to improve engagement, prevent turnover, etc.

Education and training		Target	Frequency
Human rights awareness e-learning training, messages from management		All staff	Once a year
Information publication			Every other month
Job level-based Training	Management training	Eligible managers	Once a year
	Training for deputy section chiefs and senior chiefs	Newly elected deputy section chiefs and senior chiefs	Upon promotion
	Training for new employees	New employees	Upon hiring
Training for executives		Executive officer, Head office general managers, Regional Headquarters general managers, etc.	Once a year
Harassment counselor training		Harassment counselors, Support staff	Upon appointment + Once a year

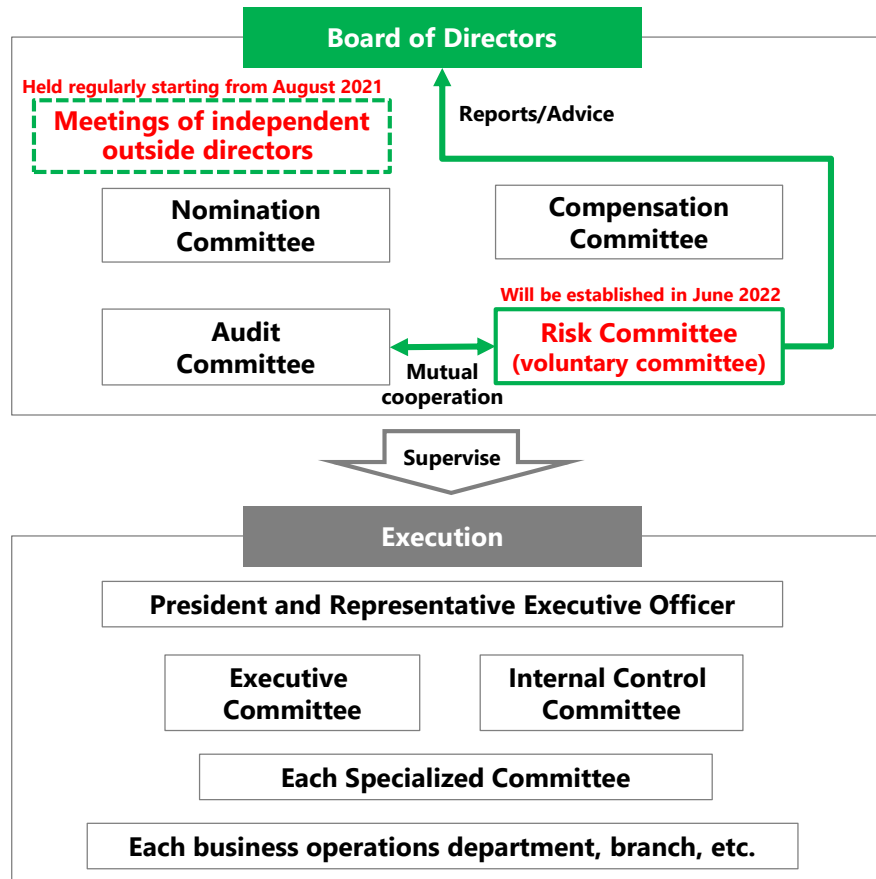
Theme 5 : ESG Management

– (3) Enhancements to the Supervisory Function of the Board of Directors –

Through enhancements to the supervisory functions of the Board of Directors, we will work to make governance at the Bank more sophisticated.

- (1) Starting in August 2021, we began regularly holding meetings of independent outside directors, to provide a venue to exchange information and viewpoints.
- (2) In order to enhance supervisory functions regarding risk management, we are considering to establish a risk committee in June 2022 as an advisory body to the Board of Directors.

Governance System *Only the portions related to the present matter have been excerpted



Meetings of independent outside directors

- Purpose of the meetings is for independent outside directors to exchange information and share viewpoints on key management issues and key governance matters of the Bank from an independent and objective standpoint
- Comprised of all independent outside directors (the Chairman serves as contact and coordination with executive officers)
- Held a total of 4 times since August 2021 (as of Apr. 30, 2022)
[Main Proposals]
 - Ideal operations of Board of Directors meetings to contribute to further enhancement of effectiveness
 - Considering the establishment of a Risk Committee

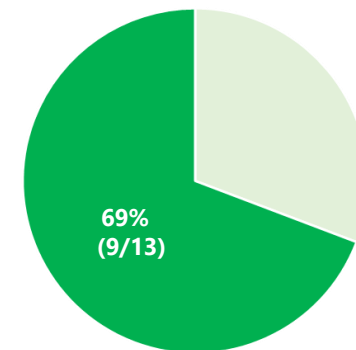
Risk Committee (under consideration)

- Aiming to enhance supervisory functions of the Board of Directors regarding risk management
 - (1) More in-depth supervision of the executive side
 - (2) Reports/Advice to the Board of Directors
- Comprised of the directors, executive officers, and/or external experts. A majority of the members are independent outside directors, and chaired by an independent outside director
- Deliberates on crucial matters pertaining to risk management and conditions, and provides reports and/or advice to the Board of Directors

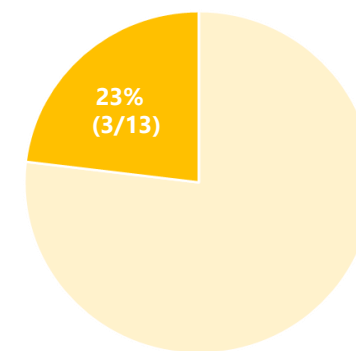
(Ref.) Structure of the Board of Directors

Name	Independent Outside	Committee-related duties ^{*1, 2}	Experience/Expertise								
			Management Corporate Management	Legal/ Compliance	Financial Accounting	Finance	Market Operation/ Risk Management	Sales/ Digital Marketing	Human Resources Develop- ment	ESG	Administ- ration
1 Norito Ikeda		Nomination	●			●		●		●	
2 Susumu Tanaka					●	●					●
3 Hiroya Masuda		Nomination Compensation	●			●				●	●
4 Toshiyuki Yazaki		Audit Risk				●					●
5 Ryoji Chubachi	●	Nomination Compensation	●							●	
6 Keisuke Takeuchi	●	Nomination Compensation	●							●	
7 Makoto Kaiwa	●	Nomination	●		●					●	
8 Risa Aihara	●		●					●			
9 Hiroshi Kawamura	●	Audit		●							
10 Kenzo Yamamoto	●	Audit Risk				●	●				
11 Shihoko Urushi	●	Compensation	●							●	
12 Keiji Nakazawa	●	Audit		●	●						
13 Atsuko Sato	●	Risk				●	●			●	

Independent outside directors



Female directors



(as of June 16, 2022)

*1 Nomination: Nomination Committee member Compensation: Compensation Committee member Audit: Audit Committee member Risk: Risk Committee member

*2 Those underlined and in bold are the chairmen of their committees.

