



JAPAN POST BANK

Results for the Six Months Ended September 2020

November 20, 2020

Director, President and Representative Executive Officer
Norito Ikeda

Today's Key Message

About FY21/3 1H Financial Results

- First-half results were better than projected because of improvements in the market environment and a reduction in general and administrative expenses
 - Net income attributable to owners of parent: ¥124.2bn
 - Net unrealized gains on financial instruments (available-for-sale), [Non-consolidated]: ¥2.8tn [vs. FY20/3 end +¥2.9tn]
 - Capital adequacy ratio [Non-consolidated]: 15.73% [vs. FY20/3 end +0.17%pt]

About Revised Earnings and Dividends Forecasts for FY21/3

- We have revised the full-year earnings forecasts upwards because of the favorable first-half results and based on the assumption that the market will stabilise in the future
 - Net ordinary income [Consolidated]: ¥375.0bn [Before revision: ¥275.0bn]
 - Net income attributable to owners of parent: ¥270.0bn [Before revision: ¥200.0bn]
- As a result, we have also decided to set the previously undetermined annual dividends forecast at ¥50 per share

About Japan Post Group Basic Approach to the Group Medium-term Management Plan (2021 – 2025) *Separate Volume

- We will fulfil the Group's "Commitments to Regain Customers' Trust" as a member of the Group, and Japan Post Bank employees are working as one to drive a customer-oriented mindset
- Japan Post Bank is also operating under the Japan Post Group Basic Approach to the Group Medium-term Management Plan (2021 – 2025)

Table of Contents

1. FY21/3 1H Financial Results P.3

- Overview of FY21/3 1H Results
- Capital Adequacy Ratio
- Market Situation
- 1H Financial Results
- Income Analysis
- Unrealized Gains (Losses) on Financial Instruments
- Asset Management
- Deposit Balance
- Fees and Commissions
- General and Administrative Expenses

Consolidated Subsidiaries, etc.

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

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

2. Revised Earnings and Dividends Forecasts for FY21/3 P.23

- Earnings Forecasts (Revised)
- Revised Plan vs. Original Plan
- (Reference) What are Non-revenue Dividends?
- Assumptions for Earnings Forecasts (Revised)
- Individual Plan (Investments / Fees and Commissions / Expenses (Revised))
- Dividends Forecast (Revised)

Appendix P.31

- ESG・CSR
- (Reference) The Group's "Commitments to Regain Customers' Trust"

Appendix2 P.41

- About Japan Post Bank

Financial Data P.53

[Separate Volume]

Japan Post Group Basic Approach to the Group Medium-term Management Plan (2021 – 2025)

1. FY21/3 1H Financial Results

Overview of FY21/3 1H Results (1)



[Consolidated] [p.9](#)

Net income attributable to owners of parent **¥124.2bn**

Progress rate to forecast 46.0%¹

Net ordinary income **¥172.0bn**

Progress rate to forecast 45.8%¹

1. Revised the full-year earnings forecasts upwards at this announcement of financial results for the 1H. These figures are progress rates to revised plans.

Net income attributable to owners of parent	(Original Plan) ¥200.0bn	→	(Revised Plan) ¥270.0bn
Net ordinary income	(Original Plan) ¥275.0bn	→	(Revised Plan) ¥375.0bn

[Non-consolidated]

Net income **¥123.9bn** [YoY ¥(20.7)bn]

Net ordinary income **¥171.8bn** [YoY ¥(29.2)bn]

Net interest income [p.10](#) ¥421.1bn [YoY ¥(80.7)bn]

Domestic ¥274.3bn [YoY ¥(63.4)bn]

Overseas ¥146.7bn [YoY ¥(17.2)bn]

Net fees and commissions [p.17](#) ¥64.4bn [YoY ¥(1.0)bn]

Exchange and settlement transactions ¥41.9bn [YoY +¥1.9bn]

ATM related commissions ¥10.2bn [YoY +¥1.0bn]

Net other operating income (loss) ¥184.7bn [YoY +¥73.7bn]

General and administrative expenses² [p.20](#) ¥504.3bn [YoY ¥(10.3)bn]

Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd. ¥187.2bn [YoY ¥(1.9)bn]

Determined the annual dividends forecast per share to ¥50 [p.30](#)

2. Exclude non-recurring items.

Investment assets³ [p.12](#) ¥218.9tn [vs. FY20/3 end +¥11.4tn]

Securities ¥139.2tn [vs. FY20/3 end +¥4.0tn]

Japanese government bonds ¥52.8tn [vs. FY20/3 end ¥(0.7)tn]

Foreign securities, etc. ¥70.2tn [vs. FY20/3 end +¥4.5tn]

Yen interest rates assets³ ¥120,765.2bn [vs. FY20/3 end +¥6,808.2bn]

Risk assets³ [p.13](#) **¥89,351.2bn** [vs. FY20/3 end +¥4,480.7bn]

Foreign securities, etc. ¥67,748.2bn [vs. FY20/3 end +¥4,345.8bn]

Strategic investment areas **¥3,556.5bn** [vs. FY20/3 end +¥246.9bn]

Private equity funds⁴ ¥1,930.1bn [vs. FY20/3 end +¥188.2bn]

Real estate funds ¥1,260.8bn [vs. FY20/3 end +¥166.7bn]

Hedge funds ¥46.8bn [vs. FY20/3 end ¥(123.1)bn]

Others ¥318.7bn [vs. FY20/3 end +¥15.0bn]

3. Since "Yen interest rates assets" and "Risk assets" are calculated on management accounting basis, the sum of these figures is not equal to the "Investment assets".

4. Include regional vitalization funds.

Net unrealized gains (losses) [p.11](#)

on financial instruments (available-for-sale) adjusted by gains (losses) **¥2,825.0bn** [vs. FY20/3 end +¥2,927.1bn]
on hedge transactions

Capital adequacy ratio [p.7](#)

(Non-consolidated) **15.73%** [vs. FY20/3 end +0.17%pt]
(Domestic Standard)

Overview of FY21/3 1H Results (2)

— Result of Operations, Financial Conditions —



Results of Operations (Non-consolidated)

	FY20/3 1H (A)	FY21/3 1H (B)	Increase (Decrease) (B) – (A)
(¥bn)			
Gross operating profit	678.2	670.3	(7.9)
Net interest income	501.8	421.1	(80.7)
Net fees and commissions	65.4	64.4	(1.0)
Net other operating income (loss)	110.9	184.7	73.7
Gains (losses) on foreign exchanges	107.8	172.1	64.3
Gains (losses) on bonds	5.3	12.6	7.3
General and administrative expenses (*)	514.6	504.3	(10.3)
Provision for general reserve for possible loan losses	—	—	—
Net operating profit	163.6	165.9	2.3
Non-recurring gains (losses)	37.4	5.8	(31.5)
Gains (losses) on money held in trust	27.7	7.5	(20.1)
Net ordinary income	201.0	171.8	(29.2)
Net income	144.7	123.9	(20.7)

* General and administrative expenses exclude non-recurring losses.

Financial Conditions (Non-consolidated)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
(¥bn)			
Assets	210,905.1	222,290.8	11,385.6
Cash and due from banks	51,663.9	56,307.6	4,643.7
Call loans	1,040.0	930.0	(110.0)
Receivables under resale agreements	9,731.8	10,172.0	440.1
Money held in trust	4,549.7	5,191.4	641.6
Securities	135,198.4	139,297.3	4,098.8
Loans	4,961.7	6,870.7	1,908.9
Liabilities	201,917.5	211,242.5	9,325.0
Deposits	183,004.7	187,427.2	4,422.5
Payables under repurchase agreements	14,855.6	15,656.7	801.1
Payables under securities lending transactions	2,219.3	1,800.6	(418.7)
Net assets	8,987.6	11,048.2	2,060.6
Total shareholders' equity	9,058.7	9,088.9	30.2
Total valuation and translation adjustments	(71.0)	1,959.3	2,030.3

Overview of FY21/3 1H Results (3)

—Management Indicators—



Management Indicators (Non-consolidated)

	FY20/3 (A)	FY21/3 1H (B)	Increase (Decrease) (B) – (A)
ROE (net assets basis)*	2.68%	2.46%	(0.21)%pt
Net income	¥273.0bn	¥123.9bn	
Average of the beginning and ending balances of net assets	¥10,169.2bn	¥10,017.9bn	
ROE (shareholders' equity basis)*	3.02%	2.72%	(0.30)%pt
Net income	¥273.0bn	¥123.9bn	
Average of the beginning and ending balances of shareholders' equity	¥9,015.9bn	¥9,073.8bn	
OHR	77.63%	75.23%	(2.39)%pt
General and administrative expenses	¥1,020.2bn	¥504.3bn	
Gross operating profit	¥1,314.2bn	¥670.3bn	
Yield on interest-earning assets*	0.64%	0.51%	(0.12)%pt
Interest rate spread*	0.47%	0.39%	(0.07)%pt
Yield on interest-earning assets*	0.64%	0.51%	
Interest rate on interest-bearing liabilities*	0.17%	0.11%	

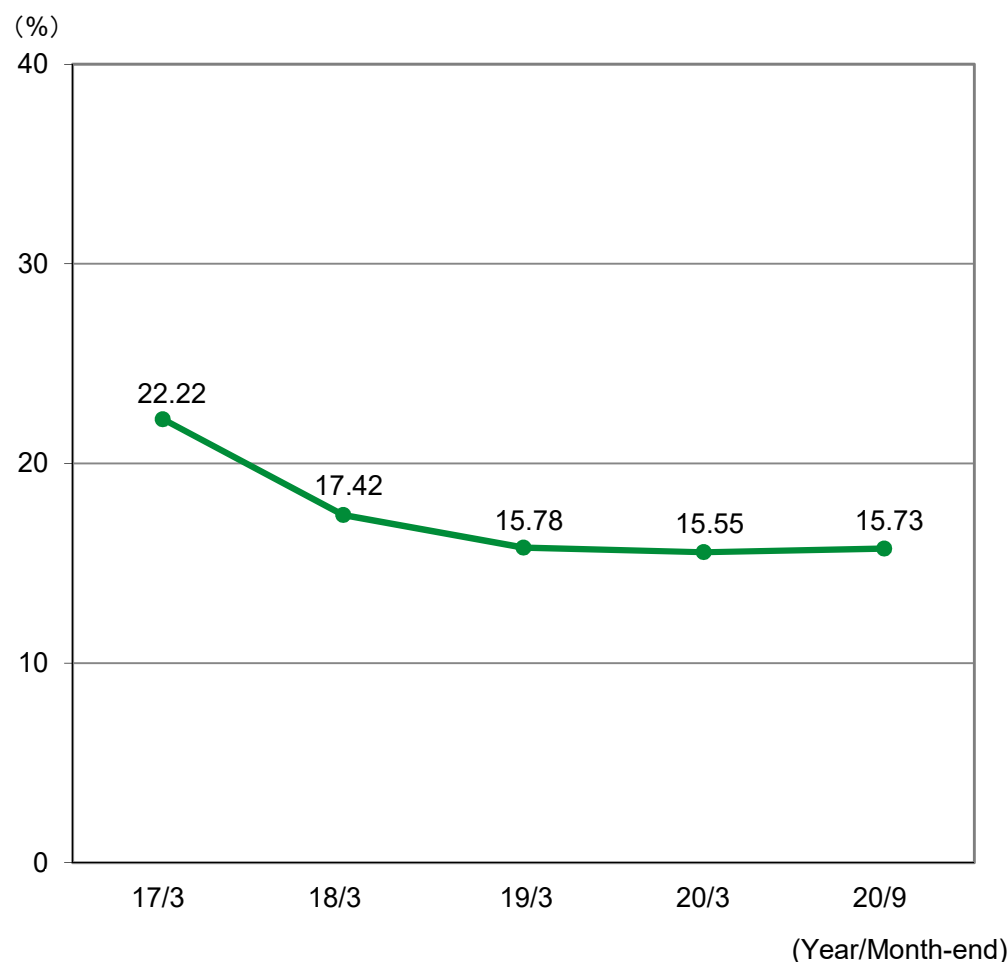
* 1H figures are annualized basis.

Capital Adequacy Ratio



- Capital adequacy ratio (non-consolidated, domestic standard) was 15.73% as of September 30, 2020
- The increase in total capital (numerator) had a greater impact than the increase in the total amount of risk-weighted assets (denominator). Capital adequacy ratio (non-consolidated) increased by 0.17%pt compared to the end of the previous year. In particular, the total amount of risk-weighted assets (denominator) only saw a marginal increase due to the risk-controlled approach to portfolio management

Trend of Capital Adequacy Ratio (Non-consolidated)



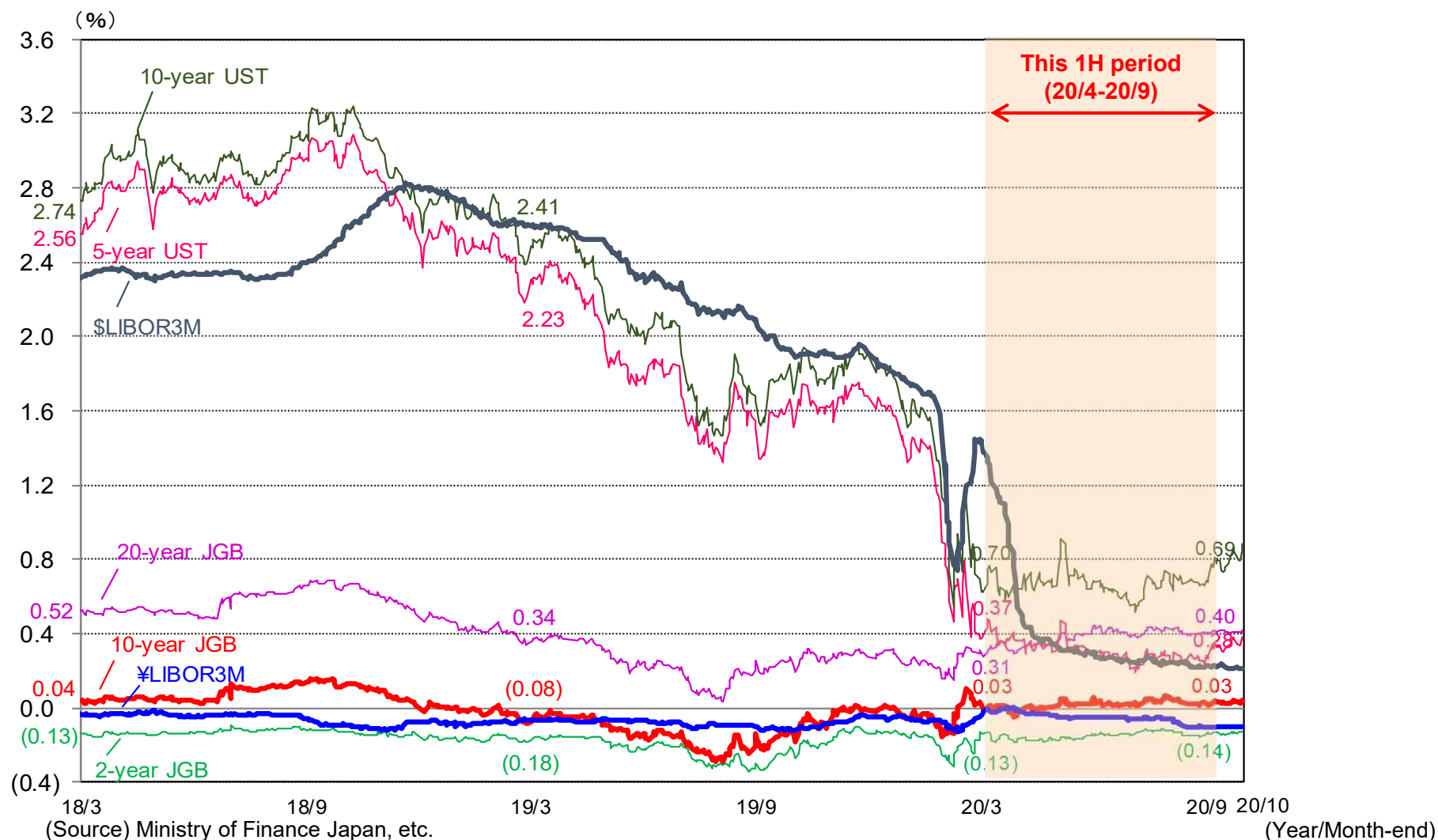
Capital Adequacy Ratio (Non-consolidated)

	As of Mar. 31, 2020 (A)	As of Sep. 30, 2020 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,932.5	9,057.9	125.4
Total amount of risk-weighted assets (b)	57,407.2	57,576.6	169.3
Credit risk-weighted assets	54,775.0	55,007.3	232.2
Capital adequacy ratio (a) / (b)	15.55%	15.73%	0.17%pt

Capital Adequacy Ratio (Consolidated)

	As of Mar. 31, 2020 (A)	As of Sep. 30, 2020 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,942.0	9,071.1	129.1
Total amount of risk-weighted assets (b)	57,390.8	57,566.3	175.5
Credit risk-weighted assets	54,758.8	54,997.3	238.4
Capital adequacy ratio (consolidated) (a) / (b)	15.58%	15.75%	0.17%pt

Changes in Interest Rates in the period of Medium-term Management Plan (From the end of March 2018 to the end of October 2020)



1H Financial Results



- In the challenging business environment with the impact of the spread of COVID-19 and yen interest rates remained at a low level, net ordinary income, consolidated basis, was ¥172.0bn.

Net income attributable to owners of parent decreased by ¥20.6bn year on year to ¥124.2bn.

In particular, although reductions in general and administrative expenses are progressing, we are seeing significant reductions in net interest income, etc. (decreases in interest on Japanese government bonds, and increases in non-revenue dividends from investment trusts)

Results for FY21/3 1H (Consolidated)

	FY20/3 1H (A)	FY20/3 (B)	FY21/3 1H (C)	(¥bn) Increase (Decrease) (C) – (A)	Main drivers of increase and decrease
Net interest income, etc.*	648.5	1,267.0	607.2	① (41.2)	① ✓ Compared to the previous year, net interest income, etc. decreased due to decreases in interest on Japanese government bonds [¥(36.5)bn], and increases in non-revenue dividends from investment trusts [¥(31.0)bn]
Net fees and commissions	65.4	128.8	64.4	(1.0)	
General and administrative expenses	514.1	1,019.5	503.7	② (10.3)	② ✓ Compared to the previous year, general and administrative expenses have improved because of decreases in IT expenses [¥(4.3)bn], and decreases to commissions on bank agency services, etc. paid to Japan Post Co., Ltd. caused by voluntary limitations on business by the post office [¥(1.9)bn]
Net ordinary income	201.1	379.1	172.0	(29.1)	
Net income attributable to owners of parent	144.8	273.4	124.2	(20.6)	

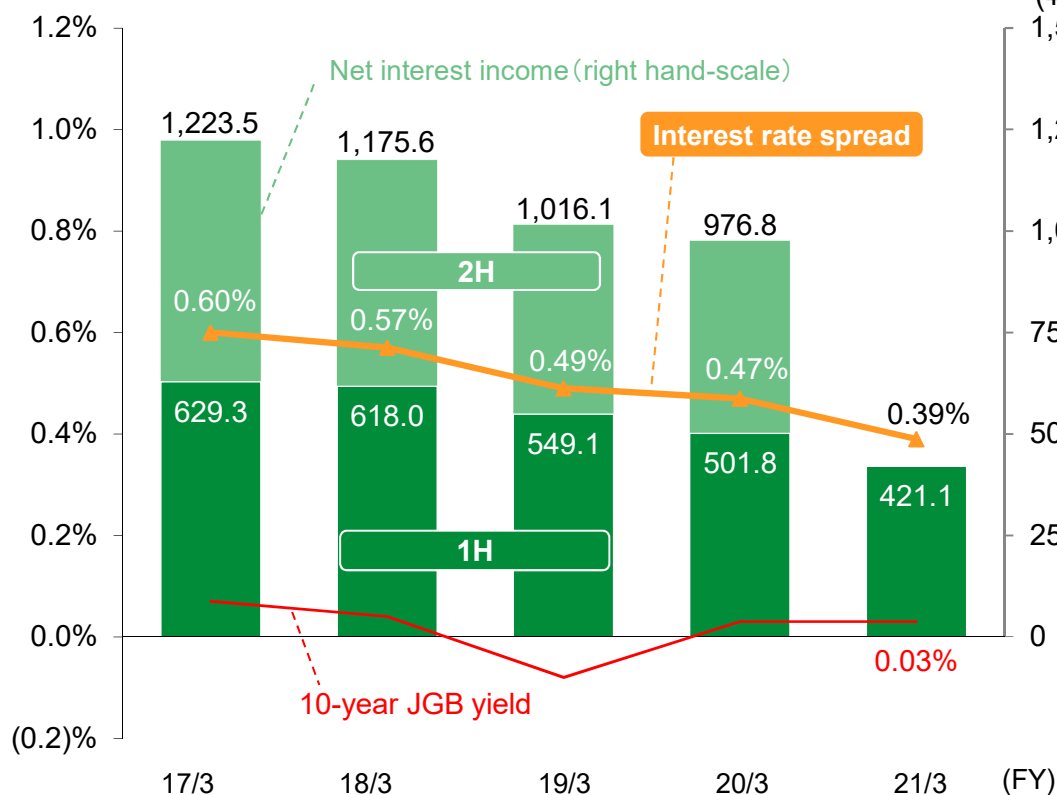
* Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.)

Income Analysis



- Net interest income was ¥421.1bn and interest rate spread was 0.39% for the six months ended September 30, 2020
- While interest expenses decreased due to a decrease in foreign currency funding costs, interest income which mainly consists of interest on Japanese government bonds and foreign securities decreased.
As a result, net interest income decreased by ¥80.7bn year on year

Income Analysis (Non-consolidated)



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.
3. Interest rate spreads of FY17/3 – FY20/3 are the figures for the relevant fiscal years, while interest rate spread of FY21/3 is the figure for the six months ended September 30, 2020. Interest rate spread of FY21/3 is annualized.

Domestic (¥bn)			
	FY20/3 1H (A)	FY21/3 1H (B)	Increase (Decrease) (B) – (A)
Net interest income	337.7	274.3	(63.4)
Interest income	378.2	308.8	(69.4)
Interest income on Japanese government bonds	227.7	191.2	(36.5)
Interest expenses	40.5	34.5	(5.9)
Overseas (¥bn)			
	FY20/3 1H (A)	FY21/3 1H (B)	Increase (Decrease) (B) – (A)
Net interest income	164.0	146.7	(17.2)
Interest income	386.5	307.0	(79.4)
Interest income on foreign securities	385.5	306.7	(78.7)
Interest expenses	222.4	160.2	(62.1)
Total (¥bn)			
	FY20/3 1H (A)	FY21/3 1H (B)	Increase (Decrease) (B) – (A)
Net interest income	501.8	421.1	(80.7)
Interest income	667.4	542.1	(125.2)
Interest expenses	165.5	121.0	(44.5)

Unrealized Gains (Losses) on Financial Instruments



- Net unrealized gains on financial instruments (available-for-sale) after taking into consideration of gains (losses) from hedge accounting were ¥2.8tn as of September 30, 2020 (before application of tax effect accounting), increased by ¥2.9tn from March 31, 2020. Unrealized gains (losses) of investment trusts, in particular, have improved significantly because of the tightening of foreign credit spreads (refer to p.27)

Unrealized Gains (Losses) on Financial Instruments (Non-consolidated)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Net unrealized gains (losses)
Held-to-maturity securities	24,170.7	490.8	25,497.6	376.0	(114.8)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)
	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)	Net unrealized gains (losses) / Net deferred gains (losses)
Available-for-sale	115,936.1	370.6	119,313.4	3,297.7	2,927.1
Securities (a)	111,386.4	(751.5)	114,121.9	1,780.0	2,531.6
Japanese government bonds	32,597.9	794.2	31,100.3	675.1	(119.0)
Foreign bonds	23,706.8	429.4	23,194.9	572.1	142.7
Investment trusts (*)	41,901.0	(2,040.4)	46,967.2	469.2	2,509.6
Others	13,180.6	65.1	12,859.4	63.5	(1.6)
Effect of fair value hedge accounting (b)		308.3		364.3	56.0
Money held in trust (c)	4,549.7	813.8	5,191.4	1,153.3	339.4
Domestic stocks	1,859.6	816.5	2,171.5	1,154.5	338.0
Others	2,690.0	(2.7)	3,019.8	(1.2)	1.4
Derivatives for which deferred hedge accounting is applied (d)	16,340.3	(472.7)	16,310.7	(472.7)	(0.0)
Total (a) + (b) + (c) + (d)		(102.0)		2,825.0	2,927.1

* Investment trusts are mainly invested in foreign bonds.

