

# Investors Meeting FY2023/3 1H

November 16, 2022

Director, President and Representative Executive Officer

Norito Ikeda



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## Consolidated Subsidiaries, etc.

Consolidated subsidiaries	8 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 FY2023/3 1H Financial Results (P.4~)

**Secured 1H net income of ¥158.6bn, which is largely in line with our plan [¥160.0bn],** despite significant changes in the market environment.

**The full-year earnings forecast and annual dividends forecast remain unchanged,** since the progress rate for the full-year earnings forecast is strong, at around 50%.

- Net income (consolidated): ¥158.6bn [¥(1.3)bn compared to the plan, YoY ¥(76.6)bn]  
<FY2023/3 Earnings forecast / Annual dividends (Unchanged)>
  - Earnings forecast (consolidated) : Net income ¥320.0bn
  - Annual dividends forecast: Dividend per share ¥50 [Dividend payout ratio: 58.5%]

## About Progress on Important Themes (P.30~)

Updated the “five themes to be given particular focus among the five key strategies formulated in the Mid-term Plan based on recent conditions and other factors.

- Theme 5 (ESG Management)

A new special feature on our “new corporate business through investment (full-scale GP business)”, called the “**Σ (sigma) Business**”. This will be positioned as **a third engine** alongside our two existing engines, the “retail business” and the “market business”, and we are aiming for full deployment in FY2027/3 onward.

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## **Appendix** **P.52**

## **(Ref.) FY2023/3 1H Financial Data** **- Non-consolidated Basis -** **P.58**

# 1. FY2023/3 1H Financial Results

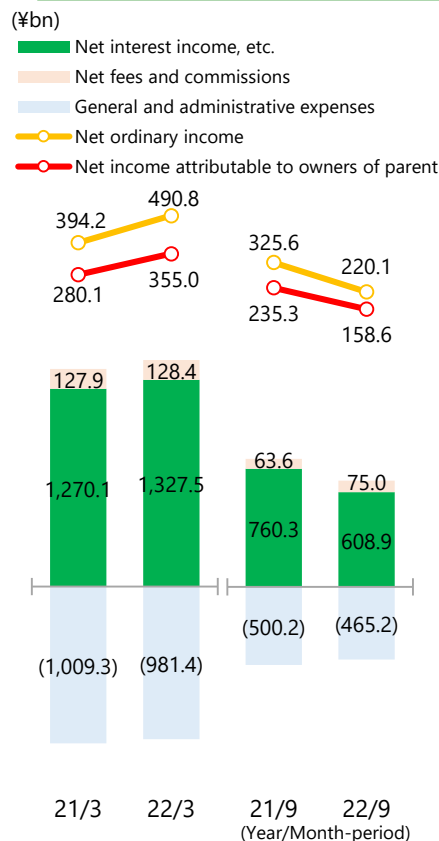
# Overview of FY2023/3 1H Results

## - (1) Results -

We have secured 1H net income on a consolidated basis of ¥158.6bn, which is largely in line with our plan [¥160.0bn]. However, this is a decrease of ¥76.6bn from the previous year, which saw the highest profits since listing. Net fees and commissions, and general and administrative expenses, have improved steadily, but net interest income, etc. has decreased due to changes in the market environment such as rising foreign currency funding costs and widening foreign credit spreads.

The progress rate for the full-year earnings forecast is strong, at 50%, and the earnings and dividends forecasts remain unchanged.

### Results for FY2023/3 1H (Consolidated)



	FY2022/3 1H	FY2023/3 1H		FY2023/3	(Ref.) FY2022/3
	Actual (A)	Actual (B)	Increase (Decrease) (B) - (A)	Forecast	Actual
Net interest income, etc.*1	760.3	608.9	(151.3)	1,235.0	1,327.5
Net fees and commissions	63.6	75.0	11.3	143.0	128.4
General and administrative expenses	500.2	465.2	(34.9)	935.0	981.4
Net ordinary income	<b>325.6</b>	<b>220.1</b>	<b>(105.4)</b>	<b>445.0</b>	<b>490.8</b>
Net income attributable to owners of parent [Progress rate*2]	<b>235.3</b>	<b>158.6</b> [49.5%]	<b>(76.6)</b>	<b>320.0</b>	<b>355.0</b> [101.4%]
Dividend per share [Dividend payout ratio]	—	—	—	¥50 [58.5%]	¥50 [52.7%]

Main drivers of increase and decrease	
(1)	<ul style="list-style-type: none"> <li>Foreign bond investment trusts [approx. ¥(238.0)bn]                             <ul style="list-style-type: none"> <li>Increase in non-revenue dividends [approx. ¥(72.0)bn]</li> <li>Decrease in gains on cancellation of investment trusts [approx. ¥(32.0)bn]</li> <li>Others (increase in foreign currency funding costs, a lack of special factors recorded in the last fiscal year (early redemption of bonds in investment trusts), etc.)</li> </ul> </li> </ul>
(2)	<ul style="list-style-type: none"> <li>Strategic investment areas [approx. +¥93.0bn]                             <ul style="list-style-type: none"> <li>Private equity funds [approx. +¥77.0bn]</li> <li>Real estate funds [approx. +¥8.0bn]</li> </ul> </li> <li>ATM related commissions [+¥6.1bn]</li> <li>Exchange and settlement transactions [+¥4.4bn]                             <ul style="list-style-type: none"> <li>Significant impact of the fee revision in January 2022 on every factors</li> </ul> </li> </ul>
(3)	<ul style="list-style-type: none"> <li>Deposit insurance expenses paid to Deposit Insurance Corporation of Japan [¥(13.9)bn]</li> <li>Agency commissions paid to Japan Post [¥(7.4)bn]</li> <li>Tax [¥(11.5)bn]                             <ul style="list-style-type: none"> <li>Mainly due to changes to how consumption tax paid is calculated</li> </ul> </li> </ul>

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

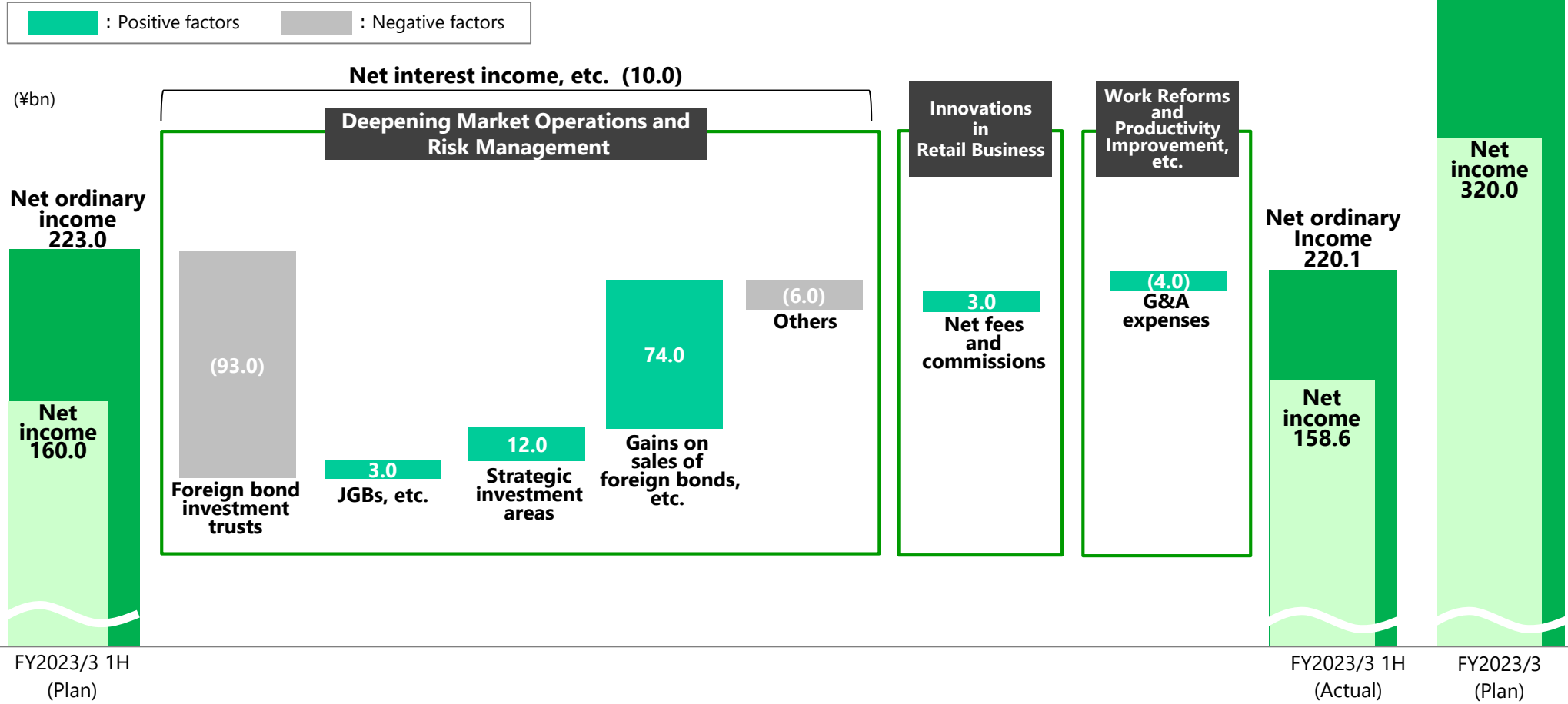
\*2 The progress rate to forecast for net income attributable to owners of parent (the achievement rate in FY2022/3)

# (Ref.) Changes in Net Ordinary Income for Earnings Forecasts (Image) - 1) vs Forecasts -

While gains on foreign bond investment trusts have fallen due to changes in the market environment, such as rising foreign currency funding costs and widening foreign credit spreads, we have been able to secure a certain amount of net interest income, etc. owing to steady gains from strategic investment areas and timely foreign bond sales that take advantage of the current weak state of the yen, among other factors. Furthermore, increases in net fees and commissions and decreases in general and administrative expenses have progressed steadily, and we have been able to secure net ordinary income for the first half of the year largely according to our plan.

## Causes of Changes in Net Ordinary Income (Consolidated) [FY2023/3 1H Forecasts vs FY2023/3 1H Actual]

Note: The addition of total changes to the forecasts for FY2023/3 1H does not equal the FY2023/3 1H results due to rounding, other ordinary income/expenses and similar factors.



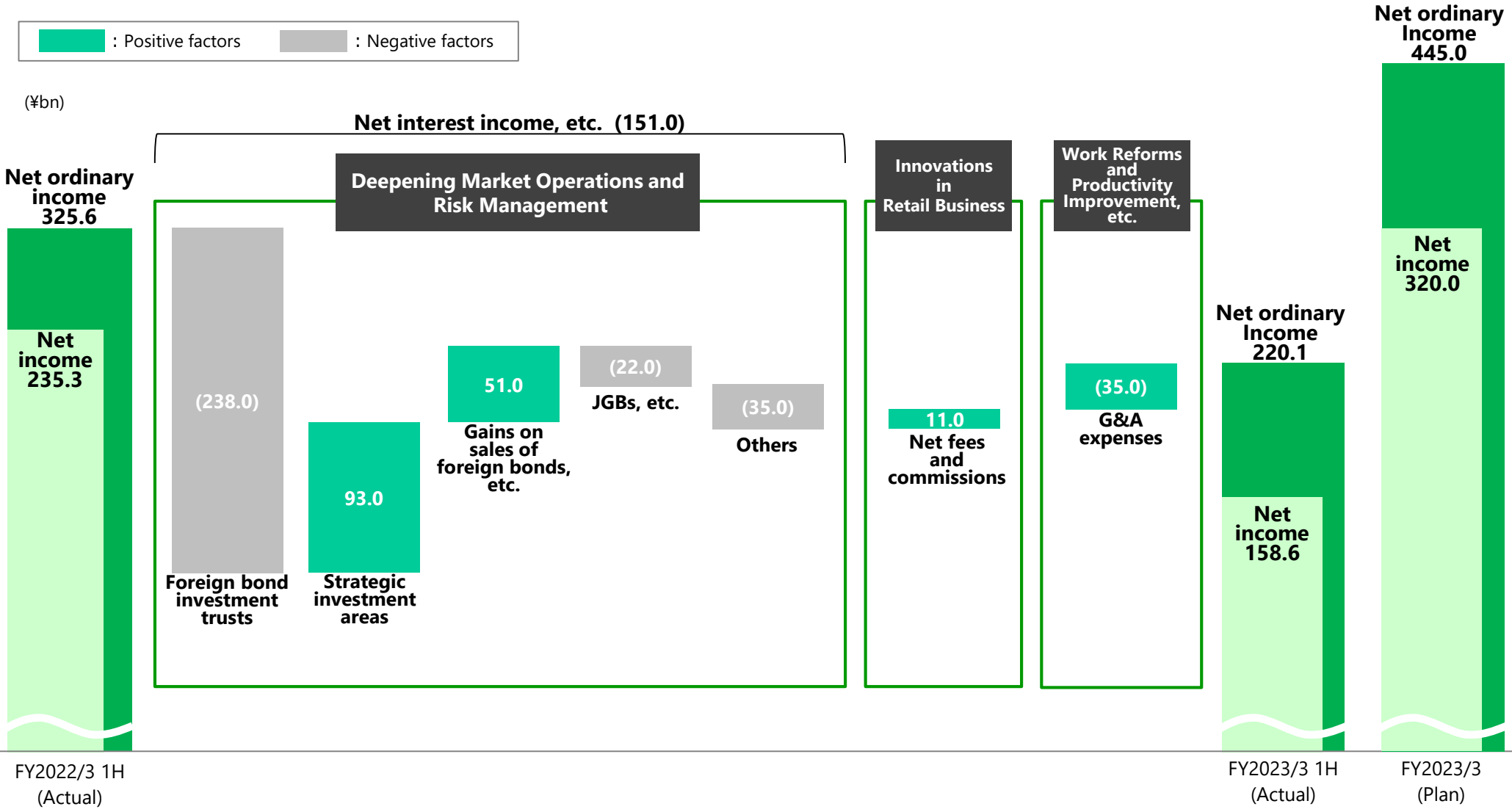
# (Ref.) Changes in Net Ordinary Income for Earnings Forecasts (Image) - 2) YoY -

## Causes of Changes in Net Ordinary Income (Consolidated) [FY2022/3 1H Actual vs FY2023/3 1H Actual]

Note: The addition of total changes to the FY2022/3 1H results does not equal the FY2023/3 1H results due to rounding, other ordinary income/expenses and similar factors.

■ : Positive factors    ■ : Negative factors

(¥bn)



FY2022/3 1H (Actual)

FY2023/3 1H (Actual)

FY2023/3 (Plan)



# Overview of FY2023/3 1H Results

## - (2) Result of Operations, Financial Conditions -

1. Results  
(FY2023/3 1H)

2. Important  
Themes

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Financial Data

Overview

Asset  
Management

Fee

Cost

Other

### Results of Operations (Consolidated)

	(¥bn)		
	FY2022/3 1H (A)	FY2023/3 1H (B)	Increase (Decrease) (B) – (A)
Consolidated gross operating profit	769.1	576.3	(192.8)
Net interest income	666.8	429.9	(236.9)
Net fees and commissions	63.6	75.0	11.3
Net other operating income (loss)	38.6	71.3	32.7
Gains (losses) on foreign exchanges	63.7	51.8	(11.9)
Gains (losses) on bonds	(25.2)	19.3	44.6
General and administrative expenses*	501.1	466.0	(35.0)
Provision for general reserve for possible loan losses	(0.0)	(0.0)	0.0
Consolidated net operating profit	268.0	110.2	(157.7)
Non-recurring gains (losses)	57.5	109.8	52.2
Gains (losses) related to stocks	(156.0)	50.0	206.1
Gains (losses) on money held in trust	212.0	53.1	(158.8)
Net ordinary income	325.6	220.1	(105.4)
Net income attributable to owners of parent	235.3	158.6	(76.6)

\* General and administrative expenses exclude non-recurring losses.

### Financial Conditions (Non-consolidated)

	(¥bn)		
	As of Mar. 31, 2022 (A)	As of Sept. 30, 2022 (B)	Increase (Decrease) (B) – (A)
Assets	232,922.0	226,600.6	(6,321.4)
Cash and due from banks	66,664.2	60,204.1	(6,460.0)
Call loans	2,470.0	2,360.0	(110.0)
Receivables under resale agreements	9,861.7	9,600.7	(261.0)
Money held in trust	5,828.2	6,448.3	620.0
Securities	139,549.1	137,156.0	(2,393.0)
Loans	4,441.9	5,423.0	981.1
Liabilities	222,658.5	217,173.0	(5,485.4)
Deposits	193,441.9	193,724.0	282.1
Payables under repurchase agreements	19,461.6	17,690.2	(1,771.3)
Payables under securities lending transactions	1,514.4	1,683.7	169.2
Net assets	10,263.5	9,427.6	(835.9)
Total shareholders' equity	9,412.2	9,379.5	(32.7)
Total valuation and translation adjustments	851.2	48.0	(803.2)

# Overview of FY2023/3 1H Results

## - (3) Progress on Financial / KPI Targets -

1. Results  
(FY2023/3 1H)

2. Important  
Themes

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Financial Data

Overview

Asset  
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Other

### Financial Target Items

<Consolidated>

#### Profitability

Result for FY2023/3 1H      FY2026/3 Target

**Consolidated Net income**      **¥158.6bn**      **¥350.0bn or greater**

**ROE**  
based on  
shareholders' equity      **3.36%\*1**      **3.6% or greater**

\*1 Annualized basis

#### Efficiency

Result for FY2023/3 1H      FY2026/3 Target

**OHR**  
basis including  
gains (losses) on  
money held in trust      **68.14%**      **66% or less**

**General and administrative expenses**      **¥(38.5)bn** compared to FY2021/3 1H      **¥(55.0)bn** compared to FY2021/3

#### Soundness

Result as of Sept. 30, 2022      As of Mar. 31, 2026 Target

**Capital adequacy ratio**  
domestic standard      **15.29%**      **approx. 10%**  
levels to be secured

**CET1 Ratio**  
international standard  
excluding unrealized  
gains on available-for-sale  
securities      **13.28%**      **approx. 10%\*2**  
levels to be secured

\*2 Based on full implementation of Basel III.

#### Investment

Result as of Sept. 30, 2022      As of Mar. 31, 2026 Target

**Balance of risk assets**      **¥99.8tn\*3** as of Mar. 31, 2022      **approx. ¥110tn**  
¥94.9tn

\*3 Refer to \*4.

**Balance of strategic investment areas**      **¥9.6tn\*4** as of Mar. 31, 2022      **approx. ¥10tn**  
¥6.4tn

\*4 Private equity funds and real estate funds, excluding some assets, are calculated on a fair value basis from FY2023/3 onward.

**Balance of ESG-themed investments**      **¥2.8tn** as of Mar. 31, 2022      **¥4tn**  
¥2.1tn

#### Retail

Result as of Sept. 30, 2022      As of Mar. 31, 2026 Target

**Number of accounts registered in the Bankbook App**      **6.14 million accounts** as of Mar. 31, 2022      **10 million accounts**  
4.81 million accounts

**Number of Tsumitate NISA Operation Accounts**      **200 thousand accounts** as of Mar. 31, 2022      **400 thousand accounts**  
170 thousand accounts

#### Regional Relationship

Result as of Sept. 30, 2022      As of Mar. 31, 2026 Target

**Regional vitalization fund participation cases**      **cumulatively 41 cases** as of Mar. 31, 2022      **cumulatively 50 cases**  
cumulatively 39 cases

**Number of financial institutions that have aggregated operational processes**      **cumulatively 5 financial institutions** as of Mar. 31, 2022      **roughly 20 financial institutions**  
cumulatively 5 financial institutions

### Target KPIs

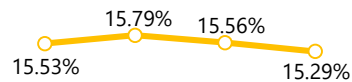
The consolidated capital adequacy ratio as of September 30, 2022 was 15.29%, down 0.26%pt compared to March 31, 2022, as the increase in the total amount of risk-weighted assets (denominator) had a greater impact than the increase in total capital (numerator).

The increase in total capital was due to increased profits. The increase in the total amount of risk-weighted assets was mainly due to an increased balance in strategic investment areas.

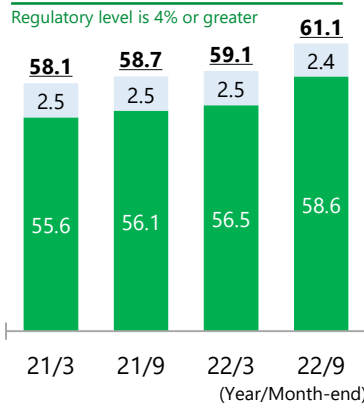
### Capital Adequacy Ratio and CET1 (Common Equity Tier1 Capital) Ratio (Consolidated)

(¥tn)

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



Minimum level to be secured is approx. 10% in ordinary times



	As of Mar. 31, 2022 (A)	As of Sept. 30, 2022 (B)	Increase (Decrease) (B) - (A)
Capital adequacy ratio	15.56%	15.29%	(0.26)%pt
Total capital	9,199.3	9,353.7	(1) 154.4
Risk-weighted assets	59,106.0	61,149.9	2,043.9
Credit risk-weighted assets	56,545.5	58,663.3	(2) 2,117.7

Main drivers of increase and decrease

- (1) Increases in profits  
- FY2023/3 1H net income [+¥158.6bn]
- (2) Increases in balances of the strategic investment areas, etc.  
- Private equity funds [+¥0.8tn] (excluding unrealized gains) (Refer to page 16-17)

	As of Mar. 31, 2022 (A)	As of Sept. 30, 2022 (B)	Increase (Decrease) (B) - (A)
CET1 ratio (estimate)*	15.68%	13.36%	(2.31)%pt
Excluding unrealized gains on available-for-sale securities	14.23%	13.28%	(0.95)%pt
Total capital	8.9	9.0	(1) 0.0
Risk-weighted assets	62.6	67.8	(3) 5.2

- (3) Due to the impact of increases in balances of the strategic investment areas, yen's depreciation, etc.  
- Private equity funds [+¥2.1tn] (including unrealized gains) (Refer to page 16-17)

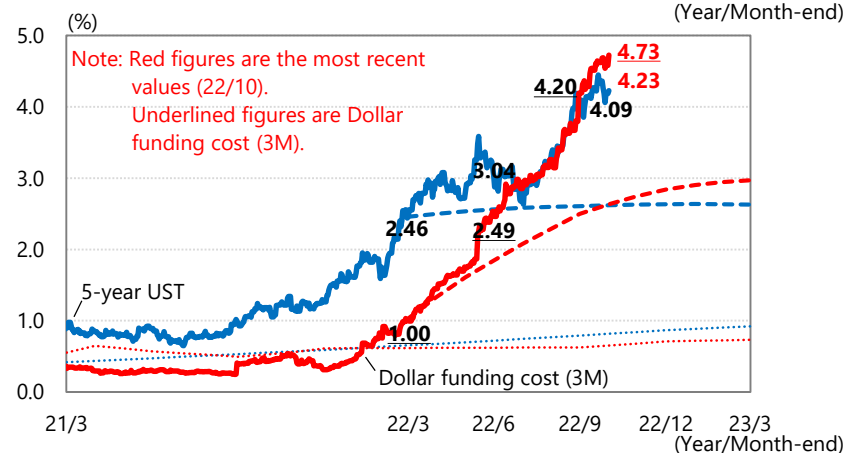
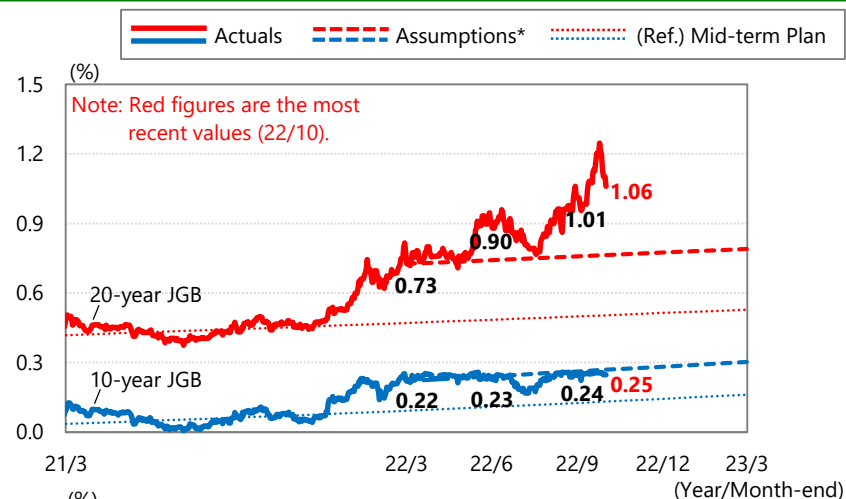
\* Calculation for some items are simplified.