(Ref.) Selected ESG Indices

Newly selected
in March 2022



FTSE Blossom Japan Sector Relative Index

FTSE Russell (a registered trademark of FTSE International Limited and the Frank Russell Company), based on the results of a third-party investigation of JAPAN POST BANK Co., Ltd., hereby certifies that JAPAN POST BANK Co., Ltd. has met the requirements for inclusion in the FTSE Blossom Japan Sector Relative Index, and has become a constituent of the FTSE Blossom Japan Index Series. The FTSE Blossom Japan Sector Relative Index is used broadly in the development and evaluation of sustainable investment funds and other financial instruments.

FTSE Blossom Japan Sector Relative Index

This Index was developed by FTSE Russell, and reflects the relative performance in each sector of Japanese companies that perform well in terms of environmental, social, and governance-related (ESG)

The Index is designed to be sector neutral, and, in order to promote a transition to a low-carbon economy, with respect to companies that have particularly high levels of greenhouse gas emissions, only those given high evaluations for their improvement efforts through TPI* management quality scores are included in the Index

* Transition Pathway Initiative: An index that assesses the quality of management of risks and opportunities associated with companies' greenhouse gas emissions and their transition to low carbon.

MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF JAPAN POST BANK CO., LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF JAPAN POST BANK CO., LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

MSCI Japan Empowering Women Select Index (WIN)

An index composed of companies that are leading in promoting and maintaining gender diversity, created by MSCI



EURONEXT

POWERED BY
V.E

INDICES WORLD 120

Euronext Vigeo World 120 Index

An index composed of the best 120 companies as evaluated by Euronext (the Netherlands) and Vigeo Eiris (France) in terms of ESG

(Ref.) External Assessments



Nadeshiko Brand

Received the Nadeshiko Brand designation, a recognition under a joint initiative between the Tokyo Stock Exchange and Japan's Ministry of Economy, Trade and Industry for listed company with excellent "promotion of women's advancement" in March 2022.



Platinum Kurumin

Ministry of Health Labor and Welfare: Certification as a childcare support company when certain conditions are met, in February 2019.



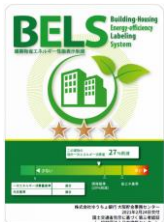
"White 500", 2022 Certified Health & Productivity Management Outstanding Organizations Recognition (Large Enterprise Category) program

Ministry of Economy Trade and Industry / Nippon Kenko Kaigi: Certification for corporations and other organizations that provide health management for employees (this system was designed by METI). Certified as one of the "White 500" in FY2023/3, which is awarded to companies ranking in the top 500 in terms of initiatives.



Nikkei Smart Work Management Survey 3.5 Stars

During the 5th Nikkei Smart Work Management Survey, which selects companies leading advances in productivity innovation through work style reforms, Japan Post Bank received 3.5 stars.



Building-Housing Energy-efficiency Labeling System (BELS) 3 Star Rating

Some of Japan Post Bank's facilities have received a three-star rating under the Building-Housing Energy-efficiency Labeling System (BELS).



Eruboshi (third stage that satisfies all certification standards)

Certified by the Ministry of Health, Labor and Welfare as "a company with excellent implementation status of efforts related to women's participation and advancement" in January 2022.



Tomonin Mark

Japan Post Bank was accredited by the Ministry of Health, Labor and Welfare for its activities as a company promoting the development of work environments that enable the balancing of work and nursing care, in November 2016.



PRIDE Index Gold

For the third year in a row, we received the highest ranking "Gold" from work with Pride (private organization) in its assessment index for initiatives targeted at LGBT and other sexual minorities in the workplace.



Nikkei SDGs Management Survey 3.5 Stars

Japan Post Bank has been recognized as a 3.5 star entity under the 3rd Nikkei SDGs Management Survey. The survey is a comprehensive examination of corporate attitudes towards solutions to environmental, social, and economic issues (contributions to the SDGs), as well as the details of SDGs-related businesses.

21st in the Best 100 Companies for Women's Empowerment and 3rd in the Banking Sector

We ranked 21st in the Best 100 Companies for Women's Empowerment and 3rd in the Banking Sector in the survey on companies utilization of women in the workplace conducted by Nikkei Woman magazine.

(Ref.) Contribution to Regional Communities via Various Investment Frameworks

For the development of regional economies, a variety of investment schemes to contribute to regional vitalization by supplying funds are in progress.

Expanding investment base to launch "New Business" by supporting regional vitalization throughout Japan.

FY2011/3

FY2017/3

FY2022/3

FY2023/3

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

Send staff to investment vehicles to develop human resources to enable GP operations

Making further progress to establish a new stage of growth

Initiatives in the renewable energy business

**Investment in GP entities/
Investment in LP**

- Investing in the fund of Z Energy Co., Ltd. (GP entity invested in FY2022/3) and making contribution to regional development by creating renewable energy projects and local employment.
- Gathering information and seeking opportunities of investment with a view to reduce environmental impacts.



Established "Japan Post Investment Regional Development and Impact Fund I, ILP"

General Partners

- Established the new fund through Japan Post Investment Corporation Co., Ltd. with the aim to invest into regional businesses to encourage regional development, and impact investments into businesses targeting SDGs impact outcomes, promoting the transition to a sustainable society.



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 39 regional vitalization funds in cooperation with 100 local financial institutions (as of Mar. 2022) 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 (PFI / Project Finance / Loans for local governments)

- 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.