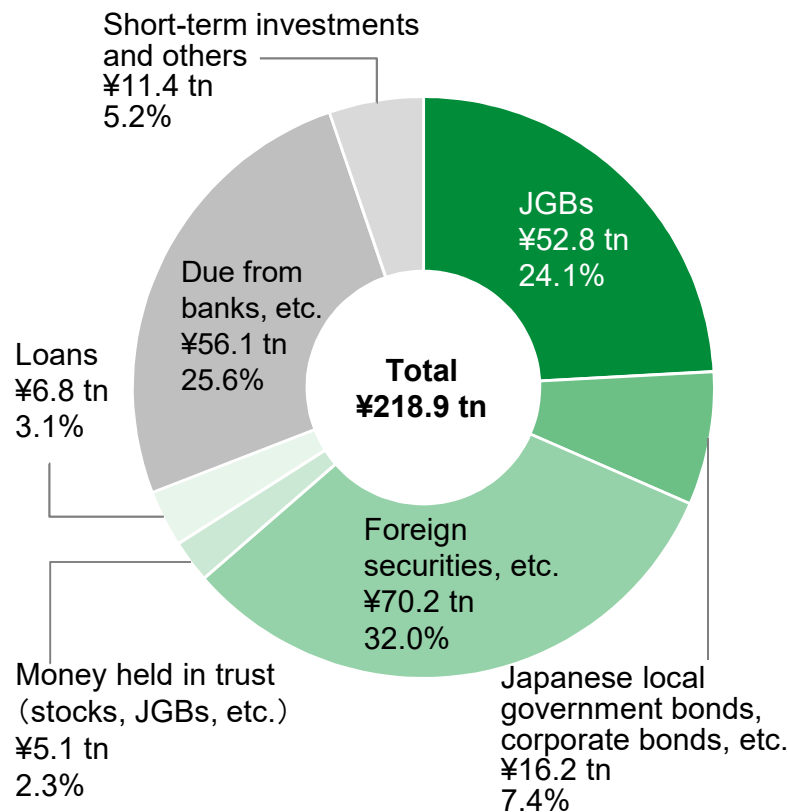
Asset Management (1)

—Investment Assets—



- Investment assets at the end of September 2020 was ¥218.9tn, representing an increase of ¥11.4tn compared to the previous year driven primarily by factors such as increases in investment trusts and amounts due from banks, etc. Specifically, the increases in investment trusts were because of a recovery in fair value and increases in balances, and increases in amounts due from banks, etc. were increases in Bank of Japan deposits

Investment Assets (Non-consolidated)



Categories	As of March 31, 2020 (A)	%	As of September 30, 2020 (B)	%	Increase (Decrease) (B) – (A)
Securities	135,198.4	65.1	139,297.3	63.6	4,098.8
Japanese government bonds	53,636.1	25.8	52,836.3	24.1	(799.7)
Japanese local government bonds, corporate bonds, etc. (*)	15,904.8	7.6	16,242.7	7.4	337.9
Foreign securities, etc.	65,657.5	31.6	70,218.1	32.0	4,560.5
Foreign bonds	23,706.8	11.4	23,194.9	10.5	(511.9)
Investment trusts (**)	41,901.0	20.1	46,967.2	21.4	5,066.2
Money held in trust (stocks, JGBs, etc.)	4,549.7	2.1	5,191.4	2.3	641.6
Domestic stocks	1,859.6	0.8	2,171.5	0.9	311.9
Loans	4,961.7	2.3	6,870.7	3.1	1,908.9
Due from banks, etc. (***)	51,485.4	24.8	56,155.0	25.6	4,669.6
Short-term investments and others (****)	11,324.2	5.4	11,477.2	5.2	152.9
Total	207,519.6	100.0	218,991.6	100.0	11,472.0

* “Japanese local government bonds, corporate bonds, etc.” consists of Japanese local government bonds, commercial paper, Japanese corporate bonds and Japanese stocks.

** Investment trusts are mainly invested in foreign bonds.

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

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

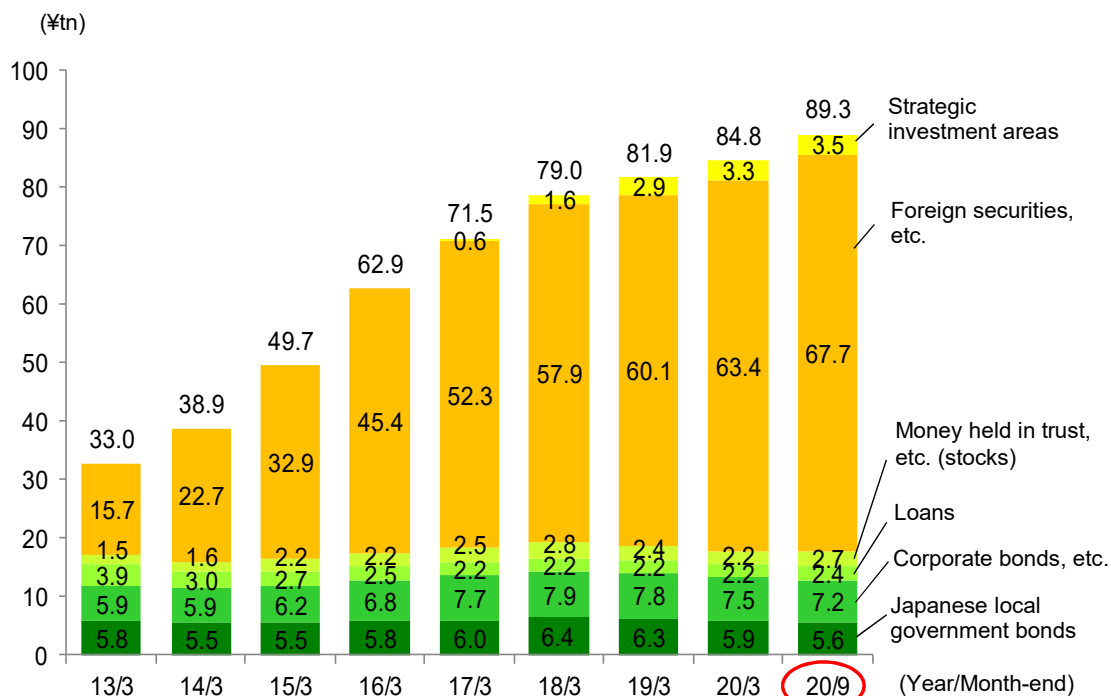
Asset Management (2)

—Risk Assets and Strategic Investment Areas—



- We will continue with diversification and sophistication of investment management to respond to reductions in interest income from JGBs, etc.
- The balance of risk assets¹ at the end of September 2020 was ¥89.3tn, an increase of ¥4.4tn primarily driven by increases in balances of foreign securities, etc. Investment trusts in particular increased by ¥5.0tn because of a recovery in fair value caused by the credit spreads tightening, and because of the effects of increased balances
- The balance of strategic investment areas² was ¥3.5tn, an increase of ¥0.2tn primarily driven by increases in balances of private equity funds (PE) and real estate funds

Risk Assets¹ (Non-consolidated)

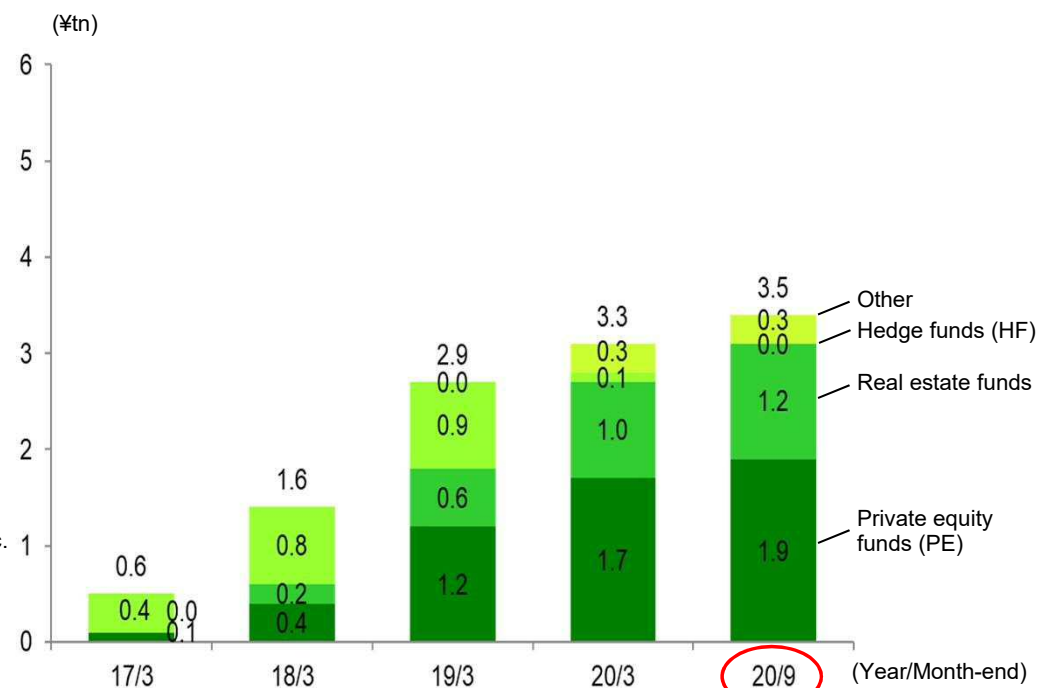


Note: At the end of March 2020, due to the disruption of financial markets associated with the spread of COVID-19, credit spreads widened rapidly and the fair value decreased.

1. Assets other than yen interest rates (JGBs, etc.) (credit bonds, foreign government bonds, equities, alternatives)

2. "Strategic investment areas" are alternative assets (private equity funds and real estate funds (equity), etc.), real estate funds (debt) and direct lending funds.

Strategic Investment Areas² (Non-consolidated)



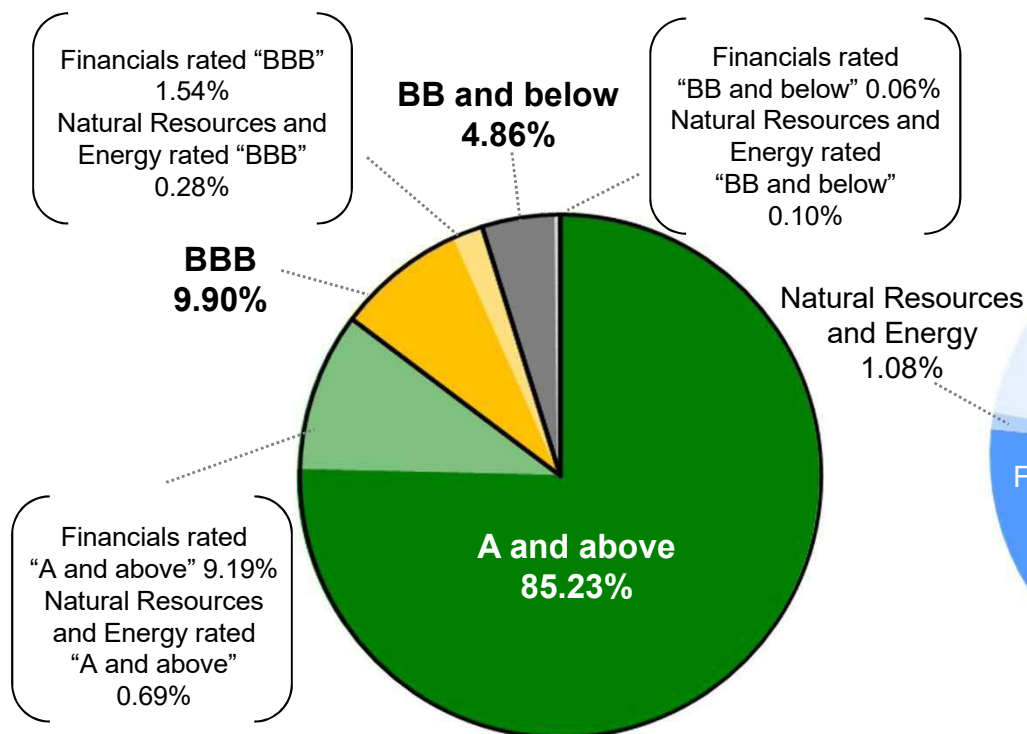
Asset Management (3)

—Exposure Profile of Investment Assets—

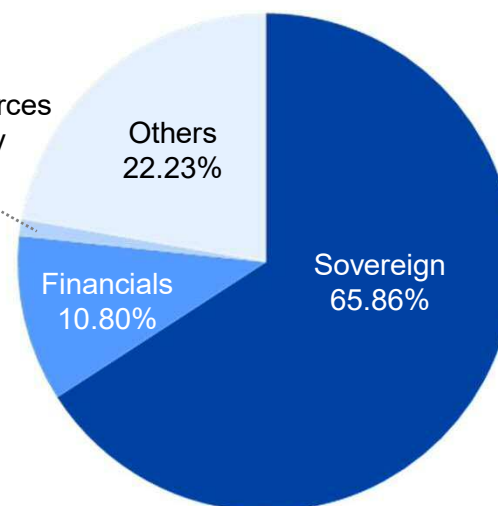


- Breakdown of the Bank's investment assets,
By credit rating: around 85% are rated A or above, and around 95% are rated IG (BBB or above)
By sector: around 66% are Sovereign, and around 11% are Financials
By region: around 68% are Japan, and around 19% are North America

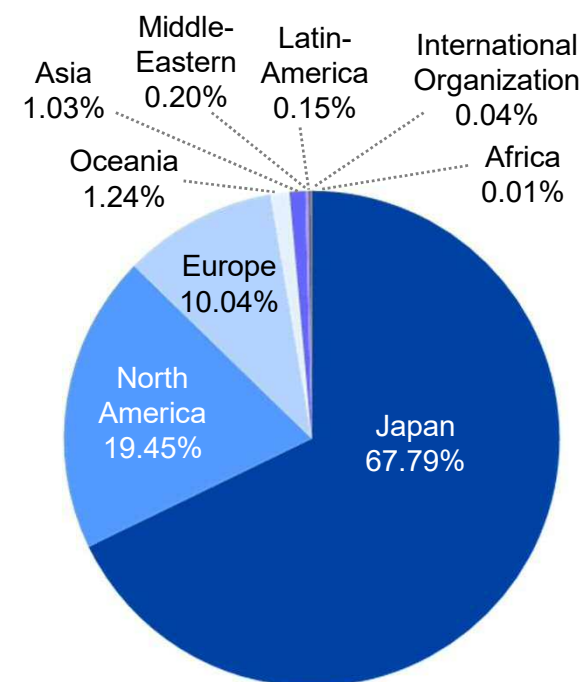
Exposures Classified by Ratings (Non-consolidated)



Exposures Classified by Sector (Non-consolidated)



Exposures Classified by Region (Non-consolidated)



Sep. 30, 2020
¥206tn

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

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

Asset Management (4)

—Portfolio Management Status—



Balance (Non-consolidated)

(¥bn)

	As of Mar. 31, 2020 (A)	As of Sep. 30, 2020 (B)	Increase (Decrease) (B) – (A)
Yen interest rates assets	113,956.9	120,765.2	6,808.2
Short-term assets	57,186.6	64,285.3	7,098.6
Japanese government bonds and government guaranteed bonds	56,770.3	56,479.9	(290.3)
Risk assets	84,870.5	89,351.2	4,480.7
Japanese local government bonds	5,986.3	5,665.8	(320.4)
Japanese corporate bonds, etc.	7,594.4	7,202.8	(391.6)
Foreign securities, etc.	63,402.3	67,748.2	4,345.8
Loans	2,291.7	2,431.9	140.2
Money held in trust (stocks), etc.	2,286.0	2,745.7	459.7
Strategic investment areas	3,309.6	3,556.5	246.9

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 12, and also the sum of “Yen interest rates assets” and “Risk assets” is not equal to the “Total” on page 12.
 2. “Strategic investment areas” is Alternative assets (Private Equity Funds and Real Estate Funds (Equity), etc.), Real Estate Funds (Debt) and Direct Lending Funds.

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

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

	FY20/3		FY21/3 1H	
	Average balance	Net gains (losses)	Average balance	Net gains (losses)
Total portfolio	197.4	376.7	203.1	167.9
Yen interest rates assets	114.0	(480.5)	116.0	(260.0)
Customer-based funding and marketing	—	(774.3)	—	(410.1)
Investment side, etc.	—	293.7	—	150.1
Risk assets	83.4	857.3	87.1	427.9

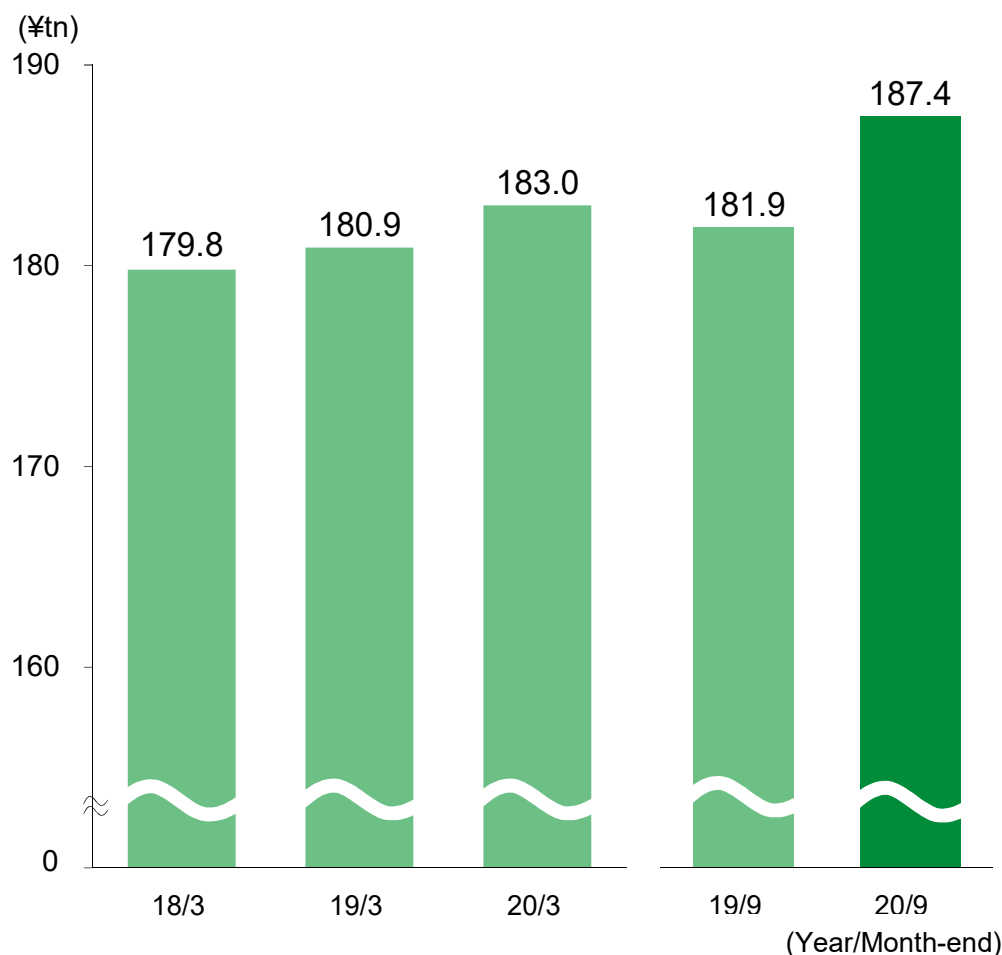
Notes: 1. Management accounting basis.
 2. Average balance of the respective portfolios is calculated as the average of the beginning and ending balances for each period.
 3. Net gains and losses are calculated by the below formula. Total of net gains and losses for each portfolio is largely equal to the Bank's net ordinary income.
 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



- Deposit balance at the end of September 2020 was ¥187.4tn, representing an increase of ¥4.4tn compared to the previous year driven primarily by factors such as increases in balances of ordinary deposits, etc. Ordinary deposit balance, in particular, increased due to factors such as special cash payments paid in response to the spread of COVID-19, and reductions in consumption resulting from voluntary isolation

Deposit Balance (Non-consolidated)



	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	87.5	95.2	7.7
Transfer deposits	7.7	8.2	0.5
Ordinary deposits, etc. (*)	79.3	86.5	7.1
Savings deposits	0.5	0.5	0.0
Fixed-term deposits	95.2	92.0	(3.2)
Time deposits	5.2	4.9	(0.2)
TEIGAKU deposits	90.0	87.0	(2.9)
Other deposits	0.1	0.1	(0.0)
Total	183.0	187.4	4.4

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

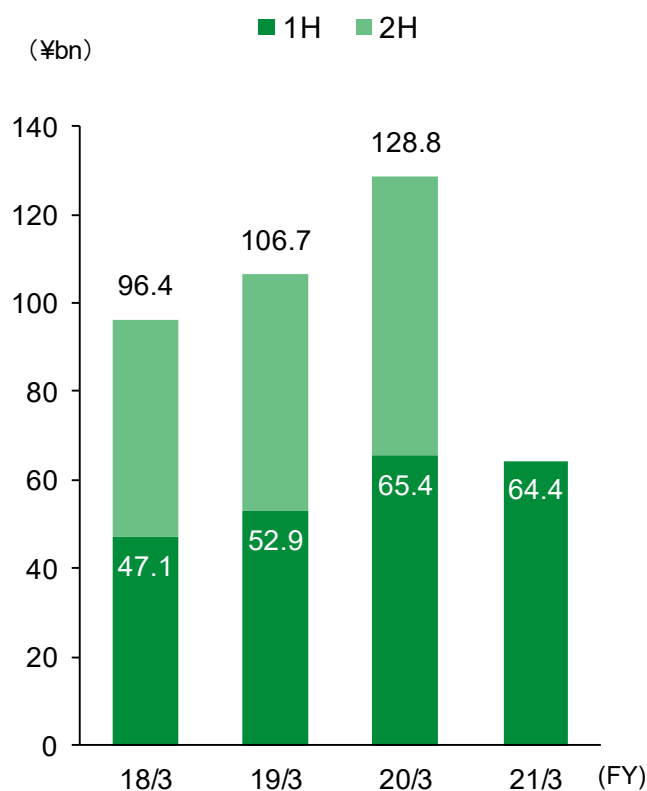
Fees and Commissions (1)



■ Net fees and commissions for FY21/3 1H decreased by ¥1.0bn year on year to ¥64.4bn.