# Market Situation

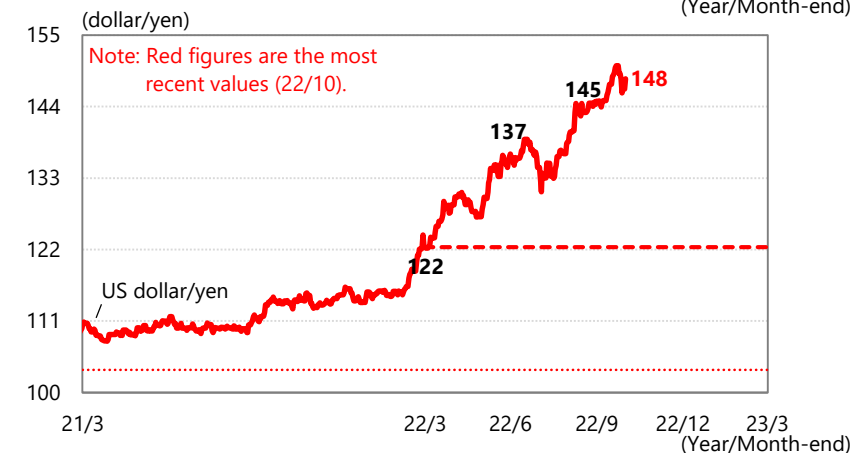
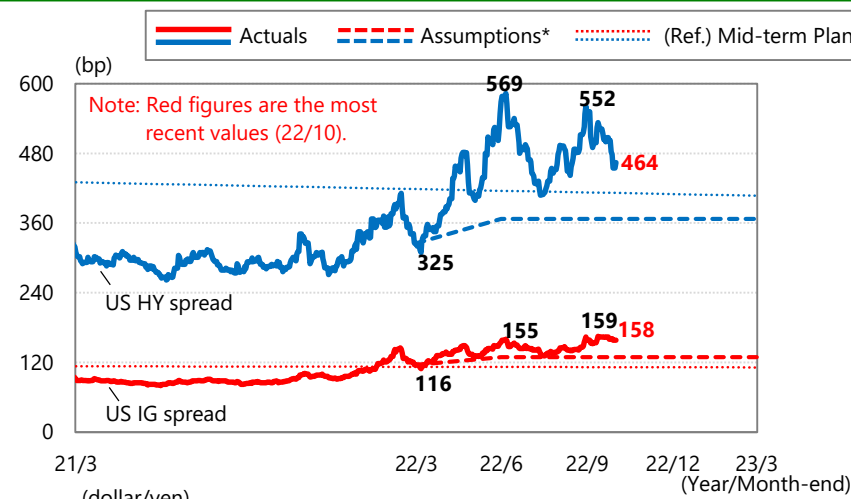
Main risk factors in FY2023/3 1H exceeded expectations\* due to a number of issues, such as the Russia-Ukraine conflict and trends in US monetary policy that reflected acceleration of inflation.

\* Assumptions at the time of formulating the FY2023/3 earnings forecast

## Domestic and Foreign Interest Rates / Dollar Funding Cost



## US IG and HY Spread / US Dollar/Yen



# (Ref.) What are Non-revenue Dividends?

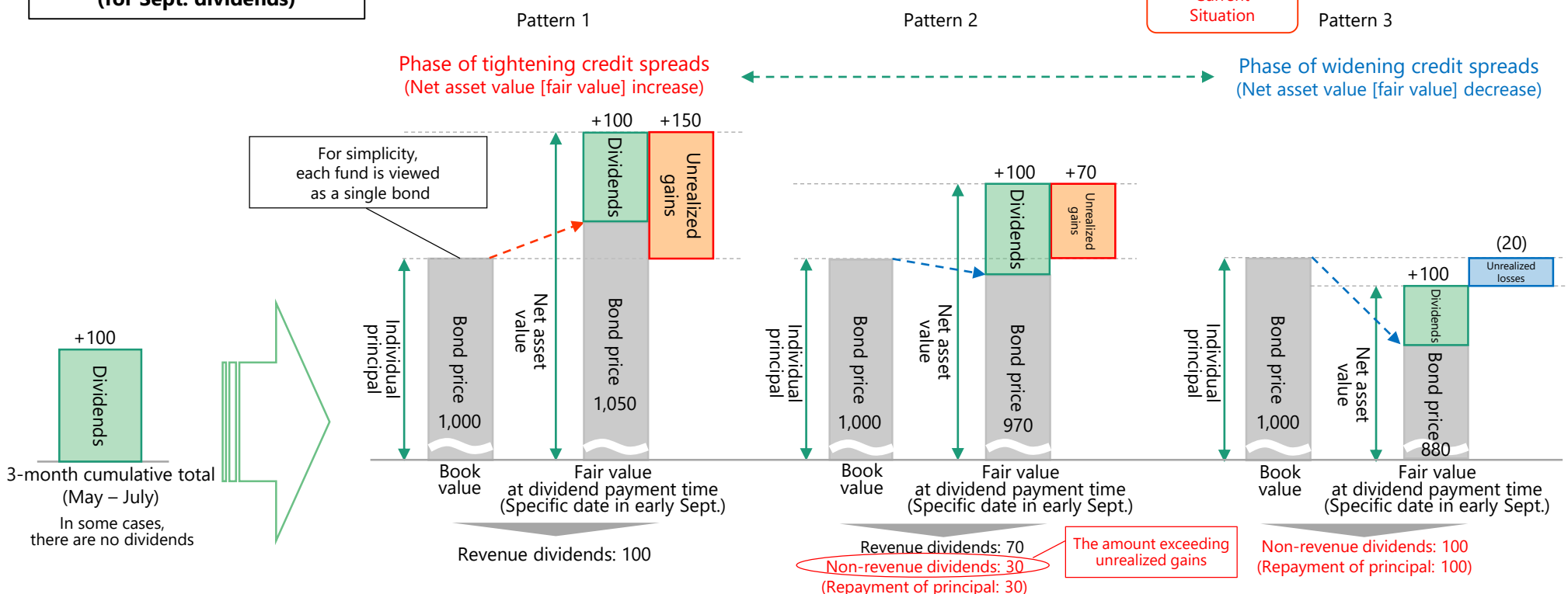
Dividends are classified into revenue dividends or non-revenue dividends and paid to the Bank by each fund (quarterly). The Bank recognizes only revenue dividends as income (non-revenue dividends are accounted for as the repayment of principal).

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 Sept. dividends)**

Expectations of the FY2023/3 plan

Current Situation



Dividends and fund's unrealized gains and losses (as of a specific date in early Sept.) 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, unless there are defaults on bonds held, etc. or others.

## Income Analysis

Net interest income for FY2023/3 1H decreased by ¥236.7bn year on year to ¥429.7bn.

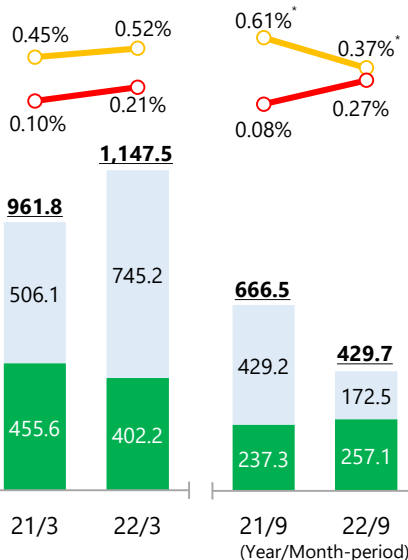
Overseas, we saw a steady increase in gains on private equity funds. On the other hand, gains on foreign bond investment trusts significantly decreased because of rising foreign currency funding costs and widening credit spreads, etc.

## Income Analysis (Non-consolidated)

¥bn

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

\* Annualized basis



Source: JGB interest rate information  
– Ministry of Finance Japan

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

¥bn

		FY2022/3 1H (A)	FY2023/3 1H (B)	Increase (Decrease) (B) – (A)
Domestic	Net interest income	(1) 237.3	257.1	19.8
	Interest income	262.2	280.4	18.2
	Interest on Japanese government bonds	159.2	130.5	(28.7)
	Interest expenses	24.9	23.3	(1.6)
Overseas	Net interest income	429.2	172.5	(256.6)
	Interest income	573.2	445.1	(128.1)
	Interest on foreign securities	(1) 573.0	442.8	(2) (130.2)
	Interest expenses	144.0	272.5	(3) 128.5
Total	Net interest income	666.5	429.7	(236.7)
	Interest income	770.3	611.0	(159.2)
	Interest expenses	103.7	181.2	77.5

Main drivers of  
increase and decrease

- (1) Including amounts from internal transactions between domestic and overseas that cancel each other out (the amount of elimination) (Ref.)  
The amount of elimination (1H)  
- FY2023/3: ¥114.5bn [YoY +¥49.3bn]  
- FY2022/3: ¥65.2bn
- (2) Decrease in gains on foreign bond investment trusts  
- Increase in foreign currency funding costs  
- Increase in non-revenue dividends due to widening of overseas credit spreads [YoY approx. +¥72.0bn] (Refer to page 11-12)
- (3) Steady increase in gains on private equity funds  
- Increase in foreign currency funding costs (Refer to page 11)  
- Increase in amount of elimination (Refer to (1))

# (Ref.) Net Interest Income (Financial Accounting) vs. Net Interest Income, etc. (Management Accounting) (Image)

## Net Interest Income, Net Other Operating Income (Loss), Non-recurring Gains (Losses) (Financial Accounting)

Net Interest Income	Domestic	Main Breakdown		
		Interest income	Japanese government bonds, Japanese local government bonds, Japanese corporate bonds, Corporate loans, Amount of elimination (between domestic and overseas)	
		Interest expenses	Deposits	
	Overseas	Investment management	Foreign bonds	
			Interest income	Foreign bond investment trusts (IG, HY, etc.) <b>*Including hedging costs, redemption gains (losses), Gains (losses) on cancellation</b>
				<b>Private equity funds (Profit distribution) (1)</b> <b>Real estate funds (Debt) (Investment trusts)</b>
	Interest expenses	Foreign bond hedging costs, Amount of elimination (between domestic and overseas)		
Net Other Operating Income (Loss)	Gains (losses) on foreign exchanges	Foreign bonds (Redemption, Sales)		
		Foreign bond hedging costs		
	Gains (losses) on bonds	Japanese government bonds (Sales), Foreign bonds (Sales)		
Non-recurring Gains (Losses)	Gains (losses) related to stocks	<b>Private equity funds (Redemption gains (losses)) (2)</b> Bear funds		
	Gains (losses) on money held in trust	Domestic stocks		
		Japanese government bonds		
		Real estate funds (Equity)		
		<b>Real estate funds (Debt) (Money held in trust)</b>		
	Direct lending funds			

## Net Interest Income, etc. (Management Accounting)

Net Interest Income, etc.	Main Breakdown		
	Yen interest rate PF (PF: Portfolio)	Japanese government bonds (including Sales)	
		Deposits	
	Credit PF	Japanese local government bonds, Japanese corporate bonds	
		Foreign bonds (Foreign corporate bonds)	
		Investment management	Foreign bond investment trusts (IG, HY, etc.) <b>*Including hedging costs, redemption gains (losses), Gains (losses) on cancellation</b>
			<b>Real estate funds (Debt)</b>
			Direct lending funds
		Foreign bond hedging costs	
	Foreign government bond PF	Foreign bonds (Foreign government bonds (including Redemption and Sales))	
		Foreign bond hedging costs	
	Stock PF	Domestic stocks, Bear funds	
	Alternative PF	<b>Private equity funds (1) + (2)</b>	
		Real estate funds (Equity)	
	Finance PF	Corporate loans	



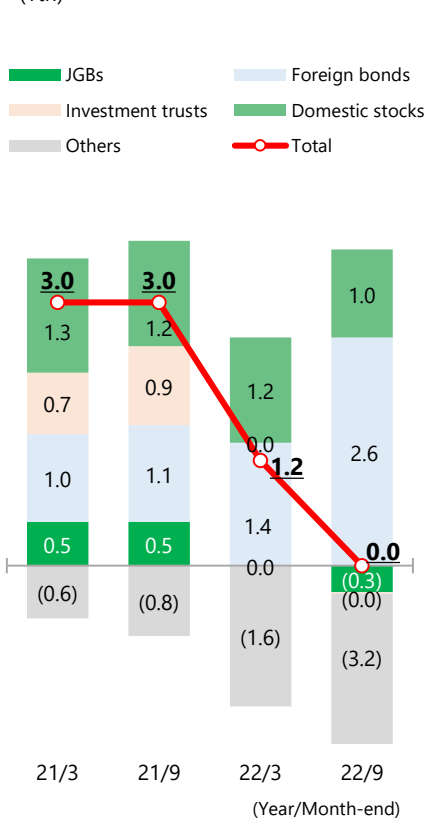
# Unrealized Gains (Losses) on Financial Instruments

Net unrealized gains on financial instruments (available-for-sale) after taking into consideration gains (losses) from hedge accounting were ¥59.4bn as of September 30, 2022 (before application of tax effect accounting), decreasing by ¥1,163.6bn from March 31, 2022.

Unrealized gains decreased considerably in line with rising domestic and overseas interest rates and widening foreign credit spreads, but are being propped up by unrealized gains from private equity funds that have been newly recorded due to application of fair valuations.

## Available-for-sale Securities (Non-consolidated)

(¥tn)



	As of Sept. 30, 2022 Amount on the balance sheet / Notional amount		As of Sept. 30, 2022 Net unrealized gains (losses) / Net deferred gains (losses)	
		vs Mar. 31, 2022		vs Mar. 31, 2022
Available-for-sale	120,842.0	(1,878.4)	1,171.1	(830.9)
Securities (a)	114,393.7	(2,498.4)	2,196.1	523.1
Japanese government bonds	28,872.2	(5,413.3)	(376.9)	(1) (462.7)
Foreign bonds	23,179.0	477.8	2,608.5	(2) 1,124.3
Investment trusts*	52,313.1	2,778.7	(26.8)	(3) (109.2)
Others	10,029.2	(341.7)	(8.5)	(29.3)
Effect of fair value hedge accounting (b)			(2,236.6)	(4) (1,383.6)
Money held in trust (c)	6,448.3	620.0	1,211.6	29.6
Domestic stocks	1,898.8	(125.7)	1,079.8	(122.4)
Others	4,549.4	745.7	131.8	152.0
Derivatives for which deferred hedge accounting is applied (d)	17,444.7	1,363.0	(1,111.7)	(5) (332.6)
Total (a) + (b) + (c) + (d)			59.4	(1,163.6)

Main drivers of increase and decrease

- (1) ● Unrealized gains decreased due to rising domestic interest rates
- (2) ● On the asset side, interest rate increases and widening overseas credit spreads did not deter unrealized gain increases due to the depreciation of the yen (currency hedges with (4) (5))
- (3) ● While approx. ¥1.2tn of unrealized gains on private equity funds is newly included, unrealized gains decreased due to widening overseas credit spreads, US long-term interest rates increases, etc.
- (4) (5) ● As for currency hedging positions (corresponding to (2)), unrealized losses expanded due to the depreciating yen

\* Investment trusts are mainly invested in foreign bonds. While net unrealized gains on investment trusts were ¥82.3bn as of March 31, 2022, net unrealized gains on investment trusts when it applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (revised 2021) were ¥1,348.8bn (estimate).

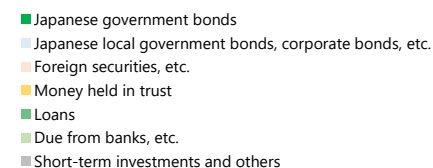


At the end of September 2022, investment assets were ¥222.8tn, a decrease of ¥6.8tn compared to the end of March 2022.

Although foreign securities, etc. increased mainly due to an increase in balances and fair value assessments, Japanese government bonds and due from banks, etc. decreased significantly. In particular, a decrease in due from banks, etc. was seen as outstanding balances of Bank of Japan deposits decreased.

### Investment Assets (Non-consolidated)

(¥tn)



(¥bn)

	Balance		
	As of Sept. 30, 2022	%	vs Mar. 31, 2022
Securities	137,156.0	61.5	(2,393.0)
Japanese government bonds	41,999.4	18.8	(1) (7,260.2)
Japanese local government bonds, corporate bonds, etc. <sup>*1</sup>	16,816.8	7.5	662.4
Foreign securities, etc.	78,339.7	35.1	4,204.7
Foreign bonds	25,924.7	11.6	(2) 1,415.0
Investment trusts <sup>*2</sup>	52,313.1	23.4	(3) 2,778.7
Money held in trust	6,448.3	2.8	620.0
Domestic stocks	1,898.8	0.8	(125.7)
Loans	5,423.0	2.4	981.1
Due from banks, etc. <sup>*3</sup>	60,144.6	26.9	(4) (6,478.2)
Short-term investments and others <sup>*4</sup>	13,685.5	6.1	433.1
Total	222,857.6	100.0	(6,836.9)

Main drivers of  
increase and decrease

- (1) ● Decrease due to redemption, etc.
- (2) ● Increase in balances (CLO, etc.) and increase in fair value due to the depreciation of the yen
- (3) ● Mainly due to the impact of increases in private equity funds [approx. +¥2.1tn]  
 – Increase in fair value [approx. +¥1.2tn]  
 – Increase in balances [approx. +¥0.8tn]
- (4) ● Decrease in outstanding balances of Bank of Japan deposits

\*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.

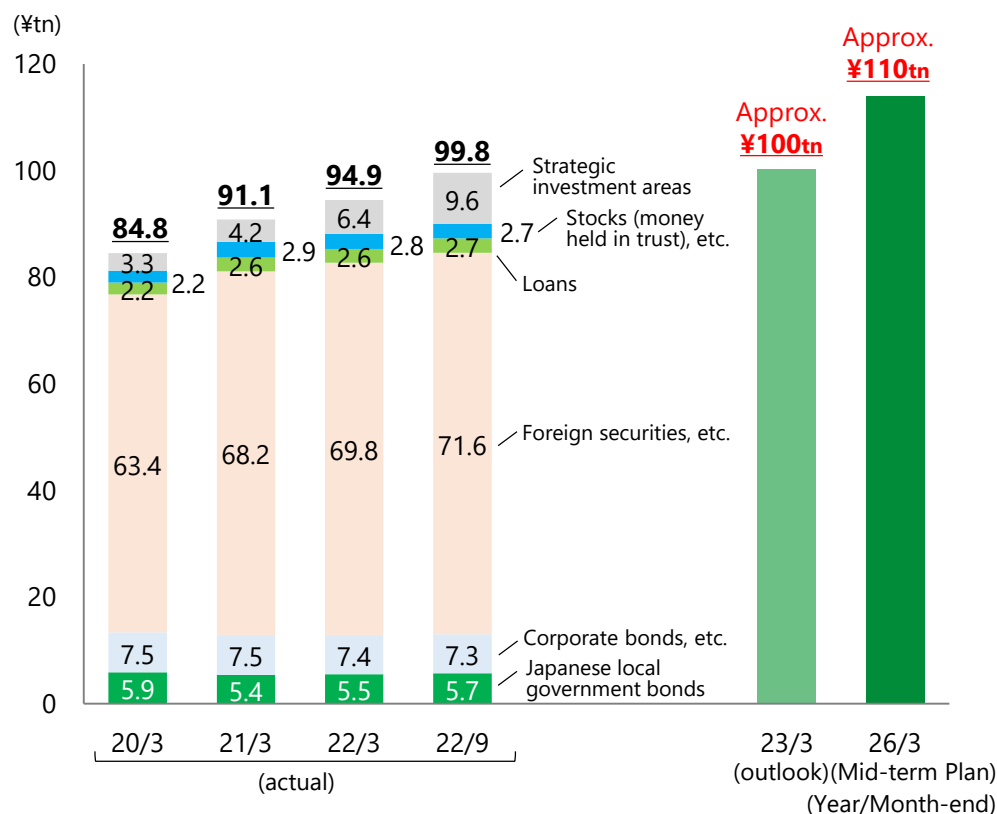
\*3 "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.

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

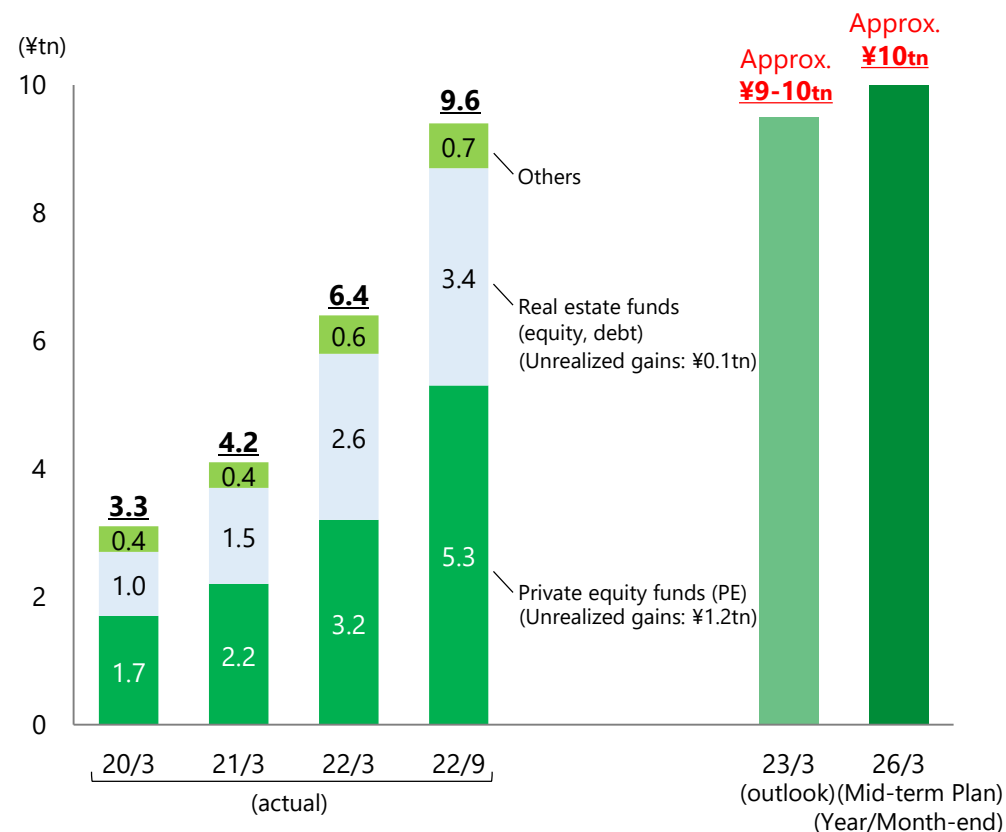
The balance of risk assets\*1 as of September 30, 2022 was ¥99.8tn, increasing by ¥4.9tn from March 31, 2022. This is primarily due to the fact that the balance of strategic investment areas\*2 was ¥9.6tn, increasing by ¥3.1tn, as a result of the application of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (revised 2021), the assessment of fair value of private equity funds, etc.

\*1 Assets other than yen interest rates (JGBs, etc.) \*2 Private equity funds, Real estate funds (equity, debt), Direct lending funds and Infrastructure debt funds, etc.

### Risk Assets\*1 (Non-consolidated)



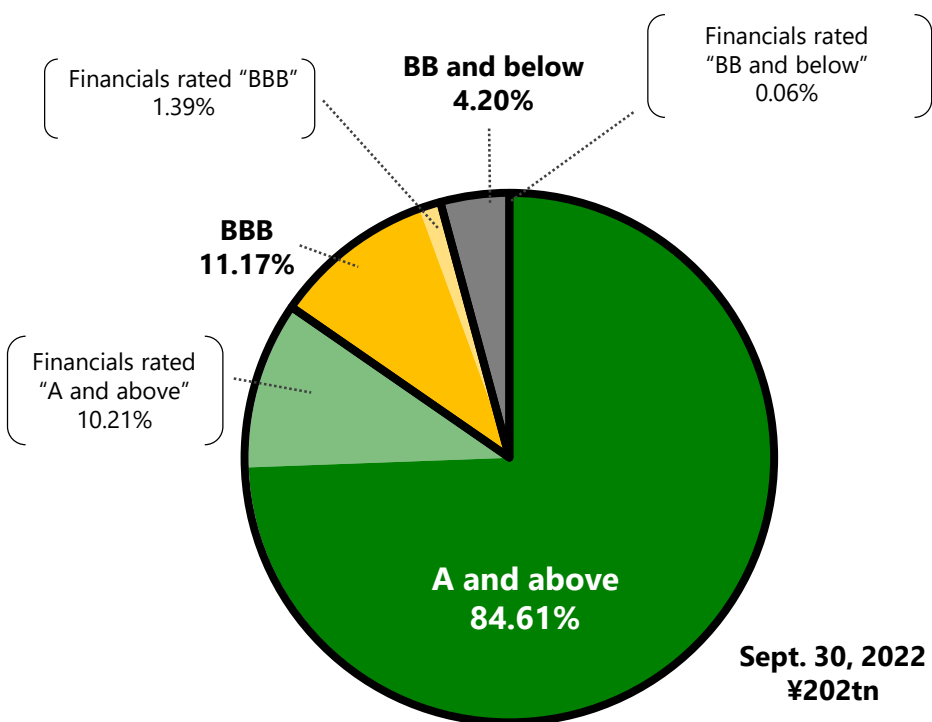
### Strategic Investment Areas\*2 (Non-consolidated)



Note: Following the application of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (revised 2021), private equity funds and real estate funds, excluding some assets, are calculated on a **fair value basis** from FY2023/3 onward.