Appendix

Risk Appetite Framework

– (1) Management Process –

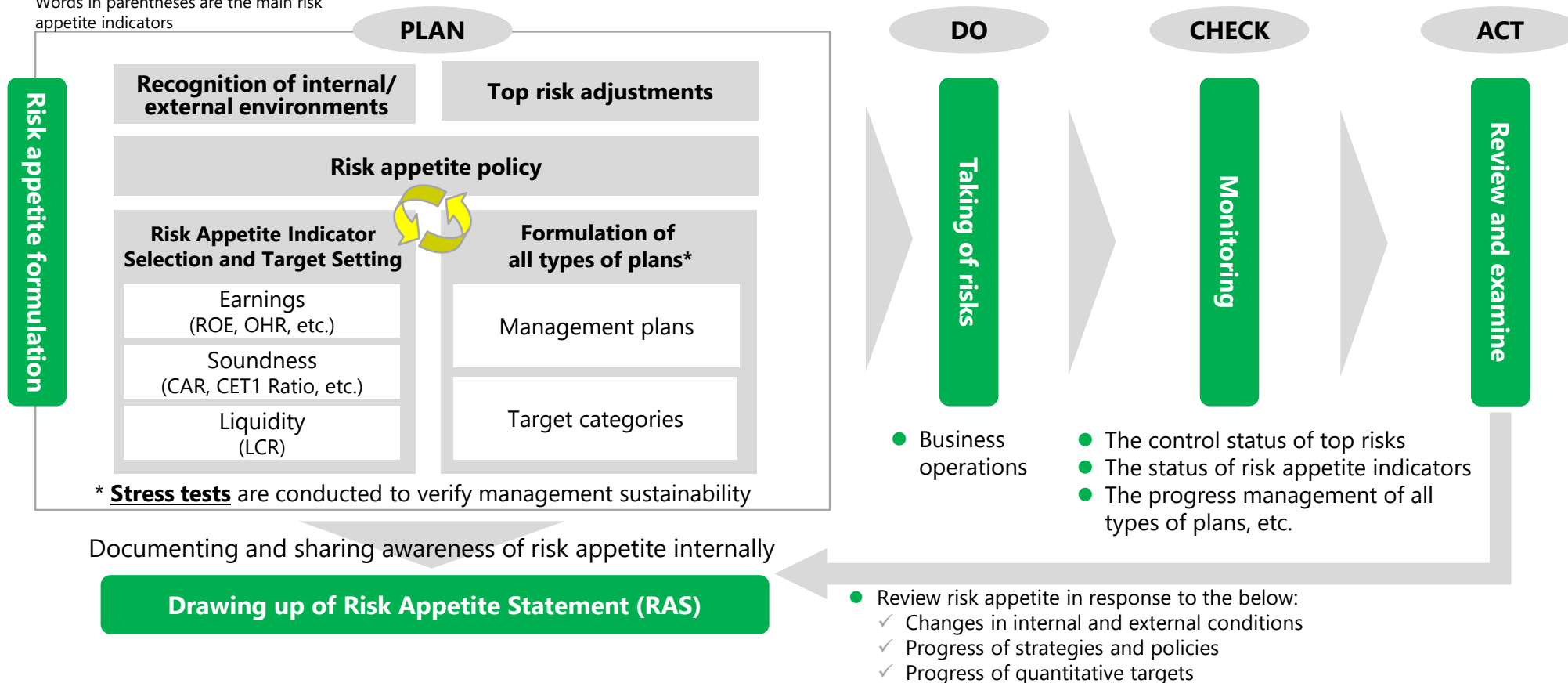
We conduct business operations in line with the Risk Appetite Framework (RAF)*, in order to ensure medium- to long-term profitability and financial soundness.

Based on the RAF, risk appetite policies and indicators as well as top risks are discussed in conjunction with the formulation of management plans.

* A business management framework used as common language between banks pertaining to all aspects of risk-taking policies, including the capital distribution and profit maximization of risk appetites (the type and total quantity of risks a company should willingly take on to fulfil its business plans after taking into account the unique aspects of the company's own business model).

Risk Appetite Framework Management Process

Words in parentheses are the main risk appetite indicators



Risk Appetite Framework

– (2) Top Risks –

We select the top risks that we recognize as potentially having a particularly significant impact on our business, performance, and financial position, in consideration of their degree of impact and probability.

We set monitoring indicators against the selected risks and regularly check they are under control.

Top Risks and Main Measures for FY2023/3

Market/Credit/ Liquidity risk, etc. Stronger financial regulations

- Developing a stress-resistant portfolio
- Sophistication of stress tests
- Enhancement of expert personnel for market operations and risk management
- Improve internal control systems from the standpoint of being an internationally active bank

System disruptions

- Internal verifications of examples from other companies
- Implementation of contingency plan training
- Promote steady responses to renewals of core systems

Delayed response to DX, etc.

- Steady advancement of DX as set forth in the Mid-term Plan

Insufficient customer-oriented business operations

- Quality controls for customer-oriented business operations
- Improved second-line* functions, deeper discussions in Special Committees, double tracking of information transmission, etc.

* Management divisions such as the Risk Management and Compliance Division, etc.

Inhibited execution of strategies due to insufficient personnel

- Continuous hiring of professional personnel, etc.
- Training of personnel based on training programs

Cyber attacks

- Implement and establish cyber-security action plans, and continue measures against phishing fraud, etc.

Major disasters, pandemics

- Develop emergency response plans
- Establish remote environments

Incidence of legal violations

- Ensure thorough measures to prevent recurrence of scandals and to prevent leaks and losses of personal information, based on past incidents

Money laundering/ Terrorist financing

- Systematic advancement of various responsive measures that are in accordance with guidelines put out by relevant authorities

Climate change risks, etc.

- Advanced measures corresponding to changes in the outside environment, implemented monitoring, and provided disclosures as appropriate based on the basic sustainability policy

Stress Tests

We perform stress tests based on multiple stress scenarios that assume deterioration in macroeconomic conditions to assess the impact on our financial condition and capital adequacy ratio, for the purpose of verifying the appropriateness of business plans from the forward-looking standpoint of business sustainability.

Flow

(1) Designing Scenarios

(2) Determine Scenarios

(3) Estimate Impact

(4) Report to Board of Directors

Overview

- Consider stress events that should be reflected in the scenarios, based on risks taken into account by market participants such as international organizations, national authorities and financial institutions and their economic outlooks.
- Draft multiple scenarios based on the probability and impact of stress events.

- Hold preliminary discussion regarding scenarios with the relevant departments.
- Determine the scenarios after consultation in the ALM Committee.

- Estimate the amount of impact on capital adequacy ratio, unrealized gains/losses on securities, net interest income and risk exposure under each scenario.