In particular, although exchange and settlement transactions fees increased due to changes to fees associated with wire transfers, investment trust related commissions decreased significantly

Results (Non-consolidated)



Breakdown (Non-consolidated)

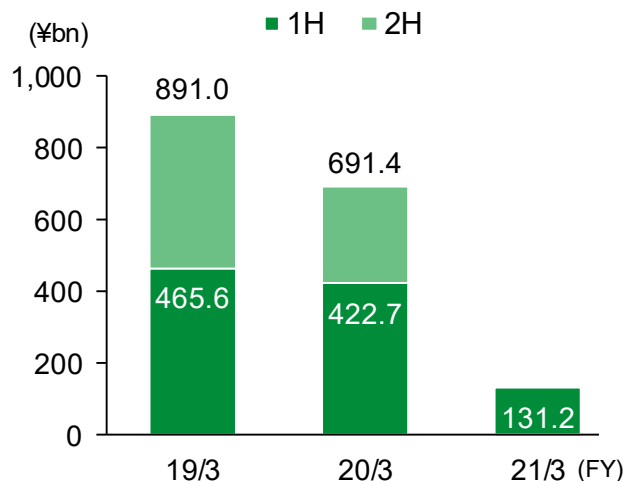
	(¥bn)			Main drivers of increase and decrease
	FY20/3 1H (A)	FY21/3 1H (B)	Increase (Decrease) (B) – (A)	
Net fees and commissions	65.4	64.4	(1.0)	① ✓ Changes to fees associated with wire transfers (Apr. 2020 onward) ② ✓ Expanded installation of compact ATMs in locations such as Family Mart convenience stores ③ ✓ Voluntary limitations on business by the post office, and reductions in numbers of customers and opportunities for soliciting customers brought about by the spread of COVID-19
Exchange and settlement transactions	39.9	41.9	① 1.9	
Zengin net fee	5.8	6.2	0.4	
ATM related commissions	9.2	10.2	② 1.0	
Investment trust related commissions	11.8	7.3	③ (4.5)	
Variable annuities	0.2	0.1	(0.1)	
JGBs related commissions	0.8	0.8	(0.0)	
Credit cards	2.3	2.1	(0.1)	
Consumer loans	0.5	0.6	0.0	
Other	0.3	1.2	0.8	

Fees and Commissions (2)

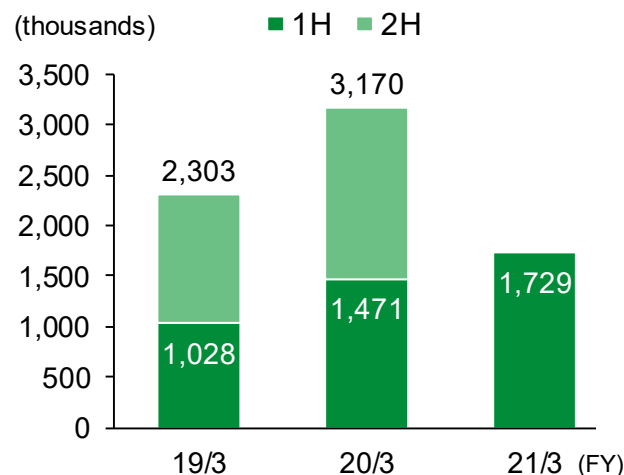
—Investment Trusts Sales—



Sales Amount



Number of Contracts

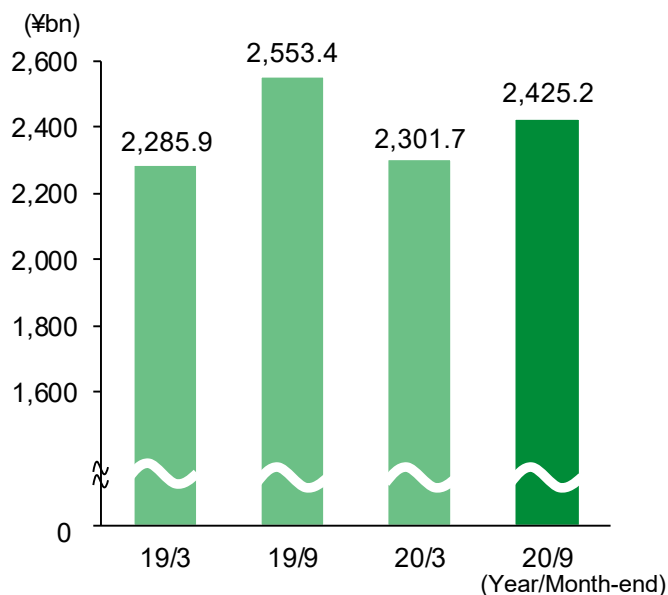


Measures to Improve Investment Trust Sales

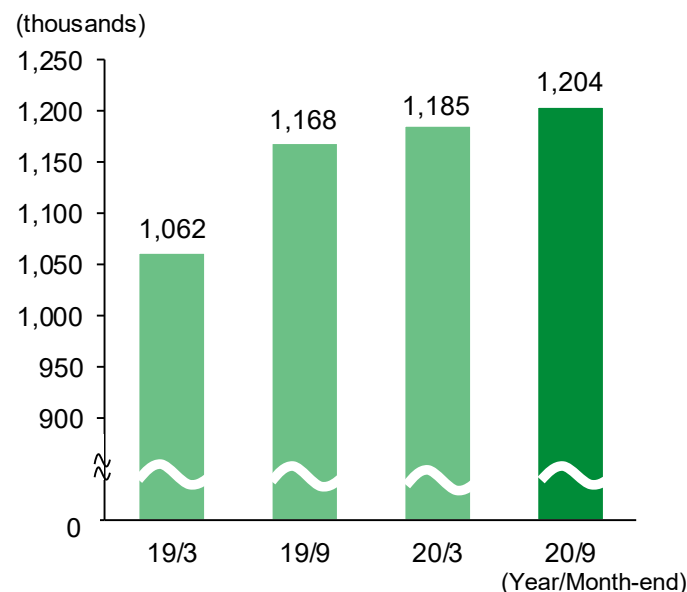
Overview

In September 2019, we disclosed an internal rule violation, in which manager approval was not obtained prior to soliciting investment trusts to customers aged 70 and over.

Net Assets



Number of Investment Trust Accounts



Measures

We conducted after-sales follow-up services for customers who were affected by this internal rule violation, as well as all elderly customers, and we strengthened our internal control system.

Specific Initiatives

- ✓ Reviewed sales tools and sales practices
- ✓ Made employees aware and offered motivation
- ✓ Strengthened our governance functionality

Cross-Sectional Initiatives

- ✓ Reviewed sales targets and evaluation system
- ✓ Eliminated organisational gaps

Fees and Commissions (3)

—ATM and Yucho Pay, etc.—



ATM

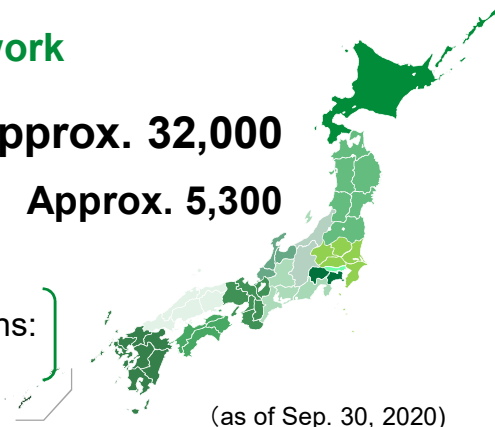
Japan's largest ATM network

Total No. of ATMs **Approx. 32,000**

No. of compact ATMs* **Approx. 5,300**

*Installed in Family Mart convenience stores, etc.

No. of partner financial institutions:
Approx. 1,300



Yucho Pay

"New Convenience" smartphone payment service



"Pay Rangers"
Yucho Pay PR
characters

- Smartphone payment app using QR code (available from May 8, 2019)
- Available at approximately 170,000 stores (as of Sep. 30, 2020)
- We are currently in the process of increasing the number of stores that accept Yucho Pay and continue expanding services

Stores that accept Yucho Pay (example)



Responses to Fraudulent use of Cashless Payment Services

Fraudulent uses of immediate transfer services

Overview

- ✓ Fraudulent users opened payment service accounts of customers other than themselves, connected these accounts with customers' bank accounts, and fraudulently put money on their own payment service accounts.
- ✓ Services such as new account registrations have been suspended for a portion of payment services that are suspected as having security issues.
- ✓ We have fully compensated all customers who were impacted by these fraudulent acts.

Specific Initiatives

- ✓ We contacted approximately 5.5 million customers with registered payment operators to confirm transactions, etc.
- ✓ We are working to introduce two-factor verification processes to payment services.
- ✓ Compensated customers fully for lost amounts.

Fraudulent uses of mijica cards*

* Visa debit, prepaid card mijica

Overview

- ✓ Fraudulent users illegally sent money from customers' mijica cards to the fraudulent users' own mijica cards by illegally logging in to the mijica members website.
- ✓ The money wiring functions of all mijica cards, new mijica card applications, and the mijica card member site have all been suspended.
- ✓ We have fully compensated all customers who were impacted by these fraudulent acts.

Specific Initiatives

- ✓ Sent cautionary notices to all mijica members, approximately 200,000 customers.
- ✓ Implemented screenings regarding money transfers between mijica members.
- ✓ Compensated customers fully for lost amounts.

Cross-Sectional Initiatives

- ✓ Established a task force personally directed by the President and Representative Executive Officer.
 - With respect to cashless payment services* offered by the Bank, we implemented comprehensive inspections such as monitoring of security systems' strength and usage conditions of customers.
 - Implemented third-party evaluations regarding the results of the comprehensive inspections. The third party evaluation concluded that "based on the inspection results and other factors, the comprehensive inspection was conducted appropriately."
 - We will steadily implement security-enhancing measures formulated in line with the comprehensive inspection results, such as developing systems to monitor account connections and sending notifications to customers.

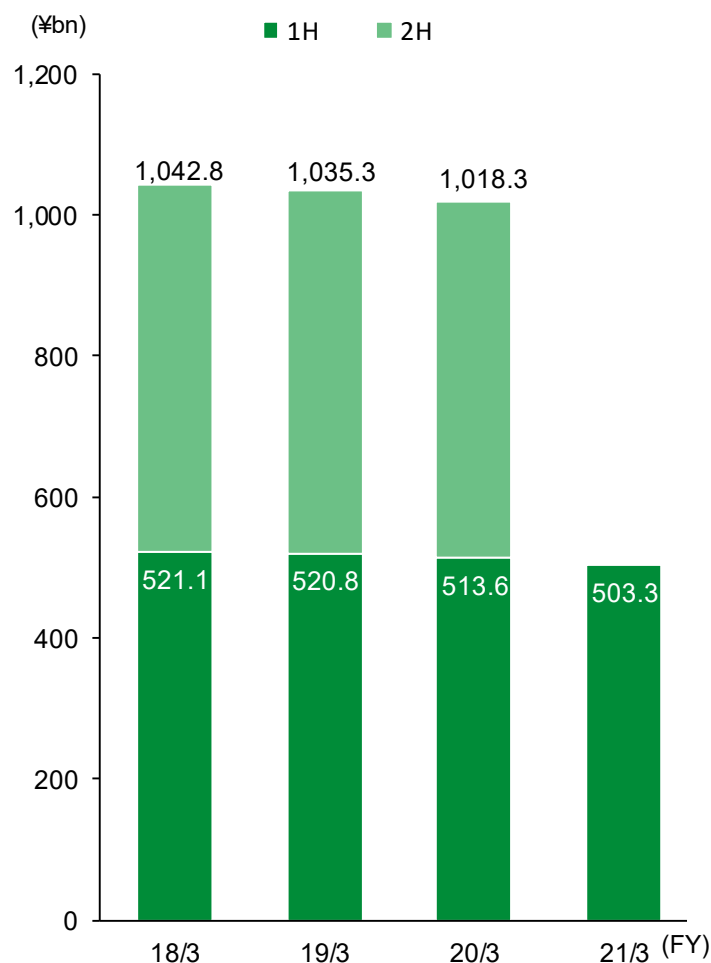
* immediate transfer services, Yucho Pay, and mijica, etc.

General and Administrative Expenses (1)



- General and administrative expenses for FY21/3 1H decreased by ¥10.3bn year on year to ¥503.3bn. Commissions on bank agency services, etc. paid to JAPAN POST, in particular, decreased as a result of voluntary limitations on business by the post office, and reductions in numbers of business activities brought about by the spread of COVID-19

Results (Non-consolidated)



Breakdown (Non-consolidated)

	FY20/3 1H (A)	FY21/3 1H (B)	(¥bn) Increase (Decrease) (B) – (A)	Main drivers of increase and decrease
Personnel expenses (*)	60.3	58.4	(1.8)	①
Salaries and allowances	49.5	47.9	① (1.6)	✓ Reductions in employee numbers brought about by factors such as fewer new hirings
Non-personnel expenses	427.6	418.0	(9.5)	✓ Decreases in overtime pay due to work restrictions in response to the spread of COVID-19
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	189.1	187.2	② (1.9)	②
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network	118.9	118.7	(0.2)	✓ Voluntary limitations on business by the post office, and reductions in numbers of business activities brought about by the spread of COVID-19
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	29.7	28.7	(1.0)	
IT expenses	10.2	5.8	③ (4.3)	③
Taxes and dues	25.6	26.7	1.0	✓ Detachment of system renewal fees appropriated in FY20/3
Total	513.6	503.3	(10.3)	

* Personnel expenses include non-recurring losses.

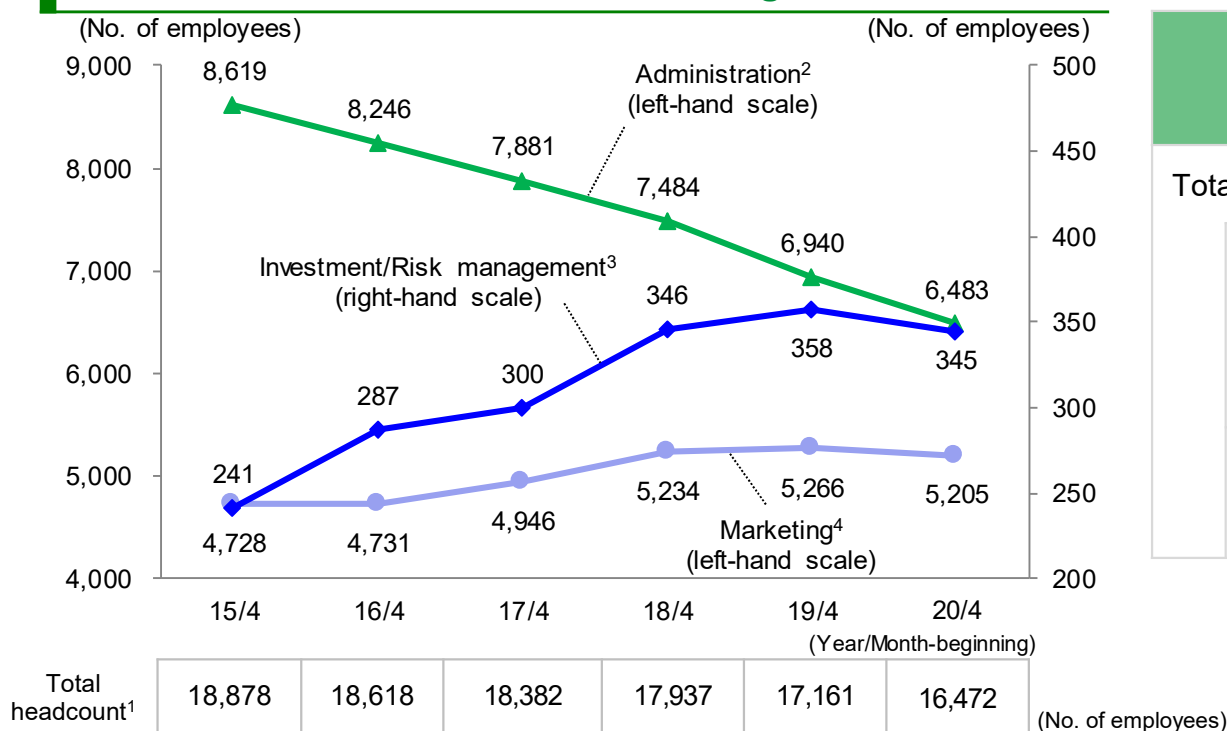
General and Administrative Expenses (2)

— Headcount Reduction / Reallocating Personnel —



- To keep reducing total headcount by streamlining administrative work and optimizing administrative staffing. As a result, the number of the reductions of administrative staffing through increased efficiency, etc. achieved Mid-term plan* target¹
 - To keep reallocating human resources to areas of expected growth and of strategic importance which are the Marketing and Investment divisions
- * Equivalent to (2,000) employees

Headcount Reduction / Reallocating Personnel



	(No. of employees)
	Change ¹ (Apr. 1, 2017 → Apr. 1, 2020)
Total headcount	(1,900)
Reduction of administrative staffing through efficiency and productivity improvement	(2,500)
Personnel reallocation to growth areas	+600

Achieved
Mid-term plan* target
* Equivalent to
(2,000) employees

Initiatives for Reallocating Personnel

Changes to Operating Hours

Some branches which had extended operating hours changed operating hours to shorter covering from 9:00 am to 4:00 pm with the consideration of utilization records of customers, etc.

After that, personnel assigned due to these extended hours was reallocated to marketing, etc.

1. Includes non-regular employees.
Since this figure includes the number except note 2-4, it is not equal to the sum of note 2-4.
2. HQ System Division + HQ Operation Division + Operation Support Centers, etc.
Operation Support Centers mainly perform back office functions.
3. HQ Investment Division + HQ ALM Planning Department + HQ Risk Management Division
4. HQ Marketing Division + Branches (financial consulting department, corporate marketing department, loan marketing department) + Administration Service Centers.
Administration Service Centers are organizations that support sales and administration activities for post offices.

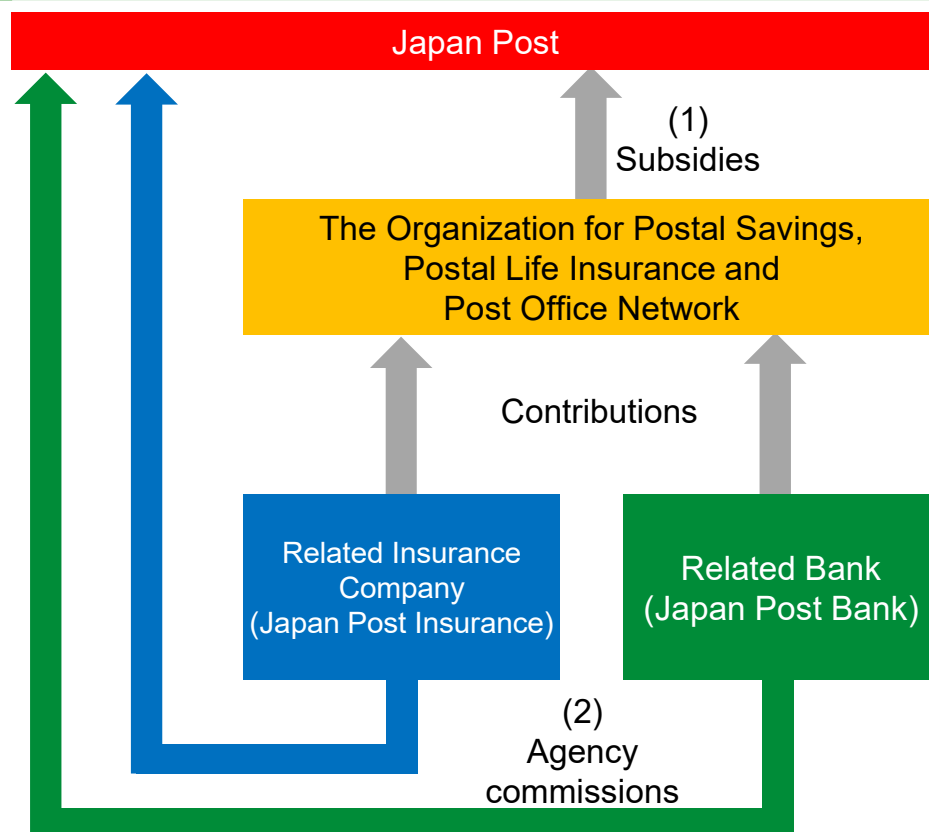
General and Administrative Expenses (3)

—Agency Commissions Paid to Japan Post, etc.

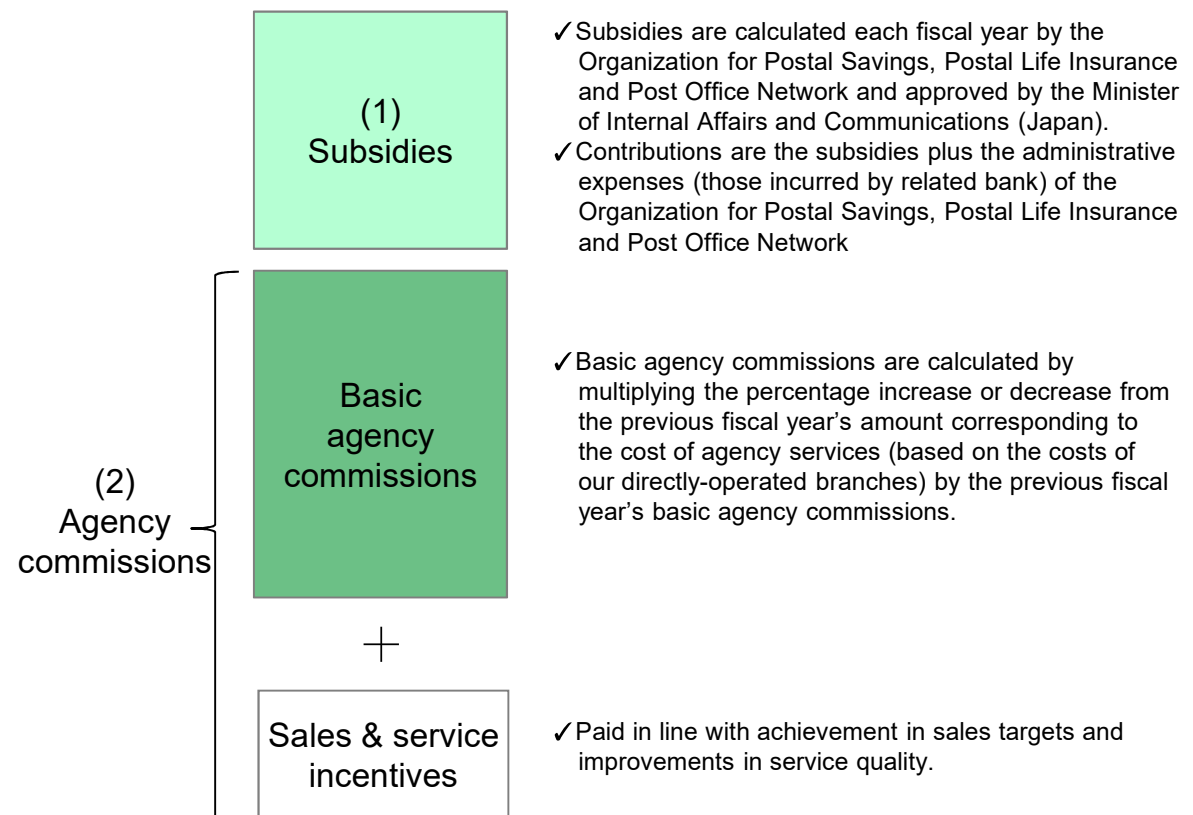


- Expenses associated with outsourcing to Japan Post consist of 1) subsidies and 2) agency commissions
 - (1) Subsidies are funded by contributions from the Bank and Japan Post Insurance
 - (2) Agency commissions consist of basic agency commissions (commission for operating deposits, investment trusts, and for remittance and settlement services) and sales & service incentives
 - The structure of the basic agency commissions is that will reflect any change in operating efficiency of our directly-operated branches. In FY21/3, we have begun efforts to significantly reduce the number of teller employees in our directly-operated branches during the next Mid-term Plan period in light of changes in customers' lifestyles

Contribution System



Structure of Expenses Associated with Outsourcing to Japan Post



2. Revised Earnings and Dividends Forecasts for FY21/3

Earnings Forecasts (Revised)

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

- We have raised our full-year earnings forecasts based on the first-half results. The progress rate to our earnings forecasts after the upward revision is 46.0%

Revised Full-year Earnings Forecasts for FY21/3 (Consolidated)

(¥bn)

	FY20/3	FY21/3 1H	FY21/3		Increase (Decrease) (B) – (A)
	Actual	Actual	Forecast (Original Plan) (May 15, 2020) (A)	Forecast (Revised Plan) (Nov. 13, 2020) (B)	
Net interest income, etc. ¹	1,267.0	607.2	1,180.0	1,265.0	① 85.0
Net fees and commissions	128.8	64.4	130.0	130.0	—
General and administrative expenses	1,019.5	503.7	1,040.0	1,030.0	(10.0)
Net ordinary income ²	379.1	172.0 [45.8%]	275.0	375.0	100.0
Net income attributable to owners of parent ²	273.4	124.2 [46.0%]	200.0	270.0	70.0

① Since foreign credit spreads have drastically tightened, non-revenue dividends from investment trusts have improved compared to the original plan. (Refer to p.25-27 for details.)