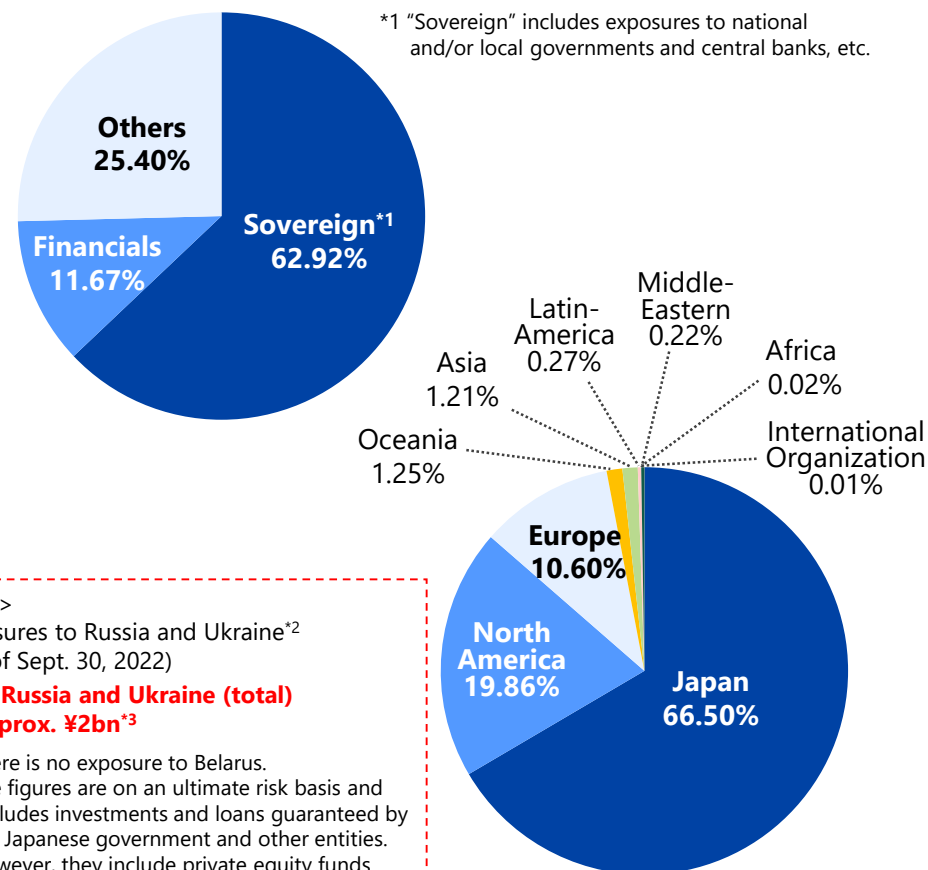
Breakdown of the Bank's investment assets,  
By credit rating: around 84% are rated A or above, and around 95% are rated IG (BBB or above).

### Exposures Classified by Ratings (Non-consolidated)



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

### Exposures Classified by Sector and Region (Non-consolidated)



<Ref.>  
Exposures to Russia and Ukraine\*2  
(As of Sept. 30, 2022)

**To Russia and Ukraine (total)  
Approx. ¥2bn\*3**

\*2 There is no exposure to Belarus.

\*3 The figures are on an ultimate risk basis and excludes investments and loans guaranteed by the Japanese government and other entities. However, they include private equity funds.

The balance of yen interest rate assets decreased significantly from March 31, 2022 due to a decrease in the balance of Japanese government bonds and the outstanding balance at the Bank of Japan deposits.

Total net gains/losses for each portfolio, especially risk assets decreased year on year, due to the impact of increased foreign currency funding costs, etc.

### Balance (Non-consolidated)

	As of Mar. 31, 2022 (A)	As of Sept. 30, 2022 (B)	Increase (Decrease) (B) – (A)
	(¥bn)		
Yen interest rates assets	125,657.4	113,899.3	(11,758.0)
Short-term assets	73,223.3	68,493.4	(4,729.9)
Japanese government bonds and government guaranteed bonds	52,434.0	45,405.9	(7,028.1)
Risk assets	94,960.7	99,870.3	4,909.6
Japanese local government bonds	5,580.8	5,707.1	126.2
Japanese corporate bonds, etc.	7,496.5	7,345.0	(151.4)
Foreign securities, etc.	69,865.1	71,684.3	1,819.2
Loans	2,692.4	2,759.0	66.5
Stocks (money held in trust), etc.	2,849.7	2,757.4	(92.2)
Strategic investment areas	6,475.9	9,617.2	3,141.3

Notes: 1. Since these figures are calculated on management accounting basis, they are not equal to the figures for balance of each categories on page 16 and 36, and also the sum of "Yen interest rates assets" and "Risk assets" is not equal to the "Total" on page 16 and 36.  
2. Strategic investment areas: Private equity funds, Real estate funds (equity, debt), Direct lending funds and Infrastructure debt funds, etc.

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

	FY2022/3 1H		FY2023/3 1H	
	Average Balance	Net gains (losses)	Average Balance	Net gains (losses)
Total portfolio	212.4	323.8	215.8	213.0
Yen interest rates assets	120.4	(292.1)	118.4	(262.4)
Customer-based funding and marketing	—	(445.6)	—	(417.7)
Investment side, etc.	—	153.5	—	155.3
Risk assets	91.9	615.9	97.4	475.5

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.

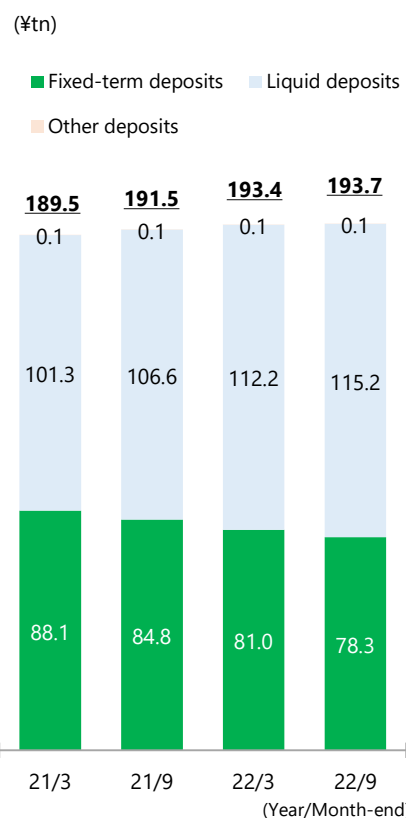
Net gains/losses = Net interest income, etc. (Interest income – Interest expenses (including net gains and losses on sales, etc.)) + Net fees and commission income (Fees and commission income – Fees and commission expenses) – Expenses (equivalent to general and administrative expenses in our statement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

# Deposit Balance

Deposits on September 30, 2022 amounted to ¥193.7tn, up ¥0.2tn from March 31, 2022.

Ordinary deposits increased by ¥2.7tn due to transfers from time and TEIGAKU deposits at maturity, etc.

## Deposit Balance (Non-consolidated)



	As of Mar. 31, 2022 (A)	As of Sept. 30, 2022 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	112.2	115.2	3.0
Transfer deposits	10.7	11.0	0.2
Ordinary deposits, etc.*	100.8	103.5	(1) 2.7
Savings deposits	0.6	0.7	(2) 0.0
Fixed-term deposits	81.0	78.3	(2.7)
Time deposits	4.3	3.8	(0.4)
TEIGAKU deposits	76.6	74.4	(2.2)
Other deposits	0.1	0.1	(0.0)
Total	193.4	193.7	0.2

Main drivers of  
increase and decrease

(1) (2)

- Transfers from time and TEIGAKU deposits to ordinary deposits at maturity, etc.

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

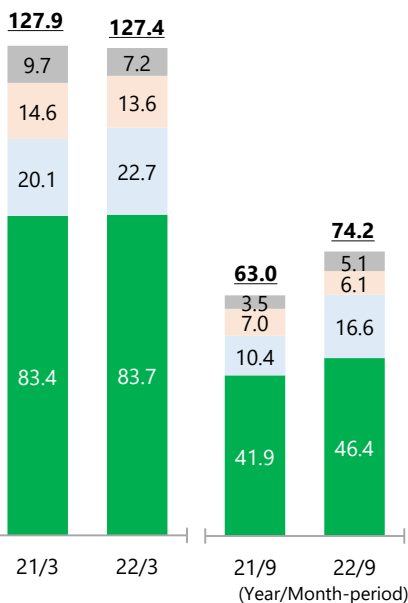
Net fees and commissions for FY2023/3 1H increased by ¥11.2bn year on year to ¥74.2bn.

Due to the impact of the January 2022 fee revision, etc., we saw a steady increase in net fees and commissions from the previous year, and are ahead of our plan (+¥3bn compared to the plan).

### Fees and Commissions (Non-consolidated)

(¥bn)

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



	FY2022/3 1H (A)	FY2023/3 1H (B)	Increase (Decrease) (B) - (A)
Net fees and commissions	63.0	74.2	11.2
Exchange and settlement transactions	41.9	46.4	4.4
Zengin-net fee	6.8	6.3	(0.4)
ATM related commissions	10.4	16.6	6.1
Investment trust related commissions*1	7.0	6.1	(0.8)
Variable annuities	0.0	0.1	0.1
JGBs related commissions	0.5	0.9	0.3
Credit cards	2.0	1.7	(0.3)
Consumer loans	0.5	0.6	0.0
Others	0.3	1.6	1.3

Main drivers of increase and decrease

- (1) (2) (4) The impact of the fee revision in January 2022 [Ref.]  
Main examples of the fee revision
  - Exchange and settlement transactions  
Fee increases in cash payment service
  - ATM related commissions  
Fee increases in convenience store ATMs\*2  
Charging after-hours fees in external ATMs\*3
  - Others  
Establish new coin handling fees
- (3) Decrease in sales fees  
The impact of no sales fees for online purchases of investment trusts, etc. is greater than that of increasing sales amount of investment trust (Refer to page 22)

\*1 Includes Yucho Fund wraps (discretionary investment contract services).  
\*2 Lawson ATMs, E-net ATMs  
\*3 Installed in stations, malls and FamilyMart convenience stores, etc.

In the Mid-term Plan, we propose “complementarity between the physical and the digital”, and set three areas in which we particularly need to focus our efforts.

Although the current external environment is changing rapidly, strategies and policies are generally proceeding according to the plan in all areas.

### Mid-term Plan

**Innovating retail business into a new form by realizing complementarity between the physical and the digital**

1) Asset Building Support Business

2) Digital Services Strategy

3) New Business

### Current External Environment

Concerns about spread of infection	Advances in digitalization
Decline in consumer spending due to rising inflation	Newcomers across industries

**In this rapidly changing external environment, our efforts are progressing steadily in three main areas.**

### 1) Asset Building Support Business

#### [Policies]

Sales that prioritizes “quality” and “a customer-oriented perspective” / Self-processing (Work reforms and productivity improvements)

- No sales fees for online purchases of investment trusts
- Renovating investment trust webpage

Note: Number of funds is as of Sept. 30, 2022

Yucho Bankbook App / Yucho Direct	
Customers meeting their own transactional needs	
Sales fees	Products
None	Investment Trusts (115 funds in total, including 71 funds only for online purchases)

- Promoting installment-type investments through Tsumitate NISA, etc.
- Expanding acceptance of investments in investment trusts at introducing post offices
- Newly handling Yucho Fund wraps

#### Directly-operated Branches

To respond to a wide range of customer needs

Sales fees	Products
Applicable	Investment trusts (44 funds), Yucho Fund wraps, etc.

#### Post Offices

(Handling post offices approx. 1,500  
Introducing post offices approx. 18,000)

Mainly to meet the consultation needs of customers with little investment experience

Sales fees	Products
Applicable	Investment trusts (20 funds), etc.

### 2) Digital Services Strategy

#### [Policies]

Diversification of transaction channels (Work reforms and productivity improvements)

- Releasing JP Bank account opening app
- Adding new features to Yucho Bankbook App
- Preparing for PFM\*1 App release

Establish Co-creation Platform (Refer to page 32-33)

\*1 Personal Financial Management

### 3) New Business

#### [Policies]

Expanding new services that respond to customer needs

- Issuing Japan Post Bank Debit cards
- Newly handling Yucho Fund wraps

#### Others (ATM Business)

\*2 Refer to page 23

#### [Policies]

Efficient ATM placement /

Self-processing (Work reforms and productivity improvements) /

Promoting ATM collaboration (ATM network platform\*2)

- Tying up on mutual ATM usage with regional financial institutions
- Installing ATMs with bankbook carryover functions

The Digital

The Physical

Complementarity

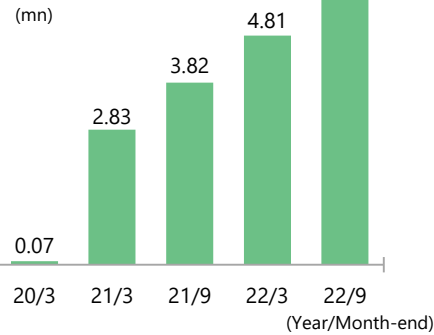
# Fees and Commissions

## - (3) Related Information -

### Sales KPI

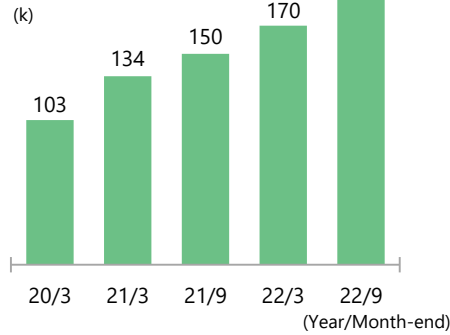
Number of accounts registered in the Bankbook App

FY2026/3 Target  
10 million accounts



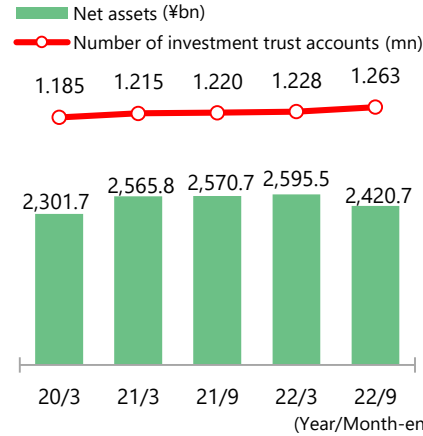
Number of Tsumitate NISA Operation Accounts

FY2026/3 Target  
400 thousand accounts

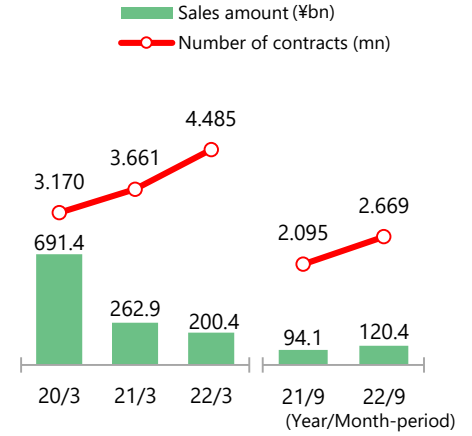


### Investment Trust

Net Assets / Number of Investment Trust Accounts

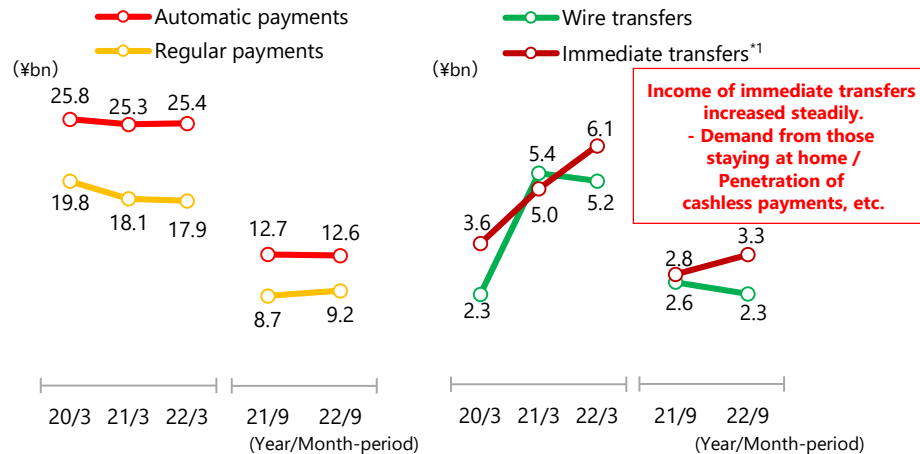


Sales Amount / Number of Contracts



### Exchange and Settlement Transactions

#### Income of Key Products (Management Accounting Basis)



### ATM Network

The Largest Number of ATMs

As of Sept. 30, 2022  
Number of ATMs **Approx. 31,700**  
Of which compact ATMs\*2 **Approx. 5,400**

Collaboration with Various Financial Institutions

As of Sept. 30, 2022  
Number of partner financial institutions available at ATMs **Approx. 1,300**  
Of which institutions sharing ATM network platform\*3 **20**  
(In FY2023/3 1H: 3 institutions)

\*2 Installed in FamilyMart convenience stores, etc.

\*3 A partnership arrangement for waiving fees when an ATM card of a regional financial institution is used at a JP Bank ATM. Terms and conditions for waiving fees are set by each financial institution.

\*1 Income is published (and past figures amended) from this fiscal year, as is the case for other products.

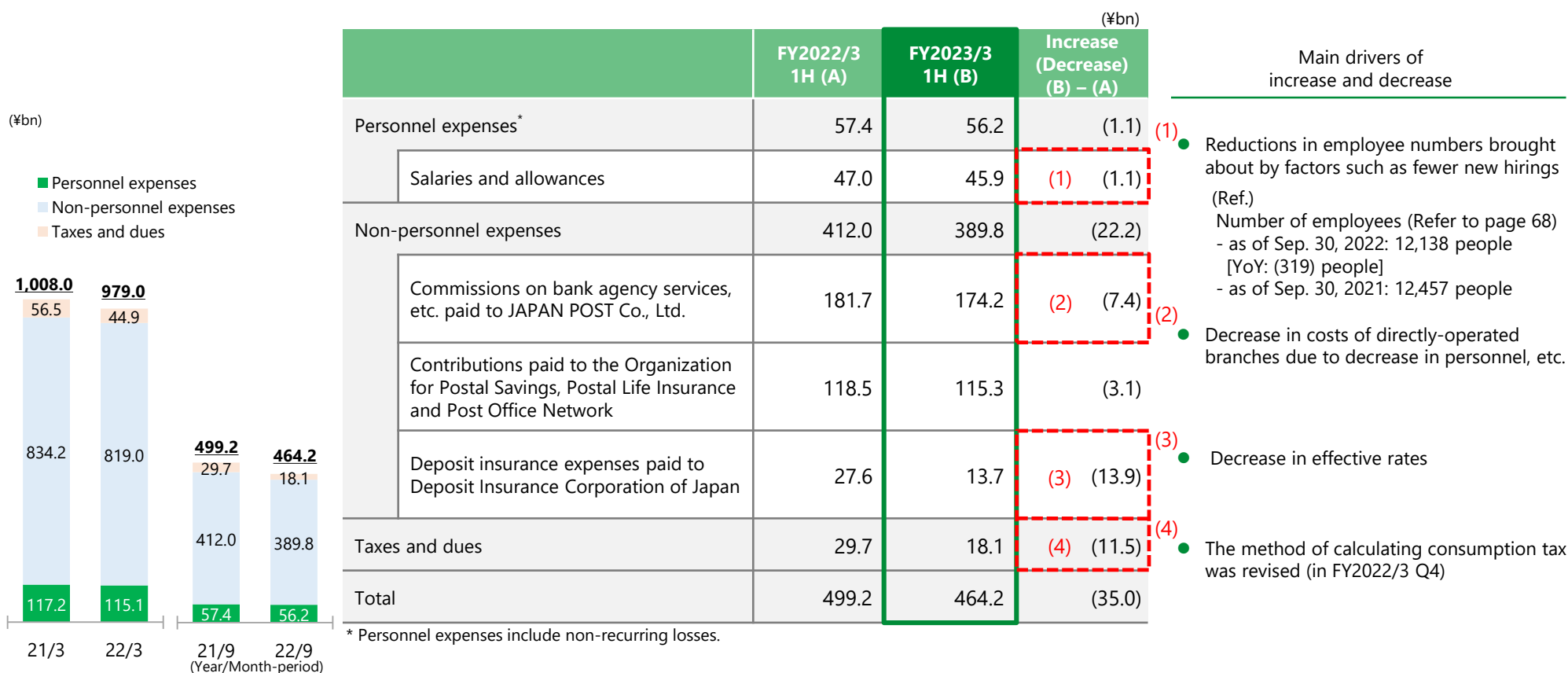


# General and Administrative Expenses

General and administrative expenses for FY2023/3 1H decreased by ¥35.0bn year on year to ¥464.2bn.

Due to the reduction of commissions on bank agency services, etc. paid to Japan Post, deposit insurance expenses and consumption tax, etc., general and administrative expenses have steadily decreased from the previous year and are ahead of our plan (reduced by ¥4bn compared to the plan).

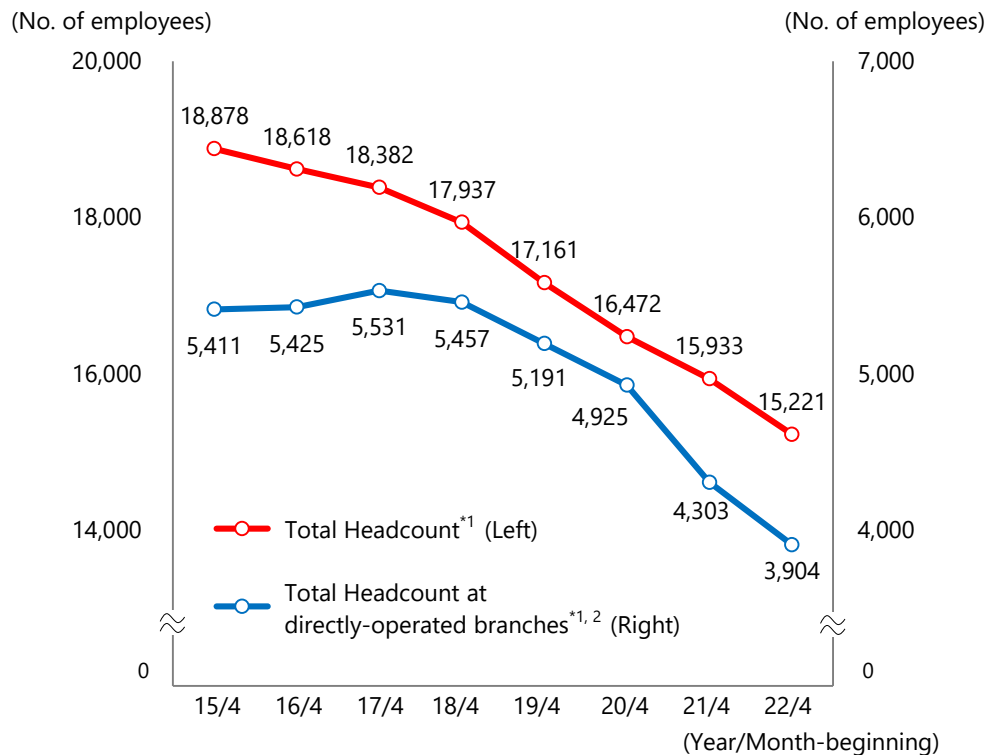
## G&A Expenses (Non-consolidated)



# Headcount Reduction, Work Reforms and Productivity Improvements

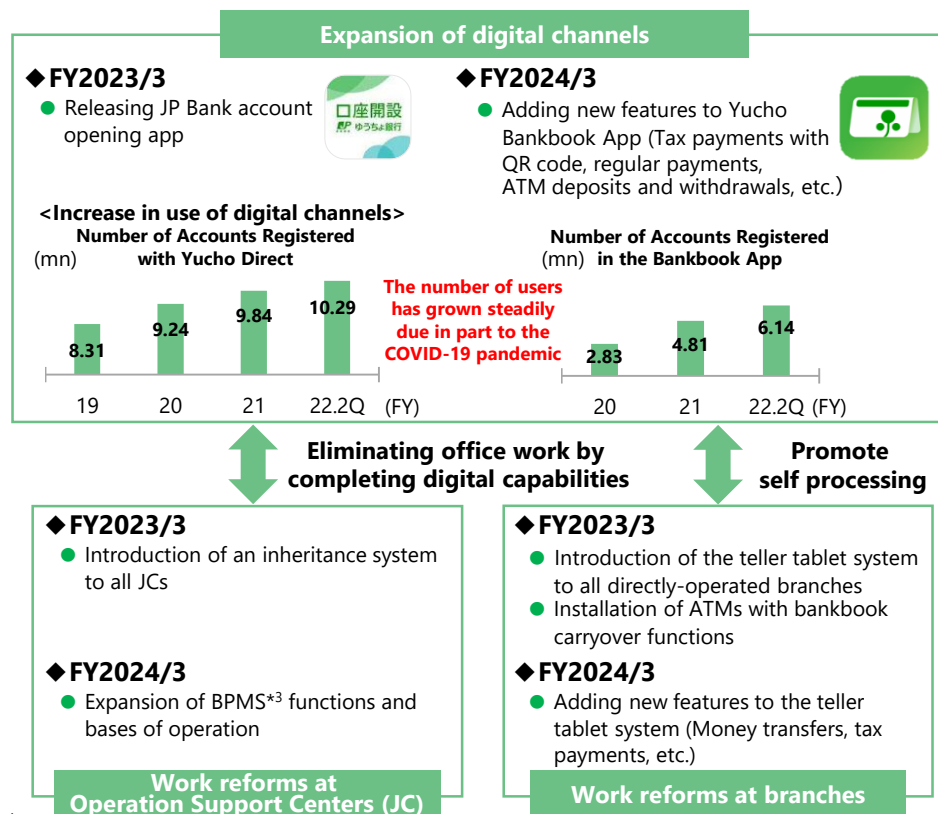
Reduced the total headcount by improving administrative efficiency and optimizing the number of administrative staff. As for work reform initiatives, the policies set forth in the Mid-term Plan (introduction of the teller tablet system, etc.) are progressing steadily.