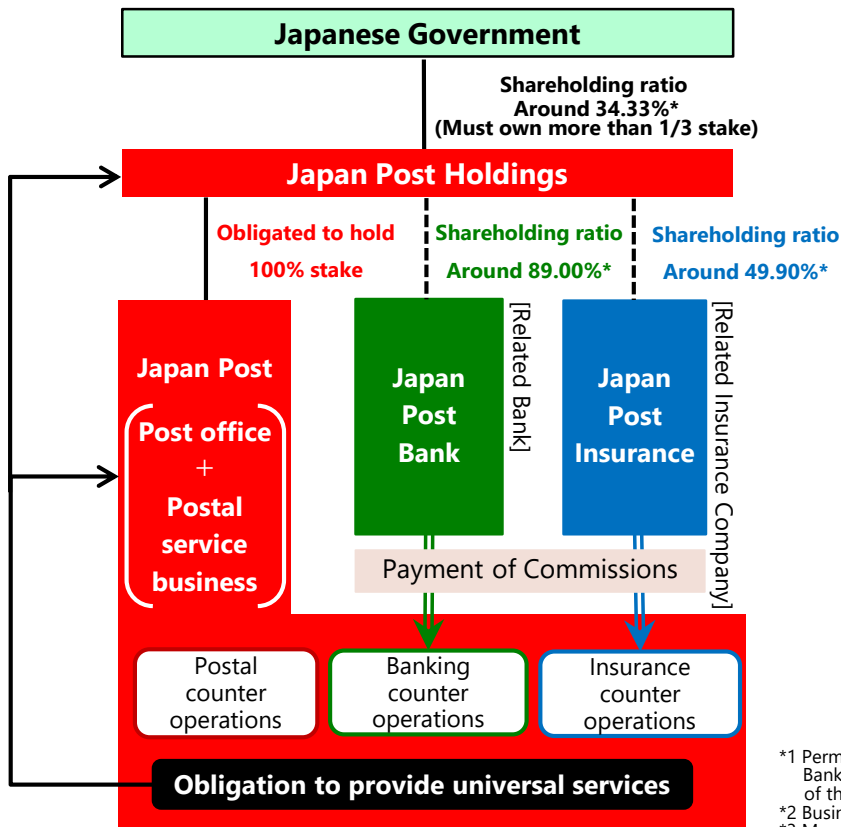
- Based on these estimates, verify the appropriateness of business plans in terms of business sustainability.
- Report the results of verification to the Board of Directors.

Current Status Regarding Privatization

– (1) Relationship with Group Companies, 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.

Relationship with Group Companies (as of Apr. 30, 2022)



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

Limitations on New Business, etc.

E.g. : Personal loans, trust and inheritance services, and bilateral loans for corporations.		Japan Post Holdings' shareholding ratio		
		Over 50%	50% or less	0%
New business	Banking Act* ¹	None	None	None
	Postal Service Privatization Act* ^{1,2}	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* ³	Permission* ³	Permission* ³
	Postal Service Privatization Act* ¹	Permission* ⁴	Permission* ⁴	None
Mergers and acquisitions (M&A)				
Financial* ⁵ institutions	Banking Act* ¹	Permission	Permission	Permission
	Postal Service Privatization Act* ¹	Prohibited* ⁶	Prohibited* ⁶	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 Businesses that require permissions and notifications are limited to those businesses stipulated in Article 110 of the Postal Service Privatization Act.

*³ May provide notification for making into subsidiaries companies that exclusively perform dependent services or specific financial operations.

*⁴ 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.

*⁵ Banks, long-term credit banks, shinkin banks, credit cooperatives, labor banks, shinkin bank associations, credit cooperative associations, labor bank associations, and Shoko Chukin Bank.

*⁶ Permitted in the case of acquisitions of operations other than deposit operations.

Current Status Regarding Privatization

– (2) Overview of Regulations Surrounding the Bank –

Universal Service Obligation Related to Banking Service
(Imposed on Japan Post Holdings and Japan Post)

Share disposal
(Japan Post Holdings ⇒ the Bank)

Regulations on the Bank

Regulations under the Banking Act

Additional Regulations*1

Restrictions on the Maximum Amount of Deposit

Restrictions on Scope of Business

Current

After Japan Post Holdings disposes of 50% or more
(Voting rights basis)

After Japan Post Holdings disposes of all shares

Summary of Regulations

- 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
- 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
- Same regulation is imposed as a “Bank” under the Banking Act
- Maximum amount of deposits (ordinary deposits:¥13mn/fixed-term deposits:¥13mn) are stipulated by the enforcement order of the Privatization Act
- **Permission** from the Commissioner of the Financial Services Agency (of Japan)*2 and the Minister for Internal Affairs and Communications required
(+ Consultation with the Postal Privatization Committee + Supervision)
- **Notification** to the Commissioner of the Financial Services Agency (of Japan)*2 and the Minister for Internal Affairs and Communications (+ Obligation to care for fair competition + notice to Postal Privatization Committee + Supervision)
- Same regulation is imposed as a “Bank” under the Banking Act

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

*2 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).