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

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

Revised Plan vs. Original Plan

1.Results

2.Earnings/
Dividends
Forecasts

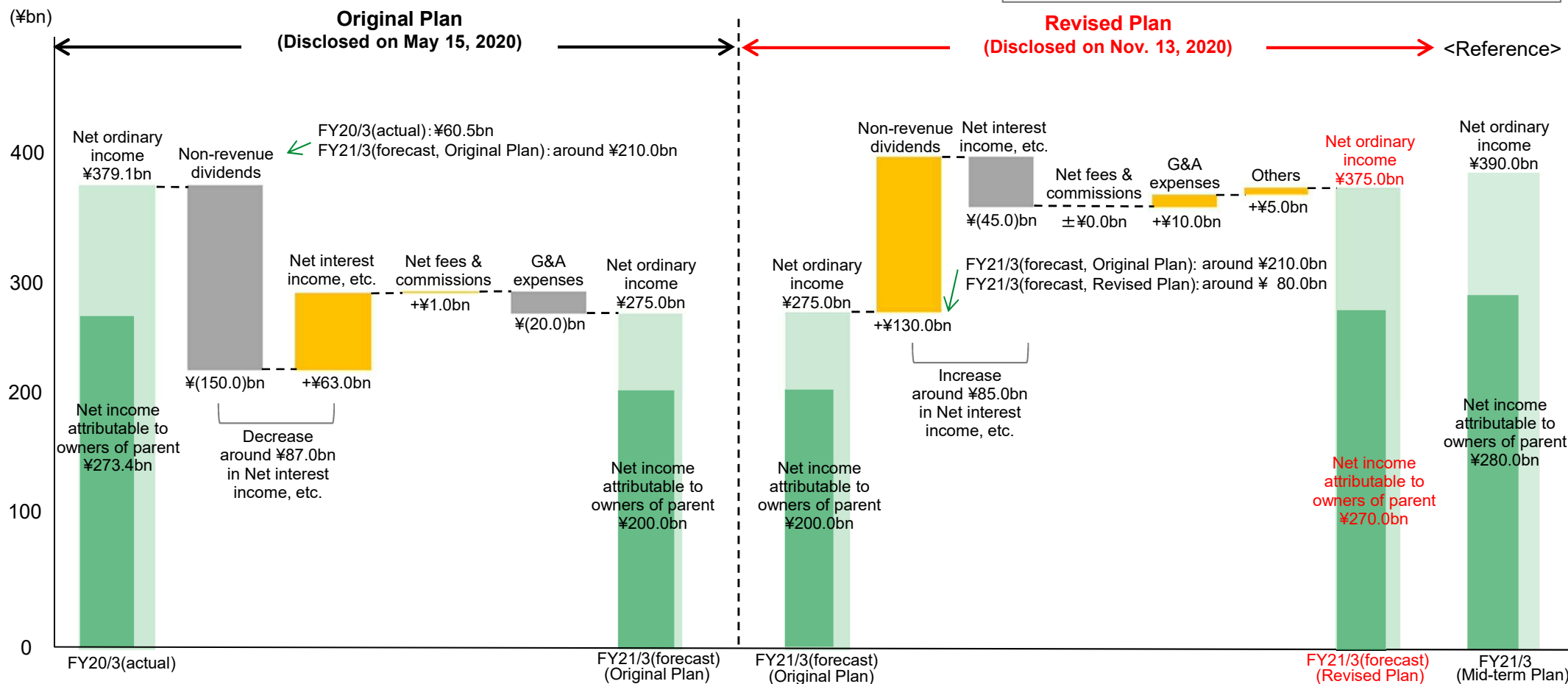
Appendix

Financial
Data

- As the original plan assumed that foreign credit spreads would remain high, it was anticipated that non-revenue dividends from investment trusts would see a significant increase compared to FY20/3, and that income would be significantly lower
- As it stands, credit spreads have tightened significantly compared to our original plan and considering such factors as the current financial and economic situation both in Japan and overseas, we predict that they will remain almost flat to year-end. As a result, we revised the full-year earnings forecasts for FY21/3 upwards, because of such factors as a decrease in non-revenue dividends compared to the original plan, which led to an increase in net interest income, etc.
- The revised plan also take into account risks associated with the spread of COVID-19, to a certain extent

Difference from Original Plan (Net ordinary income, Consolidated)

Positive factor : Negative factor



(Reference) What are Non-revenue Dividends?

1.Results

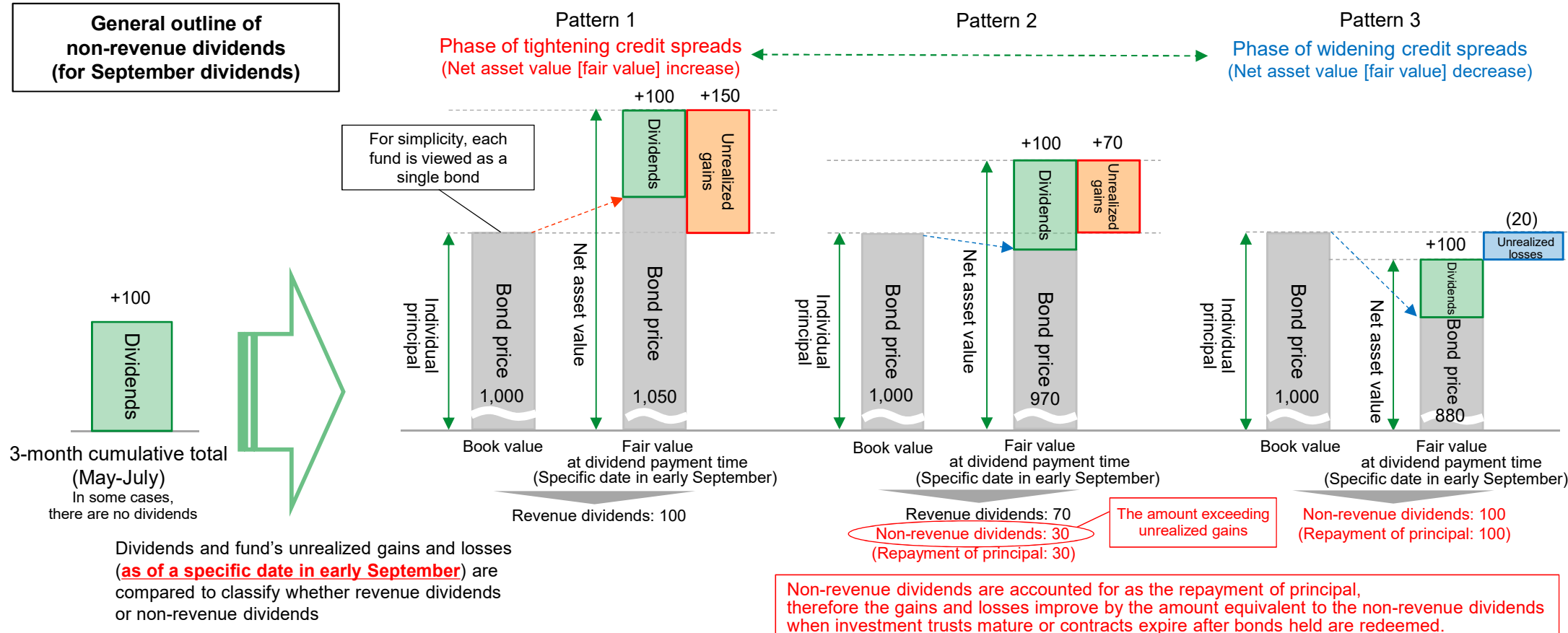
2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

- Generally, dividends from each fund in an investment trust are classified into the following two categories:
 - Revenue dividends: Dividends that are within unrealized gains (net asset value [fair value] - individual principal [book value]>0; the same shall apply hereafter)
 - Non-revenue dividends: Dividends that exceed unrealized gains and are equivalent to the repayment of principal
- 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**)
- In the context of increasing net asset value (fair value) of investment trusts as a result of tightening credit spreads like the current situation, revenue dividends will increase because of the decrease in non-revenue dividends

General outline of non-revenue dividends (for September dividends)

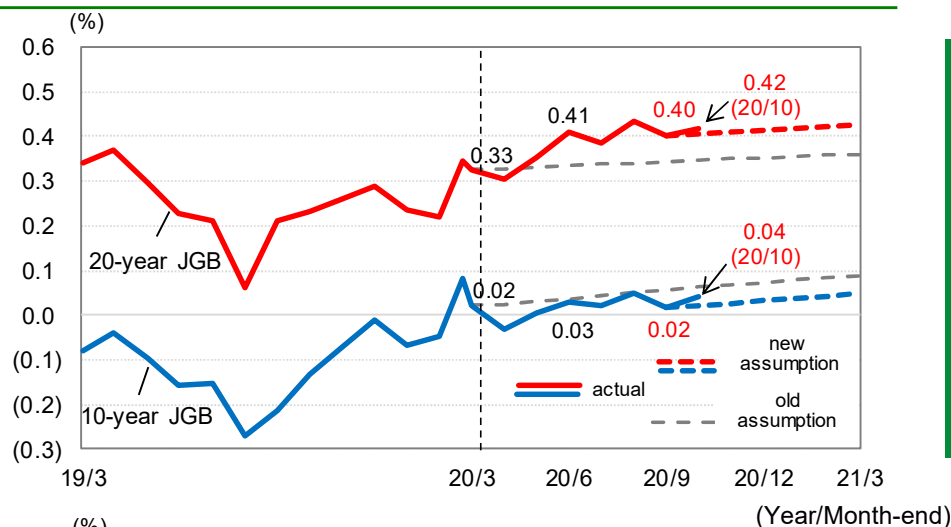


■ The assumptions made in the revised earnings forecasts are as follows:

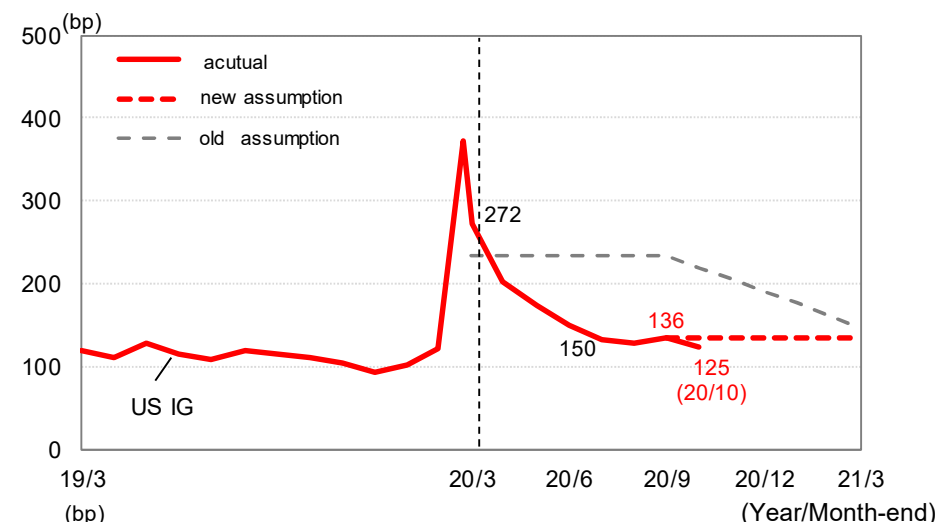
- Domestic and foreign market interest rates are based on the Implied Forward Rates as of September 30, 2020
- Foreign credit spreads are the levels as of September 30, 2020, and are expected to remain almost flat

Assumptions

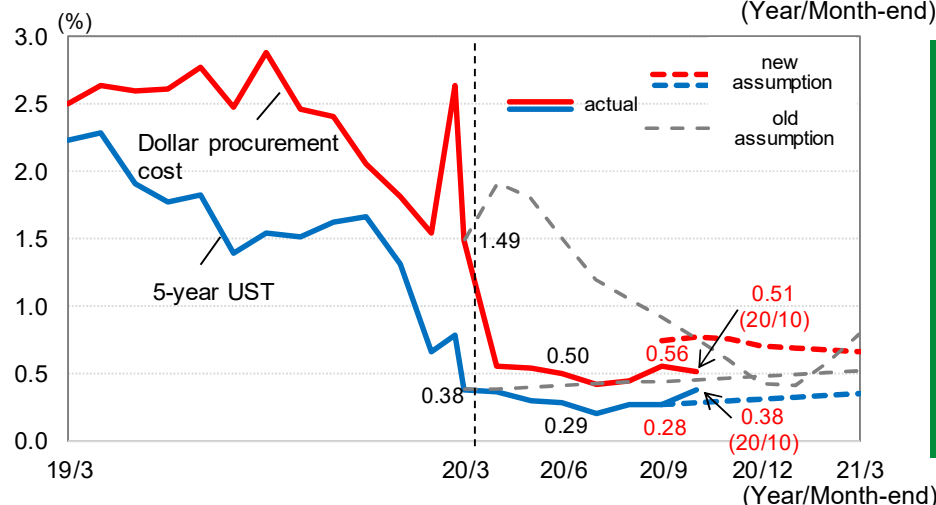
Yen interest rate



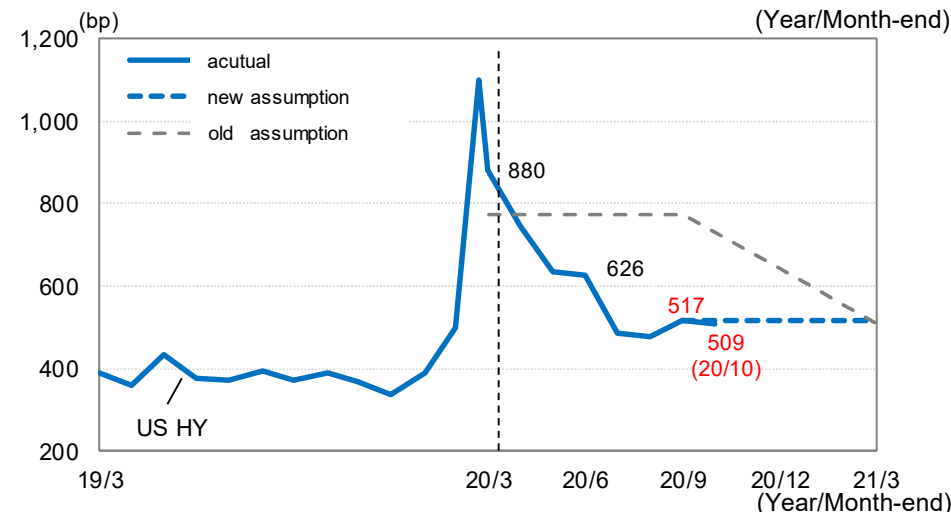
US IG spread



Dollar interest rate



US HY spread



Individual Plan – Investments (No Changes)–

1.Results

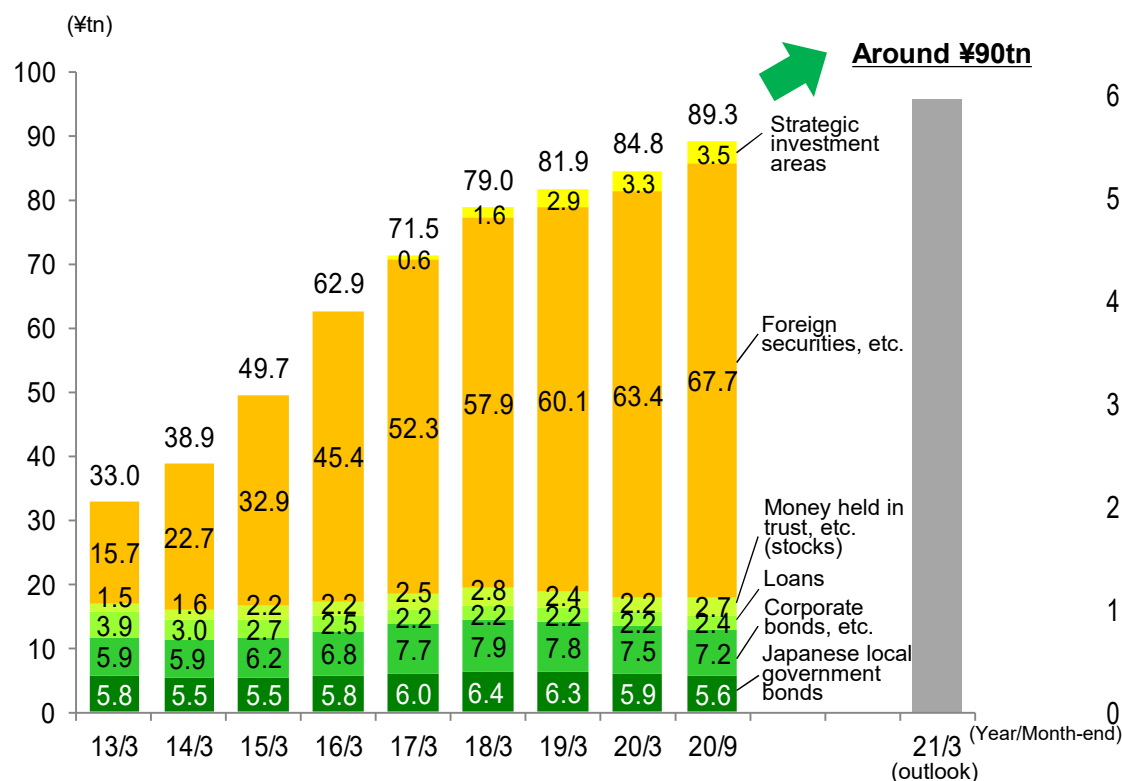
2.Earnings/
Dividends
Forecasts

Appendix

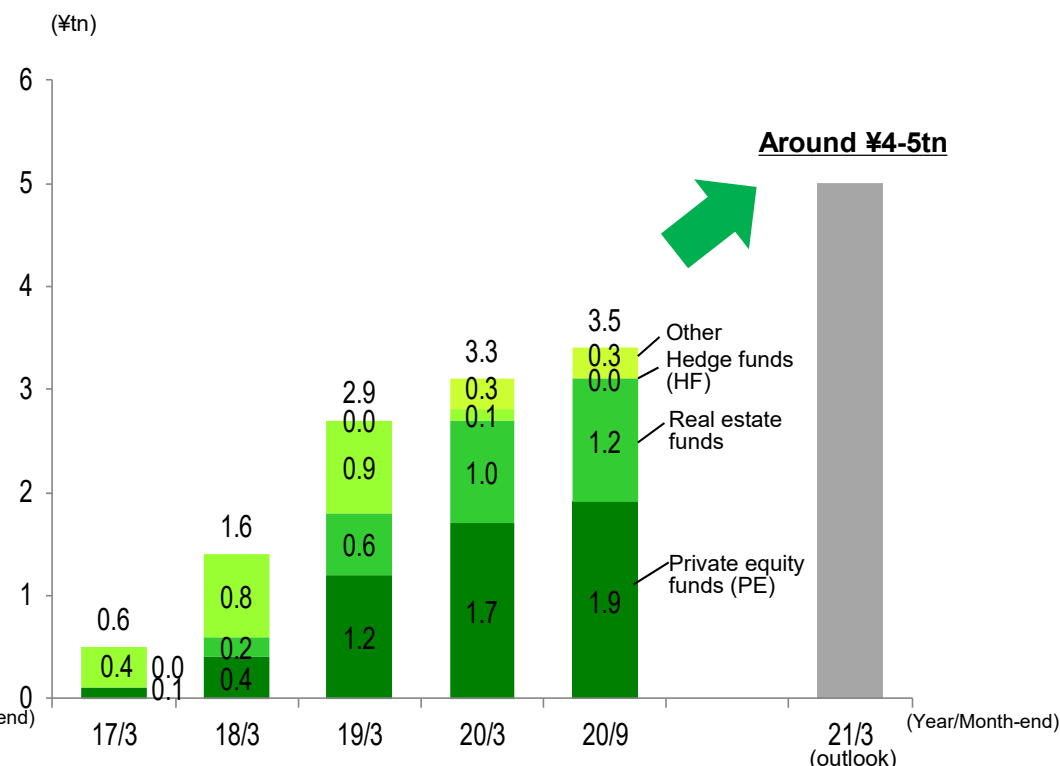
Financial
Data

■ Regarding the disruption of financial markets owing to the spread of COVID-19, central banks worldwide have implemented monetary-easing measures, and although there are now signs that the situation is stabilising on the expectation that economic activities will normalise, a double-dip economic downturn and downside risk cannot be ruled out. Therefore, we will continue to take a risk-controlled approach to portfolio management

Risk Assets¹ (Non-consolidated) (No Changes)



Strategic Investment Areas² (Non-consolidated) (No Changes)



Note: At the end of March 2020, due to the disruption of financial markets associated with the spread of COVID-19, credit spreads widened rapidly and the fair value decreased.

1. Assets other than yen interest rates (JGBs, etc.) (credit bonds, foreign government bonds, equities, alternatives)

2. "Strategic investment areas" are alternative assets (private equity funds and real estate funds (equity), etc.), real estate funds (debt) and direct lending funds.