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



\*1 Includes non-regular employees. \*2 Headcount of Counter Services, Financial Consulting and Fund managing Department. \*3 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.

## Work Reforms and Productivity Improvements



Continuous improvements to productivity

We implement the capital policy, balancing shareholder returns, financial soundness and growth investments.

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\*1 of approximately 10% as the minimum level to be secured in ordinary times, based on the idea that we should aim for capital management of a level commensurate with large-scale domestic financial institutions.

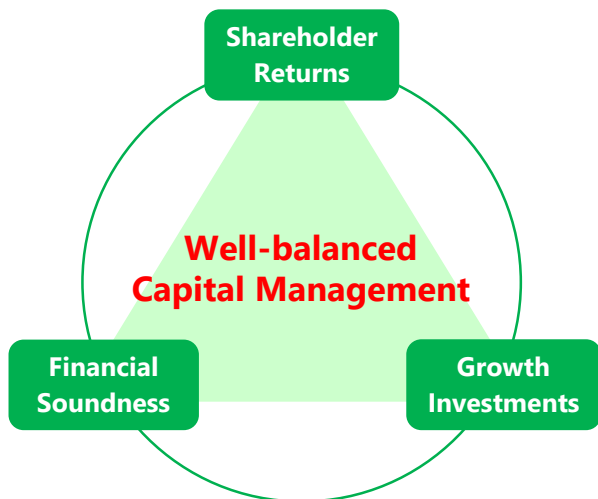
\*1 Based on excluding unrealized gains on available-for-sale securities. Based on full implementation of Basel III in FY2026/3.

## Shareholder Returns

### <Shareholder return policy>

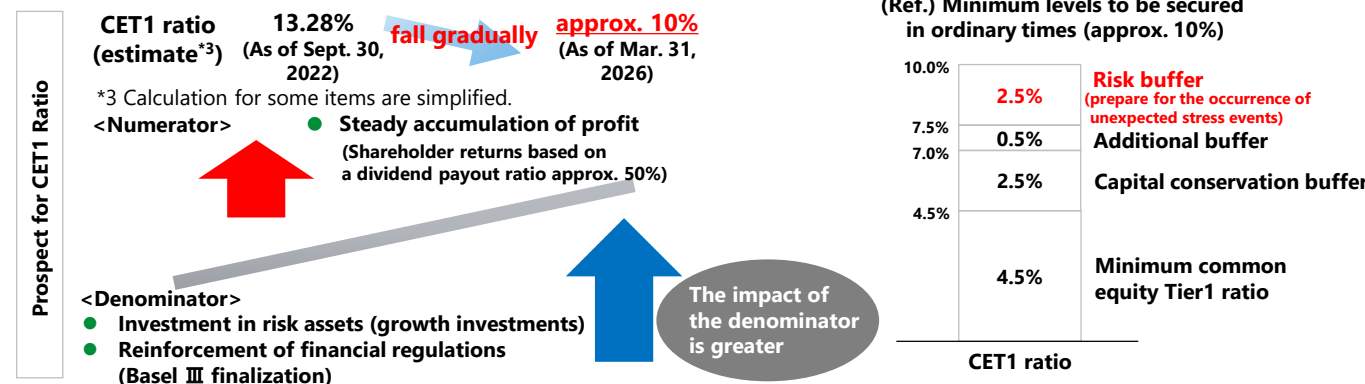
- Taking into consideration the balance between shareholder returns, financial soundness and growth investments, throughout the term of the Mid-term Plan (FY2022/3 through FY2026/3), the basic policy is to maintain a dividend payout ratio of approximately 50%.
- However, the target dividend payout ratio 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\*2 with regard to the Bank shares, we are also considering implementing additional shareholder return policies, including share buyback in the future.

\*2 As a Japan Post Group policy, Japan Post Holdings aims to dispose of its equity interests in the Bank to lower the holding ratio to 50% or less as early as possible during the Mid-term plan.



## Financial Soundness and Growth Investments

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

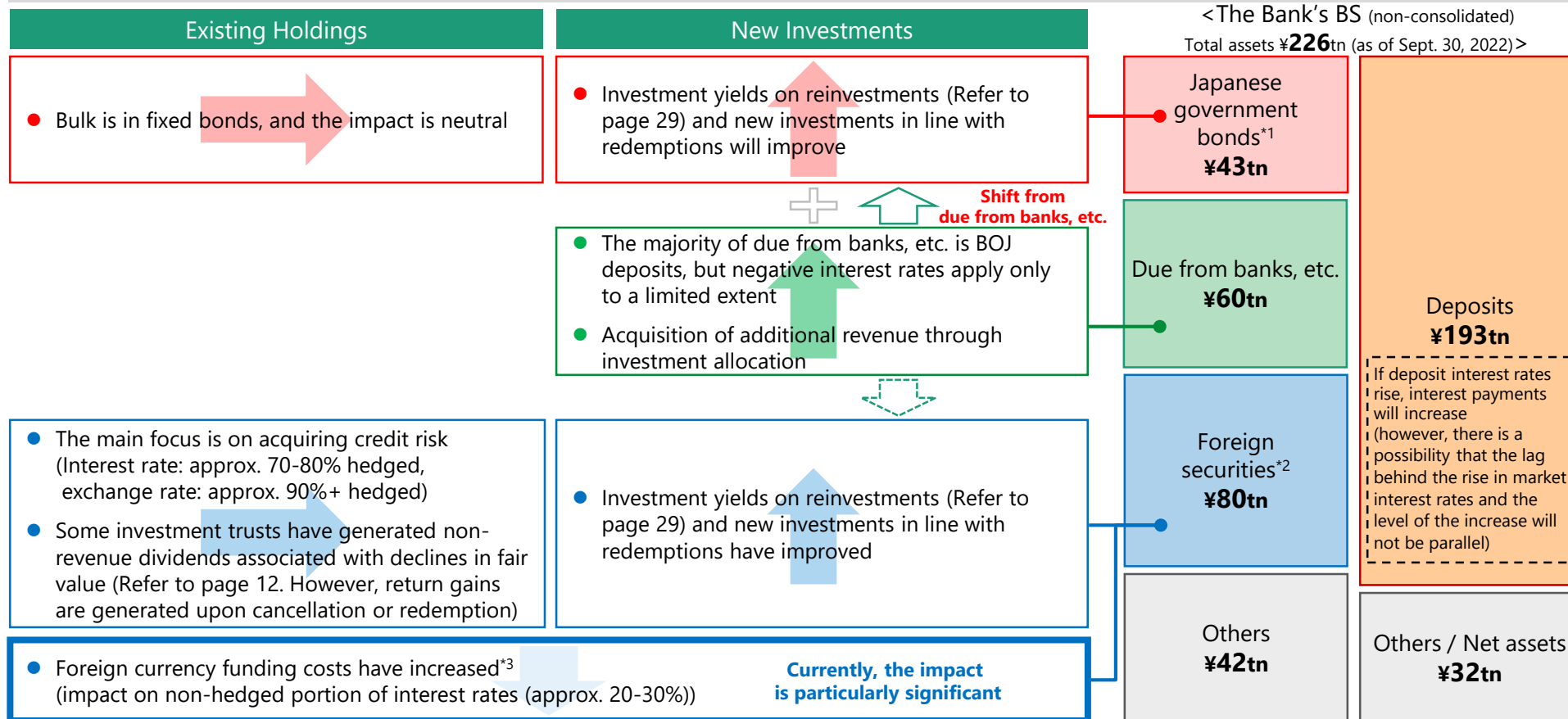


# Impact of Rising Domestic and Overseas Interest Rates, and Widening Credit Spreads (1)

## Projected Impact on P/L Due to Rising Domestic and Overseas Interest Rates, and Widening Credit Spreads

### <Assumptions>

- Visualize the impact of the current market environment (based on expansion and increase of each risk factor in page 11 assumed from March 31, 2022 to September 30, 2022 (present)). (E.g.) 10-year JGB: approx. +5bp, 5-year UST: approx. +150bp, dollar funding costs: approx. +350bp, IG spread: approx. +50bp, etc.
- Below assumes 10-year JGB rates will rise to a higher level compared with the current situation, such that it is profitable to shift from due from banks, etc. to Japanese government bonds.

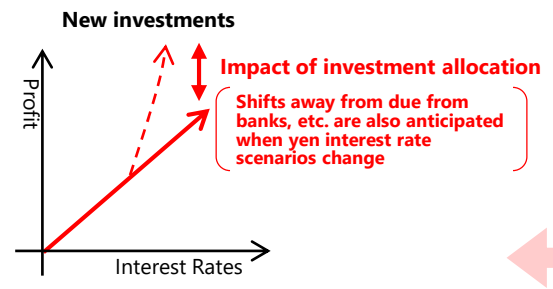
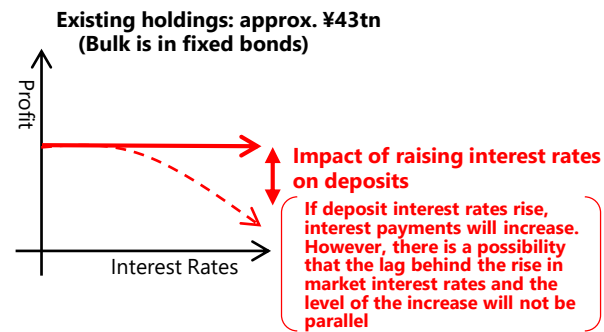


\*1 Include Japanese government bonds in money held in trust. \*2 Include real estate funds (debt) and direct lending funds in money held in trust.

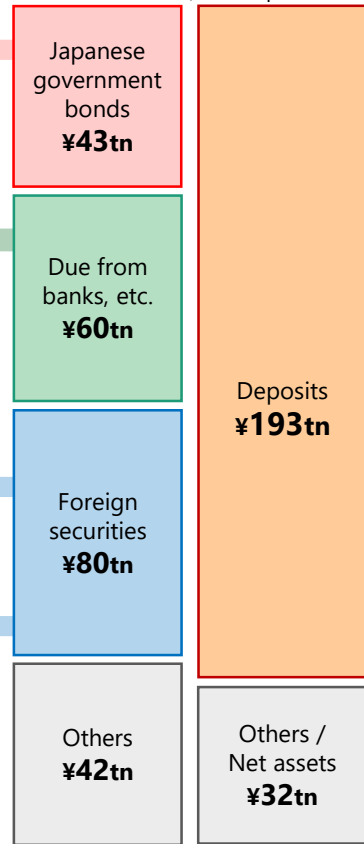
\*3 Investment trusts raise capital within the fund, and foreign currency funding costs depend on differences in domestic and foreign interest rates.

# Impact of Rising Domestic and Overseas Interest Rates, and Widening Credit Spreads (2)

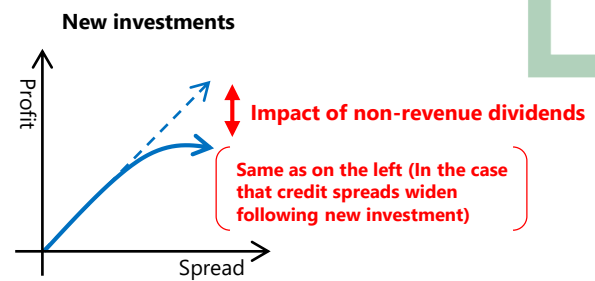
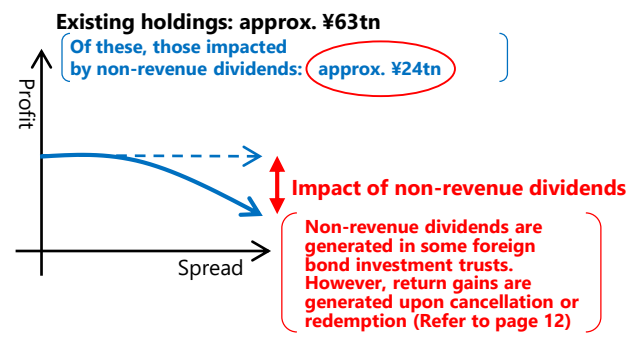
**Yen interest rates risk**



[ Repeated from previous page ]  
 The Bank's BS (non-consolidated)  
 Total assets ¥226tn (as of Sept. 30, 2022)

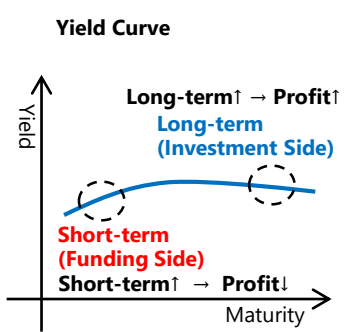


**Credit risk**



--> Cash flow    -> Profit

**Foreign currency interest rates risk (Difference in long- and short-term interest rates)**



Existing holdings

**Impact of Short-term ↑ / Long-term ↑**

The downturn in earnings caused by the increase in foreign currency funding costs is significant. Note that some foreign bond investment trusts generate non-revenue dividends associated with the rise in long-term interest rates.

approx. ¥17tn

(Of these, those impacted by non-revenue dividends: approx. ¥7tn)

New investments

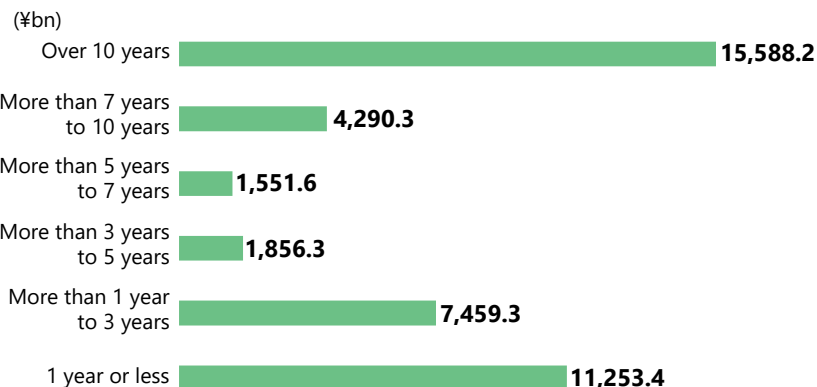
**Impact of Short-term ↑ / Long-term ↑**

The impact on profits depends on the difference in long- and short-term interest rates

# (Ref.) Balances of Securities Based on the Remaining Time to Maturity, etc.

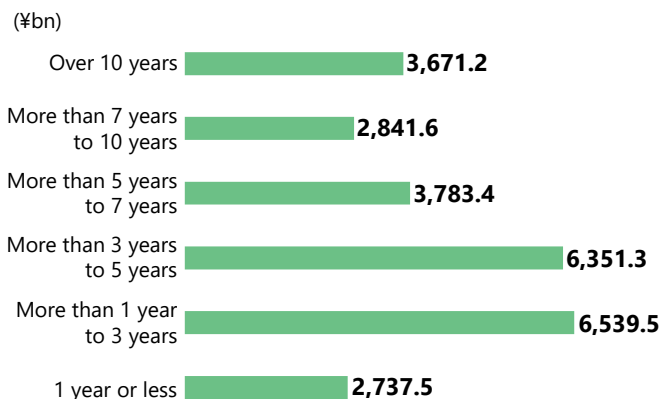
## Balances Based on the Remaining Time to Maturity (Ending balance basis, as of Sept. 30, 2022)

**Balance of Japanese government bonds: ¥41,999.4bn**  
(Held-to-maturity: ¥13,127.2bn, Available-for-sale: ¥28,872.2bn)



## Balance of Foreign bonds: ¥25,924.7bn

(Held-to-maturity: ¥2,745.6bn, Available-for-sale: ¥23,179.0bn)



## Balances (Based on average balances, FY2023/3 1H)

### Balance of Japanese government bonds and Foreign securities, etc.

(¥bn)

	FY2023/3 1H	
	Average Balance	(Ref.) Ending Balance
Japanese government bonds	47,832.0	41,999.4
Foreign securities, etc.	77,412.2	78,339.7
Foreign bonds	26,761.8	25,924.7
Investment trusts	50,561.8	52,313.1

### Balance of Deposits

(¥tn)

	FY2023/3 1H	
	Average Balance	(Ref.) Ending Balance
Liquid deposits	114.5	115.2
Transfer deposits	11.0	11.0
Ordinary deposits, etc.*	102.7	103.5
Savings deposits	0.7	0.7
Fixed-term deposits	79.7	78.3
Time deposits	4.1	3.8
TEIGAKU deposits	75.5	74.4
Other deposits	0.2	0.1
Total	194.4	193.7

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

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## 2. Progress on Important Themes

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# General Remarks (Mid-term Plan Deep Dive)

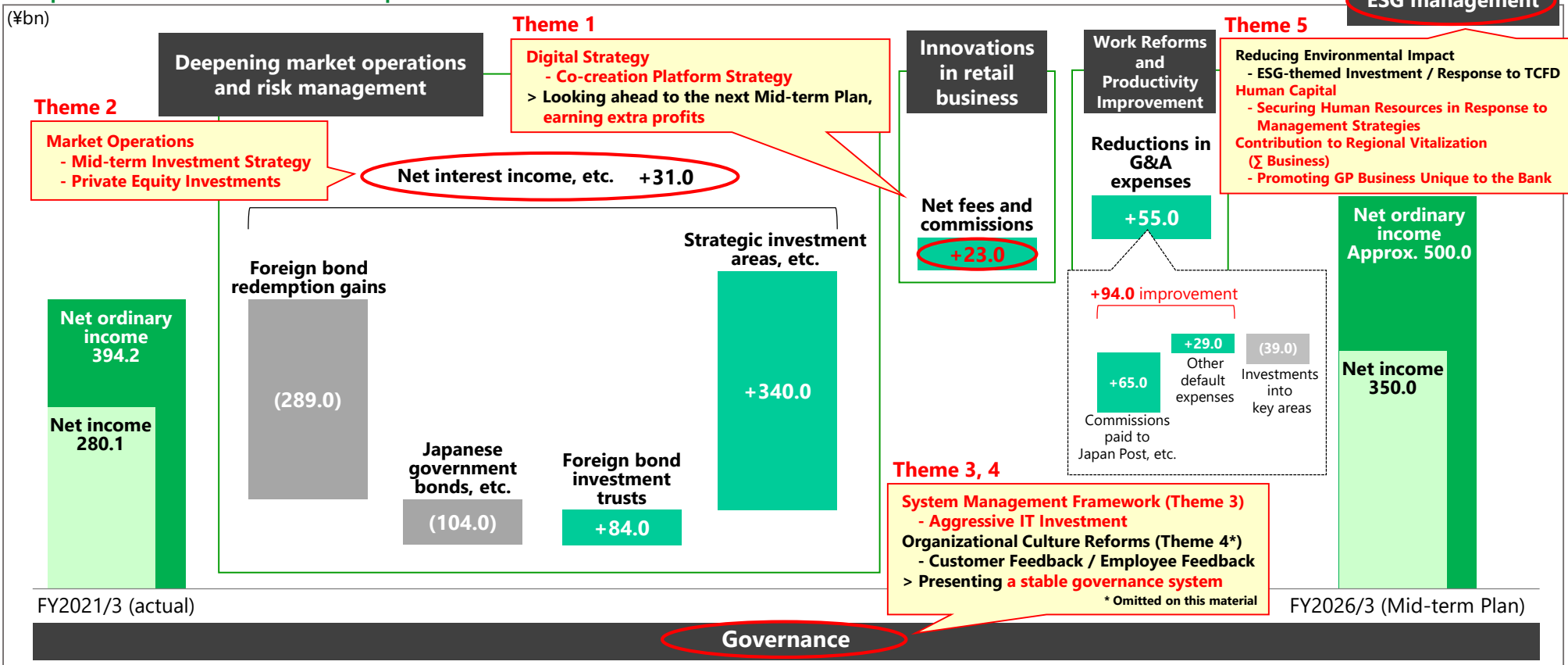
We updated the “five themes to be given particular focus among the five key strategies formulated in the Mid-term Plan” based on recent conditions.

However, Theme 4 is omitted because it is progressing steadily in accordance with the previous disclosures.

Business environment	Increased social demands on the banking business > Stable system operations / Money laundering / Cyber security	Reduced profit opportunities for banking businesses > Unstable economic and financial environment / Fintech companies entering the market	Increased social interest in ESG management > Both improvements in corporate value and contributions to the solution of social issues
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<Excerpt from Mid-term Plan Profit Roadmap>

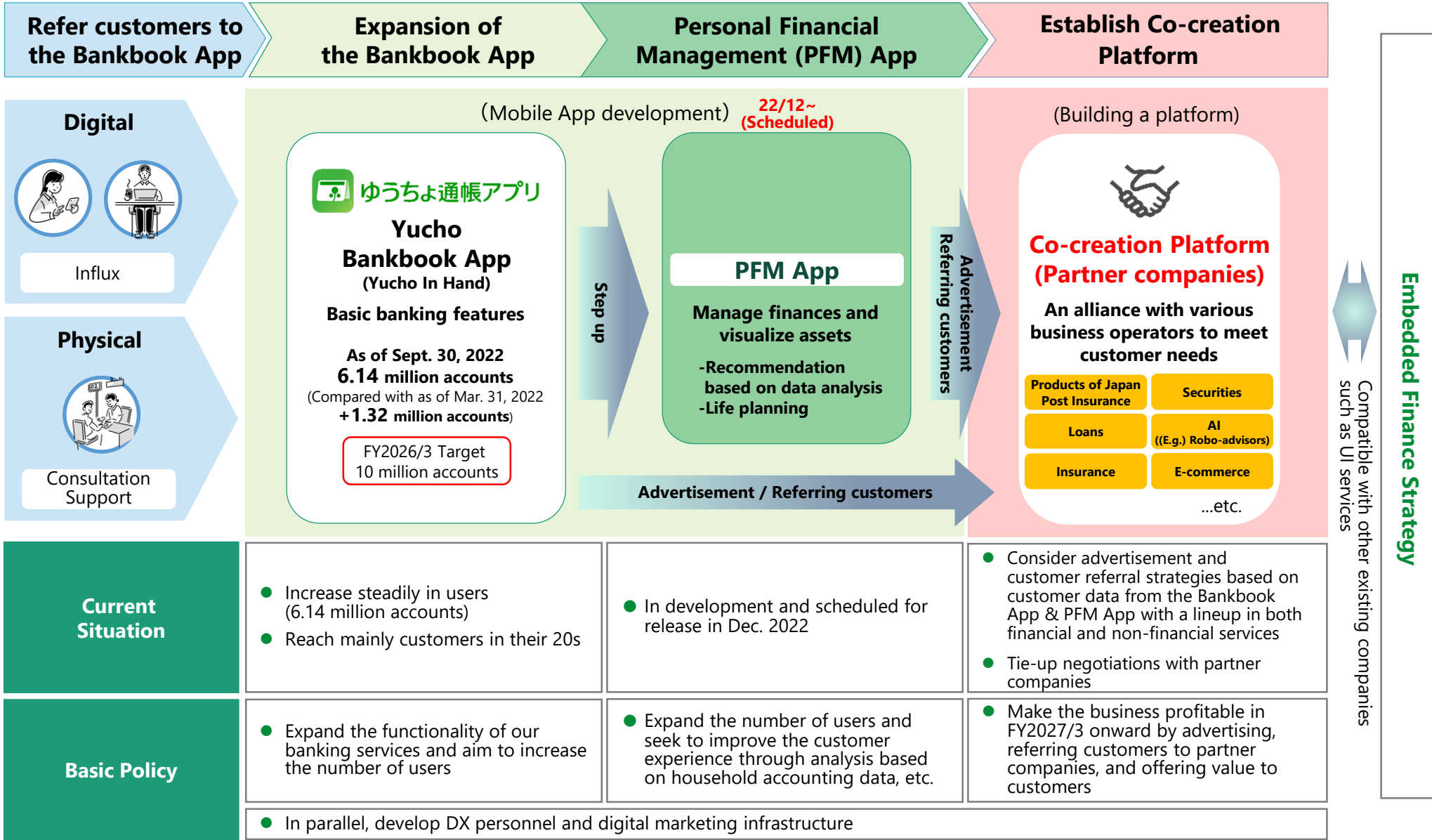
Five themes for dealing with challenges





# Theme 1: Digital Strategy

## - (1) Grand Design for Platform Strategy -

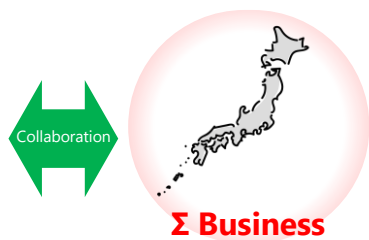
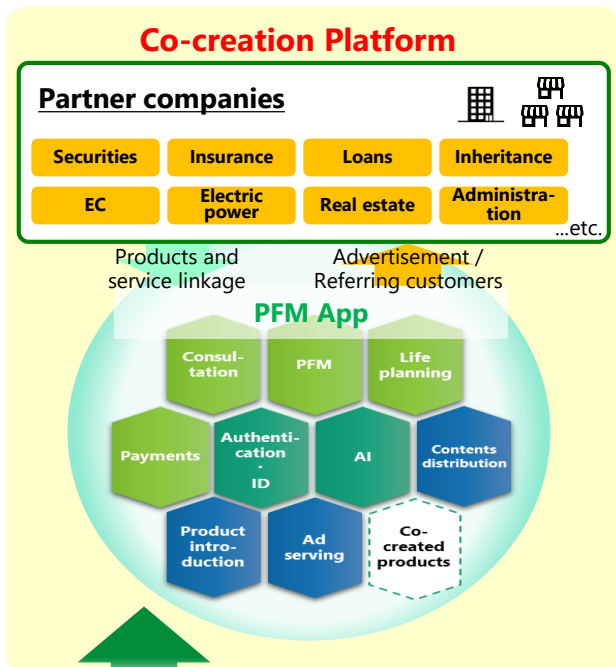


