



JAPAN POST BANK

Results for the Fiscal Year Ended March 2016

May 19, 2016

Super Regional & Super Global

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Note: In these presentation materials, all figures have been rounded down to the nearest trillion or billion yen amount except where noted.

Accordingly, the total of each account may not be equal to the combined total of individual items.

● Super Global

1. Sophistication of investment strategy as one of the largest institutional investors in Japan

—Pursuit of higher returns from market—

Innovate and reform the Investment Division to

realize:

} Dynamic acceleration of international diversified allocation of
investments

} Commencement of alternative investments

2. Reinforcement of risk management in relation to risk taking

Refined sensitivity required for varied and diverse risk taking→

Development of ALM and
risk management framework

→ Following the near completion of system development, the fiscal year ending March 2017
will be the year of execution

● Super Regional –A challenge going forward–

▪ Assumptions:

Achievement of mid-term business plan Cooperation with post offices (the Bank's actual business base)

Leveraging of strengths, namely, nationwide network and staff

【Near-term priorities】

Special focus on sales of investment trusts that are suitable for the Bank

—Trend from savings toward investment, development of products for customers without investment experience—

【Direction of new medium- to long-term stage】

→ **“Seed sowing/cultivation” during period of mid-term business plan**

1 Pursuit of alliance strategy without taboos (by sector, by region, by business type, development of low-cost operation)

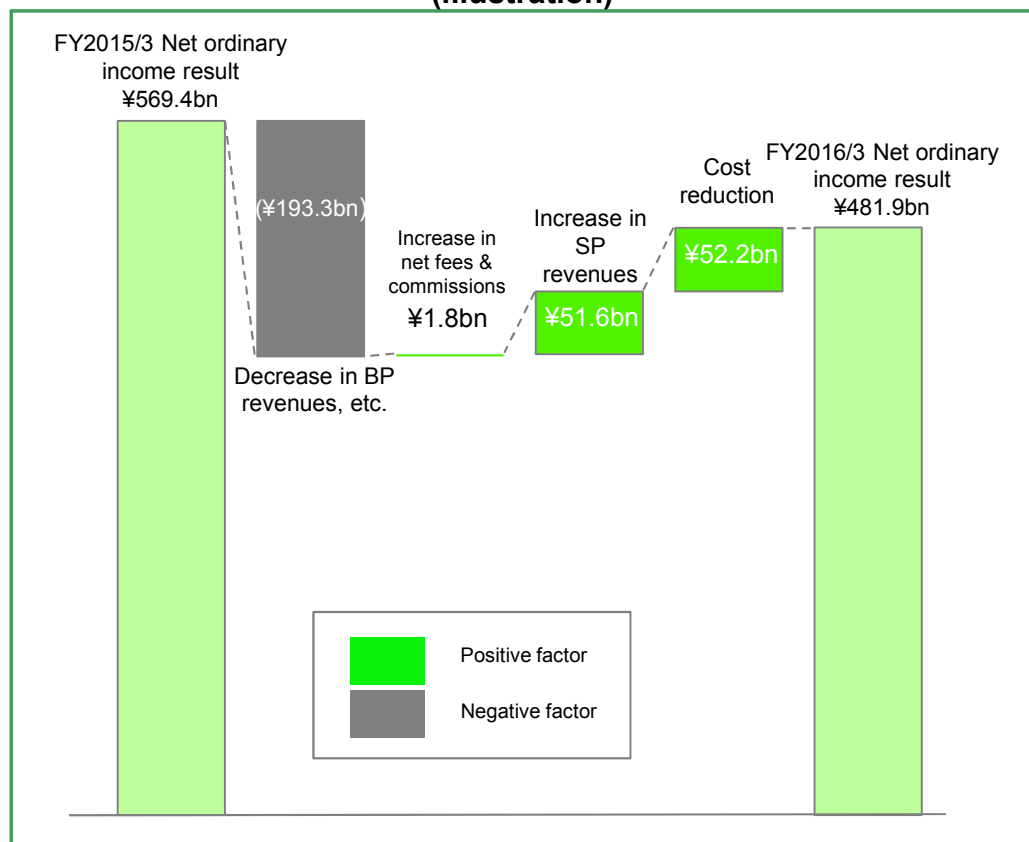
2 Cultivation and cooperation in new business sectors aimed at co-existence with existing financial institutions