Individual Plan — Fees and Commissions (No Changes) / Expenses (Revised) —

1.Results

2.Earnings/
Dividends
Forecasts

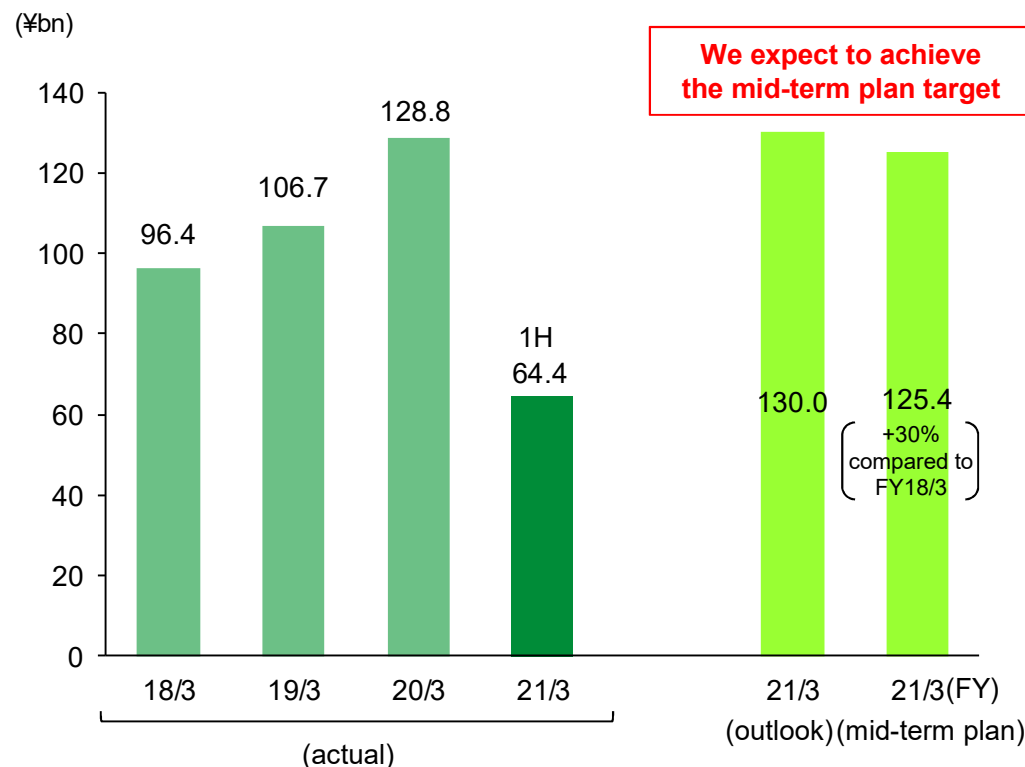
Appendix

Financial
Data

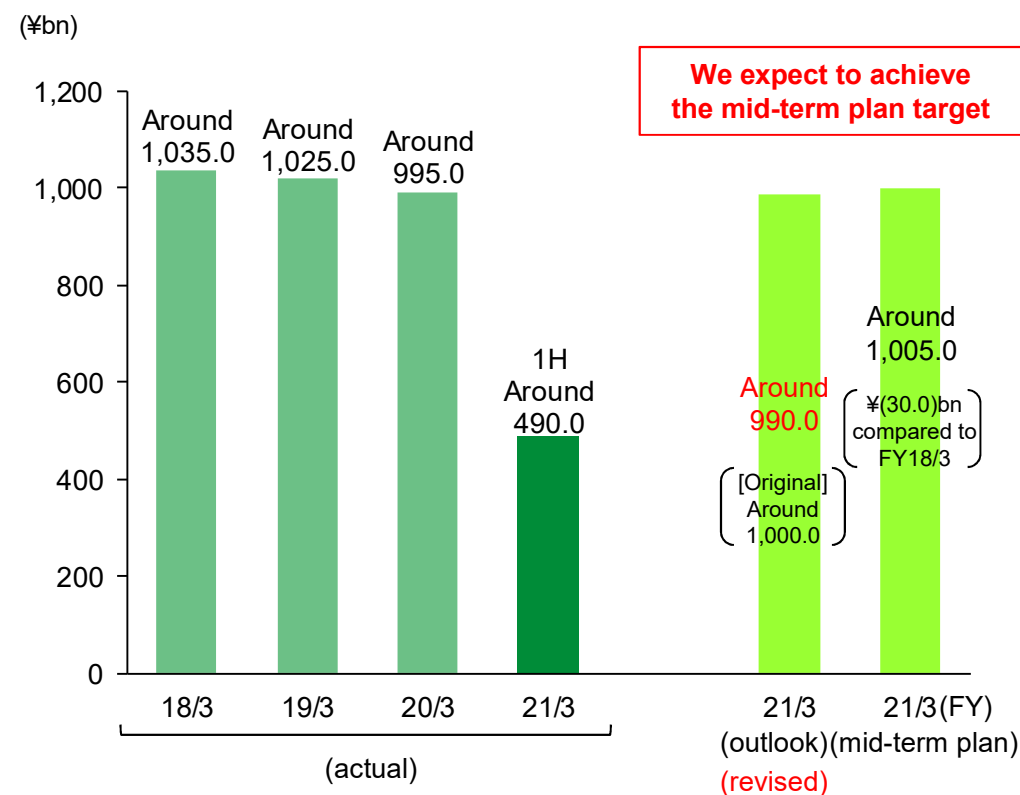
- The FY21/3 outlook for fees and commissions as well as expenses* based on the first-half results are as follows
 - The outlook for fees and commissions for FY21/3 is around ¥130.0bn
 - Expenses are expected to reduce by around ¥10.0bn compared to the original plan, with the plan revised down to around ¥990.0bn
 - At the moment, we expect to achieve the Mid-term plan target for fees and commissions and expenses

* Excluding expenses pertaining to the consumption tax rate increase in October 2019 and the allocation of resources to growth areas

Fees and Commissions (Consolidated) (No Changes)



Expenses (Consolidated) (Revised)



- The dividend per share for FY21/3 was undetermined, due to the uncertain future of the financial markets, and the possibility that our performance could change significantly depending on the market trends. However, taking into account such factors as the upwardly revised consolidated earnings forecasts for FY21/3 and our basic dividend policy for the current Mid-term Plan period, we have determined the annual dividends forecast per share to ¥50

Actual Result and Forecast of Dividends

	FY20/3	FY21/3	
	Actual	Forecast (Original Plan) (May 15, 2020)	Forecast (Revised Plan) (Nov. 13, 2020)
Dividend per share	¥50 (Interim ¥25, Annual ¥25)	Undetermined	¥50 (Annual ¥50)
Total dividend payment	¥187.4bn	Undetermined	¥187.4bn
Dividend payout ratio	68.5%	Undetermined	69.4%

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

Reference: Basic dividend policy (until FY21/3)

1. The Bank aims to secure dividends of ¥50 per share.
2. The Bank aims to maintain stable dividends per share.
3. The Bank shall also consider the implementation of additional shareholder returns according to conditions such as future regulatory trends, income growth and adequacy of internal reserves.

Appendix

ESG・CSR

—Promotion Framework—

1.Results

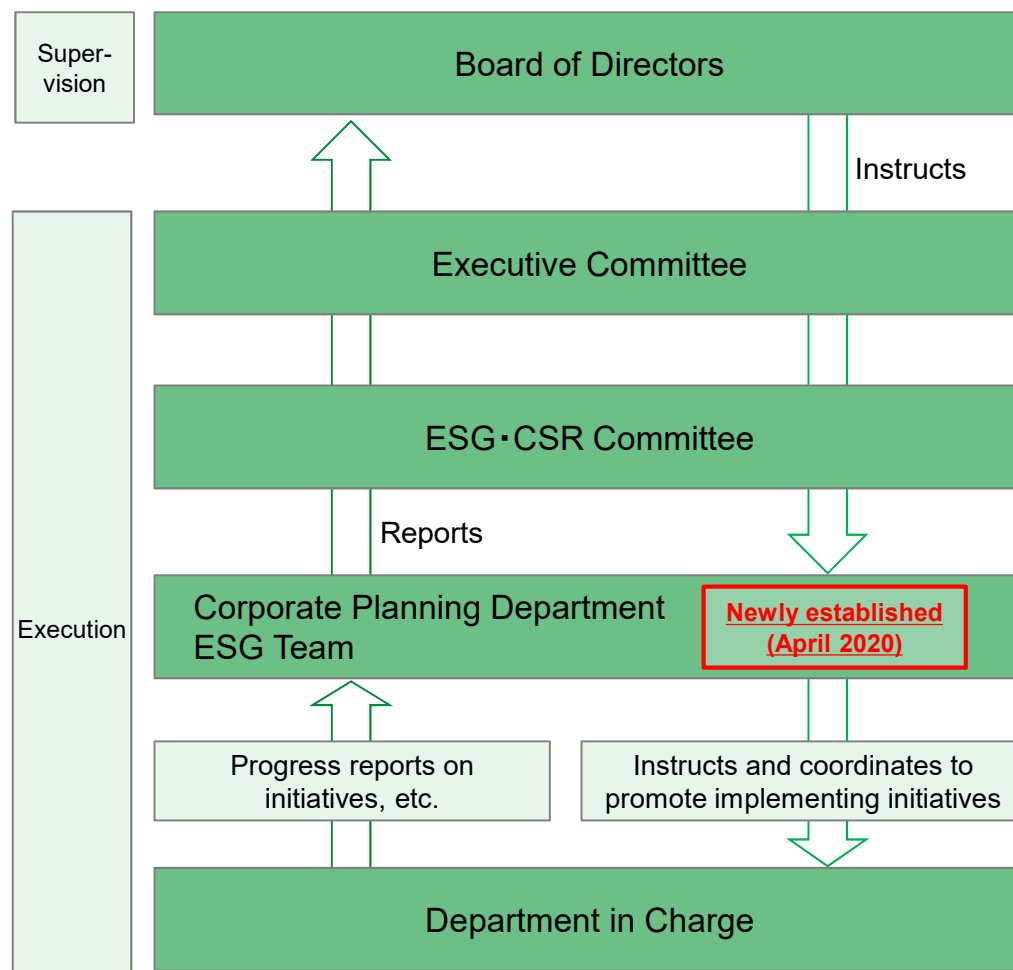
2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

- In April 2020, we established the ESG Team within the Corporate planning Department
- We advance ESG and CSR initiatives in unison with our management strategies to enhance corporate value

ESG and CSR Promotion Framework



Policies on Environmental/Social Initiatives

JAPAN POST BANK Human Rights Policy	This policy, formulated based on the UN “Guiding Principles on Business and Human Rights” and the Japan Federation of Bar Associations “Guidance on Human Rights Due Diligence,” promotes initiatives for respecting human rights.
JAPAN POST BANK Environmental Policy	This policy promotes initiatives addressing climate change and other environmental issues through business activities.
JAPAN POST GROUP’s Approach to Procurement Activity * A Japan Post Group initiative	Based on the UN Global Compact’s 10 principles in the four fields of human rights, labor, environment and anti-corruption, this approach promotes appropriate procurement, including by our business partners.
ESG Investment Policy	This investment policy promotes investment in accordance with various international agreements in its pursuit of global asset allocation, and investment that funds regional vitalization in Japan. We revised it in October 2020 to make further improvements.

Note: The details about policies are written on our website.

Web https://www.jp-bank.japanpost.jp/en/aboutus/company/en_abt_cmp_esg_hosin.html

- Aim to contribute to the sustainability of both society and Japan Post Bank itself by looking for opportunities in various social issues from a business standpoint and establishing issues that are priorities for Japan Post Bank

Four Priority Issues (Materiality)

Customers & Markets

(Relevant SDGs)



(Future Vision)

- ✓ We provide secure and convenient, community-based financial services to all our customers.
- ✓ We provide customer-oriented “new convenience” and “peace of mind.”

(Initiatives)

- ✓ Customer-oriented Business Operations
- ✓ Providing High-quality, Customer-oriented Financial Service
- ✓ Customer Protection
- ✓ Universal Services
- ✓ Response to Disasters and Accidents
- ✓ Digital strategies
- ✓ Establishing the Service Improvement Committee

Regional Communities

(Relevant SDGs)



(Future Vision)

- ✓ We revitalize local economies with funds flow to regional communities and by meeting the needs for cashless transactions.
- ✓ We contribute to the future of regional communities through educating children.

(Initiatives)

- ✓ Funds Flow to Regional Communities
- ✓ Financial education
- ✓ Promoting transactions with local governments
- ✓ Collaboration with regional financial institutions
- ✓ Providing capital support to companies affected by COVID-19

Environment

(Relevant SDGs)



(Future Vision)

- ✓ We reduce the environmental impact of our business and actively work to reduce the environmental impact of society overall through financial products.

(Initiatives)

- ✓ Environmentally-friendly business
- ✓ Environmental Management
- ✓ Environmental Conservation Activities
- ✓ Initiatives that track the TCFD Recommendations

Employees-Diversity Management

(Relevant SDGs)



(Future Vision)

- ✓ We create lively, employee-friendly working environments where each individual employee can demonstrate their full potential.

(Initiatives)

- ✓ Promoting Women in the Workplace
- ✓ Work Style Reform
- ✓ Work-life Balance Management
- ✓ Career Formation Support
- ✓ Employee Awareness Reforms
- ✓ Hiring Diverse Personnel
- ✓ Initiatives on Health Management
- ✓ Raising Awareness and Conducting Education about Human Rights

- In April 2019, we announced our agreement with the TCFD Recommendations
- We act in ways that show consideration for the environment, with regard to environmental issues such as climate change

Supporting the TCFD Recommendations



Recognizing that responding to climate change is an important issue, we announced our agreement with the TCFD Recommendations in April 2019.

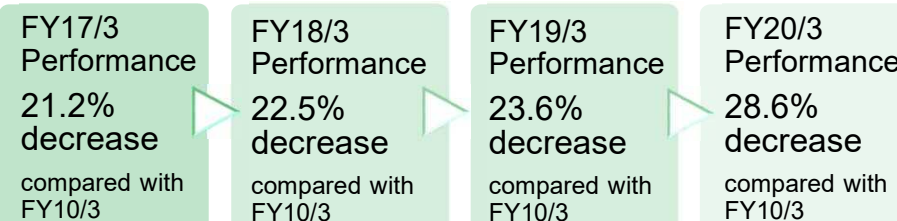
We will promote initiatives based on the aims of the recommendations.

Initiatives Based on the TCFD Recommendations

Governance	<ul style="list-style-type: none"> ✓ Newly established the ESG Team in the Corporate Planning Department ✓ Incorporate meeting the TCFD Recommendations into our business strategy in consultation with the Board of Directors and the Executive Committee ✓ We periodically report the progress of ESG initiatives such as TCFD to the Board of Directors
Strategy	<ul style="list-style-type: none"> ✓ Identify physical risks and transition risks to Japan Post Bank <ul style="list-style-type: none"> - Assume a drop in value of securities we hold due to tightening of environmental regulations ✓ Make a start on quantitative scenario analysis methodology, etc.
Risk Management	<ul style="list-style-type: none"> ✓ Revised the ESG Investment Policy in October 2020, based on various international agreements and from the perspective of making a more cautious response
Metrics and Targets	<ul style="list-style-type: none"> ✓ Target: Reduction of CO₂ emissions ✓ Metric: Energy usage per unit of output 25% decrease in FY21/3 compared with FY10/3

Initiatives to Reduce Energy Usage

- We are committed to reducing energy usage throughout the entire company.
- Our achievements in reducing Energy usage per unit* are as follows:



* Energy usage per unit : Energy usage divided by the total floor area

Environmental Conservation Activities

- JAPAN POST BANK Deposits for International Voluntary Aid

We donate a portion of interest gained on customer deposits to promote environmental conservation and similar initiatives in developing countries.
(Cumulative total since the start through to the end of March 2020: ¥33.79million)



- Yucho Eco-Communication

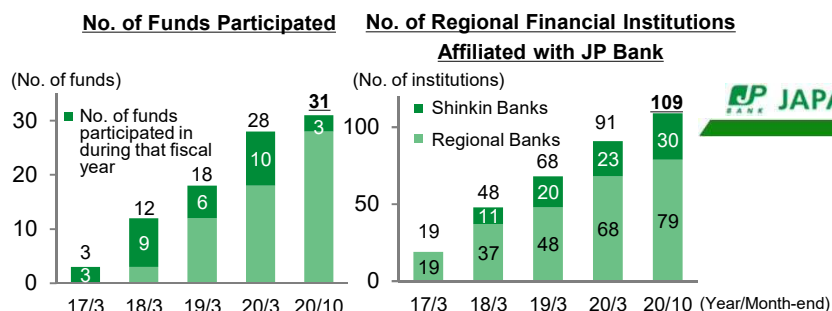
We donate a portion of the savings achieved in reducing paper usage to environmental conservation groups across Japan to support activities that contribute to local sustainable development.
(Cumulative total since the start through to the end of March 2020: ¥13million)



- By partnering with regional financial institutions, we are undertaking initiatives that contribute to vitalizing regional economies.
We are: - actively participating in regional vitalization funds and regional finance
- developing partnerships that make use of the Japan Post Bank's ATM Network (platform development, partnered ATMs, etc.)
- aggregating operational processes, utilising excess capacity in the Japan Post Bank's Operation Support Centers
- We are providing support to companies that have been affected by COVID-19
- The ESG investment policy stipulated the promotion of investment that funds regional vitalization in Japan (Revised October 2020)

Participation in Regional Vitalization Funds, etc.

- Since July 2016, we are participating in regional vitalization funds for the purpose of supporting business succession, startup, and growth of companies.
We are providing capital support to companies that have been affected by COVID-19, through funding.
Ex. Kansai and Chubu Regions Recovery Support Investment Limited Partnership



- We are participating in project co-financing for the PFI business in partnership with regional financial institutions, etc.

Regional Vitalization Funds

Kansai Innovation Network Investment Limited Partnership (Participated in Apr. 2020)

Kansai and Chubu Regions Recovery Support Investment Limited Partnership (Participated in July 2020)

MIYAKO Kyoto University Innovation II L.P. (Participated in Oct. 2020)

Project Financing for the PFI Business

Tochigi prefecture PFI / Overall sports zone eastern area maintenance operation business

Tottori prefecture PFI / Tottori Prefecture hydroelectric plant re-improvement and operation business

Use of JP Bank's ATM Network

- Developing JP Bank's ATM network Platform¹ with 16 Banks (As of Oct. 31, 2020)
*1: 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.
- Launching partnered ATMs² with Ogaki Kyoritsu Bank (Sep. 2020)

Example of partnered ATM installation



*2: A partnership policy with the aim of reducing costs and also improving convenience by providing mutually free-of-charge access to designated ATMs, and removing that same number of ATMs.

Regional Financial Institutions

Aggregation of Operational Processes

- Aggregation of other financial institution's operational processes, utilising excess capacity in our 11 Operation Support Centers.

Aim of Aggregation

To encourage cooperation and partnerships with regional financial institutions, etc.

Streamline operations and ensure effective utilization of equipment and personnel

Obtain new revenue through entrusted business operations

Forming "Regional Financial Infrastructure" by promoting the aggregation of operational processes, which is a "non-competitive area" in the banking industry

- We aim to increase diversity in our corporate culture and improve the working environment, enabling every employee to deliver their best performance

Preventing the Spread of COVID-19

- We have established a crisis management system and Business Continuity Plan (BCP) in place for new strains of influenza, etc. In addition, the entire Japan Post Group has taken basic measures of wearing masks, etc. and also put in place measures to meet the demands of national and local governments in regards to preventing the spread of COVID-19.

●Customer

- **Ensuring business continuity** through the establishment of a back-up system using flexible staffing and multiple locations
- **Preventing Customer Infection** through the use of plastic sheets at counters and the direction of customers to channels that do not involve direct face-to-face contact

●Employee

- Staggered starting times and shifts across the company
- Expanded use and improved functionality of teleworking
- Consideration of leave on the HR system, etc.

**Further promote
work style reforms**

●Society

- Donated a total of 100 million yen to the Japanese Red Cross Society
* A Japan Post Group initiative
- We are providing capital support to companies that have been affected by COVID-19, through investing in regional vitalization funds

Work Style Reform

- We are working to develop employee-friendly working environments that support employees with diverse backgrounds.
 1. Greater use of teleworking (working from home)
 2. Introduction of flextime (head office)
 3. Diversifying working patterns (offering a reduced workhour shift system and a rehiring system)
 4. Efforts to reduce total working hours and improve productivity

Average Overtime Hours^{1,2}

9.8hours (FY20/3)

Average Days of Paid Annual Leave Taken^{1,3}

18.7days (FY20/3)

Notes: 1. All figures are per person.

2. It means the average monthly overtime hours worked in a fiscal year.

3. Number of paid annual leave days is 15-20 depending on years with the company.

Work-life Balance Management

- Creation of system combining “work” and “life” in an active and autonomous manner
 - (1) Implementation of various kinds of training and seminars
 - (2) Support system exceeding the standards prescribed in the Child Care and Family Care Leave Act

FY20/3 data:

		Male	Female
Childcare	Childcare leave takers ¹	139 people	192 people
	Partial childcare leave takers	13 people	456 people
	Childcare leave return rate	98.9%	
	Retention rate after childcare leave ²	96.2%	
Family care	Family care leave takers	8 people	20 people
	Partial family care leave takers	2 people	6 people

Notes: 1. The number of childcare leave takers is the total number of employees who took leave in that fiscal year. This includes spouses who take paternity leave.
2. Retention rate = (Employees who are still with the Bank 12 months after returning from childcare leave / Total number of employees who returned from childcare leave in that fiscal year) x 100

Empowerment of Women

- Percentage of women in managerial positions: 15.3% (As of April 1, 2020)
- Percentage of women executives (directors and executive officers): 14.2% (As of July 1, 2020)

ESG・CSR

—Governance (1)—

1.Results

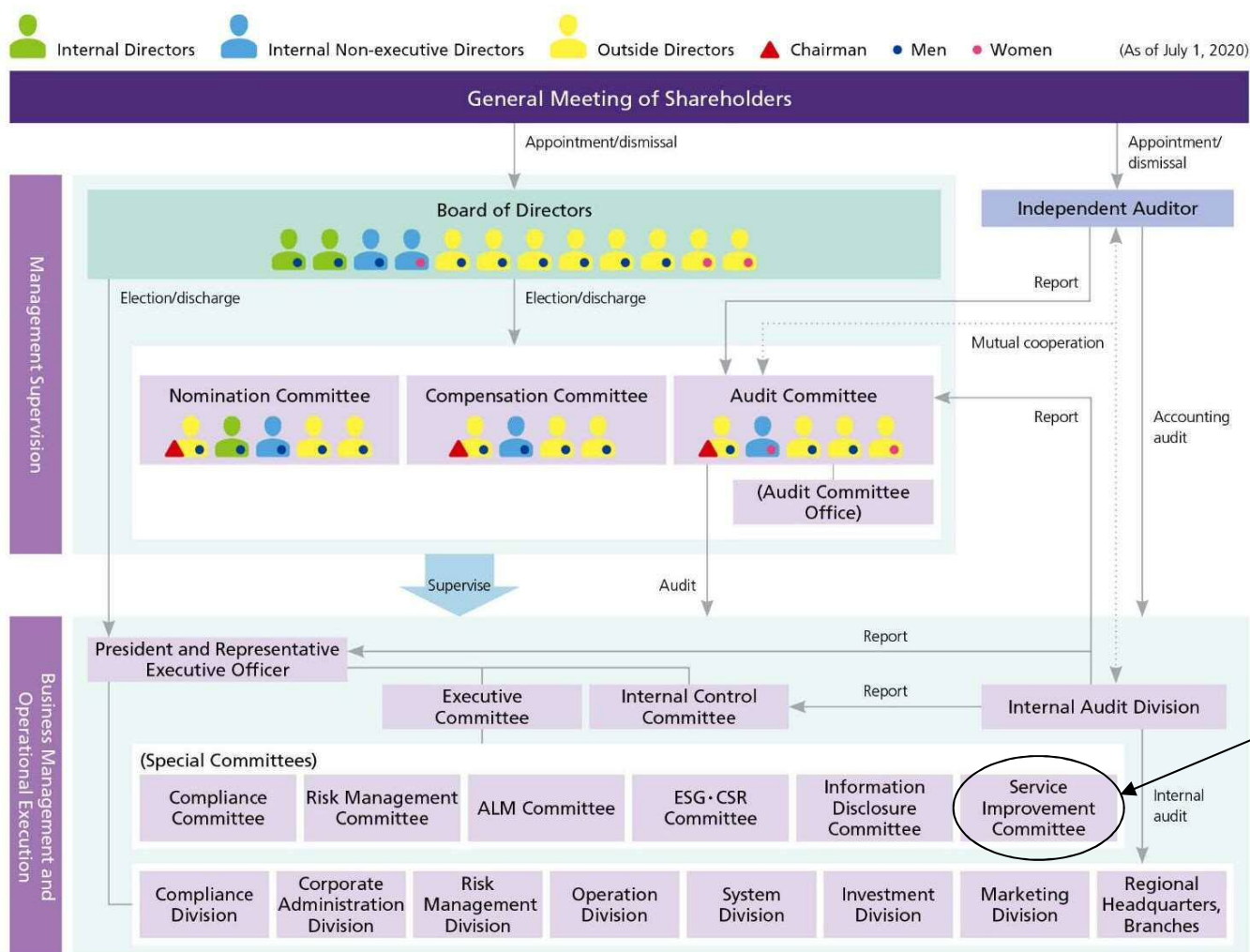
2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

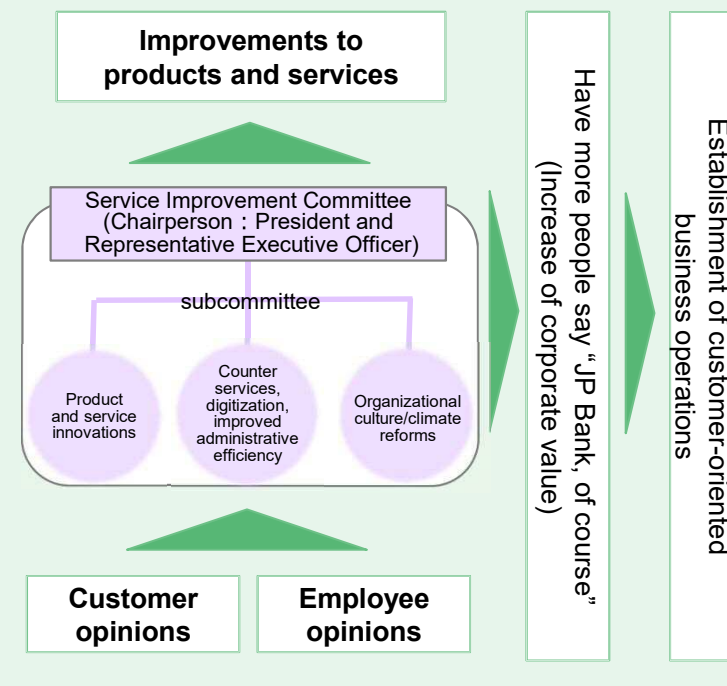
- We have adopted the company with three statutory committees system of corporate governance in order to implement rapid decision-making and to increase management transparency

Corporate Governance System



Establishment of a Service Improvement Committee

The Service Improvement Committee was established on February 1, 2020, chaired by the President and Representative Executive Officer, with the aim of further promoting and implementing customer-oriented business operations.