# Theme 1: Digital Strategy

## - (2) Utilize Customer Base = Platform Strategy -

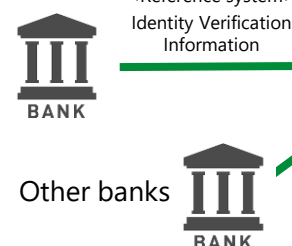
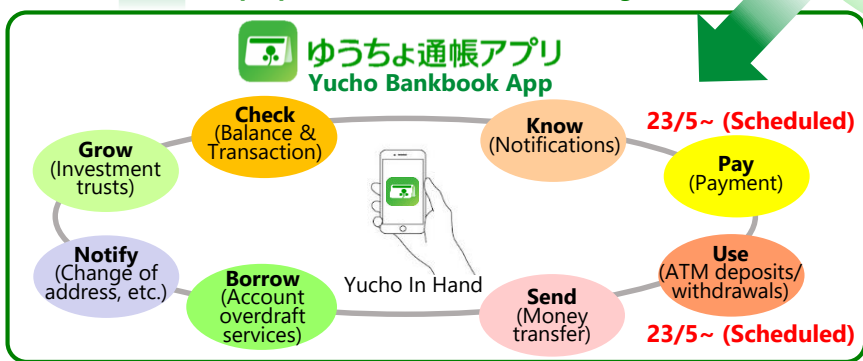
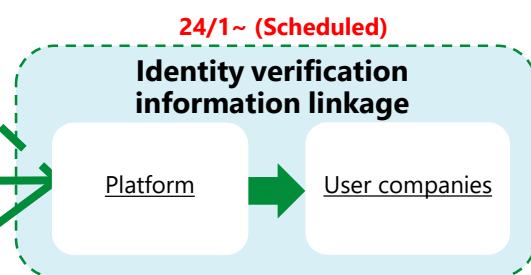
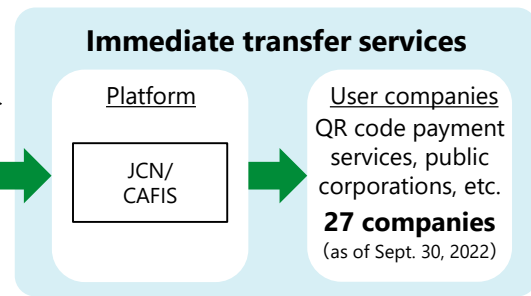
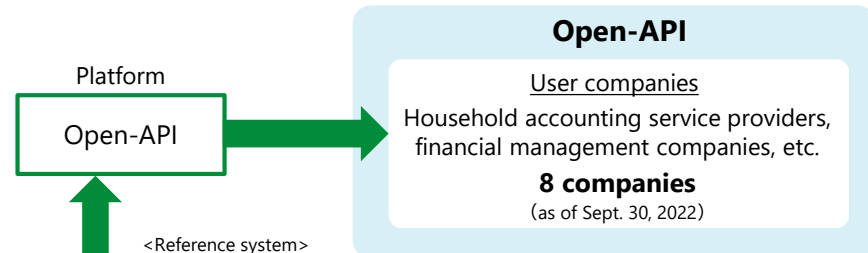
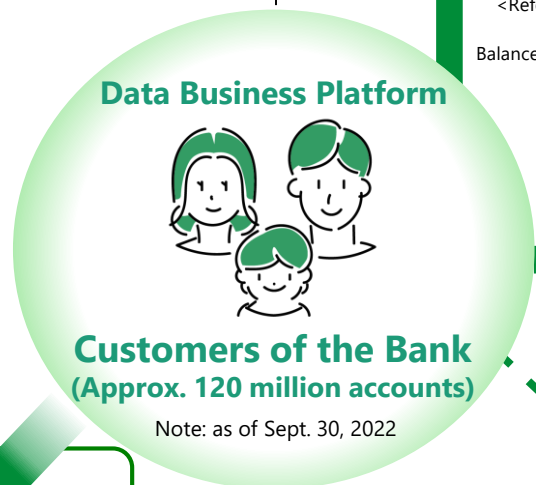
### Co-creation Platform Strategy

(Customer touchpoints: Customers > the Bank > other companies)



### Embedded Finance Strategy

(Customer touchpoints: Customers > other companies > the Bank)



## Theme 2: Market Operations

### - (1) 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 balance of credit, centering on overseas IG (Investment Grade) area.
- Continue to make selective investments in quality funds, in strategic investment areas.

		Appetite		Medium-term investment policy	(Ref.) Capital efficiency (RORA*)	
		(Domestic)	(Overseas)			
Interest Rates		→	→	<ul style="list-style-type: none"> <li>Take on and/or curb risk according to market conditions, while closely monitoring trends of hikes in interest rates in the U.S., Europe, etc.</li> </ul>	(No Risk Asset)	
Credit	IG	→	→	<ul style="list-style-type: none"> <li>Increase balances centering on IG area while paying attention to improving credit quality</li> <li>Carefully consider investing in HY areas</li> </ul>	1-2%	
	XOVER	→	→			
	HY	—	→			
	CLO	—	→			
Stocks		→	→	<ul style="list-style-type: none"> <li>Take on and/or curb risk according to market conditions</li> </ul>	2%	
Foreign Exchange		—	→	<ul style="list-style-type: none"> <li>Take on and/or curb risk according to market conditions</li> </ul>	—	
Strategic Investment Areas	Private equity funds	→	→	<ul style="list-style-type: none"> <li>Continue to make selective investments in quality funds with a medium-to long-term perspective</li> <li>Increase balances of income-type products (Private equity funds: infrastructure investments, mezzanine investments, etc., Real estate funds: debts) and secure stable profits</li> </ul>	5%	
	Real estate funds	Equities	→		→	2%
		Debts	—		→	1%
	Direct lending funds	—	→		3%	
	Infrastructure debt funds	—	→		1%	
	Hedge funds	—	→		<ul style="list-style-type: none"> <li>Continue initiatives to cancel all contracts</li> </ul>	—

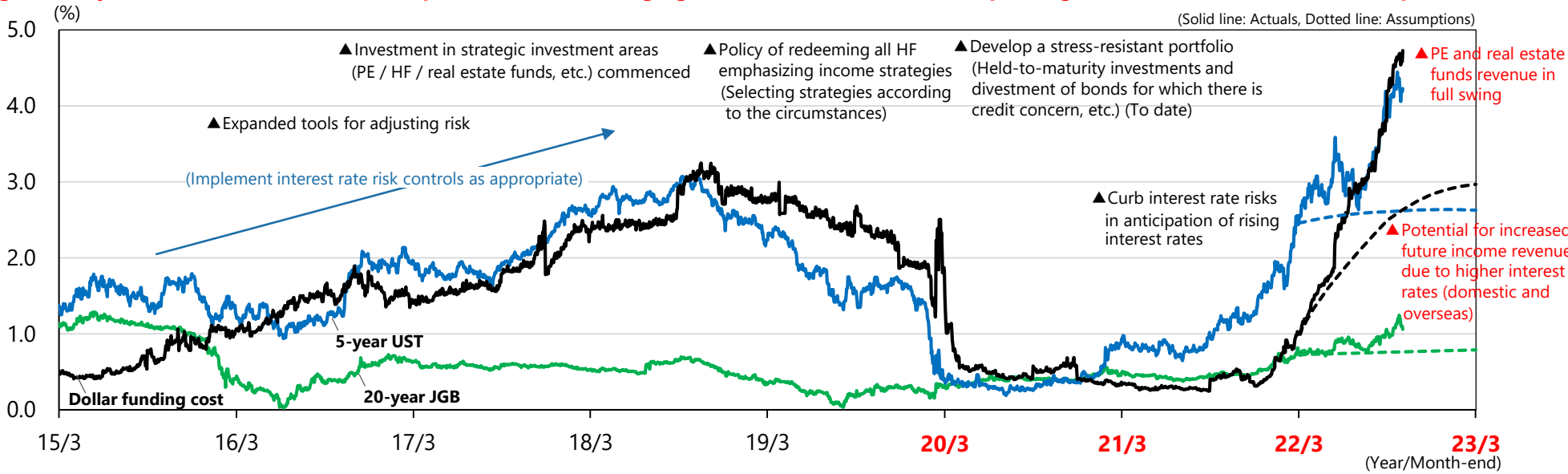
\* Abbreviation of Return on Risk Asset. Metric for profit margins relative to risk-weighted assets.

Net interest income, etc. for the FY2023/3 1H (excluding temporary factors) / risk-weighted assets = RORA (approx.)

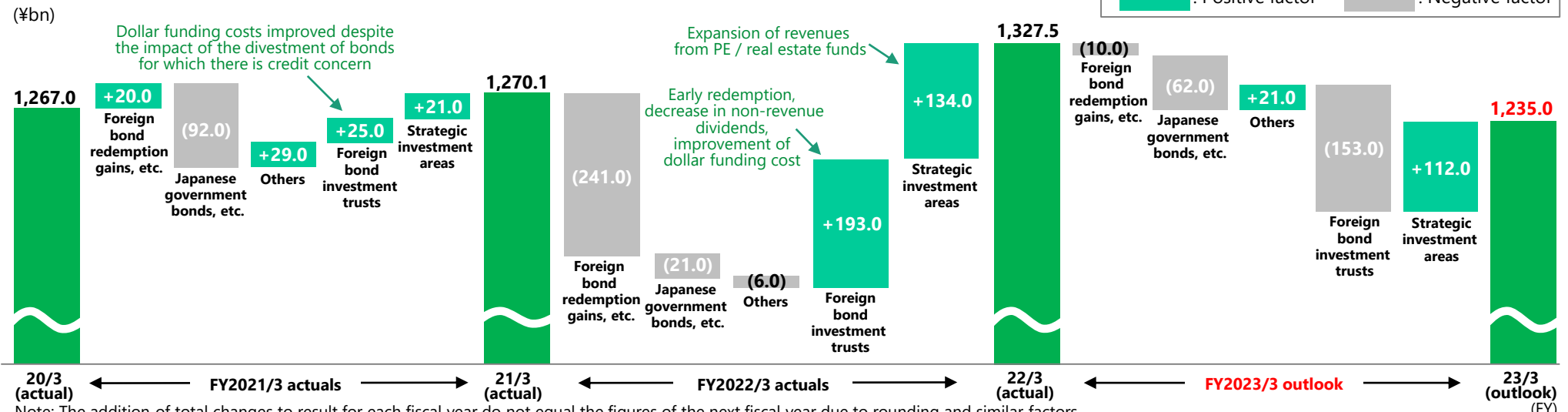
# Theme 2: Market Operations

## - (2) A Variety of Measures against Challenging Investment Conditions -

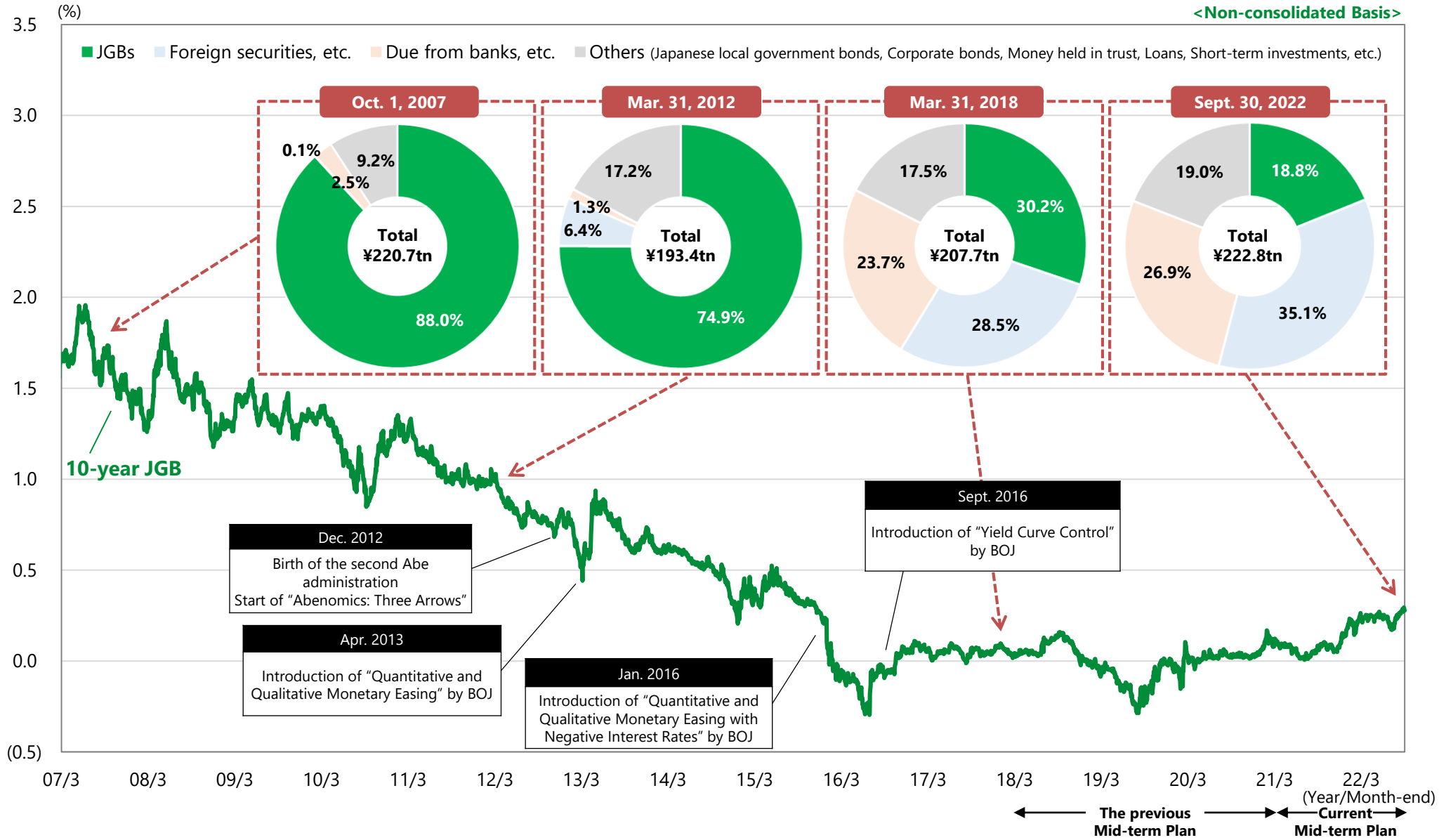
**Taking a variety of measures to ensure stable profit amidst challenging investment conditions with prolonged ultra-low interest rates in Japan.**



### <Changes in net interest income, etc. (Consolidated)>



# (Ref.) Change in Investment Portfolio



# Theme 2: Market Operations

## - (3) Private Equity Investments - 1) Situation to Date -

The current book value balance stands at ¥4.0tn. In the U.S., stock prices have declined due to concerns such as rising interest rates and accelerating inflation, and a significant decrease was seen in the valuation of some stocks. But for the portfolio as a whole, business has remained robust for many investee companies and unrealized gains as of September end was approximately ¥1.2tn (before application of tax effect accounting).

Net Realized Gains\*1 were higher than initially planned.

\*1 The sum of interest/dividends derived from securities (interest income) and capital gains/losses arising from the disposal of securities net of cost (gains (losses) related to stocks).

### Return Target/Actual Results

**[Target]**

- Net\*2 IRR : 8.0%
- Net\*2 TVPI : 1.30x

(TVPI: Total Value to paid in)

**[Actual Results]  
(as of Sept. 30, 2022)**

- Net\*2 IRR : **15.5%**
- Net\*2 TVPI : **1.37x**

\*2 After deduction of expenses; Japanese yen basis

**We remain ahead of our original plan**

### Status of Balance and Net Realized Gains

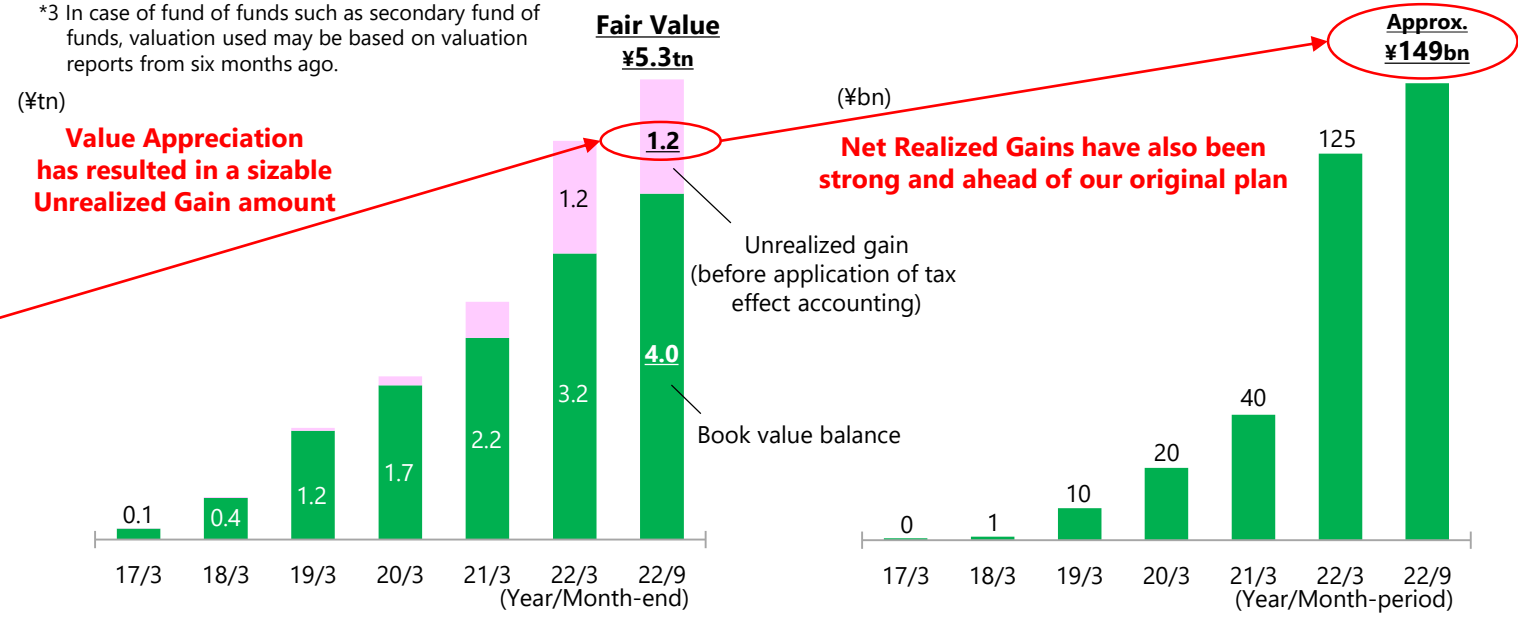
#### <Balance>

**The fair value reported tends to reflect the PE fund fair values from approx. three months ago\*3.**  
(For each PE fund, investee companies are evaluated using methods such as EV/EBITDA multiple method or discounted cash flow (DCF) method based on their individual circumstance, and valuation fluctuations tend to be milder, as compared to the stock price fluctuations for listed companies.)

\*3 In case of fund of funds such as secondary fund of funds, valuation used may be based on valuation reports from six months ago.

#### <Net Realized Gains>

**The Net Realized Gains recognized in various financial results are the Net Realized Gains of PE funds up to approx. six months ago.**



# Theme 2: Market Operations

## - (3) Private Equity Investments - 2) The Portfolio -

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.

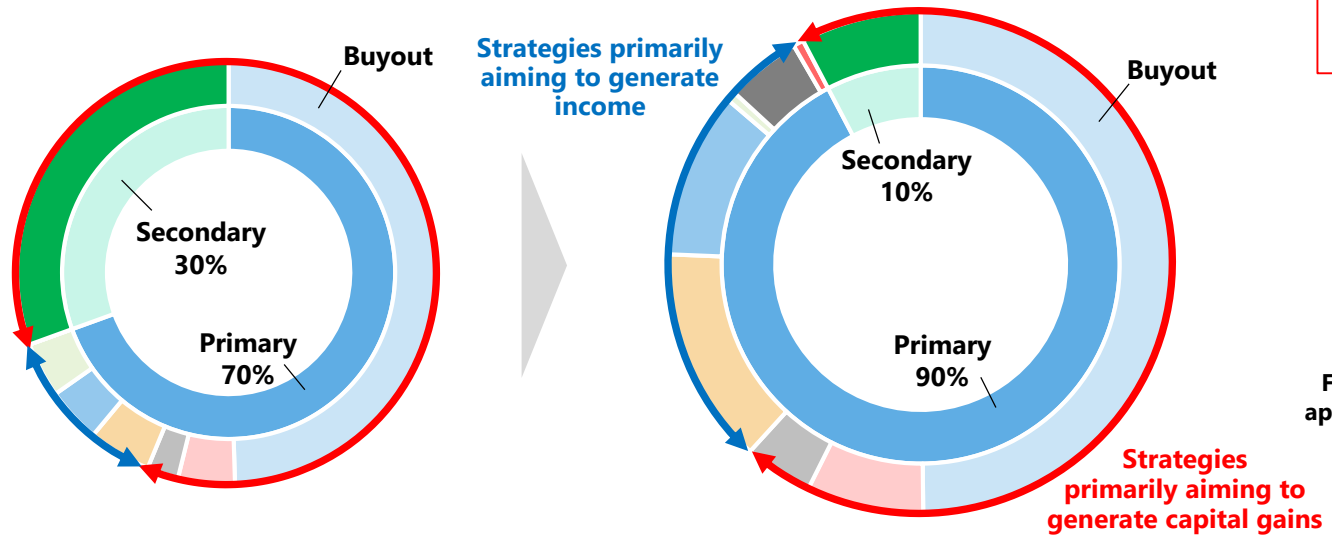
At present, while the primary aim is to earn capital gains by predominantly focusing on buyouts, we are also allocating substantially to income strategies\*2, we are aiming to earn stable interest or dividend income to supplement realizations from our buyout-centric portfolio in case the economy should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

### Strategy Diversification (Capital Commitment Basis)

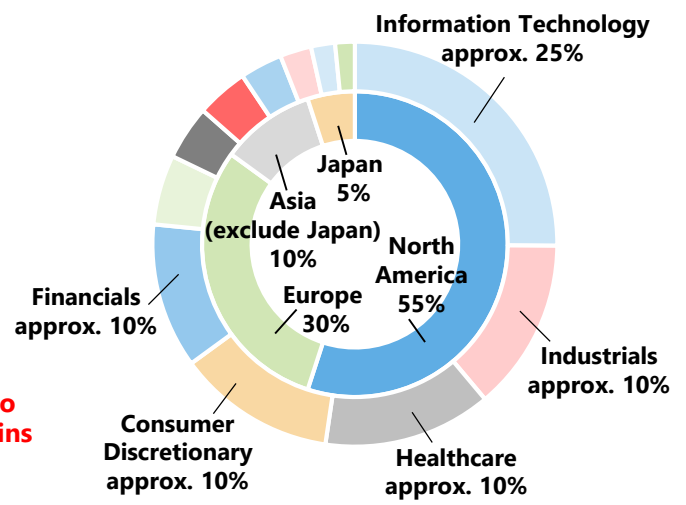
### Geography/Sector Diversification (Fair Value Basis)

FY2017/3 Strategy                      FY2023/3 Strategy

As of Sept. 30, 2022



<Total number of investee companies>  
**approx. 41,800**  
(Average investment amount: **approx. ¥120mn** per company)



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

<Note>  
Inner ring: geography diversification  
(location of the investee companies)  
Outer ring: sector diversification

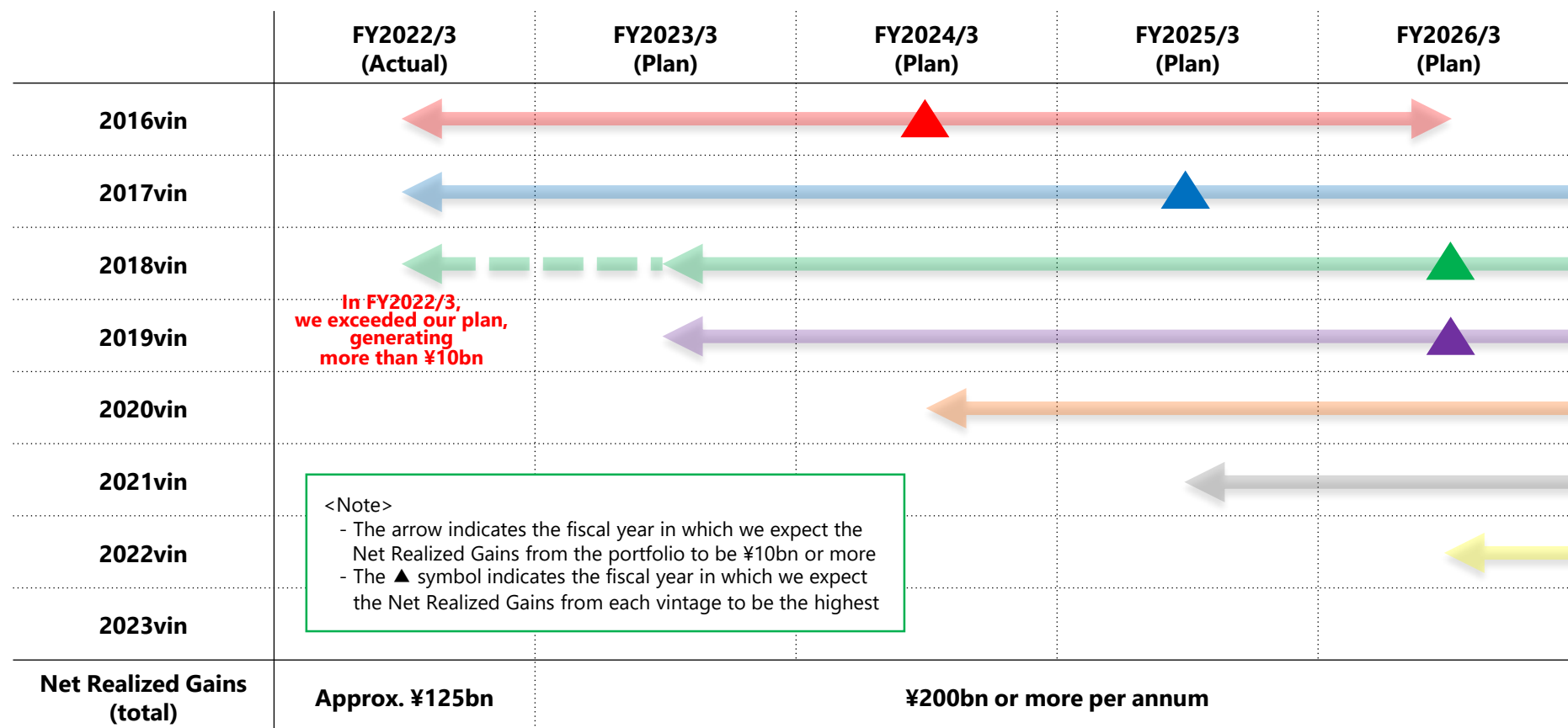
\*1 Strategies aimed at obtaining early return on investment, through secondary acquisitions of private equity fund interests.  
\*2 Investment strategies focused primarily on generating income, such as infrastructure investments and mezzanine investments.