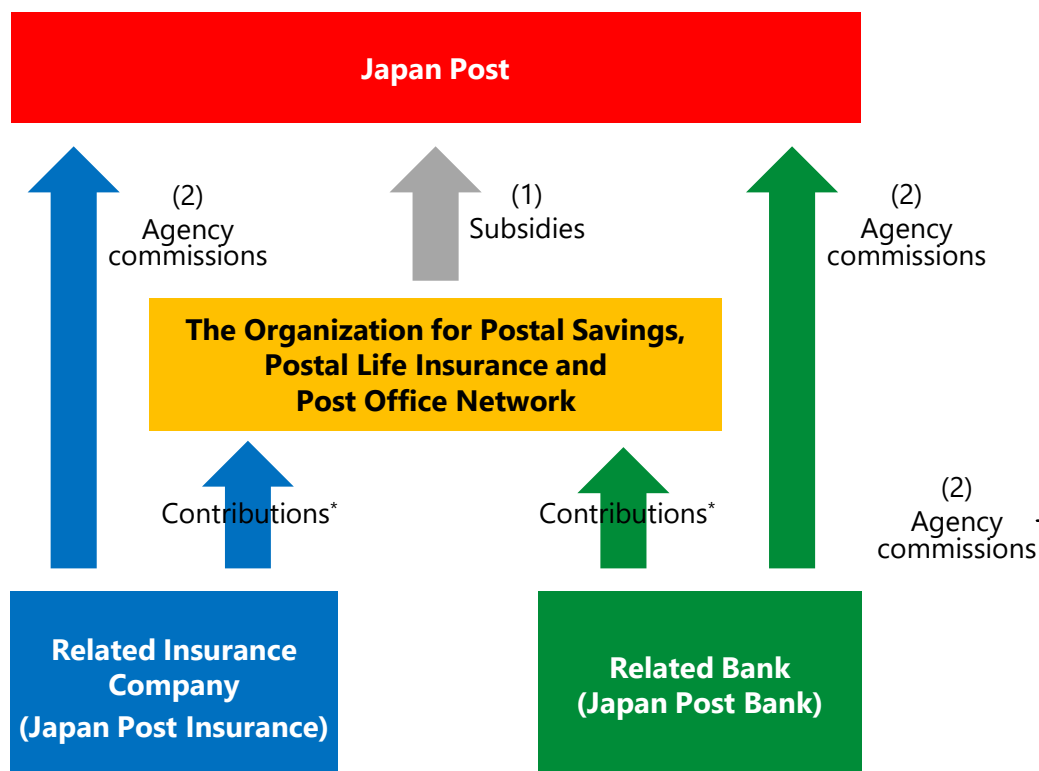
Current Status Regarding Privatization

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

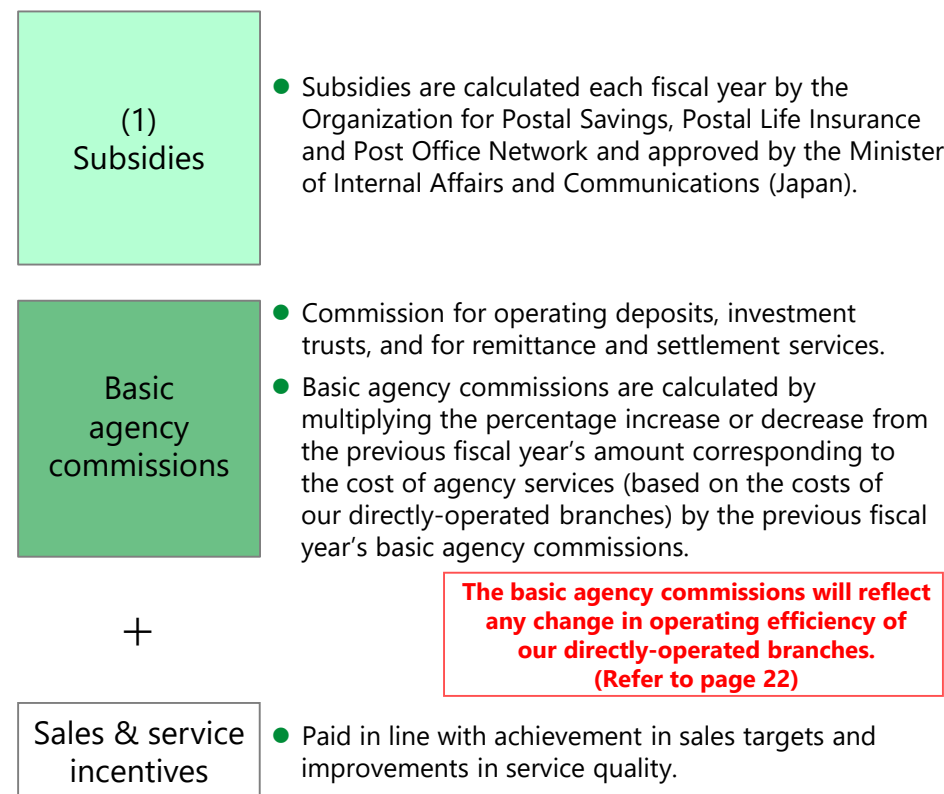
Expenses associated with outsourcing to Japan Post consist of 1) subsidies and 2) agency commissions.

Of 2) agency commissions, 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

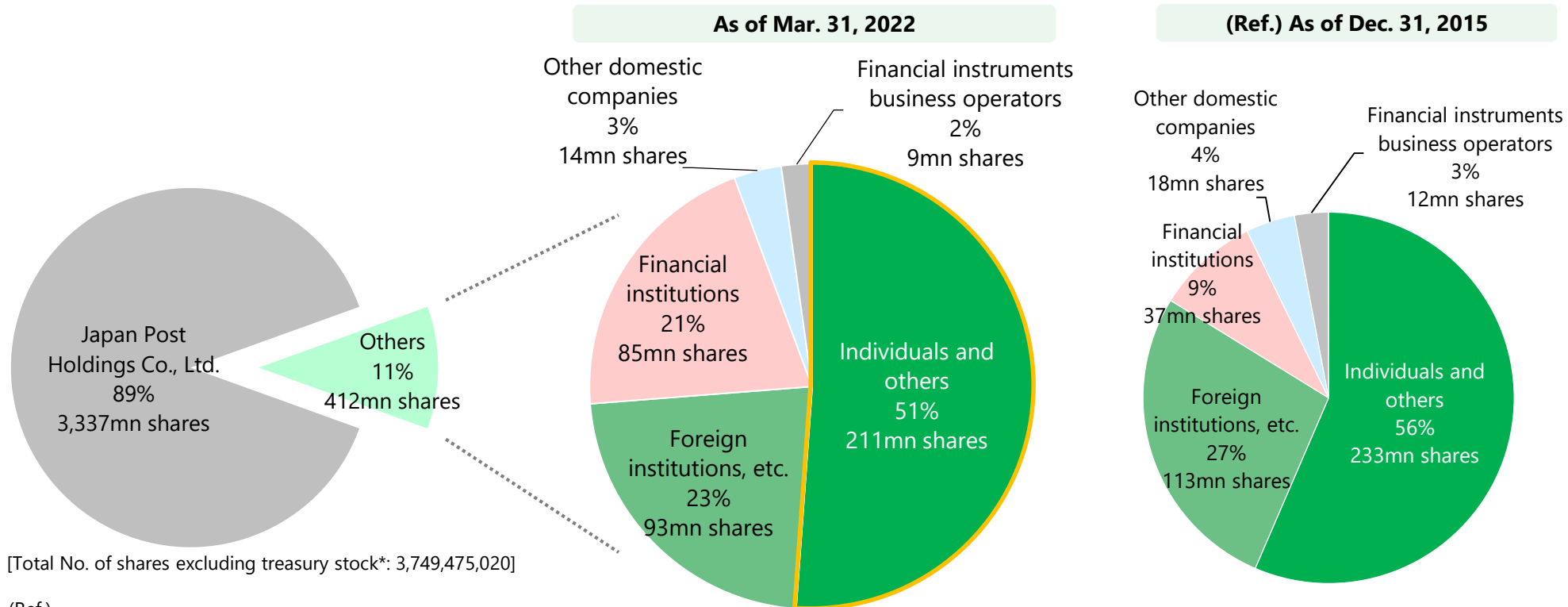


The basic agency commissions will reflect any change in operating efficiency of our directly-operated branches. (Refer to page 22)

* Contributions are the subsidies plus the administrative expenses (those incurred by related bank) of the Organization for Postal Savings, Postal Life Insurance and Post Office Network.

Shareholder Composition

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



[Total No. of shares excluding treasury stock*: 3,749,475,020]

(Ref.)

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

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

Note: All figures are rounded.

Market Restructuring (Tokyo Stock Exchange)

On April 4, 2022, the new market segments for the Tokyo Stock Exchange (TSE) began, and the Bank transitioned (applied transitional measures) to the Prime Market.

The Bank will continue its efforts to create an environment in which it is easy for Japan Post Holdings to reduce its shareholding ratio (increase profits and enhance corporate value).