ESG・CSR

—Governance (2)—

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

- The Board of Directors is comprised of outside directors with diverse experience and knowledge. Diversity of gender and expertise, etc. has been ensured

Internal Directors

Name		Nomination Committee	Compensation Committee	Audit Committee
Norito Ikeda Director, President and Representative Executive Officer		○		
Susumu Tanaka Director and Representative Executive Vice President				
Hiroya Masuda Director		○	○	
Atsuko Onodera Director				○









Non-Executive

(As of July 1, 2020)

Meeting Statistics (June 18, 2019 – June 15, 2020)

- Board of Directors' meetings held 12 times
- Rate of attendance at Board of Directors' meetings: 98.01%

Outside Directors (All Independent Directors)

Name		Expertise	Nomination Committee	Compensation Committee	Audit Committee
Nobuko Akashi Board chairman of a non-profit organization, Japan Manners & Protocol Association		Customer satisfaction improvement Human resource development			○
Katsuaki Ikeda Former Corporate Auditor of MS&AD Insurance Group Holdings, Inc.		Finance / Accounting		○	◎ Chairperson
Ryoji Chubachi Grand Emeritus Advisor of National Institute of Advanced Industrial Science and Technology Former President and Representative Corporate Executive Officer, Member of the Board of Sony Corporation		Management	○	◎ Chairperson	
Keisuke Takeuchi Former Chairman and Representative Director of JGC CORPORATION		Management	○	○	
Makoto Kaiwa Representative Director and Chairman of the Board of Tohoku Electric Power Co., Inc. Chairman of TOHOKU ECONOMIC FEDERATION		Management	◎ Chairperson		
Risa Aihara Representative Director and President of Ai-LAND Co., Ltd.		Internet marketing			
Hiroshi Kawamura Professor, Faculty of Law of Doshisha University Former Superintending Prosecutor of Nagoya High Prosecutors Office		Legal			○
Kenzo Yamamoto Representative of Office KY Initiative Former Executive Director of the Bank of Japan		Finance			○

- We have been positively evaluated for its initiatives in ESG thus far, and have been included in the following Socially Responsible Investment (SRI) indices. We have also been selected for the following as a company that implements initiatives to create employee-friendly workplaces

Inclusion in Indices



MSCI Japan Empowering Women Index (WIN)

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

MSCI Japan Empowering Women Index (WIN)

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



Euronext Vigeo Eiris World 120 Index

An index composed of the best 120 companies as evaluated by Vigeo Eiris in terms of corporate social responsibility

External Evaluation



Platinum Kurumin

Received certification by the Ministry of Health, Labour and Welfare as a childcare support company in February 2019 after assessment of initiatives at a higher level



Tomonin

Certified by the Ministry of Health, Labour and Welfare as a company promoting the development of work environments that enable the balancing of work and nursing care



Certified Health and Productivity Management Organization

Certified by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as an outstanding enterprise engaging in efforts for health and productivity management



PRIDE Index Gold

Highest evaluation from work with Pride (private organization) with respect to its index for assessing initiatives targeting LGBT and other sexual minorities in the workplace



Nikkei Smart Work Management Survey 3.5 stars

During the 4th Nikkei Smart Work Management Survey, which selects companies leading advances in productivity innovation through work style reforms, JAPAN POST BANK received 3.5 stars

Note: The details about ESG・CSR are written on our website.

Web https://www.jp-bank.japanpost.jp/en/csr/en_csr_index.html

Initiatives to Formulate and Implement Japan Post Group's "Commitments to Regain Customers' Trust"

Overview

- ✓ Japan Post Group has lost a great extent of its customers' trust primarily due to the Group's misconduct in the improper solicitation of Japan Post Insurance products. To reestablish ourselves as a genuinely customer-oriented corporate group, and regain trust of our customers, we, Japan Post Group, have formulated and disclosed the **"Commitments to Regain Customers' Trust"**.
- ✓ These commitments will involve the JP Reform Execution Committee* assessing achievement of our objectives from a fair and impartial perspective, and offering proposals for the next financial year.

* Established on April 2, 2020 to seek advice from external experts from a fair and neutral standpoint in order to regain customers' trust. The committee consists of the five external experts who are disinterested in all companies of the Group.

Company we commit to becoming

We commit to becoming a trusted company that gives individual customers utmost cares, satisfaction, and peace of mind.



Actions we commit to taking

We will ensure that we are always customer-oriented in our business operations and will perform our work with the utmost care to deliver customer satisfaction.

- Practical steps of the Bank: Improve training in customer service, etc.

Improvement of communication

We will carefully listen to our customers and reflect their feedback to make improvements in our services.

- Practical steps of the Bank: Enhance analysis of customer feedback, etc.

Improvement of communication

We will enhance our employees' expertise and provide our customers with accurate, clear explanations of our products and services.

- Practical steps of the Bank: Promote the acquisition of financial-related qualifications such as financial planner certification, etc.

Improvement of communication

We will comply with laws and rules to provide our customers with reliable, high-quality services.

- Practical steps of the Bank: Improve internal control system, etc.

Compliance with rules

We will offer products and services that can please customers and meet their needs.

- Practical steps of the Bank: Review products and product lineup, etc.

Improvement of services

Earn
the trust of
customers

Become a company whose top priority is improving the satisfaction of our customers.

Earn
the trust of
customers

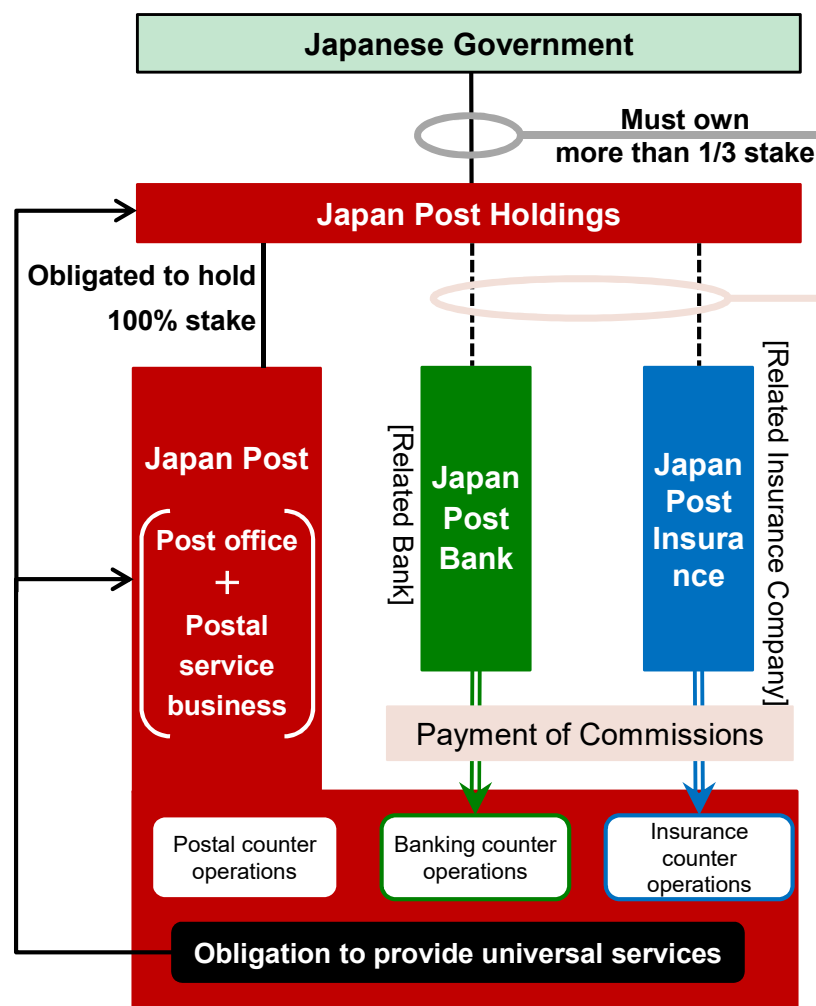
Commit to becoming a company that our customers can trust.

Observe
ethical
standards

Become a company that puts the top priority on customers' peace of mind.

Appendix 2 —About Japan Post Bank—

- Japan Post Holdings, Japan Post Bank, and Japan Post Insurance concurrently listed in November 2015
- The Postal Service Privatization Act: the shares of Japan Post Holdings and the Two Financial Subsidiaries must be disposed within the earliest possible timeframe
- Announcement by Japan Post Holdings: Japan Post Holdings initially plans to incrementally dispose of its holdings in the Two Financial Subsidiaries until its ownership of each is reduced to around 50%



Shareholding requirements/sale policy pursuant to the Postal Service Privatization Act

- The Japanese government must reduce its equity interest in Japan Post Holdings within the earliest possible timeframe. However, it shall maintain an equity interest that exceeds one-third
- Japan Post must be wholly-owned by Japan Post Holdings
- Japan Post Holdings is required to dispose of its entire interest in the Two Financial Subsidiaries (Japan Post Bank and Japan Post Insurance) within the earliest possible timeframe in light of the condition of their businesses, having regard to the impact on the ability of Japan Post Holdings and Japan Post Co. to fulfill their obligations to provide access to universal services

Japan Post Holdings: Announcement on Dec. 26, 2014

(Reduction of Japan Post Holdings' equity interests in the Two Financial Subsidiaries)

- In light of increasing management flexibility of the Two Financial Subsidiaries, Japan Post Holdings initially plans to incrementally dispose of its holdings in the Two Financial Subsidiaries until its ownership of each is reduced to around 50%, while maintaining the group's unity and comprehensive strength

“Retail Financial Institution that Caters to All Segments of Society” and “One of the Largest Institutional Investors in Japan”

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

- “One of the largest retail financial institutions in Japan” providing essential financial services mainly through the post office network
- “One of the largest institutional investors in Japan” with its securities-centered portfolio aiming to diversify through global asset allocation

Customer Base

One of the largest retail customer bases in Japan with an “accessible and trusted brand”

- Around 120mn ordinary deposit accounts (as of March 31, 2020)
- Deposit balance ¥187.4tn (as of September 30, 2020)

Channels

Significant network channels covering a broad range of customers

- Nationwide network of post offices as the main channel
- Largest number of ATMs nationwide, internet banking

Products and Services

Essential financial services for individual customers

- Focus on basic financial services essential to individual customers such as savings, remittances, investment trusts, loans and other services

Asset Management

Diversification of investment portfolio while maintaining securities-centered portfolio

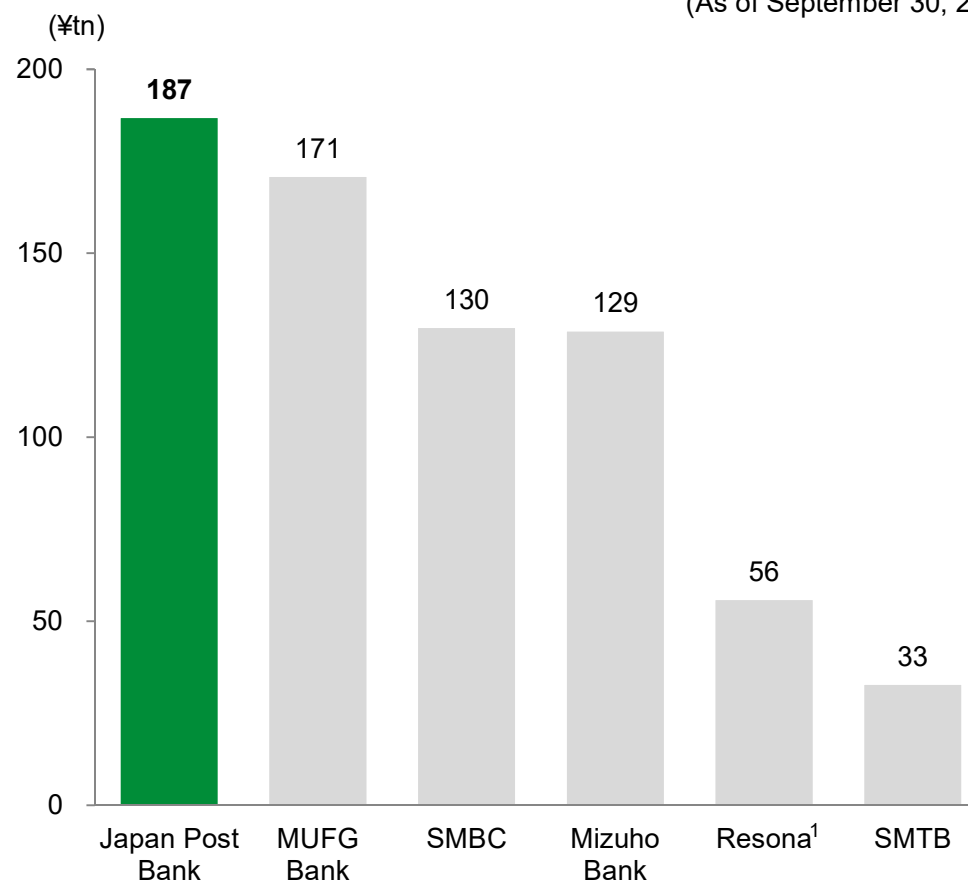
- Planning to diversify revenue sources by expanding credit exposure and increasing global asset allocation

Retail financial institution with customers from all segments of society

One of the largest institutional investors in Japan

Deposit Ranking of Japanese Banks

(As of September 30, 2020)



Source: Company disclosures, subsidiary bank non-consolidated basis

Note: Excluding negotiable certificate of deposits.

1. Aggregate deposit balance of Resona Bank, Saitama Resona Bank, Kansai Mirai Bank and Minato Bank.

Strategic & Financial Highlights (Non-consolidated)

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

1. Maintained Stable Profit despite Economic Volatility

Condensed Balance Sheet (As of September 30, 2020)

Cash and due from banks, call loans, receivables under resale agreements, receivables under securities borrowing transactions and monetary claims bought	¥67.7tn
JGBs	¥52.8tn
Japanese local government bonds	¥5.6tn
Corporate bonds	¥10.5tn
Foreign securities, etc.	¥70.2tn
Loans	¥6.8tn
Money held in trust	¥5.1tn
Other assets	¥3.2tn

Deposits ¥187.4tn

Transfer deposits
¥8.2tn

Ordinary
deposits, etc.
¥86.5tn

Time deposits ¥4.9tn

TEIGAKU
deposits
¥87.0tn

Others ¥0.6tn

Other liabilities
¥23.8tn

Net assets ¥11.0tn

Total Assets ¥222.2tn

4. Investment Strategy
having Secured Stable Profits

2. Retail Marketing Capability through the
Largest Network among Japanese Banks

5. Growth Strategy and Compelling/Stable
Shareholder Return

3. Solid Capital Base

Stable Profits through Retail Funding and Market Investment

1.Results

2.Earnings/
Dividends
Forecasts

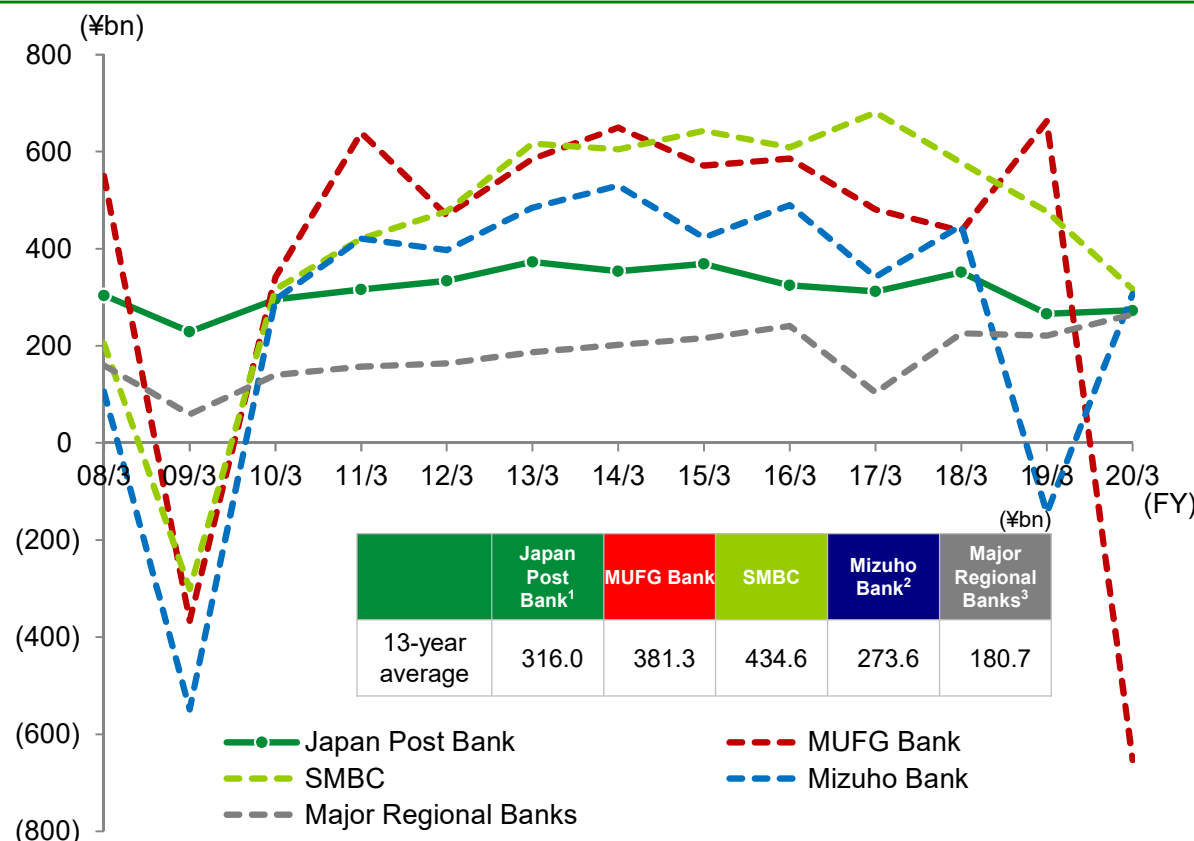
Appendix

Financial
Data

- Maintained stable profits up to FY20/3 with its funding structure and investment portfolio resilient to economic fluctuation
- Our differentiated business model (retail funding/market investment) supported by ALM strategy and cost control is the key to stable profits

History of Net Income

(Comparison with megabanks and major regional banks since corporatization of Japan Post Bank)



Source: Company disclosures Note: Data are on a non-consolidated basis (excl. Fukuoka FG)

1. Net income of Japan Post Bank for FY08/3 is shown as double the net income from Oct. 1, 2007 to Mar. 31, 2008.

2. FY14/3 for Mizuho Bank is calculated by simply adding 1Q net income of “former” Mizuho Bank to the full year net income of “new” Mizuho Bank (ex. Mizuho Corporate Bank).

3. Major Regional Banks include The Bank of Yokohama, Shizuoka Bank, Chiba Bank, Jyo Bank (non-consolidated basis, a subsidiary of Mebuki FG) and Fukuoka FG (consolidated). Figures shown are the aggregate net income of these banks.