## (Ref.) Schedule of Expected Return by Vintage (Image)

Each portfolio that is set up every year (or vintage\*) is expected to start to monetize after approximately 3 to 5 years. Net Realized Gains from the portfolio are expected to peak in approximately 6 to 8 years.

\* Vintage (vin): Generally in private equity, the year in which a fund started investing or called capital. For the purpose of this page, vintage reflects the year when the Bank (either through offshore unit trusts or directly) committed to a private equity fund.

### Schedule of Expected Return (Image)





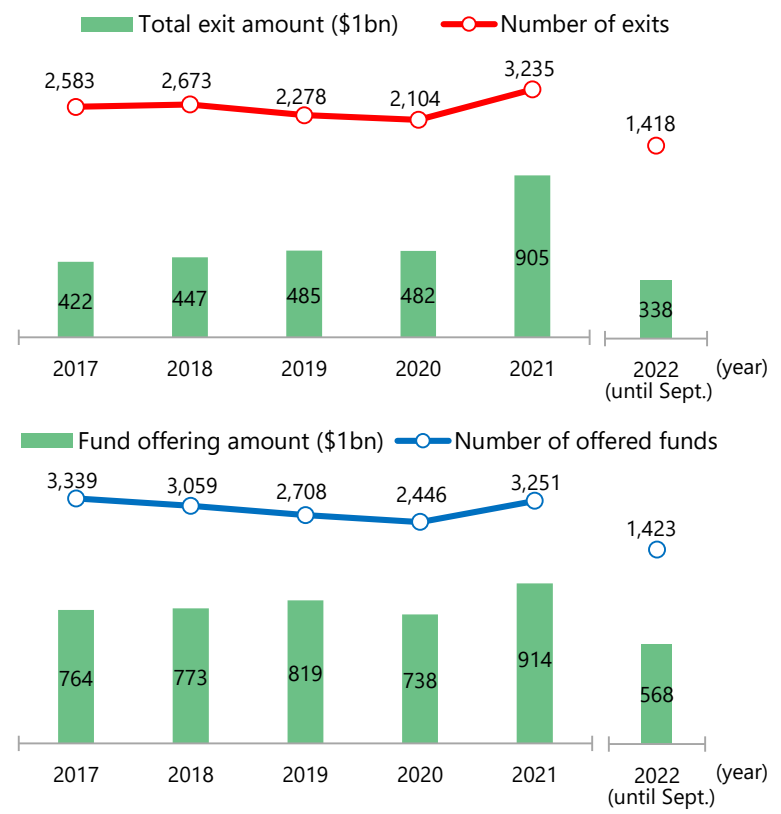
# (Ref.) Current State of the Private Equity Market



Recent exit activity and fund offerings have decelerated and M&A valuations have declined significantly compared to the usual year.

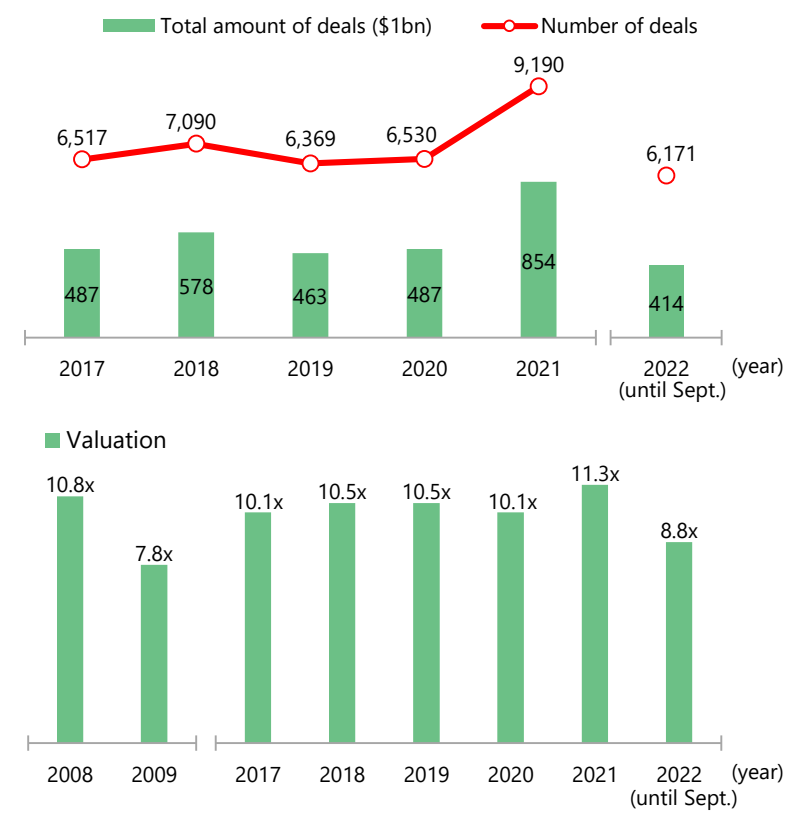
## Status of PE Fund Exits / Fund Offering Amounts and Number of Offered Funds (Global)

Source: Created based on data from Preqin.



## Investment in Companies from PE Funds (Buyout) / Global M&A Deal Valuations

Source: Created based on data from PitchBook and Preqin.



## (Ref.) Operational Structure

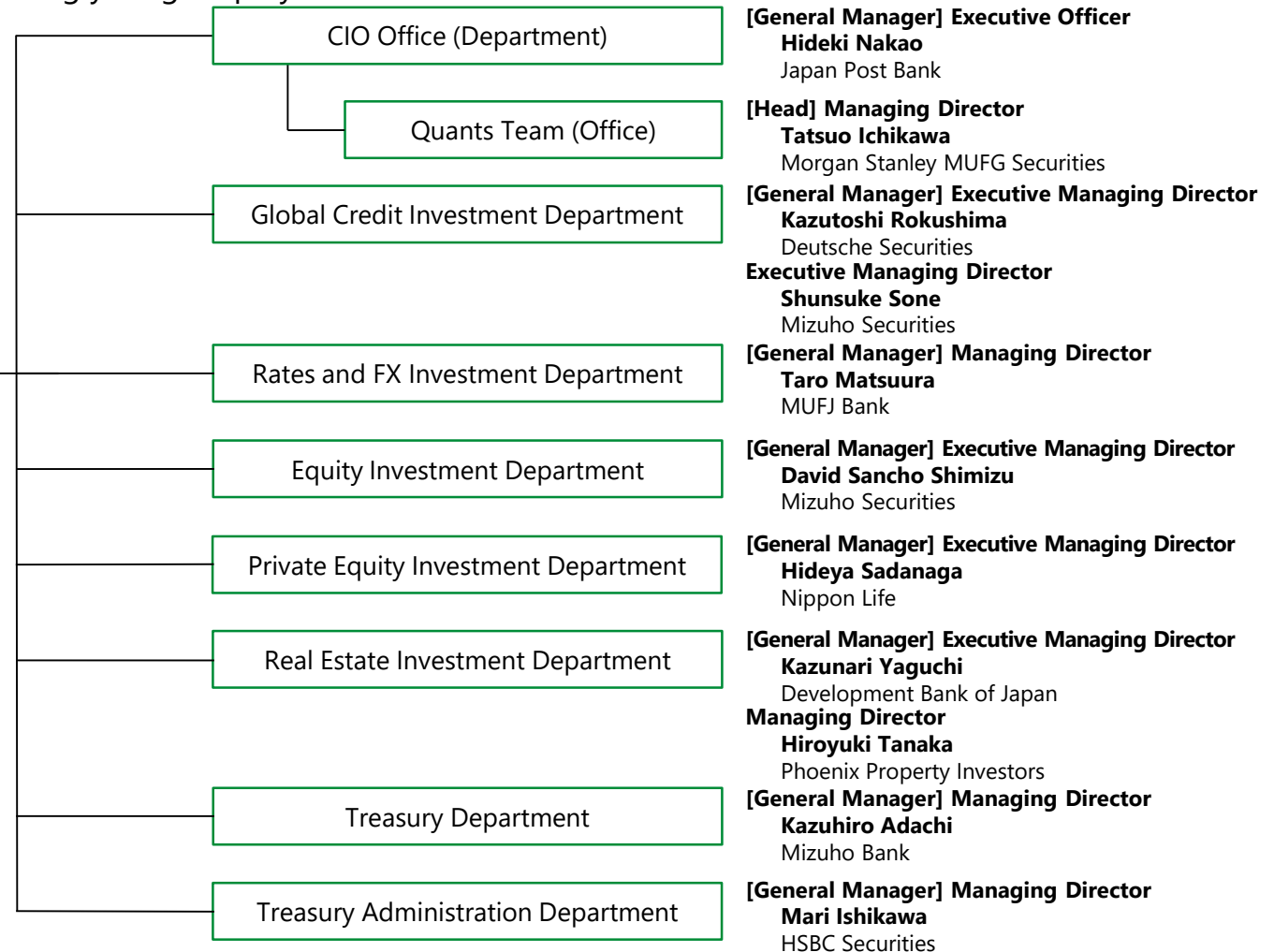
The organization comprises eight departments and one office, specializing in different fields, under the supervision of the dedicated Executive Officer in charge of the Investment Division.

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 Oct. 2022)

Executive Officer in charge of  
the Investment Division

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



Note: Main former appointment listed below name.

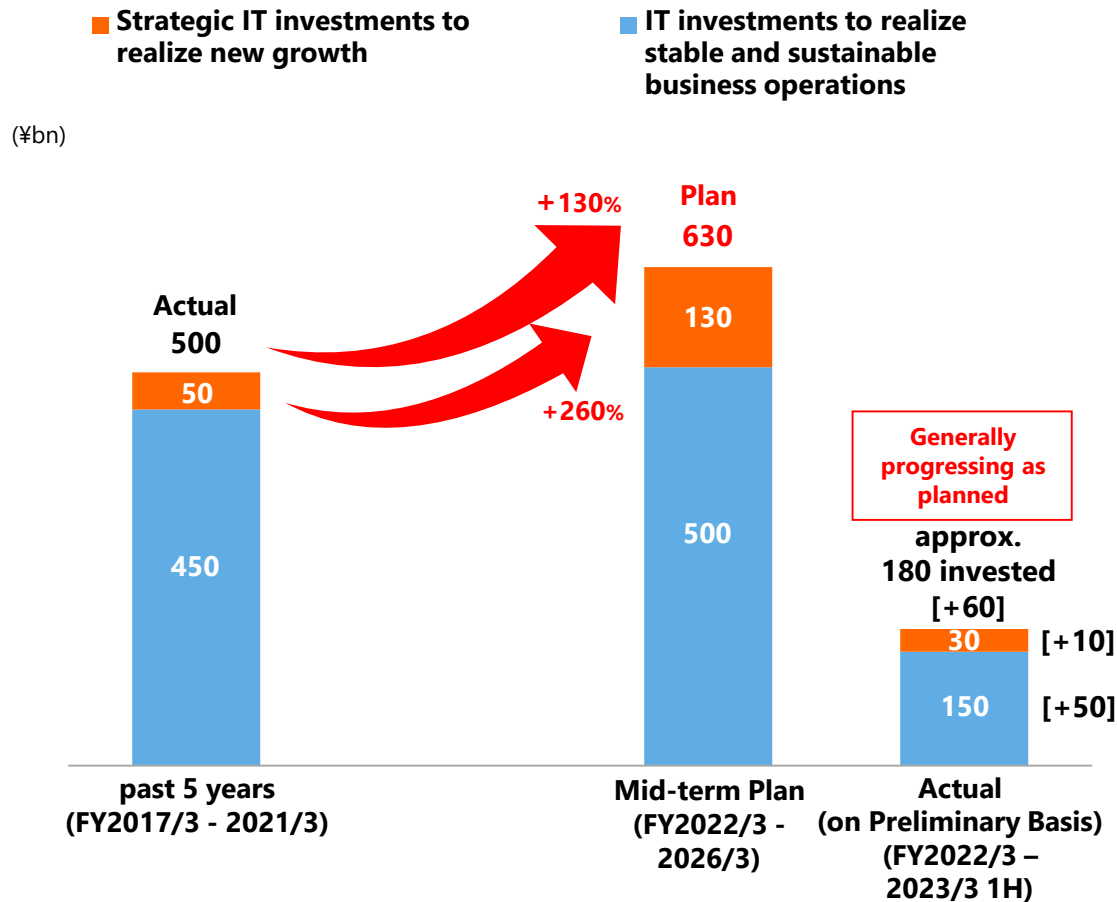
# Theme 3: System Management Framework

## Aggressive IT Investment for New Growth and Stable System Operations

While maintaining a high-quality system base that can support trust in our Bank, we will assertively advance strategic IT investments. (Mid-term Plan: IT investment plan ¥630bn)

In particular, strategic IT investments generally progressed as planned to date (approximately ¥30bn invested).

### Trends in IT Investment (Cash Flow Basis)



Note: the actual results (on preliminary basis, as stated above) for FY2023/3 1H are given in square brackets.

### Strategic IT Investments

- In FY2022/3 and FY2023/3 1H, we launched services such as a project aimed at innovating our retail business and promoting self-processing at counters
- From FY2023/3 2H, we will continue to promote investments and other measures for "innovating our retail business"**

#### Main services already launched

##### <FY2022/3>

- Add new features to Yucho Bankbook App (money transfer, notifications, TEIGAKU (fixed-amount) deposits, and time deposits, investment trusts)
- Introduce the teller tablet system

##### <FY2023/3>

- Introduce JP Bank account opening app (May 2022)
- Issue Japan Post Bank Debit (May 2022)

#### Main services scheduled to launch

##### <FY2023/3>

- Develop a PFM App (Dec. 2022)

##### <FY2024/3 (scheduled) >

- Add QR codes to regional tax bills (May 2023)
- Add new features to the teller tablet system (money transfer, etc.) (May 2023)

# Theme 5: ESG Management

## - (1) Approach to ESG Initiatives -

Linking 4 priority issues (Materiality) to our management strategies, we are promoting ESG initiatives in unison with the management. Strengthening "Governance", which is the foundation of all business activities, and also focusing on implementing "Environment" and "Society" initiatives. Realizing both "the enhancement of corporate value", and contributing to "the solution of social issues" by ESG management.

### (1) Identifying Social Issues to be Considered

- Analysis of international situation (international standards)
- Analysis of Japan's situation (administrative bodies, the finance industry)
- Support of international initiatives



### (2) Narrowing Down Social Issues

#### Relevancy to the Bank's business activities

- Social issues are examined based on the management philosophy, policies, services, and business details, and those with low relevancy to our business activities are removed

#### Discussion with stakeholders

- In consideration of information such as assessment results from external research agencies and external expert opinions, it is determined whether the issues selected are based on what society demands of the Bank

### (3) Identifying Priority Issues (Materiality)

Outlining and sorting priority issues using the two criteria of "importance to our stakeholders" and "relevancy to the business of the Bank", we identified Priority Issues (Materiality).

**S**

- Providing "safe and secure" financial services to anyone and everyone throughout Japan  
**Target KPI: Number of accounts registered in the Yucho Bankbook App**  
**Number of Tsumitate NISA Operation Accounts**

**S**

- Contributing to regional economic expansions  
**Target KPI: Regional vitalization fund participation cases**  
**Number of financial institutions that have aggregated operational processes**

**E**

- Reducing environmental impact  
**Target KPI: CO2 emissions reduction rate**  
**ESG themed investment balance**

**G**

- Advancement of work style reforms, and sophistication of governance  
**Target KPI: Ratio of women in managerial positions**  
**Ratio of employees taking childcare leave**  
**Ratio of employees with disabilities**



**Combining management strategies with Materiality (ESG management)**  
**> Realizing both the enhancement of corporate value, and contributing to the solution of social issues**

#### Our purpose (raison d'être)

- We aim for the happiness of customers and employees, and will contribute to the development of society and the region

#### Management Philosophy

- We aim to become "the most accessible and trustworthy bank in Japan", guided by the needs and expectations of our customers

#### Management Strategies (Mid-term Plan)

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

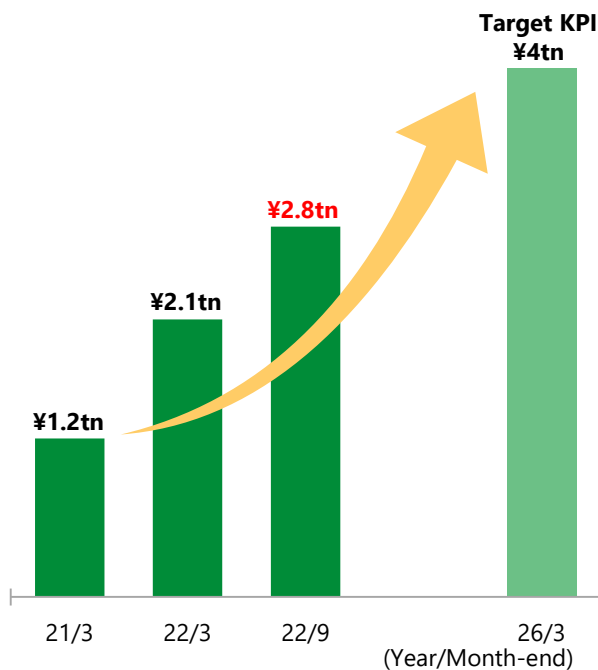
# Theme 5: ESG Management

## - (2) Reducing Environmental Impact - 1) ESG-themed Investments, etc. -

As of September 30, 2022, the balance of ESG-themed Investments\*1 was ¥2.8tn, making steady progress toward the target KPI ¥4tn. We tightened ESG investment and financing policy by prohibiting investing in or financing businesses of coal-fired power generation and new operations for the mining of thermal coal, etc. And we participated in the TNFD\*2 Forum, in order to enhance natural capital and biodiversity initiatives.

### Balance of ESG-themed Investments\*1

We will continue to promote ESG investment and financing, aiming to improve medium-to long-term returns and solve social issues.



\*1 ESG bonds (Green bonds, Social bonds, Sustainability bonds, etc.),  
Loans to the renewable energy sector, and Regional revitalization funds, etc.

### Tightening ESG Investment and Financing Policy

In light of the external environment, we intend to regularly improve the policy and tightened it in July 2022.

Negative Screening	<b>&lt;Coal-fired power generation&gt;</b> <ul style="list-style-type: none"> <li>Prohibit investing in or financing businesses where funding will be used in <b>the expansion of existing facilities</b>, in addition to the construction of new coal-fired power plants</li> </ul>
	<b>&lt;Coal mining&gt;</b> <ul style="list-style-type: none"> <li>Prohibit investing in or financing businesses where funding will be used in new operations for the mining of <b>"thermal coal"</b></li> </ul>
	<b>&lt;Large-scale hydroelectric power generation&gt;</b> <ul style="list-style-type: none"> <li>Where funding will be used in <b>the construction of large-scale hydroelectric power plants</b>, carefully consider investment or financing after verifying the environmental and social considerations implemented by the applicable business</li> </ul>

### Participation in the TNFD\*2 Forum

Since September 2022, the Bank has been a member of the "TNFD Forum", an organization that supports "TNFD", an international initiative that aims to develop and provide a framework for nature-related financial disclosures. We continues to promote awareness and initiatives related to natural capital and biodiversity.



\*2 Taskforce on Nature-related Financial Disclosures.

# Theme 5: ESG Management

## - (2) Reducing Environmental Impact - 2) Response to TCFD -

In response to TCFD, additionally disclose the results of quantitative scenario analyses (amount of impact).



### Initiatives that Accord with the TCFD Recommendations

<b>Governance</b>	<ul style="list-style-type: none"> <li>● The Board of Directors supervises the formulation of policies and the status of Sustainability initiatives to counter climate change, etc.</li> <li>● 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.</li> <li>● Policies concerning the environment and climate change are stipulated in the JAPAN POST BANK Environmental Policy.</li> <li>● Promotion of ESG management, which includes addressing climate change, has been incorporated as an evaluation indicator for executive compensation.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>● Identify the impact (risks and opportunities) of climate change on the Bank.</li> <li>● Scenario analysis has been employed to ascertain the impact of climate change-related risks on the Bank's management portfolio.               <ul style="list-style-type: none"> <li>– Physical Risks (flood-related damage of ATM and other Bank's facilities): amount of impact approx. -¥50bn ~ -¥100bn</li> <li>– Transition Risks (decline in value of securities holdings of the Bank): amount of impact approx. -¥600bn <sup>*1, 2</sup></li> </ul> </li> <li>● Monitor the proportion of carbon-related assets in loans.</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>● Risks associated with issues related to climate challenge have been recognized as top risks. Responding to them has been reflected in management plans and they are examined and managed on a quarterly basis.</li> <li>● Undertake investments based on an established ESG Investment and Financing Policy in order to mitigate social and environmental risks including climate change.</li> <li>● Make ESG engagements with investees.</li> <li>● Analyze the impact of climate change risks on existing financial risks.</li> </ul>
<b>Metrics and Targets</b>	<ul style="list-style-type: none"> <li>● Announced details of the Japan Post Bank Net Zero GHG Emissions Declaration and committed to achieving net zero GHG emissions for the Bank as well as its finance portfolio by 2050.</li> <li>● Target an ESG-themed investment balance of ¥4tn by the end of FY2026/3.</li> </ul>

\*1 Excluded from the scope of calculation in the event required data (GHG emissions, financial related data, etc.) is incomplete.

\*2 The impact of the increase in carbon costs on the earnings of investee companies is fully factored into the fair market value of investments under the transition risk scenario analysis. In reality, however, the impact on financial strategies is limited owing to the gradual manifestation of the amount of decline in fair market value and deterioration in earnings of investee companies, expectations toward the implementation of measures to improve investee company earnings, and the fact that the analysis covers market traded securities that can be sold in the interim.