1. Overview of FY2016/3 Results

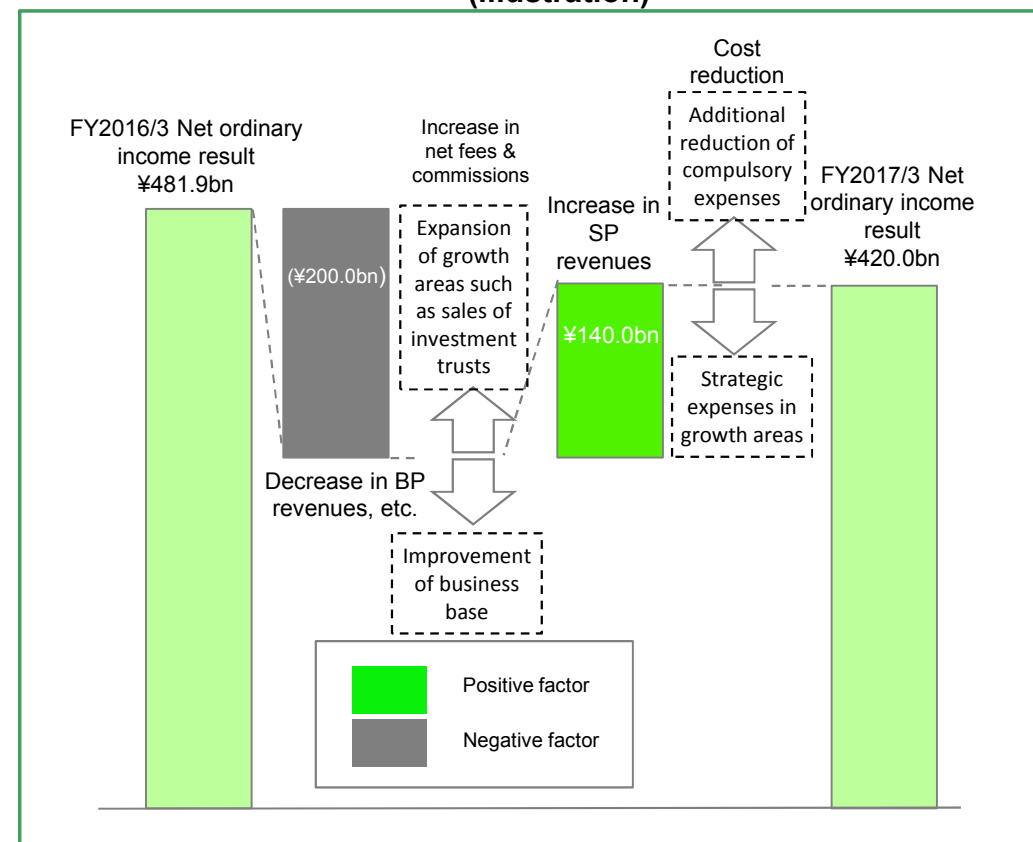
Summary of Financial Results

FY2016/3 was a milestone year on the back of our IPO. FY2017/3 will be a year to improve business base. FY2018/3 will be the finishing year of the mid-term business plan and FY2019/3 will be a year of cultivating new opportunities. To realize our plan, the Bank views the rest of the mid-term business plan period as a seed sowing time.