Stable/Low-cost Funding through Significant Network and Customer Base

1.Results

2.Earnings/
Dividends
Forecasts

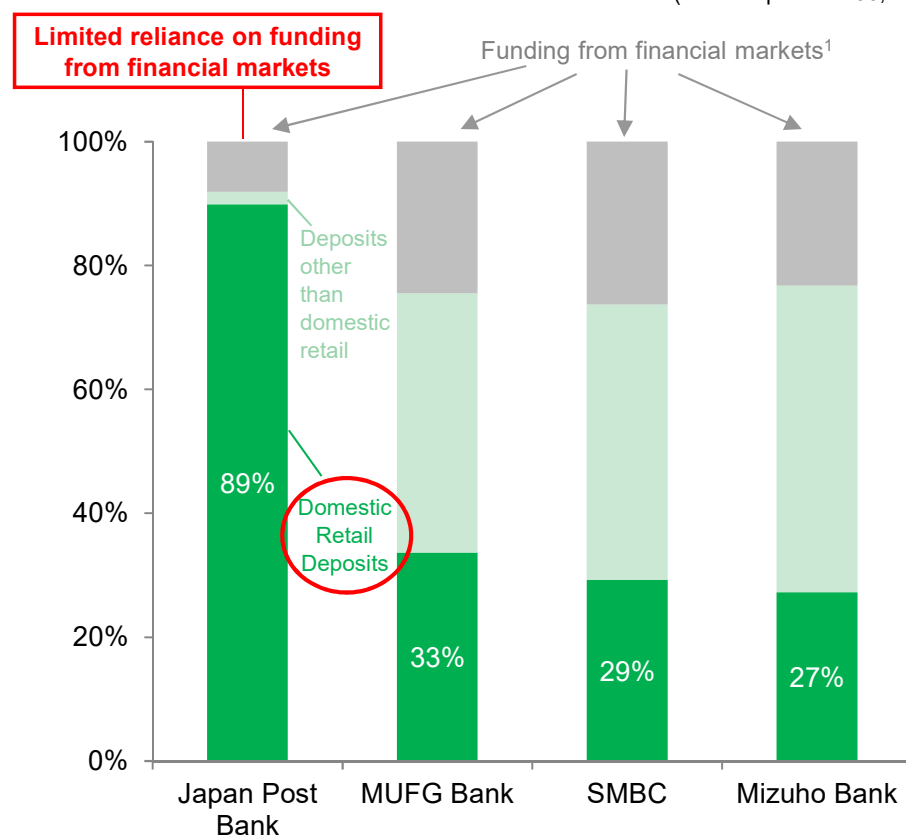
Appendix

Financial
Data

- Around 90% of our funding is retail deposits – relatively stable and low-cost funding structure compared to market-based funding
- Post offices, Japan's largest physical network covering every municipality in Japan, are our main channel
- We hold a retail deposit market share of around 20%

Breakdown of Funding Sources

(As of September 30, 2020)



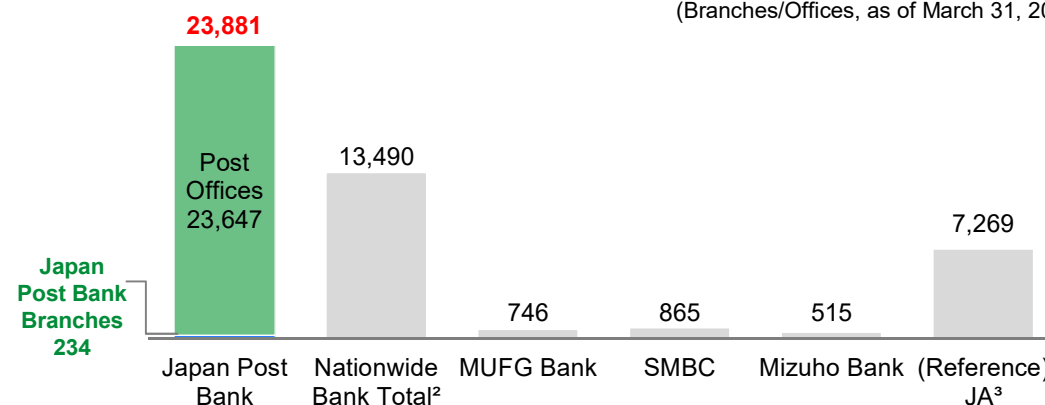
Source: Company disclosures

Note: Subsidiary bank non-consolidated basis.

1. Funding from financial markets includes negotiable certificates of deposit, call money, payables under repurchase agreements, payables under securities lending transactions, commercial paper, borrowings, bonds, etc.

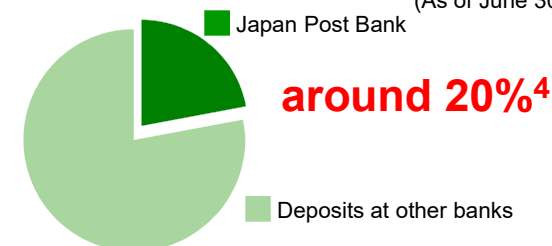
Domestic Branch Network

(Branches/Offices, as of March 31, 2020)



Estimated Share of Japan Post Bank Japanese Household Deposits

(As of June 30, 2020)



Source: Company disclosures, Japanese Bankers Association, The Norinchukin Bank annual report

2. Nationwide bank total: domestic head office/branches and sub branches of 113 banks (excluding Japan Post Bank). Independent ATMs located outside of branches are not included in sub-branches, as of March 31, 2020.
3. Total of Japan Agricultural Cooperative and the Prefectural Credit Federations of Agricultural Cooperatives locations with exchange operations, as of March 31, 2020.
4. Retail deposits of Japan Post Bank as of June 30, 2020 / household deposits (from "Flow of Funds Accounts" released by Bank of Japan) as of June 2020.

Secured Stable Yield Under Historically Low Interest Rate Environment

1.Results

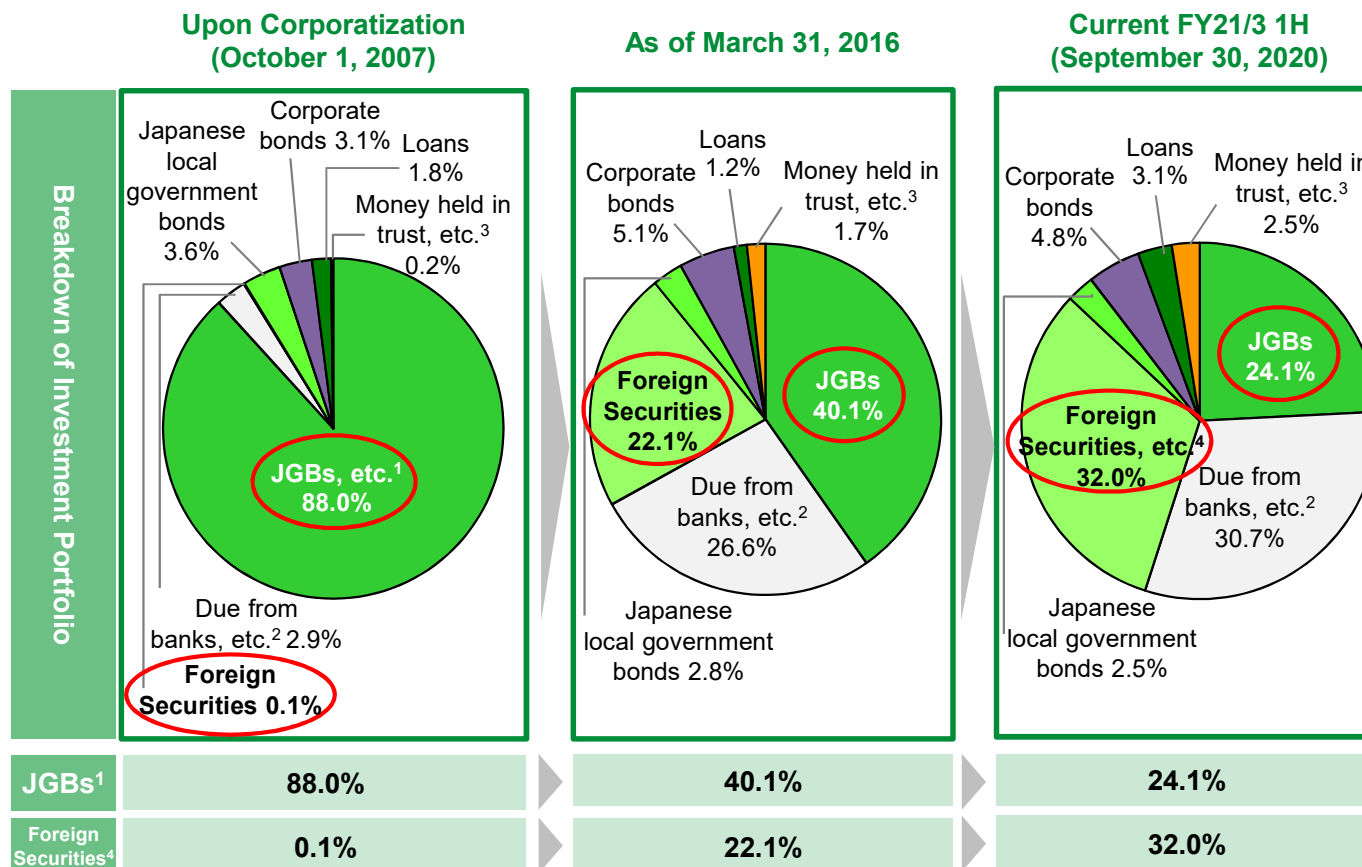
2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

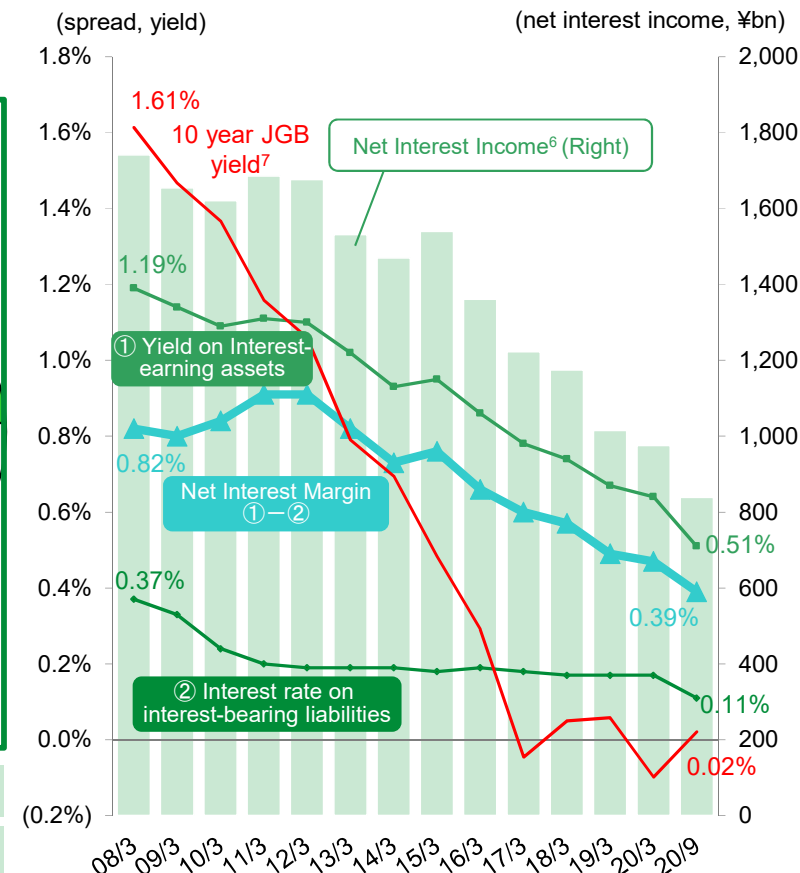
- Diversified revenue source and risks by taking credit exposure through foreign securities, etc. and global asset allocation
- Realized relatively stable net interest margin despite historically low-level interest rate environment after corporatization

Change in Investment Portfolio (Non-consolidated)



1. JGBs, etc. includes deposits to the Fiscal Loan Fund which were postal savings funds deposited with the Ministry of Finance Japan. All deposits to the Fiscal Loan Fund were redeemed through November 2010.
2. Due from banks, etc. includes negotiable certificates of deposits, BOJ deposits, monetary claims bought, call loans, receivables under securities borrowing transactions and receivables under resale agreements.
3. Money held in trust, etc. includes equity securities of affiliated companies, etc.
4. Foreign securities, etc. includes collective investment scheme, etc.

Historical Spread etc.⁵ (Non-consolidated)



- Source: JGB interest rate information - Ministry of Finance Japan
5. Historical spread is calculated by excluding the average balance and corresponding interest of money held in trust.
 6. Net interest income for FY08/3 is shown as double the net interest income from October 1, 2007 to March 31, 2008. Net interest income for FY20/9 is annualized.
 7. 10 year JGB yield is the average of the fiscal year. Figures are rounded.

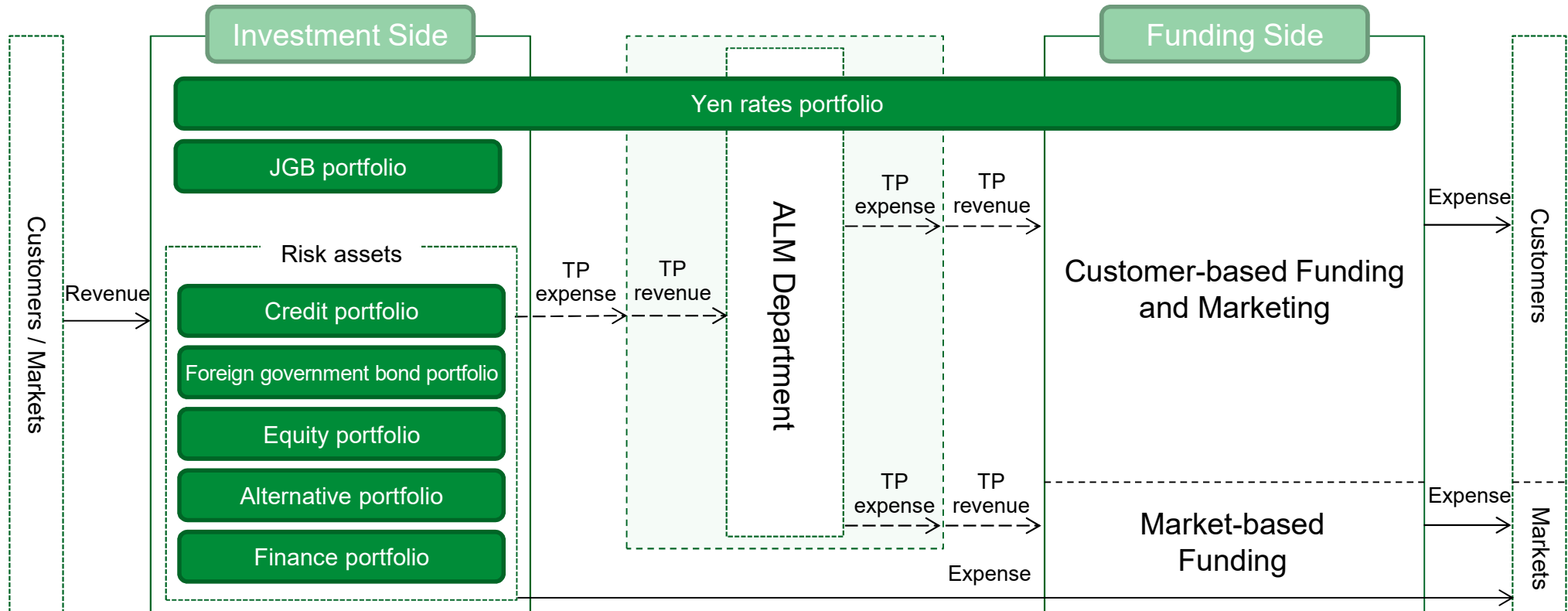
ALM/Investment Strategy to Generate Stable Income and Excess Return

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

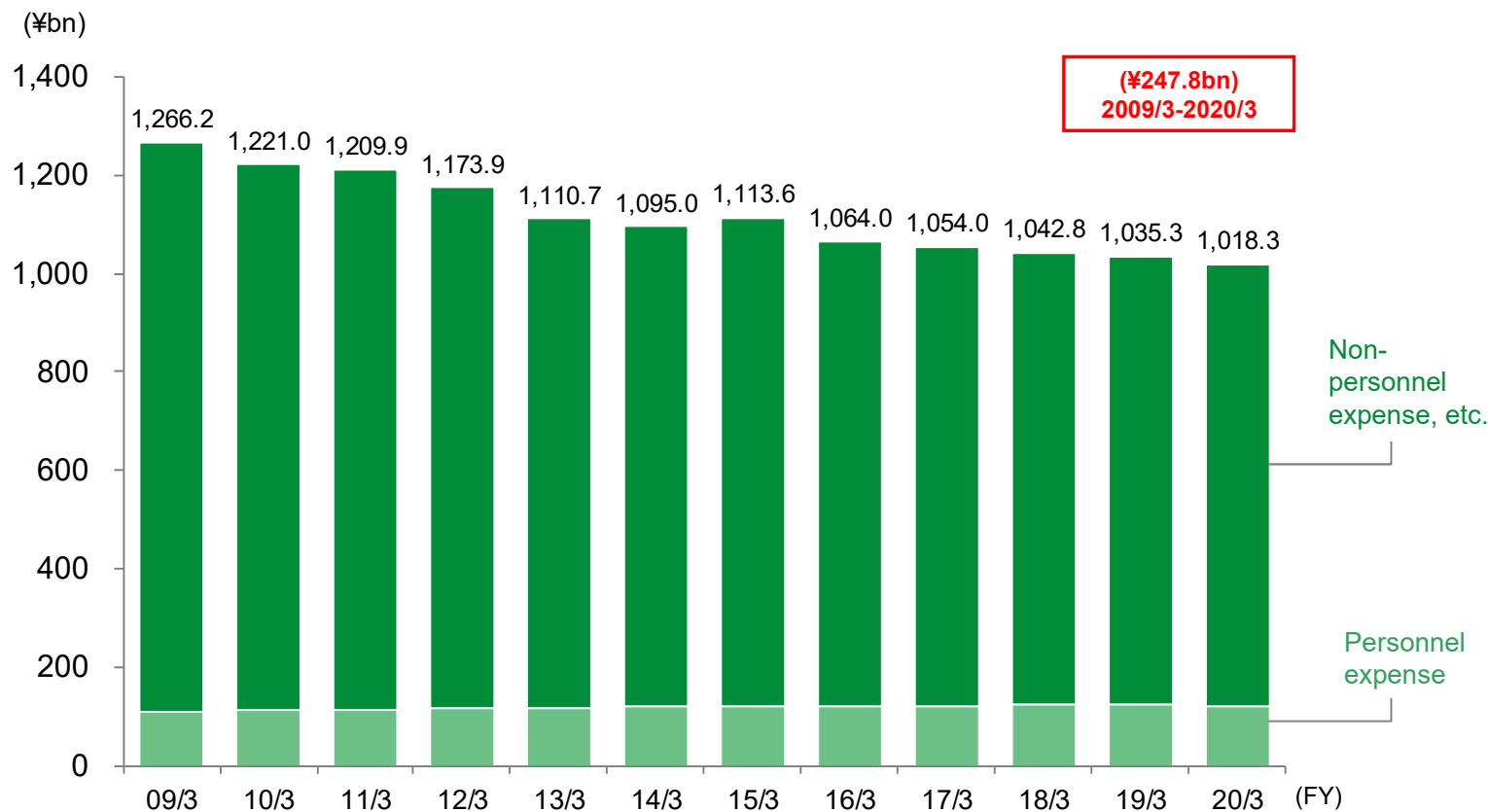
Financial
Data



1. Transfer Price (TP): Transfer pricing was established for internal transactions using internal rates based on market interest rates.

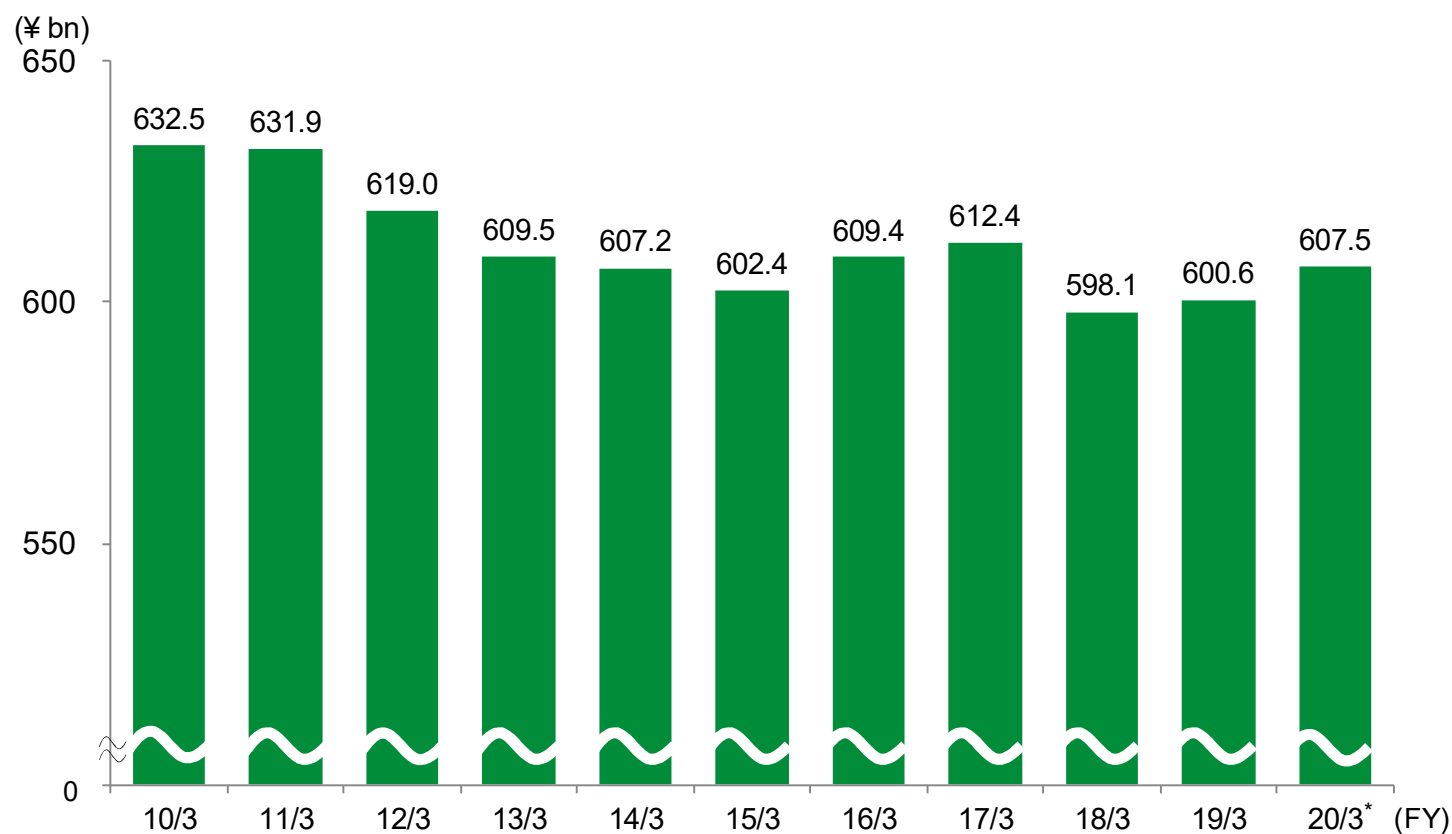
- Seek to manage expenses by reducing costs through such initiatives as business process re-engineering, while maintaining the nationwide network of 24,000 post offices as our main channel

G&A Expense (Non-consolidated)



■ Fee structure incentivizes both Japan Post Bank and Japan Post to increase efficiency

Agency Commissions Paid to Japan Post (Non-consolidated)



*FY20/3 = Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.

+ Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network

Refer to p.22 for details.