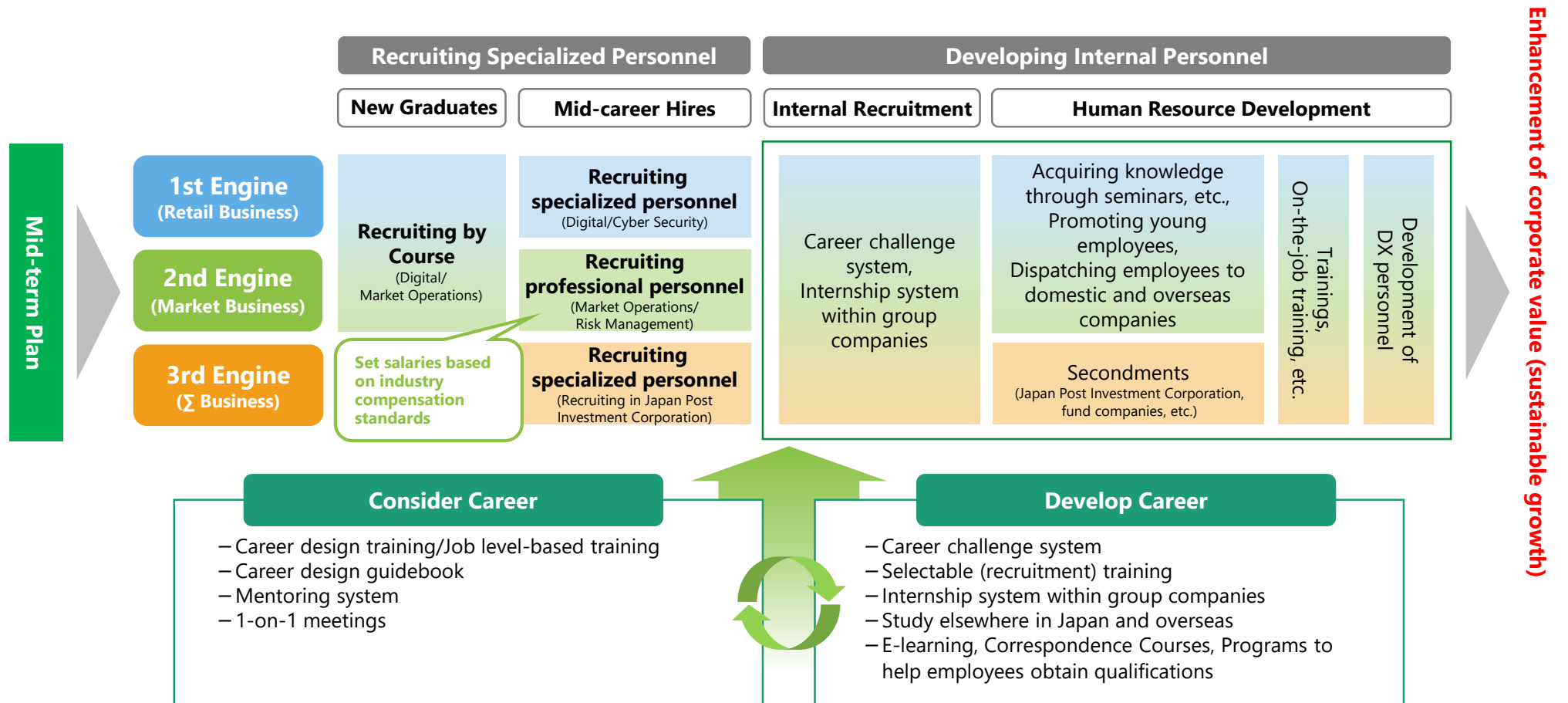
# Theme 5: ESG Management

## (3) Human Capital - 1) Recruiting and Developing Specialized Personnel in Line with the Management Strategies -

The Bank's greatest management resource is its human resources. Personnel who take on a challenge are a source of our value creation and competitiveness.

- (1) Maximization of human capital: Securing and developing human resources that meet our management strategies, encouraging each and every employee to build voluntary and independent career.
- (2) Human capital base: A working environment that assures the diversity of human resources and the psychological safety = health management, respect for human rights, etc.

### Recruiting Specialized Personnel and Upgrading Employee Skills According to 3 Business Engines



# Theme 5: ESG Management

## - (3) Human Capital - 2) Diversity of Human Resources and Work Environment -

### Diversity of Human Resources

#### Promotion of Women's Participation and Advancement in the Workplace

**Ratio of women in managerial positions**  
16.6%\*1 (22/4)

\*1 Percentages are rounded.



#### Promoting and Establishing the Hiring of Employee with Disabilities

**Ratio of employees with disabilities**  
2.72%\*2 (22/6)

\*2 Percentages are rounded.

- Establish and operate the "ARIGATO Center"
- Employ in-house physio therapists (Health Keepers)
- Accept interns from special-needs schools

#### Support the Work Activities of Generations Providing Childcare

**Ratio of employees taking childcare leave (regardless of gender)**  
100% (FY2022/3)

- Certified as "Platinum Kurumin"
- Offer partially paid childcare leave
- Raise awareness and promote taking childcare leave with the "Childcare Leave Planning Sheet" and the "Support Guide"



#### Promotion of Health Management

- Establish the JAPAN POST BANK Health and Productivity Management Promotion Framework, and pursue Well-being
- Company-wide walking event toward preventing/reducing the incidence of lifestyle diseases, and continuous health guidance



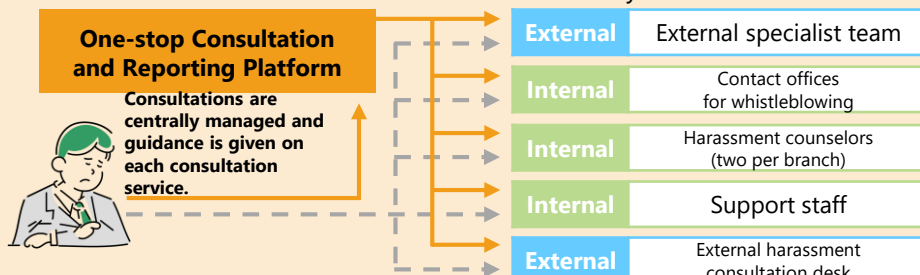
#### Trial Implementation of Strategic Side Jobs

- Trial implementation of strategic side jobs across the Japan Post Group, with the aim of gaining new knowledge in order to reform our corporate culture and develop employees (at head office, since Oct. 2022)

### Work Environment That Guarantees the Right to Work

#### Elimination of Harassment

- Enhancement of the Harassment Consultation System

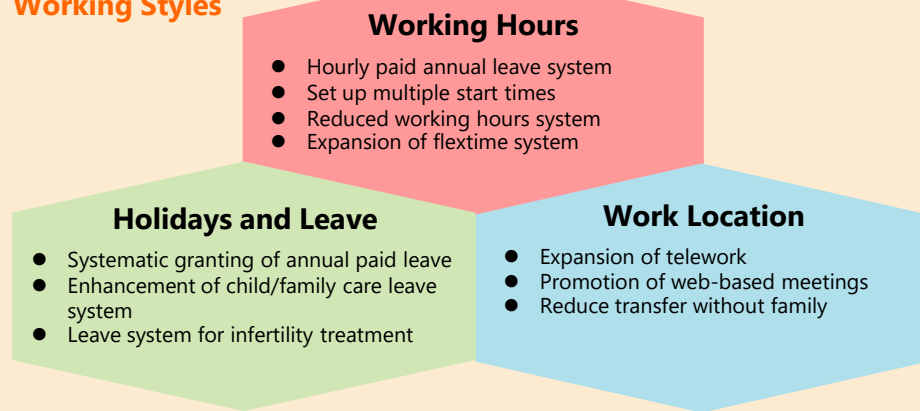


- Sending out messages from upper management
- Trainings (executive training, job-level based training, harassment counselor training, etc.)

#### Initiatives for Raising Awareness of Human Rights

- Human rights awareness training to executives (approx. 160 person)
- Human rights awareness training to all employees (All employees, approx. 15,000 person)

#### Expansion of Flexible Working Styles





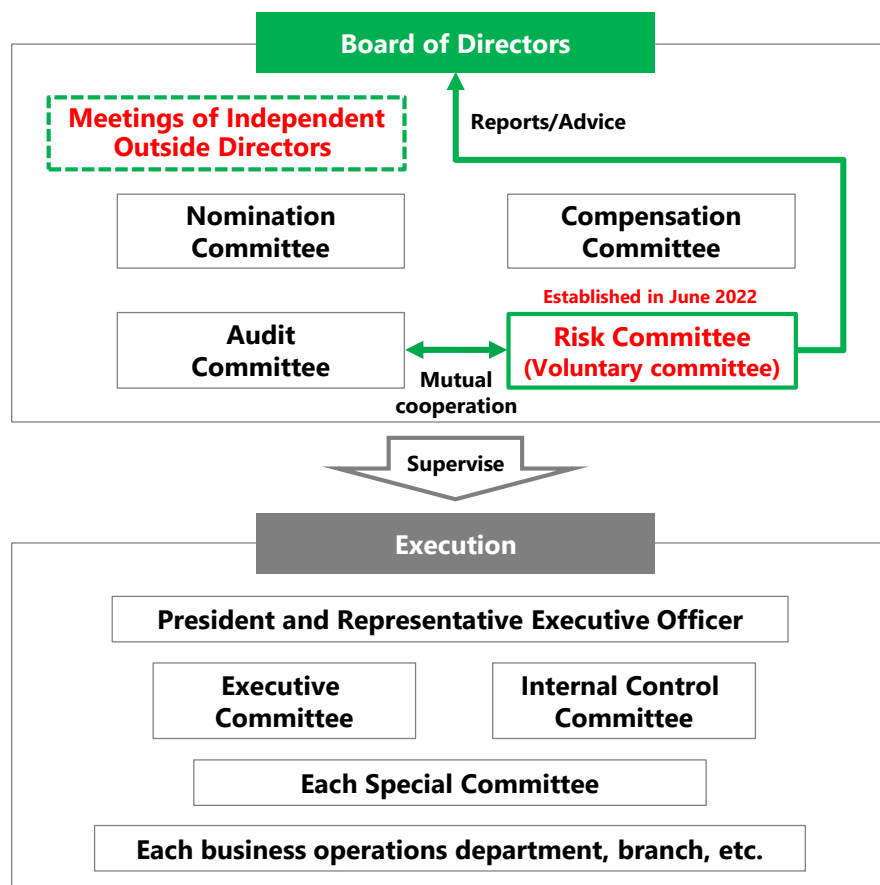
# Theme 5: ESG Management

## - (4) 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) In order to enhance supervisory functions regarding risk management, we established the Risk Committee in June 2022 as an advisory body to the Board of Directors.
- (2) We regularly hold the Meetings of Independent Outside Directors, to provide a venue to exchange information and viewpoints.

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



#### Risk Committee

- 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 and executive officers, and a majority of the members are independent outside directors, and chaired by an independent outside director. In addition, external experts are selected as members, and they participate in deliberations according to agenda  
 [Composition (5 members)]  
 Chairman: Kenzo Yamamoto (independent outside director)  
 Committee members: Atsuko Sato (independent outside director)  
 Toshiyuki Yazaki (internal non-executive director)  
 Takao Yajima (external expert)  
 Hiromi Yamaoka (external expert)
- Deliberates on crucial matters pertaining to risk management and conditions, and provides reports and/or advice to the Board of Directors
- Held a total of 3 times since the establishment in June 2022 (as of Oct. 31, 2022)

#### 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 chairperson serves as such as contact and coordination with executive officers)
- In FY2023/3, held a total of 3 times until Oct. 31, and exchanged information mainly about ideal operations of the Board of Directors to contribute to further enhancement of effectiveness

# Theme 5: ESG Management

## - (5) $\Sigma$ Business - 1) 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.

Our goal is to be “a essential bank for sustainable development of regional communities” by supporting regional vitalization throughout Japan.



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

Secondments of staff to investment vehicles to develop human resources to enable GP operations

### Development of “New Corporate Banking Business ( $\Sigma$ Business) through Investment”

#### Focus on GP Business mainly in JP Investment

**Establish “Lead GP Entities” (TBD)** \* Funds/companies established and managed based on our policies

**Establish Co-operating GP entities/funds (TBD)**

- Invest in new investment/business management companies that contribute to regional revitalization
- Through a generous hands-on business targeting core companies in the region, we will increase their value and broadly revitalize related companies and regions

Common / preferred shares investment




**Established “Japan Post Investment Regional Development and Impact Fund I, ILP”** Investment in GP entities / LP

Established a 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


**Initiatives in the renewable energy business** Investment in GP entities / LP

- Invest in the fund of Z Energy Co., Ltd. and contribute to regional development by creating renewable energy projects and local employment



**Regional Vitalization Funds** LP Investments

- Contribute to supply of risk money by investing in 41 regional vitalization funds in cooperation with 100 local financial institutions (as of Sept. 30, 2022) for supporting regional vitalization



**Regional Finance Projects (Syndicated Loan / PFI / Project Finance / Loans for local governments, etc.)**

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

# Theme 5: ESG Management

## - (5) Σ Business - 2) Σ Business Advancement -

Definition of Σ Business: **“New Corporate Banking Business through Investment Operations (GP Business) in a JPB-appropriate Manner”**

- Focus on GP Business mainly in JP Investment
- Utilize our nationwide network in Japan
- Collaborate with regional financial institutions, etc.

Deal Sourcing

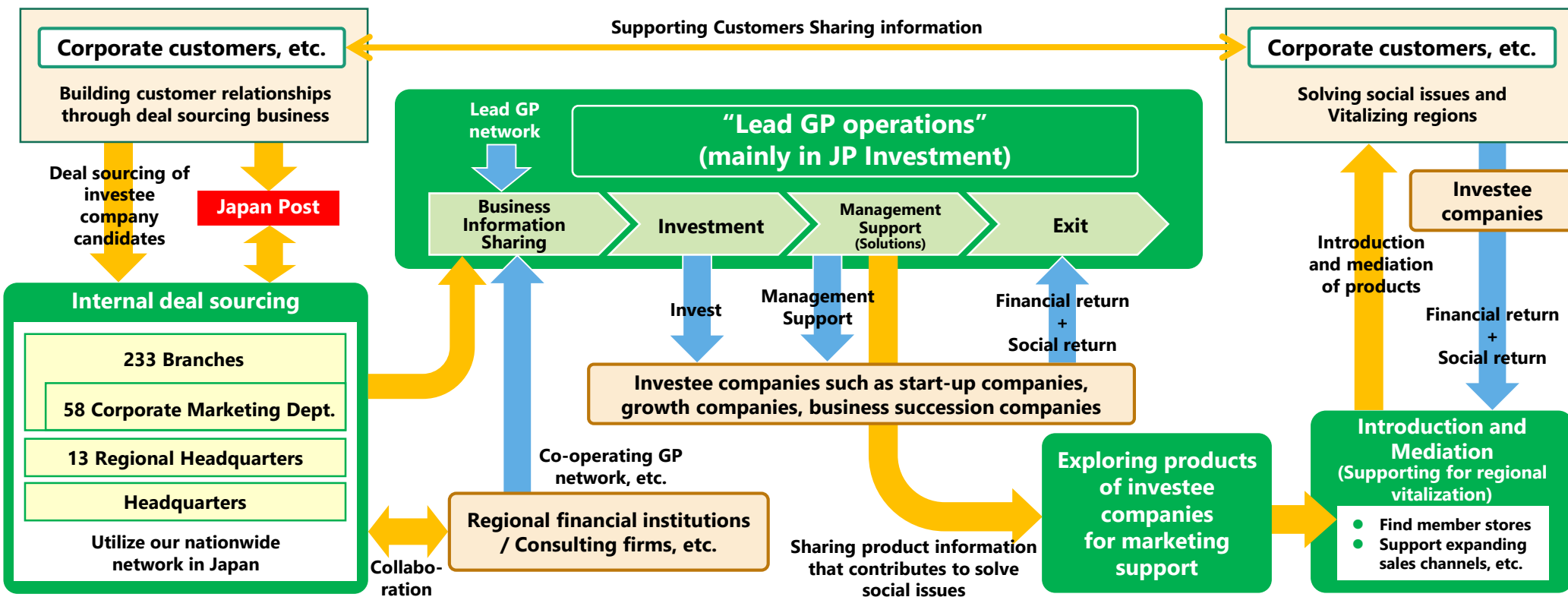
Supporting for  
Regional Vitalization

Realize Our Purpose, “Contribution to the Development of Society and Region”

Create New Corporate Banking Business in a JPB-appropriate Manner

We will **work to “Unify our passion and action toward new business”** with a focus on **efforts to foster corporate cultures and develop human resources that promote new corporate banking business.**

Targeting full-scale business after FY2027/3, we **will set an initial two-year preparation period (ending Sept. 30, 2024) and establish business promotion infrastructure.**



# (Ref.) ESG Indices, Initiatives and External Assessments

## ESG Indices



FTSE Blossom  
Japan Sector  
Relative Index



INDICES WORLD 120

MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



## External Assessments



2022  
健康経営優良法人  
Health and productivity  
ホワイト500



## Initiatives



TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES



Partnership for  
Carbon Accounting  
Financials



(Ref.) Japan Post Investment Corporation  
(consolidated subsidiary) signed  
Signatory of:  
 Principles for  
Responsible  
Investment  
インパクト志向金融宣言  
Japan Impact-driven Financing Initiative



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# Appendix

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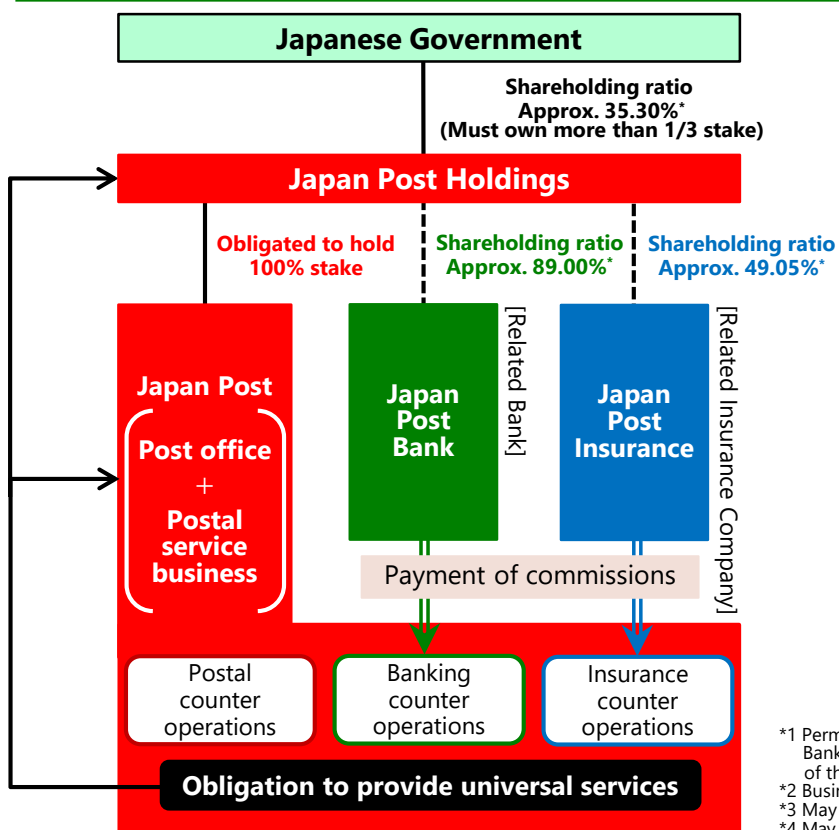
# Current Status Regarding Privatization

## - (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 Sept. 30, 2022)



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

### Limitations on New Business, etc.

New business	Applicable Act	Japan Post Holdings' shareholding ratio		
		Over 50%	50% or less	0%
New business	Banking Act <sup>*1</sup>	None	None	None
	Postal Service Privatization Act <sup>*1, 2</sup>	Permission	Notification	None
Owning affiliates	Banking Act <sup>*1</sup>	Notification	Notification	Notification
	Postal Service Privatization Act <sup>*1</sup>	Notification	Notification	None
Owning subsidiaries				
Banks	Banking Act <sup>*1</sup>	Permission	Permission	Permission
	Postal Service Privatization Act <sup>*1</sup>	Prohibited	Prohibited	None
Other	Banking Act <sup>*1</sup>	Permission <sup>*3</sup>	Permission <sup>*3</sup>	Permission <sup>*3</sup>
	Postal Service Privatization Act <sup>*1</sup>	Permission <sup>*4</sup>	Permission <sup>*4</sup>	None
Mergers and acquisitions (M&A)				
Financial <sup>*5</sup> institutions	Banking Act <sup>*1</sup>	Permission	Permission	Permission
	Postal Service Privatization Act <sup>*1</sup>	Prohibited <sup>*6</sup>	Prohibited <sup>*6</sup>	None
Other	Banking Act <sup>*1</sup>	Permission	Permission	Permission
	Postal Service Privatization Act <sup>*1</sup>	Permission	Permission	None
Restrictions on the maximum amount of deposit	Banking Act <sup>*1</sup>	None	None	None
	Postal Service Privatization Act <sup>*1</sup>	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.

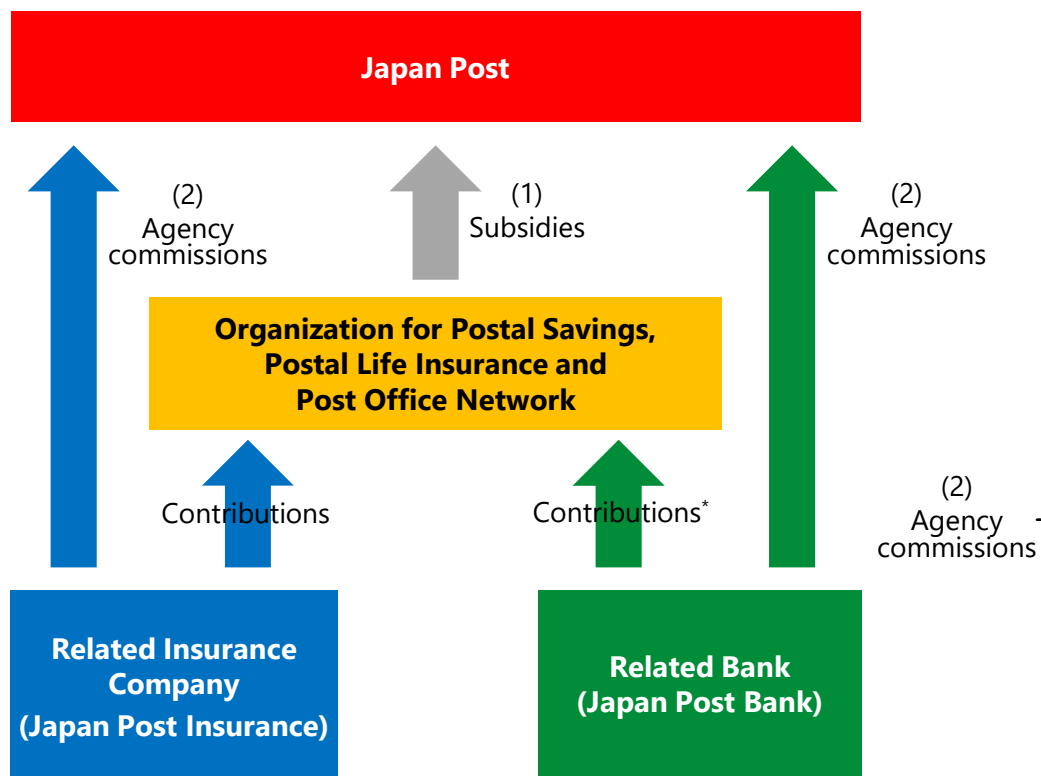
\*2 The authority of the Prime Minister of Japan has been delegated to the Commissioner of the Financial Services Agency (of Japan), with some exceptions (such as the decision not to apply part of the Postal Service Privatization Act when 50% or more of shares have been disposed of).

# Current Status Regarding Privatization

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

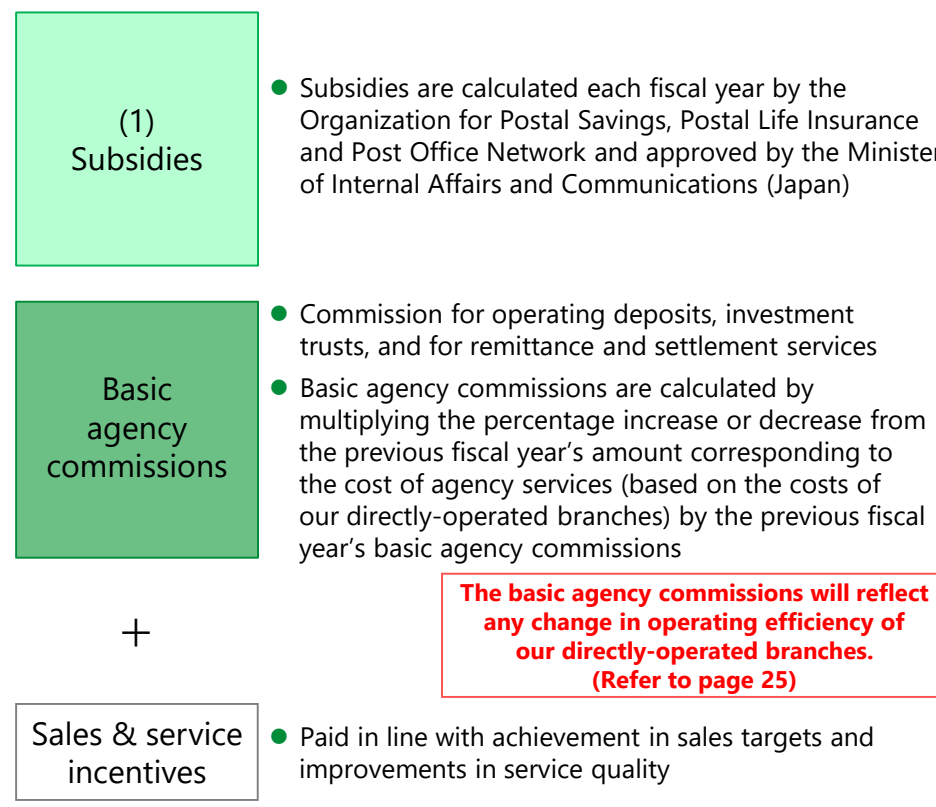
Expenses associated with outsourcing to Japan Post consist of 1) subsidies and 2) agency commissions.  
 Of 2) agency commissions, the structure of the basic agency commissions is that will reflect any change in operating efficiency of our directly-operated branches.