<Changes in Net Ordinary Income from FY15/3 to FY16/3> (illustration)



<Estimated Changes in Net Ordinary Income from FY16/3 to FY17/3> (illustration)



Unrealized Gains (Losses) on Financial Assets (Mar 31, 2015)

Held-to-maturity securities	¥2,268.3bn
Available-for-sale securities (after taking into account of gains (losses) from hedge accounting)	¥4,681.5bn

Unrealized Gains (Losses) on Financial Assets (Mar 31, 2016)

Held-to-maturity Securities	¥2,208.3bn
Available-for-sale Securities (after taking into account of gains (losses) from hedge accounting)	¥4,186.4bn

Overview of FY2016/3 Results

Performance in FY2016/3				
	(¥bn)			
	FY2016/3	Difference	FY2015/3	
Gross operating profit	1,452.0	(182.6)	1,634.7	
Net interest income	1,361.0	(179.7)	1,540.7	Decreased, reflecting historically low interest rates
Net fees and commissions	91.1	+1.8	89.2	Increased steadily
Net other operating income (loss)	(0.1)	(4.8)	4.7	
Gains (losses) on foreign exchanges	(1.4)	(10.7)	9.3	
Gains (losses) on bonds	1.8	+6.4	(4.5)	
General and administrative expenses ^{※1}	1,066.1	(48.5)	1,114.7	Mainly reflecting the lowered deposit insurance rate
Provision for general reserve for possible loan losses	—	—	—	
Net operating profit	385.8	(134.1)	519.9	
Non-recurring gains (losses)	96.1	+46.6	49.4	
Gains (losses) on money held in trust	93.8	+50.7	43.1	
Net ordinary income	481.9	(87.4)	569.4	
Net income	325.0	(44.3)	369.4	

※1 Excludes non-recurring losses.

	(¥bn, %)		
	FY2016/3 Results	FY2016/3 Forecasts	Progress rate
Net ordinary income	481.9	460.0	104.7
Net income	325.0	320.0	101.5

Condensed Balance Sheet (1)

(¥tn)

	March 31, 2016	Difference	March 31, 2015	
Cash and due from banks, call loans, and receivables under securities borrowing transactions	54.7	+11.1	43.6	Increase in BOJ deposits balance
JGBs	82.2	(24.5)	106.7	Shift from JGBs to foreign securities
Japanese local government bonds	5.8	+0.3	5.5	
Corporate bonds	10.5	(0.4)	10.9	
Foreign securities	45.3	+12.5	32.8	
Loans	2.5	(0.2)	2.7	
Money held in trust	3.5	+0.0	3.4	
Other assets	2.0	(0.0)	2.0	
Total assets	207.0	(1.1)	208.1	
Deposits	177.8	+0.1	177.7	
Other liabilities	17.6	(1.1)	18.8	
Liabilities	195.5	(1.0)	196.5	
Net assets	11.5	(0.1)	11.6	

Condensed Balance Sheet (2)

Breakdown of net assets

(¥bn)

	March 31, 2016	Difference	March 31, 2015	
Capital stock	3,500.0	—	3,500.0	
Capital surplus	4,296.2	—	4,296.2	
Retained earnings	2,108.9	+140.3	1,968.6	Difference between dividends paid of ¥184.7bn and net income of ¥325.0bn
Treasury stock	(1,299.9)	—	(1,299.9)	
Total shareholders' equity	8,605.2	+140.3	8,464.9	
Total valuation and translation adjustments	2,902.8	(262.4)	3,165.3	
Total net assets	11,508.1	(122.0)	11,630.2	Decreased due to total valuation and translation adjustments

Management Indicators

(¥bn)