Updates after Nov. 2021

Nov. 12
2021

The Prime Market selection application

Following a resolution of the Board of Directors, a selected transition to the Prime Market

Jan. 11
2022

TSE published the new market segments selection results for listed companies on its website

Apr. 4

Altogether transition to the new market segments

The Bank transitioned to the Prime Market following application of transitional measures

For the Prime Market selection, the following related documents have been submitted and disclosed to the TSE.

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

<https://www.jp-bank.japanpost.jp/en/aboutus/company/pdf/report.pdf>

Future Actions

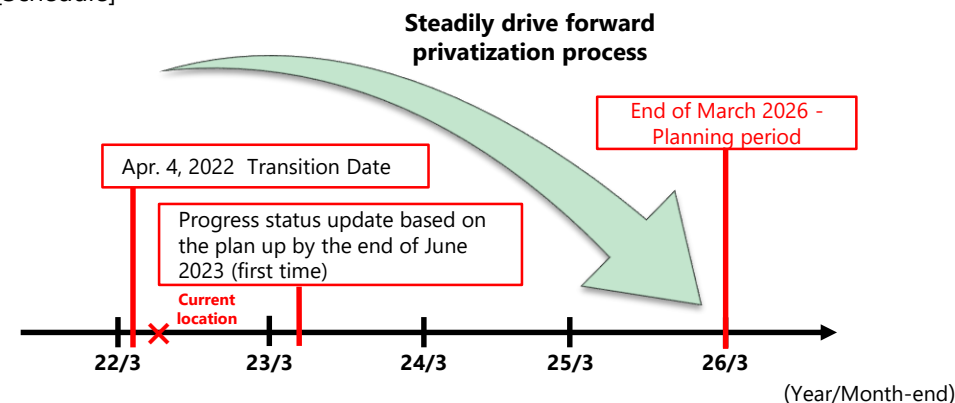
[Japan Post Holdings]

- 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 plan.

[Japan Post Bank]

- Steadily drive forward the privatization process to conform to the level of continued listing requirement. The Bank will continue its efforts 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*
- * When the contents of the plan change significantly, a document reflecting the changes will be released.

[Schedule]



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

Income Analysis

	For the fiscal year ended		(B) – (A)
	March 31, 2021 (A)	March 31, 2022 (B)	
Gross operating profit	1,319,027	1,290,865	(28,162)
Net interest income	961,884	1,147,500	185,616
Net fees and commissions	127,943	127,400	(543)
Net other operating income (loss)	229,200	15,964	(213,235)
Gains (losses) on foreign exchanges	254,666	78,954	(175,712)
Gains (losses) on bonds	(25,980)	(63,245)	(37,265)
General and administrative expenses	(1,010,175)	(980,906)	29,269
Personnel expenses	(119,374)	(116,943)	2,431
Non-personnel expenses	(834,256)	(819,027)	15,228
Taxes and dues	(56,544)	(44,935)	11,609
Operating profit (before provision for general reserve for possible loan losses)	308,852	309,959	1,107
Core net operating profit	334,832	373,204	38,372
Excluding gains (losses) on cancellation of investment trusts	285,993	259,888	(26,105)
Provision for general reserve for possible loan losses	—	(9)	(9)
Net operating profit	308,852	309,949	1,097
Non-recurring gains (losses)	85,473	181,509	96,036
Gains (losses) related to stocks	(188,480)	(125,583)	62,896
Gains (losses) on money held in trust	272,749	286,671	13,922
Net ordinary income	394,325	491,459	97,134

(Millions of yen)

	For the fiscal year ended		(B) – (A)
	March 31, 2021 (A)	March 31, 2022 (B)	
Extraordinary income (loss)	(1,564)	5,682	7,246
Gains (losses) on sales and disposals of fixed assets	(557)	5,698	6,256
Losses on impairment of fixed assets	(1,006)	(15)	990
Income before income taxes	392,760	497,141	104,380
Income taxes – current	(124,123)	(104,295)	19,828
Income taxes – deferred	11,200	(37,901)	(49,101)
Total income taxes	(112,923)	(142,196)	(29,273)
Net income	279,837	354,945	75,107

Gains (losses) on money held in trust	272,749	286,671	13,922
Dividends and interest income	80,119	107,848	27,729
Gains (losses) on sales of stocks	216,110	194,410	(21,699)
Impairment losses	(5,528)	(1,955)	3,572
Withholding income tax, etc.	(17,952)	(13,632)	4,319

Credit-related expenses	(23)	(9)	14
Provision for general reserve for possible loan losses	(23)	(9)	14

- Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥1,838 million and ¥2,086 million recorded as profits for the fiscal years ended March 31, 2022 and 2021, 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 March 31, 2022 (B)	Increase (Decrease) (B) – (A)
Total assets	223,847,547	232,922,083	9,074,536
Cash and due from banks	60,768,034	66,664,253	5,896,219
Call loans	1,390,000	2,470,000	1,080,000
Receivables under resale agreements	9,721,360	9,861,753	140,392
Monetary claims bought	362,212	397,301	35,088
Trading account securities	13	11	(2)
Money held in trust	5,547,574	5,828,283	280,709
Securities	138,183,264	139,549,103	1,365,838
Loans	4,691,723	4,441,967	(249,756)
Foreign exchanges	80,847	213,924	133,076
Other assets	2,857,518	3,250,352	392,834
Tangible fixed assets	197,940	192,819	(5,120)
Intangible fixed assets	47,992	53,367	5,375
Reserve for possible loan losses	(935)	(1,054)	(119)

(Millions of yen)

	As of March 31, 2021 (A)	As of March 31, 2022 (B)	Increase (Decrease) (B) – (A)
Total liabilities and net assets	223,847,547	232,922,083	9,074,536
Total liabilities	212,485,414	222,658,520	10,173,105
Deposits	189,593,469	193,441,929	3,848,459
Payables under repurchase agreements	14,886,481	19,461,646	4,575,165
Payables under securities lending transactions	1,504,543	1,514,438	9,894
Borrowed money	3,917,500	5,603,600	1,686,100
Foreign exchanges	514	697	182
Other liabilities	1,535,953	2,124,933	588,980
Reserve for bonuses	7,408	7,238	(169)
Reserve for employees' retirement benefits	141,740	140,355	(1,384)
Reserve for employee stock ownership plan trust	535	515	(20)
Reserve for management board benefit trust	303	365	62
Reserve for reimbursement of deposits	73,830	58,813	(15,016)
Deferred tax liabilities	823,134	303,985	(519,148)
Total net assets	11,362,133	10,263,563	(1,098,569)
Capital stock	3,500,000	3,500,000	—
Capital surplus	4,296,285	3,500,000	(796,285)
Retained earnings	2,749,408	2,413,168	(336,239)
Treasury stock	(1,300,844)	(902)	1,299,942
Total shareholders' equity	9,244,849	9,412,266	167,416
Net unrealized gains (losses) on available-for-sale securities	2,487,770	1,390,288	(1,097,481)
Net deferred gains (losses) on hedges	(370,486)	(538,991)	(168,504)
Total valuation and translation adjustments	2,117,283	851,297	(1,265,985)

Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

(1) Domestic

(Millions of yen, %)

	For the fiscal year ended						Increase (Decrease) (B) – (A)
	March 31, 2021 (A)			March 31, 2022 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings Yield
Interest-earning assets	204,928,217	518,305	0.25	211,342,025	446,743	0.21	(0.04)%pt
Loans	5,888,523	10,060	0.17	4,620,369	10,120	0.21	0.04 %pt
Securities	70,330,066	410,942	0.58	69,451,545	341,824	0.49	(0.09)%pt
Due from banks, etc.	56,799,558	29,230	0.05	60,361,005	29,872	0.04	(0.00)%pt
Interest-bearing liabilities	197,783,193	62,606	0.03	204,529,496	44,486	0.02	(0.00)%pt
Deposits	188,043,501	38,323	0.02	192,386,838	20,984	0.01	(0.00)%pt
Payables under securities lending transactions	155,875	155	0.09	17,507	17	0.09	0.00 %pt

(2) Overseas

(Millions of yen, %)

	For the fiscal year ended						Increase (Decrease) (B) – (A)
	March 31, 2021 (A)			March 31, 2022 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	67,100,563	751,460	1.11	70,834,616	991,619	1.39	0.28 %pt
Loans	23,763	125	0.52	26,122	137	0.52	(0.00)%pt
Securities	66,938,098	750,955	1.12	70,670,623	991,228	1.40	0.28 %pt
Due from banks, etc.	—	—	—	—	—	—	—
Interest-bearing liabilities	67,508,045	245,274	0.36	70,222,165	246,376	0.35	(0.01)%pt
Payables under securities lending transactions	1,482,339	6,752	0.45	1,458,983	2,579	0.17	(0.27)%pt

Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities

(3) Total

(Millions of yen, %)

	For the fiscal year ended						Increase (Decrease) (B) – (A)
	March 31, 2021 (A)			March 31, 2022 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	210,430,410	1,198,278	0.56	217,361,148	1,369,747	0.63	0.06 %pt
Loans	5,912,287	10,186	0.17	4,646,492	10,257	0.22	0.04 %pt
Securities	137,268,164	1,161,897	0.84	140,122,168	1,333,053	0.95	0.10 %pt
Due from banks, etc.	56,799,558	29,230	0.05	60,361,005	29,872	0.04	(0.00)%pt
Interest-bearing liabilities	203,692,867	236,393	0.11	209,936,168	222,246	0.10	(0.01)%pt
Deposits	188,043,501	38,323	0.02	192,386,838	20,984	0.01	(0.00)%pt
Payables under securities lending transactions	1,638,214	6,908	0.42	1,476,490	2,597	0.17	(0.24)%pt

- 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 (fiscal year ended March 31, 2022, ¥4,160,954 million; fiscal year ended March 31, 2021, ¥4,102,197 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (fiscal year ended March 31, 2022, ¥4,160,954 million; fiscal year ended March 31, 2021, ¥4,102,197 million) and the corresponding interest (fiscal year ended March 31, 2022, ¥4,404 million; fiscal year ended March 31, 2021, ¥4,760 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 ¥21,782 million for the fiscal year ended March 31, 2022 (¥67,206 million for the fiscal year ended March 31, 2021).
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.

Interest Rate Spread

(%)

	For the fiscal year ended		Increase (Decrease) (B) – (A)
	March 31, 2021 (A)	March 31, 2022 (B)	
Yield on interest-earning assets (a)	0.56	0.63	0.06 %pt
Total cost of funding (including general and administrative expenses) (b)	0.61	0.57	(0.03)%pt
Interest rate on interest-bearing liabilities (c)	0.11	0.10	(0.01)%pt
Overall interest rate spread (a) - (b)	(0.04)	0.05	0.09 %pt
Interest rate spread (a) - (c)	0.45	0.52	0.07 %pt

Unrealized Gains (Losses) on Financial Instruments

(1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2021 (A)		As of March 31, 2022 (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	14,974,212	(31,393)	(5,602,170)	(262,073)
Japanese local government bonds	1,891,261	1,605	2,746,510	(11,848)	855,249	(13,453)
Japanese corporate bonds	2,710,435	5,892	3,540,039	(12,623)	829,604	(18,515)
Others	—	—	1,808,495	80	1,808,495	80
Foreign bonds	—	—	1,808,495	80	1,808,495	80
Total	25,178,079	238,178	23,069,257	(55,784)	(2,108,821)	(293,962)

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 March 31, 2022 (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	—	17,283	—	6,777	—
Bonds	41,824,162	597,822	44,132,804	103,994	2,308,642	(493,827)
Japanese government bonds	29,917,094	542,798	34,285,554	85,743	4,368,459	(457,054)
Japanese local government bonds	3,602,553	17,172	2,834,364	7,367	(768,188)	(9,804)
Short-term corporate bonds	1,869,535	—	1,434,510	—	(435,024)	—
Japanese corporate bonds	6,434,978	37,850	5,578,374	10,883	(856,603)	(26,967)
Others	71,558,269	1,809,429	72,742,078	1,569,057	1,183,809	(240,372)
Foreign bonds	23,505,116	1,031,399	22,701,193	1,484,225	(803,922)	452,826
Investment trusts	47,591,186	776,215	49,534,425	82,347	1,943,238	(693,868)
Total	113,392,936	2,407,252	116,892,166	1,673,052	3,499,230	(734,199)

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, ¥852,922 million and ¥173,512 million profits were included in the statement of income for the fiscal year ended March 31, 2022 and 2021, respectively, because of the application of fair value hedge accounting.

4. Investment trusts are mainly invested in foreign bonds.

5. Impairment loss for the fiscal year ended March 31, 2022 amounted to ¥744 million. No impairment loss was recognized for the fiscal year ended March 31, 2021.