### Contribution System



\* 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.

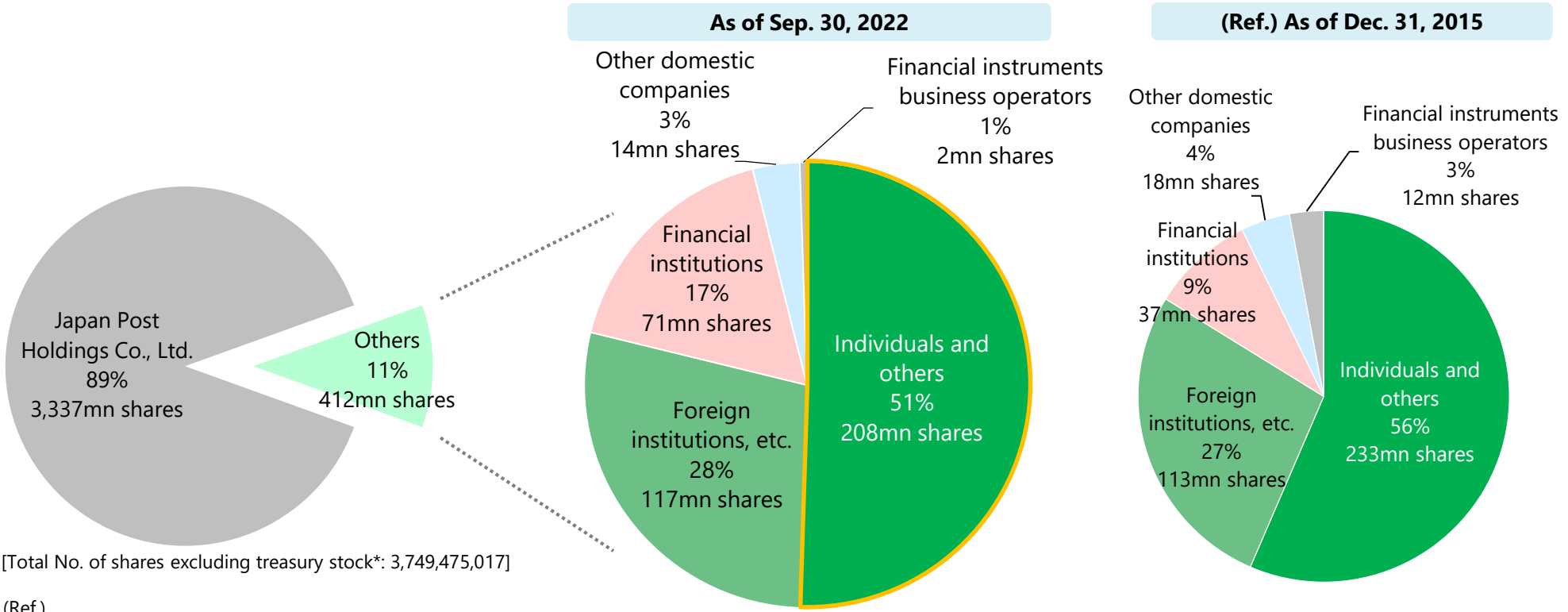
### Structure of Expenses Associated with Outsourcing to Japan Post





# Shareholder Composition

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



[Total No. of shares excluding treasury stock\*: 3,749,475,017]

(Ref.)

Total No. of outstanding shares	3,749,545,020
No. of treasury stock*	70,003

\* 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\*<sup>1</sup>) 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).

\*<sup>1</sup> We have yet to achieve a "tradable share ratio of at least 35%", one of the continued listing requirements for the Prime Market.

## Situation to Date and 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]

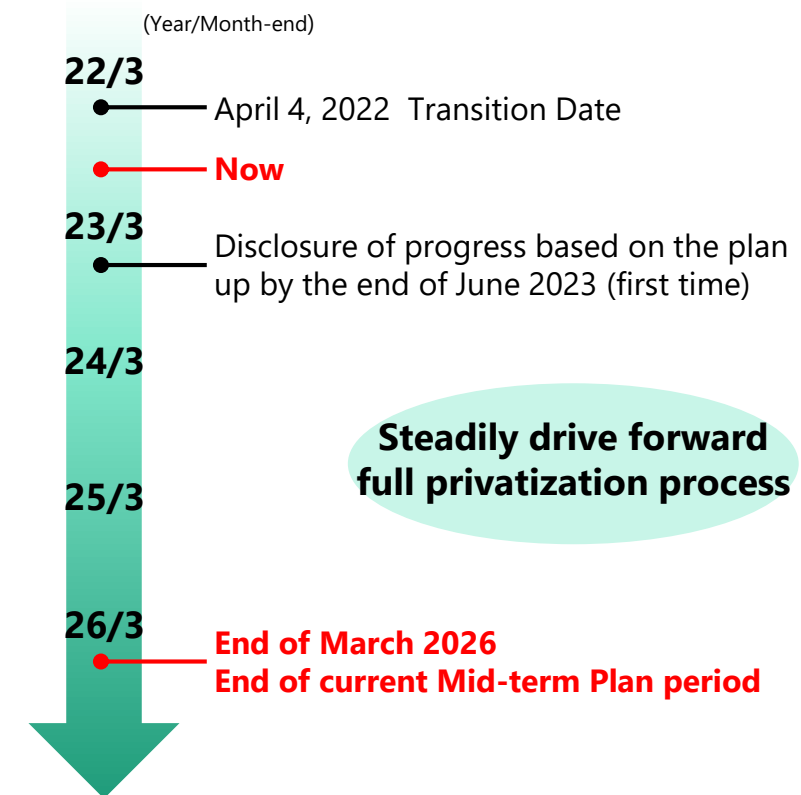
- Steadily drive forward the privatization process to conform to the level of continued listing requirement. The Bank will continue its efforts to create an environment in which it is easy for Japan Post Holdings to implement the relevant policies (increase profits and increase corporate value).
- The progress status of the plan will be disclosed by the end of June 2023\*<sup>2</sup>

\*<sup>2</sup> When the contents of the plan change significantly, a document reflecting the changes will be released.

**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](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/sustainability/governance/report/pdf/report.pdf>

### [Schedule]



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## **(Ref.) FY2023/3 1H Financial Data - Non-consolidated Basis -**

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# Income Analysis

	For the six months ended		(B) – (A)
	September 30, 2021 (A)	September 30, 2022 (B)	
Gross operating profit	768,316	574,789	(193,527)
Net interest income	666,560	429,777	(236,782)
Net fees and commissions	63,081	74,286	11,205
Net other operating income (loss)	38,675	70,725	32,050
Gains (losses) on foreign exchanges	63,772	51,186	(12,586)
Gains (losses) on bonds	(25,270)	19,377	44,647
General and administrative expenses	(500,146)	(465,015)	35,130
Personnel expenses	(58,339)	(57,089)	1,249
Non-personnel expenses	(412,098)	(389,811)	22,286
Taxes and dues	(29,709)	(18,114)	11,594
Operating profit (before provision for general reserve for possible loan losses)	268,170	109,774	(158,396)
Core net operating profit	293,440	90,396	(203,044)
Excluding gains (losses) on cancellation of investment trusts	220,139	49,803	(170,336)
Provision for general reserve for possible loan losses	6	4	(2)
<b>Net operating profit</b>	<b>268,176</b>	<b>109,778</b>	<b>(158,398)</b>
Non-recurring gains (losses)	57,395	104,598	47,202
Gains (losses) related to stocks	(155,316)	51,629	206,946
Gains (losses) on money held in trust	212,043	53,170	(158,872)
<b>Net ordinary income</b>	<b>325,572</b>	<b>214,376</b>	<b>(111,196)</b>

(Millions of yen)

	For the six months ended		(B) – (A)
	September 30, 2021 (A)	September 30, 2022 (B)	
Extraordinary income (loss)	5,228	(185)	(5,413)
Gains (losses) on sales and disposals of fixed assets	5,240	(185)	(5,425)
Losses on impairment of fixed assets	(12)	(0)	11
<b>Income before income taxes</b>	<b>330,800</b>	<b>214,190</b>	<b>(116,610)</b>
Income taxes – current	(81,729)	(79,025)	2,704
Income taxes – deferred	(14,168)	20,300	34,469
<b>Total income taxes</b>	<b>(95,898)</b>	<b>(58,724)</b>	<b>37,174</b>
<b>Net income</b>	<b>234,901</b>	<b>155,466</b>	<b>(79,435)</b>

Gains (losses) on money held in trust	212,043	53,170	(158,872)
Dividends and interest income	48,719	70,047	21,328
Gains (losses) on sales of stocks	171,093	18	(171,075)
Impairment losses	(592)	(3,281)	(2,689)
Withholding income tax, etc.	(7,177)	(13,614)	(6,436)

Credit-related expenses	5	3	(2)
Provision for general reserve for possible loan losses	5	3	(2)

- Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥814 million and ¥920 million recorded as profits for the six months ended September 30, 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, 2022 (A)	As of September 30, 2022 (B)	Increase (Decrease) (B) – (A)
<b>Total assets</b>	<b>232,922,083</b>	<b>226,600,662</b>	<b>(6,321,421)</b>
Cash and due from banks	66,664,253	60,204,160	(6,460,092)
Call loans	2,470,000	2,360,000	(110,000)
Receivables under resale agreements	9,861,753	9,600,701	(261,052)
Receivables under securities borrowing transactions	—	454,022	454,022
Monetary claims bought	397,301	380,828	(16,473)
Trading account securities	11	10	(1)
Money held in trust	5,828,283	6,448,317	620,034
Securities	139,549,103	137,156,063	(2,393,039)
Loans	4,441,967	5,423,078	981,111
Foreign exchanges	213,924	160,555	(53,368)
Other assets	3,250,352	4,089,770	839,417
Tangible fixed assets	192,819	194,398	1,578
Intangible fixed assets	53,367	59,580	6,212
Deferred tax assets	—	70,230	70,230
Reserve for possible loan losses	(1,054)	(1,056)	(1)

(Millions of yen)

	As of March 31, 2022 (A)	As of September 30, 2022 (B)	Increase (Decrease) (B) – (A)
<b>Total liabilities and net assets</b>	<b>232,922,083</b>	<b>226,600,662</b>	<b>(6,321,421)</b>
<b>Total liabilities</b>	<b>222,658,520</b>	<b>217,173,032</b>	<b>(5,485,487)</b>
Deposits	193,441,929	193,724,062	282,133
Payables under repurchase agreements	19,461,646	17,690,278	(1,771,367)
Payables under securities lending transactions	1,514,438	1,683,721	169,283
Borrowed money	5,603,600	226,500	(5,377,100)
Foreign exchanges	697	1,152	455
Other liabilities	2,124,933	3,640,229	1,515,296
Reserve for bonuses	7,238	6,917	(321)
Reserve for employees' retirement benefits	140,355	142,724	2,368
Reserve for employee stock ownership plan trust	515	251	(263)
Reserve for management board benefit trust	365	345	(20)
Reserve for reimbursement of deposits	58,813	56,848	(1,965)
Deferred tax liabilities	303,985	—	(303,985)
<b>Total net assets</b>	<b>10,263,563</b>	<b>9,427,630</b>	<b>(835,933)</b>
Capital stock	3,500,000	3,500,000	—
Capital surplus	3,500,000	3,500,000	—
Retained earnings	2,413,168	2,381,161	(32,007)
Treasury stock	(902)	(1,623)	(721)
<b>Total shareholders' equity</b>	<b>9,412,266</b>	<b>9,379,537</b>	<b>(32,728)</b>
Net unrealized gains (losses) on available-for-sale securities	1,390,288	818,306	(571,982)
Net deferred gains (losses) on hedges	(538,991)	(770,213)	(231,222)
<b>Total valuation and translation adjustments</b>	<b>851,297</b>	<b>48,092</b>	<b>(803,204)</b>

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

## (1) Domestic

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2021 (A)			September 30, 2022 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	210,264,412	262,290	0.24	212,137,338	280,498	0.26	0.01 %pt
Loans	4,646,437	5,112	0.21	4,973,257	4,890	0.19	(0.02)%pt
Securities	69,456,376	178,564	0.51	67,285,237	148,476	0.44	(0.07)%pt
Due from banks, etc.	60,224,561	15,305	0.05	63,054,105	14,066	0.04	(0.00)%pt
Interest-bearing liabilities	203,417,608	24,942	0.02	206,171,509	23,306	0.02	(0.00)%pt
Deposits	191,549,454	12,205	0.01	194,436,929	6,768	0.00	(0.00)%pt
Payables under securities lending transactions	33,851	16	0.09	7,747	3	0.09	0.00 %pt

## (2) Overseas

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2021 (A)			September 30, 2022 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	69,915,385	573,271	1.63	75,589,035	445,151	1.17	(0.46)%pt
Loans	25,571	67	0.52	28,014	74	0.53	0.00 %pt
Securities	69,757,315	573,096	1.63	75,350,555	442,801	1.17	(0.46)%pt
Due from banks, etc.	—	—	—	—	—	—	—
Interest-bearing liabilities	69,537,383	144,058	0.41	72,380,378	272,564	0.75	0.33 %pt
Payables under securities lending transactions	1,463,700	1,184	0.16	1,612,498	13,281	1.64	1.48 %pt

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

(3) Total

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) - (A) Earnings yield
	September 30, 2021 (A)			September 30, 2022 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	
Interest-earning assets	215,722,363	770,310	0.71	221,864,850	611,050	0.54	(0.16)%pt
Loans	4,672,009	5,179	0.22	5,001,272	4,965	0.19	(0.02)%pt
Securities	139,213,692	751,660	1.07	142,635,792	591,277	0.82	(0.25)%pt
Due from banks, etc.	60,224,561	15,305	0.05	63,054,105	14,066	0.04	(0.00)%pt
Interest-bearing liabilities	208,497,556	103,749	0.09	212,690,364	181,272	0.16	0.07 %pt
Deposits	191,549,454	12,205	0.01	194,436,929	6,768	0.00	(0.00)%pt
Payables under securities lending transactions	1,497,552	1,201	0.16	1,620,246	13,285	1.63	1.47 %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 (six months ended September 30, 2022, ¥4,928,131 million; six months ended September 30, 2021, ¥4,106,487 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (six months ended September 30, 2022, ¥4,928,131million; six months ended September 30, 2021, ¥4,106,487 million) and the corresponding interest (six months ended September 30, 2022, ¥8,574 million; six months ended September 30, 2021, ¥4,157 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 ¥72,967 million for the six months ended September 30, 2022 (¥732 million for the six months ended September 30, 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.

6. Earnings yield is annualized.

## Interest Rate Spread

(%)

	For the six months ended		Increase (Decrease) (B) - (A)
	September 30, 2021 (A)	September 30, 2022 (B)	
Yield on interest-earning assets (a)	0.71	0.54	(0.16)%pt
Total cost of funding (including general and administrative expenses) (b)	0.57	0.60	0.02 %pt
Interest rate on interest-bearing liabilities (c)	0.09	0.16	0.07 %pt
Overall interest rate spread (a) - (b)	0.13	(0.05)	(0.19)%pt
Interest rate spread (a) - (c)	0.61	0.37	(0.23)%pt

Note: All numbers are annualized.

# Unrealized Gains (Losses) on Financial Instruments

## (1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2022 (A)		As of September 30, 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	14,974,212	(31,393)	13,127,248	(293,135)	(1,846,963)	(261,741)
Japanese local government bonds	2,746,510	(11,848)	3,203,012	(22,825)	456,502	(10,977)
Japanese corporate bonds	3,540,039	(12,623)	4,077,869	(29,364)	537,829	(16,741)
Others	1,808,495	80	2,745,669	1,822	937,173	1,741
Foreign bonds	1,808,495	80	2,745,669	1,822	937,173	1,741
Total	23,069,257	(55,784)	23,153,799	(343,503)	84,541	(287,719)

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, 2022 (A)		As of September 30, 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	17,283	—	17,283	—	—	—
Bonds	44,132,804	103,994	38,387,619	(385,595)	(5,745,185)	(489,590)
Japanese government bonds	34,285,554	85,743	28,872,220	(376,999)	(5,413,333)	(462,743)
Japanese local government bonds	2,834,364	7,367	2,504,125	3,721	(330,239)	(3,646)
Short-term corporate bonds	1,434,510	—	1,940,967	—	506,456	—
Japanese corporate bonds	5,578,374	10,883	5,070,305	(12,317)	(508,069)	(23,200)
Others	72,742,078	1,569,057	75,988,803	2,581,755	3,246,724	1,012,698
Foreign bonds	22,701,193	1,484,225	23,179,035	2,608,599	477,841	1,124,373
Investment trusts	49,534,425	82,347	52,313,175	(26,862)	2,778,750	(109,209)
Total	116,892,166	1,673,052	114,393,705	2,196,159	(2,498,461)	523,107

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, ¥2,236,621 million and ¥852,922 million profits were included in the statement of income for the six months ended September 30, 2022 and the fiscal year ended March 31, 2022, respectively, because of the application of fair value hedge accounting.

4. Investment trusts are mainly invested in foreign bonds. The Bank has applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (revised 2021) from the beginning of the six months ended September 30, 2022. Due to the application, net unrealized gains on investment trusts include those of private equity funds as of September 30, 2022. Net unrealized gains as of March 31, 2022 were ¥1,348.8 bn (estimate), when the guidance was applied.

5. No impairment loss was recognized for the six months ended September 30, 2022, and impairment loss for the the fiscal year ended March 31, 2022 amounted to ¥744 million



## Unrealized Gains (Losses) on Financial Instruments

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

(Millions of yen)

	As of March 31, 2022 (A)		As of September 30, 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	5,828,283	1,181,977	6,448,317	1,211,601	620,034	29,624
Domestic stocks	2,024,619	1,202,212	1,898,896	1,079,801	(125,723)	(122,410)
Domestic bonds	1,406,103	(28,340)	1,290,655	(53,932)	(115,448)	(25,591)

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

2. Impairment losses for the six months ended September 30, 2022 and the fiscal year ended March 31, 2022 amounted to ¥3,281 million and ¥1,955 million, respectively.

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

(Millions of yen)

	As of March 31, 2022 (A)		As of September 30, 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	7,427,585	(67,703)	8,461,049	118,775	1,033,463	186,478
Currency swaps	8,654,075	(711,381)	8,983,670	(1,230,504)	329,595	(519,122)
Foreign exchange forward contracts	—	—	—	—	—	—
Total	16,081,660	(779,085)	17,444,720	(1,111,728)	1,363,059	(332,643)

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, 2022 (A)	As of September 30, 2022 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	1,223,021	59,410	(1,163,611)

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

# General and Administrative Expenses

(Millions of yen, %)

	For the six months ended				Increase (Decrease) (B) – (A)
	September 30, 2021 (A)		September 30, 2022 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	57,418	11.50	56,275	12.12	(1,143)
Salaries and allowances	47,090	9.43	45,900	9.88	(1,189)
Others	10,328	2.06	10,374	2.23	46
Non-personnel expenses	412,098	82.54	389,811	83.97	(22,286)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	181,737	36.40	174,297	37.54	(7,440)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network*	118,520	23.74	115,355	24.85	(3,164)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	27,690	5.54	13,757	2.96	(13,933)
Rent for land, buildings and others	5,511	1.10	5,414	1.16	(96)
Expenses on consigned businesses	32,171	6.44	33,077	7.12	906
Depreciation and amortization	18,700	3.74	17,879	3.85	(821)
Communication and transportation expenses	7,013	1.40	7,330	1.57	316
Maintenance expenses	7,294	1.46	8,226	1.77	931
IT expenses	5,947	1.19	6,075	1.30	127
Others	7,509	1.50	8,397	1.80	887
Taxes and dues	29,709	5.95	18,114	3.90	(11,594)
Total	499,225	100.00	464,201	100.00	(35,024)

\* 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, 2022 (A)	As of September 30, 2022 (B)	Increase (Decrease) (B) – (A)	As of March 31, 2022 (C)	As of September 30, 2022 (D)	Increase (Decrease) (D) – (C)
Core Capital: instruments and reserves (a)	9,225,082	9,379,823	154,740	9,236,562	9,395,417	158,854
Core Capital: regulatory adjustments (b)	37,024	41,333	4,309	37,256	41,658	4,402
Total capital (a) - (b) = (c)	9,188,057	9,338,489	150,431	9,199,306	9,353,759	154,452
Total amount of risk-weighted assets (d)	59,089,525	61,187,912	2,098,387	59,106,048	61,149,975	2,043,927
Credit risk-weighted assets	56,529,128	58,701,899	2,172,771	56,545,574	58,663,307	2,117,733
Market risk equivalent / 8%	—	—	—	—	—	—
Operational risk equivalent / 8%	2,560,397	2,486,012	(74,384)	2,560,474	2,486,668	(73,806)
Capital adequacy ratio (c) / (d)	15.54%	15.26%	(0.28)%pt	15.56%	15.29%	(0.26)%pt

# Securitized Products Exposure

As of March 31, 2022 and September 30, 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, 2022			As of September 30, 2022		
		Acquisition cost	Net unrealized gains (losses)	Credit ratings	Acquisition cost	Net unrealized gains (losses)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,317,081	4,358	AAA	1,282,628	(5,817)	AAA
	Held-to-maturity	331,835	(4,374)	AAA	326,495	(7,813)	AAA
	Available-for-sale	985,245	8,733	AAA	956,132	1,996	AAA
	Collateralized loan obligations (CLO)	—	—	—	—	—	—
	Other securitized products	236,597	(156)	AAA	211,140	(225)	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	735	19	AAA	604	13	AAA
	Subtotal	1,554,414	4,220		1,494,373	(6,029)	
Overseas	Residential mortgage-backed securities (RMBS)	38,004	5,782	AAA	31,872	5,422	AAA
	Collateralized loan obligations (CLO)	1,602,388	168,008	AAA	2,022,115	480,451	AAA
	Held-to-maturity	681,912	62,584	AAA	1,101,826	207,324	AAA
	Available-for-sale	920,476	105,423	AAA	920,289	273,126	AAA
	Subtotal	1,640,393	173,791		2,053,988	485,874	
Total		3,194,807	178,012		3,548,361	479,844	

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): ¥(43,779) million as of September 30, 2022, compared with ¥(9,767) million as of March 31, 2022. Available-for-sale securities (fair value hedge accounting was applicable): ¥(27,226) million as of September 30, 2022, compared with ¥(5,963) million as of March 31, 2022.

# Selected Historical Financial Data

						(¥bn)	
		FY2019/3	FY2020/3	FY2021/3	FY2022/3	FY2022/3 1H	FY2023/3 1H
Consolidated	Consolidated gross operating profit	1,326.8	1,314.0	1,319.1	1,292.0	769.1	576.3
	Net interest income*1	1,015.9	976.6	961.9	1,147.4	666.8	429.9
	Net fees and commissions	106.7	128.8	127.9	128.4	63.6	75.0
	Net other operating income (loss)	204.1	208.4	229.1	16.0	38.6	71.3
	General and administrative expenses*2	(1,038.5)	(1,021.5)	(1,011.4)	(983.2)	(501.1)	(466.0)
	Provision for general reserve for possible loan losses	—	(0.0)	—	(0.0)	0.0	0.0
	Consolidated net operating profit	288.2	292.5	307.6	308.7	268.0	110.2
	Non-recurring gains (losses)	85.7	86.6	86.5	182.1	57.5	109.8
	Net ordinary income	373.9	379.1	394.2	490.8	325.6	220.1
	Extraordinary income (losses)	(4.1)	(0.5)	(1.5)	5.6	5.2	(0.1)
Net income attributable to owners of parent	266.1	273.4	280.1	355.0	235.3	158.6	
Consolidated capital adequacy ratio (Domestic standard)*3	15.80%	15.58%	15.53%	15.56%	15.79%	15.29%	
Consolidated total net assets*3	11,362.3	9,003.2	11,394.8	10,302.2	11,479.7	9,479.3	
Consolidated total assets*3	208,974.1	210,910.8	223,870.6	232,954.4	227,329.6	226,644.9	
Non-consolidated	Number of employees (people)*3	12,800	12,477	12,408	12,169	12,457	12,138
	Average number of temporary employees (people)*3	4,184	3,865	3,601	3,243	3,299	2,947
	New employees (people)*4	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.