	March 31, 2016	Difference (% pt)	March 31, 2015	
Capital adequacy ratio (Domestic standards)	26.38%	(12.04)	38.42%	Declined mainly due to increase in foreign credit investment
Total capital	8,499.3		8,274.0	
Total risk weighted assets	32,218.5		21,533.4	
Loss-to-capital ratio	7.03%	(2.27)	9.31%	
Amount of loss	598.0		770.5	
Japanese yen	178.8		200.6	
US dollars	366.2		506.7	
Capital	8,499.3		8,274.0	
Leverage ratio (trial basis) ¹	4.10%	+0.13	3.97%	
Core capital	8,499.3		8,274.0	
Total assets	207,056.0		208,179.3	
ROE	2.80%	(0.39)	3.20%	
Net income	325.0		369.4	
Average of the beginning and ending balances of net assets	11,569.1		11,542.9	
OHR	73.42%	+5.23	68.19%	Increased despite the decrease in G&A expenses due to YoY decrease in gross operating profit
General and administrative expenses	1,066.1		1,114.7	
Gross operating profit	1,452.0		1,634.7	
Yield on interest-earning assets	0.86%	(0.09)	0.95%	Reflects the redemption and replacement of high-yield assets invested in the past to lower yield assets
Net interest margin	0.66%	(0.09)	0.76%	
Yield on interest-earning assets	0.86%		0.95%	
Interest rate on interest-bearing liabilities	0.19%		0.18%	

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

Base Portfolio: Manages interest rate/liquidity risk, secures basic return mainly from JGBs. Stable funding enables held-to-maturity investment. JGB balance decreased, reflecting historically low interest rates.

(management accounting basis, figures are rounded to the trillion)

Portfolio Management Policy

Base Portfolio (Liability-driven portfolio)

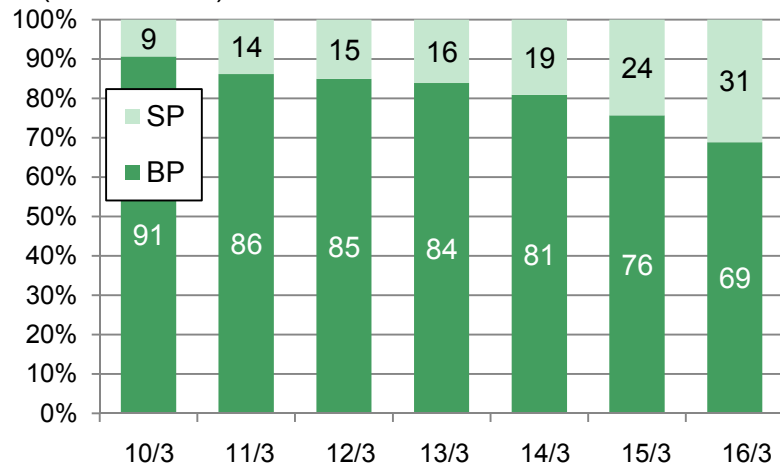
¥136tn [(¥13tn) vs FY2015/3 end]

- **Purpose:** The foundation of our ALM
- **Funding:** Stable liabilities (over 90% are retail, small-sized deposits)
- **Strategy:** Main source of income – spread between long and short-term interest rates; aim for carry profits
Provides internal funding to the Satellite Portfolio

	Mar 31, 2016	Difference	Mar 31, 2015
Short-term assets ¹	48	+12	35
Bonds held to maturity – JGBs, Government guaranteed bonds	52	(14)	66
Available for sale securities – JGBs	36	(11)	47
Loans	1	(0)	2