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 March 31, 2022 (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	5,828,283	1,181,977	280,709	(171,147)
Domestic stocks	2,261,772	1,363,424	2,024,619	1,202,212	(237,152)	(161,212)
Domestic bonds	1,545,190	(11,689)	1,406,103	(28,340)	(139,087)	(16,651)

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 fiscal years ended March 31, 2022 and 2021 amounted to ¥1,955 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 March 31, 2022 (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)	7,427,585	(67,703)	(709,061)	107,340
Currency swaps	8,073,418	(363,009)	8,654,075	(711,381)	580,656	(348,372)
Foreign exchange forward contracts	—	—	—	—	—	—
Total	16,210,065	(538,052)	16,081,660	(779,085)	(128,404)	(241,032)

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 March 31, 2022 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	3,048,811	1,223,021	(1,825,789)

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 fiscal year ended				Increase (Decrease) (B) – (A)
	March 31, 2021 (A)		March 31, 2022 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	117,288	11.63	115,104	11.75	(2,183)
Salaries and allowances	96,068	9.52	94,057	9.60	(2,011)
Others	21,219	2.10	21,047	2.14	(172)
Non-personnel expenses	834,256	82.75	819,027	83.65	(15,228)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	366,358	36.34	353,214	36.07	(13,143)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network*	237,439	23.55	237,040	24.21	(398)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	57,436	5.69	55,381	5.65	(2,054)
Rent for land, buildings and others	11,531	1.14	10,914	1.11	(617)
Expenses on consigned businesses	67,002	6.64	66,010	6.74	(991)
Depreciation and amortization	34,943	3.46	37,601	3.84	2,657
Communication and transportation expenses	15,279	1.51	14,248	1.45	(1,031)
Maintenance expenses	13,378	1.32	15,168	1.54	1,789
IT expenses	12,914	1.28	13,059	1.33	144
Others	17,971	1.78	16,387	1.67	(1,583)
Taxes and dues	56,544	5.60	44,935	4.58	(11,609)
Total	1,008,089	100.00	979,067	100.00	(29,021)

* 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

(Millions of yen)

	Domestic Standard					
	Non-consolidated			Consolidated		
	As of March 31, 2021 (A)	As of March 31, 2022 (B)	Increase (Decrease) (B) – (A)	As of March 31, 2021 (C)	As of March 31, 2022 (D)	Increase (Decrease) (D) – (C)
Core Capital: instruments and reserves (a)	9,057,656	9,225,082	+167,425	9,071,821	9,236,562	+164,741
Core Capital: regulatory adjustments (b)	33,294	37,024	+3,729	33,498	37,256	+3,757
Total capital (a) - (b) = (c)	9,024,361	9,188,057	+163,696	9,038,322	9,199,306	+160,984
Total amount of risk-weighted assets (d)	58,157,118	59,089,525	+932,406	58,166,845	59,106,048	+939,203
Credit risk-weighted assets	55,604,917	56,529,128	+924,210	55,614,821	56,545,574	+930,752
Market risk equivalent / 8%	—	—	—	—	—	—
Operational risk equivalent / 8%	2,552,200	2,560,397	+8,196	2,552,023	2,560,474	+8,450
Capital adequacy ratio (c) / (d)	15.51%	15.54%	+0.03%pt	15.53%	15.56%	+0.02%pt

Securitized Products Exposure

As of March 31, 2021 and March 31, 2022, the Bank held the following securitized products.

The Bank's holdings of securitized products 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. (Millions of yen)

Region		As of March 31, 2021			As of March 31, 2022		
		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	1,317,081	4,358	AAA
	Held-to-maturity	282,293	(1,561)	AAA	331,835	(4,374)	AAA
	Available-for-sale	1,072,076	20,606	AAA	985,245	8,733	AAA
	Collateralized loan obligations (CLO)	—	—	—	—	—	—
	Other securitized products	225,448	33	AAA	236,597	(156)	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	870	28	AAA	735	19	AAA
	Subtotal	1,580,689	19,106		1,554,414	4,220	
Overseas	Residential mortgage-backed securities (RMBS)	54,999	3,897	AAA	38,004	5,782	AAA
	Collateralized loan obligations (CLO)	2,036,348	36,013	AAA	1,602,388	168,008	AAA
	Held-to-maturity	—	—	—	681,912	62,584	AAA
	Available-for-sale	2,036,348	36,013	AAA	920,476	105,423	AAA
	Subtotal	2,091,347	39,911		1,640,393	173,791	
	Total	3,672,037	59,017		3,194,807	178,012	

Notes: 1. The figures in the above table are reference value calculated not on financial accounting basis but on management accounting basis.

2. The underlying assets provided are only those from multiple debtors comprising securitized products.

3. The above table does not include securitized products that might be included in investment trusts.

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

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

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

7. The overseas collateralized loan obligations (CLO) are only those in the United States. Net unrealized gains (losses) on the overseas CLO including foreign exchange hedging were as follows. Held-to-maturity securities (fair value hedge accounting was not applicable): ¥(9,767) million as of March 31, 2022. Available-for-sale securities (fair value hedge accounting was applicable): ¥(5,963) million as of March 31, 2022, compared with ¥1,916 million as of March 31, 2021.

Selected Historical Financial Data

¥bn

	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	FY2022/3	
Consolidated	Consolidated gross operating profit	—	1,462.3	1,326.8	1,314.0	1,319.1	1,292.0
	Net interest income*1	—	1,175.6	1,015.9	976.6	961.9	1,147.4
	Net fees and commissions	—	96.4	106.7	128.8	127.9	128.4
	Net other operating income (loss)	—	190.2	204.1	208.4	229.1	16.0
	General and administrative expenses*2	—	(1,045.1)	(1,038.5)	(1,021.5)	(1,011.4)	(983.2)
	Provision for general reserve for possible loan losses	—	(0.0)	—	(0.0)	—	(0.0)
	Consolidated net operating profit	—	417.1	288.2	292.5	307.6	308.7
	Non-recurring gains (losses)	—	82.4	85.7	86.6	86.5	182.1
	Net ordinary income	—	499.6	373.9	379.1	394.2	490.8
	Extraordinary income (losses)	—	(0.7)	(4.1)	(0.5)	(1.5)	5.6
Net income attributable to owners of parent	—	352.7	266.1	273.4	280.1	355.0	
Consolidated capital adequacy ratio (Domestic standard)*3	—	17.43%	15.80%	15.58%	15.53%	15.56%	
Consolidated total net assets*3	—	11,521.6	11,362.3	9,003.2	11,394.8	10,302.2	
Consolidated total assets*3	—	210,629.8	208,974.1	210,910.8	223,870.6	232,954.4	
Non-consolidated	Number of employees (people)*3	12,965	13,009	12,800	12,477	12,408	12,169
	Average number of temporary employees (people)*3	4,902	4,612	4,184	3,865	3,601	3,243
	New employees (people) *4	465	542	404	234	230	147

*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 FY2023/3 is 141.