- Adopted Committee system to enhance corporate governance
- Outside directors comprise a majority of the Board membership who effectively oversee the Bank's operations
- The Executive Officers, who are selected by the Board of Directors, conduct business operations efficiently in a timely manner

Management Transparency, Effective oversight by Outside Directors

- Advanced corporate governance based on Nomination Committee, etc.
- 8 out of 12 Directors are external
- Diverse array of experience and expertise
→ Ability to convey voices of a variety of stakeholders

Authority to conduct business operations delegated from Board of Directors Speedy and efficient decision making Business operations focused on customers and the market

- Internal control through Executive Committee and Special Committees, etc.
- Audit by an independent Audit Division

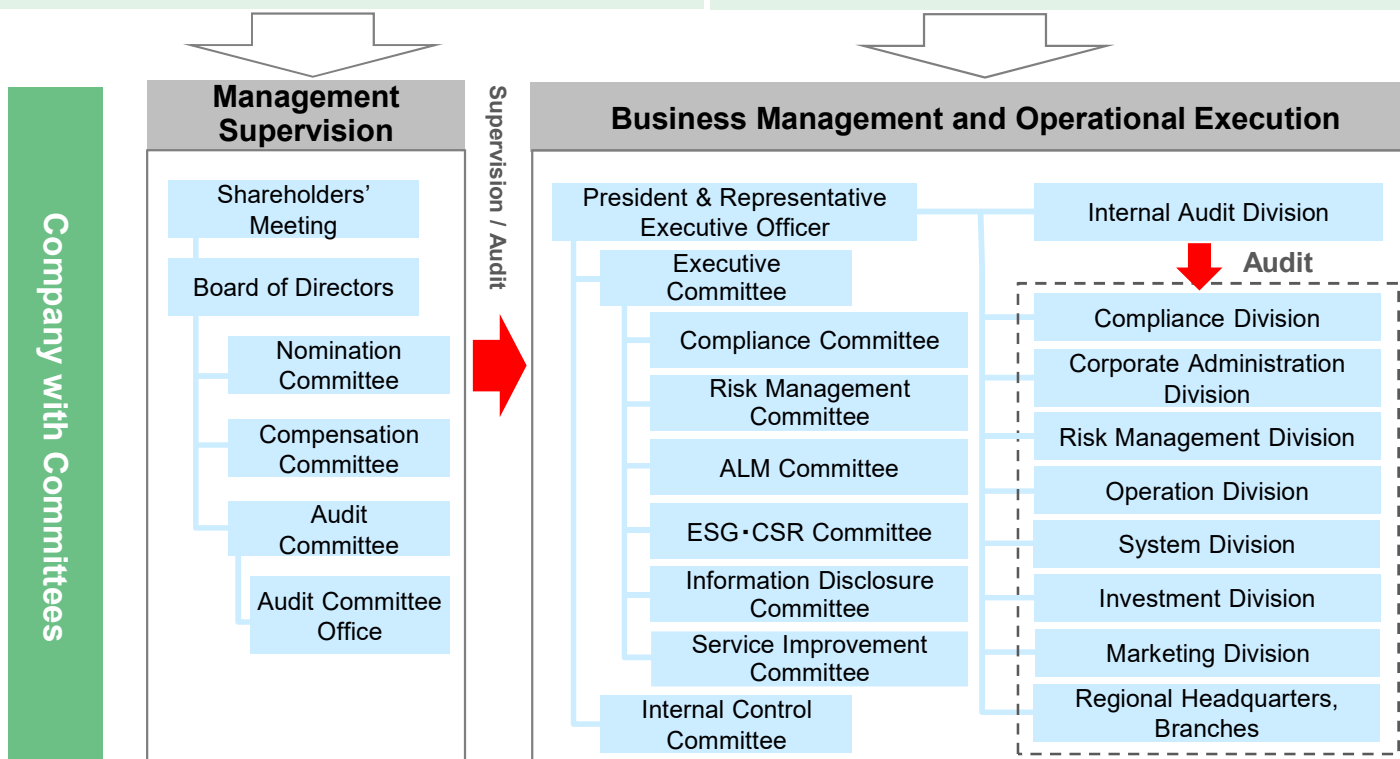
Independence from Parent Company

- Solely responsible for decision making; independent operations
 - Important matters:
Prior approval⇒Prior consultation
- Oversight by directors
- Regulatory supervision pursuant to the Banking Act
- Ensure appropriateness of intra-group transactions

Synergies from Group Collaboration

- Shared services (salary administration, system networks, etc.)
- "Organic Integration" of Japan Post Bank (Expertise) and Japan Post (client base) (unified marketing, back office consolidation)

Pursue economy of scale,
leverage on brand strength



Overview of Regulations Surrounding Japan Post Bank

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

- In addition to banking regulations, we are subject to additional regulations pursuant to the Postal Service Privatization Act

		Summary of Regulations			
Universal Service Obligation (Imposed on Japan Post Holdings and Japan Post)		<ul style="list-style-type: none">■ Obligation to provide basic banking services (acceptances and withdrawals of ordinary, <i>TEIGAKU</i> and time deposits, and remittance, etc.) through the post office network■ Japan Post has Bank Counter Services Agreement, etc. with Japan Post Bank, etc.			
Share- holding	Japan Post Holdings ⇒ Japan Post Bank	<ul style="list-style-type: none">■ Japan Post Holdings must aim to dispose all of their shares within the earliest possible timeframe while considering the management situation of both financial services companies, and the impact on the fulfillment of obligations to provide universal services			
	Regulations under the Banking Act	<ul style="list-style-type: none">■ Same regulation is imposed as a “Bank” under the Banking Act			
Regulations on Japan Post Bank	【Additional Regulations】	Current	Approval from the Ministers in charge (consultation with the Postal Privatization Committee)		No additional regulations imposed ¹ after “Specified Date” ²
	Restrictions on Scope of Business	After Japan Post Holdings disposes of 50% or more	Notification to the Ministers in charge (Obligation to care for fair competition + notice to Postal Privatization Committee + Supervision)		
	【Additional】	<ul style="list-style-type: none">■ Maximum amount of deposits (ordinary deposits:¥13mn/fixed-term deposits:¥13mn) are stipulated by the enforcement order of the Privatization Act			
	Restrictions on the Maximum Amount of Deposit				
<div>1. Our banking license is subject to the following conditions: (1) obtain approval from the Prime Minister in order to conduct new types of businesses, (2) continue outsourcing our business operations to an authorized banking agent, in order to maintain a sound, appropriate and stable foundation of our business. (Condition (2) is effective until the Specified Date)</div> <div>2. “Specified Date” means the earlier of the following:<div>(1) The date when Japan Post Holdings disposes of all its interest in Japan Post Bank</div><div>(2) The date when Japan Post Holdings disposes of 50% or more of its interest in Japan Post Bank and both the Prime Minister and the Minister of Internal Affairs and Communications decide to acknowledge lifting of additional regulations will not negatively affect fair competition with other financial institutions, etc. nor provision of appropriate services to customers</div></div>					
New Business requiring approvals (Example)		<ul style="list-style-type: none">■ Bi-lateral loans to corporations■ Loans to individuals		<ul style="list-style-type: none">■ Establishment/acquisition of subsidiaries with certain businesses■ Merger, transfer of business, etc.	

Financial Data —Non-consolidated Basis—

Income Analysis

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

	For the six months ended		(B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Gross operating profit	678,294	670,304	(7,989)
Net interest income	501,840	421,118	(80,721)
Net fees and commissions	65,490	64,480	(1,009)
Net other operating income (loss)	110,963	184,705	73,741
Gains (losses) on foreign exchanges	107,860	172,187	64,326
Gains (losses) on bonds	5,370	12,680	7,310
General and administrative expenses	(514,652)	(504,336)	10,315
Personnel expenses	(61,339)	(59,480)	1,858
Non-personnel expenses	(427,615)	(418,069)	9,546
Taxes and dues	(25,697)	(26,787)	(1,089)
Operating profit (before provision for general reserve for possible loan losses)	163,641	165,967	2,326
Core net operating profit	158,271	153,287	(4,983)
Excluding gains (losses) on cancellation of investment trusts	133,345	147,700	14,354
Provision for general reserve for possible loan losses	—	—	—
Net operating profit	163,641	165,967	2,326
Non-recurring gains (losses)	37,453	5,876	(31,576)
Gains (losses) related to stocks	10,705	(2,219)	(12,925)
Gains (losses) on money held in trust	27,777	7,592	(20,185)
Net ordinary income	201,095	171,844	(29,250)

(Millions of yen)

	For the six months ended		(B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Extraordinary income (loss)	(109)	(218)	(108)
Gains (losses) on sales and disposals of fixed assets	(109)	(218)	(109)
Losses on impairment of fixed assets	(0)	—	0
Income before income taxes	200,985	171,626	(29,359)
Income taxes – current	(55,417)	(54,697)	720
Income taxes – deferred	(862)	6,999	7,861
Total income taxes	(56,279)	(47,697)	8,581
Net income	144,705	123,928	(20,777)
Gains (losses) on money held in trust	27,777	7,592	(20,185)
Dividends and interest income	37,505	36,958	(547)
Gains (losses) on sales of stocks	0	5,558	5,557
Unrealized gains (losses)	3	—	(3)
Impairment losses	(2,649)	(23,564)	(20,914)
Withholding income tax, etc.	(7,082)	(11,359)	(4,277)
Credit-related expenses	12	(18)	(30)
Provision for general reserve for possible loan losses	12	(18)	(30)

- Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥1,002 million and ¥970 million recorded as profits for the six months ended September 30, 2020 and 2019, 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

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

(Millions of yen)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Total assets	210,905,152	222,290,829	11,385,676
Cash and due from banks	51,663,901	56,307,680	4,643,778
Call loans	1,040,000	930,000	(110,000)
Receivables under resale agreements	9,731,897	10,172,035	440,137
Receivables under securities borrowing transactions	112,491	26,422	(86,069)
Monetary claims bought	315,812	284,219	(31,593)
Trading account securities	31	30	(0)
Money held in trust	4,549,736	5,191,409	641,673
Securities	135,198,460	139,297,309	4,098,849
Loans	4,961,733	6,870,723	1,908,989
Foreign exchanges	147,469	234,056	86,587
Other assets	2,816,117	2,740,868	(75,248)
Tangible fixed assets	193,752	192,030	(1,722)
Intangible fixed assets	47,114	45,028	(2,086)
Deferred tax assets	127,662	—	(127,662)
Reserve for possible loan losses	(1,031)	(985)	45

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Total liabilities and net assets	210,905,152	222,290,829	11,385,676
Total liabilities	201,917,500	211,242,550	9,325,049
Deposits	183,004,733	187,427,295	4,422,562
Payables under repurchase agreements	14,855,624	15,656,797	801,172
Payables under securities lending transactions	2,219,384	1,800,642	(418,742)
Commercial paper	—	110,417	110,417
Borrowed money	10,100	3,957,340	3,947,240
Foreign exchanges	511	441	(70)
Other liabilities	1,596,945	1,300,829	(296,115)
Reserve for bonuses	7,331	7,070	(261)
Reserve for employees' retirement benefits	141,628	142,589	961
Reserve for employee stock ownership plan trust	605	309	(296)
Reserve for management board benefit trust	311	235	(76)
Reserve for reimbursement of deposits	80,324	76,949	(3,375)
Deferred tax liabilities	—	761,632	761,632
Total net assets	8,987,651	11,048,278	2,060,627
Capital stock	3,500,000	3,500,000	—
Capital surplus	4,296,285	4,296,285	—
Retained earnings	2,563,307	2,593,498	30,191
Treasury stock	(1,300,881)	(1,300,844)	36
Total shareholders' equity	9,058,711	9,088,939	30,227
Net unrealized gains (losses) on available-for-sale securities	256,880	2,287,283	2,030,403
Net deferred gains (losses) on hedges	(327,940)	(327,944)	(3)
Total valuation and translation adjustments	(71,060)	1,959,338	2,030,399

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

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

(1) Domestic

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2019 (A)			September 30, 2020 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	197,309,717	378,281	0.38%	202,473,730	308,862	0.30%	(0.07)%
Loans	5,063,261	5,625	0.22	6,520,493	5,024	0.15	(0.06)
Securities	73,052,033	262,889	0.71	71,216,281	216,354	0.60	(0.11)
Due from banks, etc.	52,923,230	14,522	0.05	54,096,198	15,507	0.05	0.00
Interest-bearing liabilities	189,969,911	40,518	0.04	195,336,889	34,523	0.03	(0.00)
Deposits	182,623,839	28,952	0.03	186,556,941	21,797	0.02	(0.00)
Payables under securities lending transactions	128,841	64	0.09	198,722	99	0.09	0.00

(2) Overseas

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2019 (A)			September 30, 2020 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	61,705,949	386,547	1.24%	66,483,670	307,066	0.92%	(0.32)%
Loans	7,131	18	0.52	21,964	58	0.53	0.01
Securities	61,590,570	385,566	1.24	66,309,043	306,779	0.92	(0.32)
Due from banks, etc.	2,526	29	2.35	—	—	—	(2.35)
Interest-bearing liabilities	61,635,917	222,470	0.71	66,858,552	160,286	0.47	(0.24)
Payables under securities lending transactions	2,375,577	28,902	2.42	1,593,878	4,777	0.59	(1.82)

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

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

(3) Total							(Millions of yen, %)
	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2019 (A)			September 30, 2020 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	202,377,177	667,413	0.65%	208,470,432	542,152	0.51%	(0.13)%
Loans	5,070,392	5,643	0.22	6,542,458	5,083	0.15	(0.06)
Securities	134,642,604	648,456	0.96	137,525,324	523,133	0.75	(0.20)
Due from banks, etc.	52,925,757	14,552	0.05	54,096,198	15,507	0.05	0.00
Interest-bearing liabilities	194,967,339	165,573	0.16	201,708,472	121,033	0.11	(0.04)
Deposits	182,623,839	28,952	0.03	186,556,941	21,797	0.02	(0.00)
Payables under securities lending transactions	2,504,418	28,967	2.30	1,792,600	4,877	0.54	(1.76)

- 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, 2020, ¥3,809,231 million; six months ended September 30, 2019, ¥2,977,202 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (six months ended September 30, 2020, ¥3,809,231 million; six months ended September 30, 2019, ¥2,977,202 million) and the corresponding interest (six months ended September 30, 2020, ¥4,646 million; six months ended September 30, 2019, ¥5,120 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 ¥65,367 million for the six months ended September 30, 2020 (¥34,313 million for the six months ended September 30, 2019).
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, 2019 (A)	September 30, 2020 (B)	
Yield on interest-earning assets (a)	0.65%	0.51%	(0.13)%
Total cost of funding (including general and administrative expenses) (b)	0.69	0.61	(0.07)
Interest rate on interest-bearing liabilities (c)	0.16	0.11	(0.04)
Overall interest rate spread (a) - (b)	(0.03)	(0.09)	(0.06)
Interest rate spread (a) - (c)	0.48	0.39	(0.08)

Note: All numbers are annualized.

Unrealized Gains (Losses) on Financial Instruments

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

(1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2020 (A)		As of September 30, 2020 (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	21,038,148	475,518	21,736,092	360,243	697,943	(115,274)
Japanese local government bonds	1,146,788	1,665	1,453,605	2,952	306,817	1,287
Japanese corporate bonds	1,985,771	13,654	2,307,909	12,839	322,137	(815)
Others	—	—	—	—	—	—
Foreign bonds	—	—	—	—	—	—
Total	24,170,708	490,838	25,497,607	376,035	1,326,899	(114,802)

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, 2020 (A)		As of September 30, 2020 (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	5	—	5	—	—	—
Bonds	45,366,981	857,136	43,578,333	736,799	(1,788,648)	(120,337)
Japanese government bonds	32,597,964	794,222	31,100,305	675,153	(1,497,658)	(119,069)
Japanese local government bonds	4,839,561	25,675	4,212,285	21,353	(627,276)	(4,322)
Commercial paper	806,975	—	1,739,967	—	932,992	—
Japanese corporate bonds	7,122,480	37,238	6,525,775	40,292	(596,705)	3,054
Others	66,019,472	(1,608,708)	70,543,659	1,043,273	4,524,186	2,651,982
Foreign bonds	23,706,870	429,425	23,194,911	572,146	(511,958)	142,720
Investment trusts	41,901,017	(2,040,416)	46,967,284	469,229	5,066,266	2,509,645
Total	111,386,459	(751,571)	114,121,998	1,780,073	2,735,538	2,531,644

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, ¥364,345 million and ¥308,341 million losses were included in the statements of income for the six months ended September 30, 2020 and the fiscal year ended March 31 2020, respectively, because of the application of fair value hedge accounting.

4. Investment trusts are mainly invested in foreign bonds.

5. Impairment losses for the six months ended September 30, 2020 and the fiscal year ended March 31, 2020 amounted to ¥3 million and ¥20 million, respectively.

Unrealized Gains (Losses) on Financial Instruments

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

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

(Millions of yen)

	As of March 31, 2020 (A)		As of September 30, 2020 (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	4,549,736	813,852	5,191,409	1,153,332	641,673	339,479
Domestic stocks	1,859,682	816,565	2,171,595	1,154,580	311,912	338,014
Domestic bonds	1,419,008	(893)	1,732,798	121	313,789	1,014

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, 2020 and the fiscal year ended March 31, 2020 amounted to ¥23,564 million and ¥9,212 million, respectively.

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

(Millions of yen)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	8,913,409	(458,664)	8,493,228	(405,097)	(420,181)	53,566
Currency swaps	7,426,920	(14,041)	7,817,548	(67,613)	390,628	(53,571)
Foreign exchange forward contracts	—	—	—	—	—	—
Total	16,340,330	(472,705)	16,310,777	(472,710)	(29,552)	(5)

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, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	(102,083)	2,825,039	2,927,122

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

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

(Millions of yen, %)

		For the six months ended				Increase (Decrease) (B) – (A)
		September 30, 2019 (A)		September 30, 2020 (B)		
		Amount	%	Amount	%	Amount
Personnel expenses		60,368	11.75	58,478	11.61	(1,890)
	Salaries and allowances	49,591	9.65	47,959	9.52	(1,632)
	Others	10,776	2.09	10,518	2.08	(258)
Non-personnel expenses		427,615	83.24	418,069	83.05	(9,546)
	Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	189,162	36.82	187,238	37.19	(1,923)
	Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network (*)	118,933	23.15	118,719	23.58	(213)
	Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	29,743	5.79	28,718	5.70	(1,025)
	Rent for land, buildings and others	6,033	1.17	5,799	1.15	(233)
	Expenses on consigned businesses	31,367	6.10	32,468	6.45	1,100
	Depreciation and amortization	18,221	3.54	17,330	3.44	(891)
	Communication and transportation expenses	8,571	1.66	7,474	1.48	(1,096)
	Maintenance expenses	5,984	1.16	6,377	1.26	393
	IT expenses	10,208	1.98	5,820	1.15	(4,388)
	Others	9,391	1.82	8,121	1.61	(1,269)
Taxes and dues		25,697	5.00	26,787	5.32	1,089
Total		513,682	100.00	503,334	100.00	(10,347)

* 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.

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

(Millions of yen, %)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	8,965,233	9,089,215	123,981
Core Capital: regulatory adjustments (b)	32,685	31,238	(1,447)
Total capital (a) - (b) = (c)	8,932,547	9,057,976	125,429
Total amount of risk-weighted assets (d)	57,407,276	57,576,640	169,363
Credit risk-weighted assets	54,775,080	55,007,373	232,293
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,632,196	2,569,266	(62,929)
Capital adequacy ratio (c) / (d)	15.55%	15.73%	0.17%pt

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

(Millions of yen, %)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	8,974,876	9,102,586	127,709
Core Capital: regulatory adjustments (b)	32,827	31,429	(1,398)
Total capital (a) - (b) = (c)	8,942,048	9,071,156	129,107
Total amount of risk-weighted assets (d)	57,390,850	57,566,366	175,516
Credit risk-weighted assets	54,758,899	54,997,345	238,445
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,631,950	2,569,021	(62,929)
Capital adequacy ratio (consolidated) (c) / (d)	15.58%	15.75%	0.17%pt

Securitized Products Exposure

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

As of March 31, 2020 and September 30, 2020, the Bank held the following securitized products and others.

The Bank's holdings of securitized products and others were limited to securitization exposure as final investor. The Bank has never originated any securitized products and thus has no exposure as an originator and no exposure to special purpose entities (SPEs) that should be consolidated.

(1) Securitized products

(Millions of yen)

Region		As of March 31, 2020			As of September 30, 2020		
		Acquisition cost	Net unrealized gains (losses)	Credit ratings	Acquisition cost	Net unrealized gains (losses)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,359,705	28,113	AAA	1,357,972	26,442	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	—	—	—	—	—	—
	Other securitized products	173,975	(205)	AAA	149,554	(7)	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	1,018	37	AAA	970	34	AAA
	Subtotal	1,534,699	27,945		1,508,498	26,470	
Overseas	Residential mortgage-backed securities (RMBS)	38,546	(9,390)	AAA	64,511	(3,190)	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	1,767,354	(121,935)	AAA	1,964,508	(79,237)	AAA
	Subtotal	1,805,900	(131,326)		2,029,020	(82,427)	
Total		3,340,600	(103,380)		3,537,518	(55,957)	

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

2. No hedging activities against credit risks were made.

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

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

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

6. The overseas collateralized loan obligations (CLO) are only those in the United States.

7. Net unrealized gains (losses) do not reflect the effect of foreign exchange hedging.

(2) Structured investment vehicles (SIVs)

There were no investments in SIVs.

(3) Leveraged loans

There were no outstanding leveraged loans.

(4) Monoline insurer related products

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

Selected Historical Financial Data

1.Results

2.Earnings/
Dividends
Forecasts

Appendix

Financial
Data

								(¥bn)
		FY16/3	FY17/3	FY18/3	FY19/3	FY20/3 1H	FY20/3	FY21/3 1H
Non-consolidated	Gross operating profit	1,452.0	1,410.2	1,462.3	1,327.0	678.2	1,314.2	670.3
	Net interest income ¹	1,361.0	1,223.5	1,175.6	1,016.1	501.8	976.8	421.1
	Net fees and commissions	91.1	86.6	96.4	106.7	65.4	128.8	64.4
	General and administrative expenses ²	(1,066.1)	(1,056.1)	(1,045.0)	(1,037.5)	(514.6)	(1,020.2)	(504.3)
	Provision for general reserve for possible loan losses	—	0.0	(0.0)	—	—	(0.0)	—
	Net operating profit	385.8	354.0	417.3	289.4	163.6	293.9	165.9
	Non-recurring gains (losses)	96.1	87.9	82.3	84.8	37.4	85.1	5.8
	Net ordinary income	481.9	442.0	499.6	374.2	201.0	379.0	171.8
	Extraordinary income (losses)	(1.1)	(1.4)	(0.7)	(4.1)	(0.1)	(0.4)	(0.2)
	Net income	325.0	312.2	352.7	266.1	144.7	273.0	123.9
Consolidated	Total net assets	11,508.1	11,780.0	11,513.1	11,350.8	11,645.9	8,987.6	11,048.2
	Total assets	207,056.0	209,568.8	210,630.6	208,970.4	213,122.9	210,905.1	222,290.8
	Capital adequacy ratio (Domestic standard) ³	26.38%	22.22%	17.42%	15.78%	15.71%	15.55%	15.73%
	Number of employees (people) ³	12,905	12,965	13,009	12,800	12,908	12,477	12,646
	Average number of temporary employees (people) ³	5,223	4,902	4,612	4,184	3,932	3,865	3,640
	New employees (people) ⁴	367	465	542	404	—	234	—
	Net ordinary income	—	—	499.6	373.9	201.1	379.1	172.0
	Net income attributable to owners of parent	—	—	352.7	266.1	144.8	273.4	124.2
	Capital adequacy ratio (Domestic standard) ³	—	—	17.43%	15.80%	15.74%	15.58%	15.75%

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 FY21/3 is 230.

<Disclaimer>

This document is written solely for the purpose of disclosing relevant information regarding JAPAN POST BANK Co., Ltd. (“Japan Post Bank”) and its consolidated subsidiaries (the “Group”). This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in United States, Japan or any other jurisdiction.

This presentation contains forward-looking statements including forecasts, targets and plans of the Group. These statements are based on estimates at the time in light of the information currently available to Japan Post Bank. The statements and assumptions may prove to be incorrect and may not be realized in the future.

Any uncertainties, risks and other factors that may cause such a situation to arise include, but are not limited to, risks related to the effectiveness of risk management policies and procedures; risks related to business strategy and management planning such as market risk, market liquidity risk, credit risk and operational risk; risks related to the expansion of the scope of operations; risks related to the business environment; situation of the spread of COVID-19; and other various risks. Please also see the Securities Report and the latest quarterly financial report for material facts that Japan Post Bank recognizes as potentially affecting the Group’s actual results, performance or financial position. The Group’s actual results, performance or financial position may be materially different from those expressed or implied by such forward-looking statements.

The statements in this document are current as of the date of the document or the date otherwise specified, and Japan Post Bank has no obligation or intent to keep this information up to date.

The information concerning companies or parties other than the Group and the Japan Post Group is based on publicly available and other information as cited, and Japan Post Bank has neither independently verified the accuracy and appropriateness of, nor makes any warranties with respect to, such information. The information of the document may be revised without prior notice.