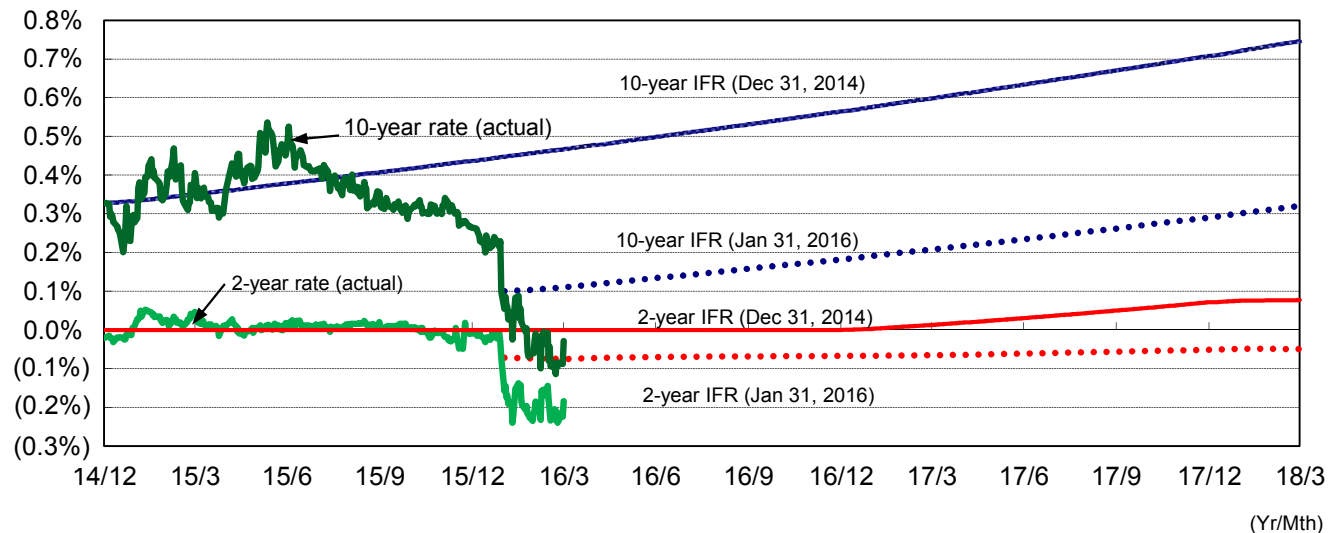
1. Short term assets include cash and due from banks, call loans, receivables under securities borrowing transactions (excl. those in trust), T-bills, short-term corporate bonds, etc.

(Reference 1) BP and SP Shares of Portfolio



Note: Percentages are rounded.

(Reference 2) Domestic Implied Forward Rates (Present compared to December 31, 2014)



Satellite Portfolio: Seek excess return by taking credit/market risk through global asset. Solid capital allows over-the-cycle investment. Further progress in global asset allocation and increase in foreign securities.

(management accounting basis, figures are rounded to the trillion)

Portfolio Management Policy

Satellite Portfolio (Excess-return portfolio)

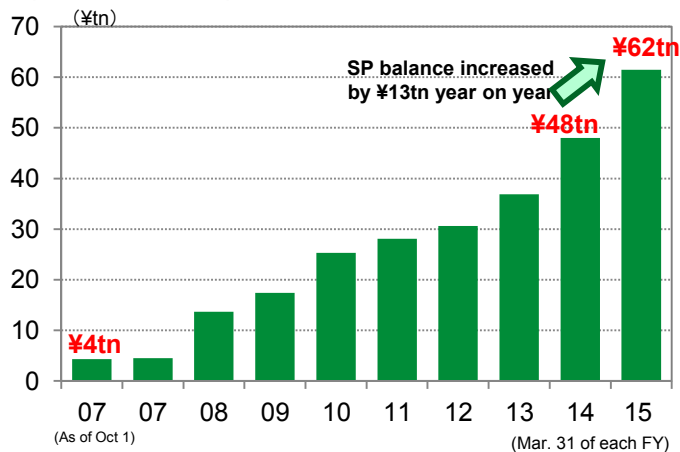
¥62tn [+13tn vs FY2015/3 end]

- **Purpose:** Pursue excess return
- **Funding:** Mainly internal funding from the Base Portfolio
(Transfer price based on market interest rates)
- **Strategy:** Promote global asset allocation while assessing market and economic conditions
Aim to achieve excess return including capital gains
Create a “hedge position” by adding assets with negative correlation against domestic bonds

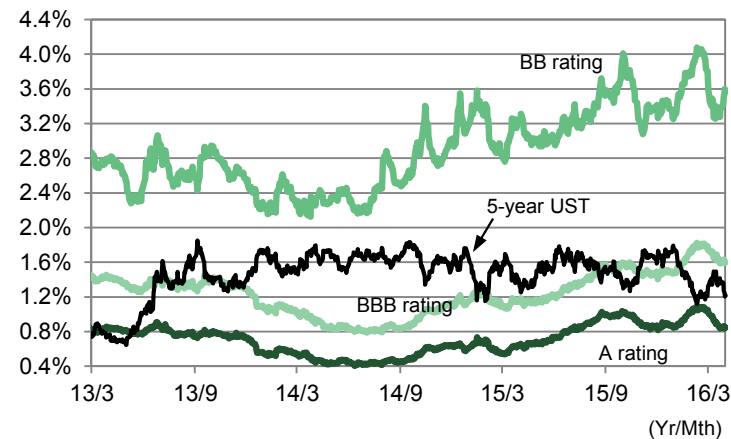
	Mar 31, 2016	Difference	Mar 31, 2015
Available-for-sale securities			
– Japanese local government bonds	6	+1	5
– Corporate bonds, etc. ¹	7	+1	6
– Foreign securities ¹ [incl. Investment trusts]	45 [26]	+13 [+12]	33 [14]
Bonds held to maturity			
– Japanese local government bonds, etc.	0	(0)	1
Money held in trust ² (Stocks)	2	+0	2
Loans	1	+0	1

1. Corporate bonds, etc., foreign securities include monetary claims bought.
2. JGBs contained in money held in trust are included in the Base Portfolio.

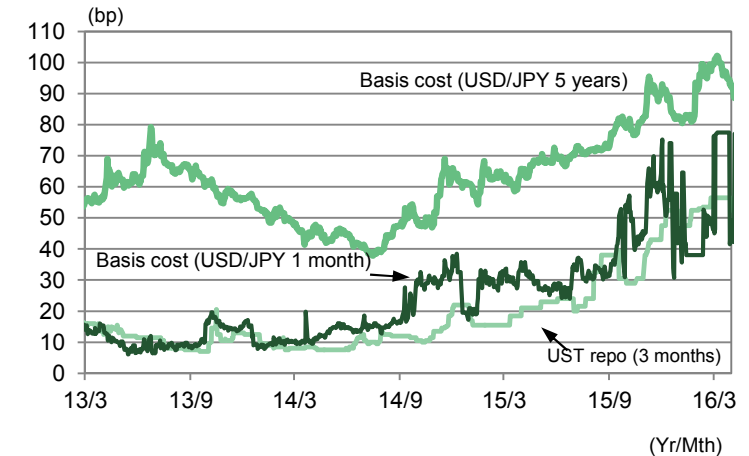
(Reference 1) SP Balance



(Reference 2) US Credit Spread



(Reference 3) Currency Hedging Cost



Net Gains and Losses (Including Fees and Expenses, Management Accounting Basis)

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

	FY2010/3		FY2011/3		FY2012/3		FY2013/3		FY2014/3		FY2015/3		FY2016/3		
	Average balance	Net gains (losses)	Average balance	Net gains (losses)	Average balance	Net gains (losses)	Average balance	Net gains (losses)	Average balance	Net gains (losses)	Average balance	Net gains (losses)	Average balance	Net gains (losses)	
Total Portfolio (BP + SP)	189.5	488.8	184.2	519.7	184.2	573.4	187.4	592.1	190.5	573.1	194.2	559.9	196.5	480.4	
Base Portfolio (BP)	173.9	446.3	162.8	444.4	157.4	438.7	158.0	342.1	156.7	289.7	151.7	94.7	141.7	(35.6)	
BP Customer-based Funding, sales	-	(6.6)	-	(65.8)	-	(57.6)	-	(60.2)	-	(120.3)	-	(222.4)	-	(250.4)	
BP Investment Side, etc.	-	452.9	-	510.3	-	496.4	-	402.3	-	410.0	-	317.2	-	214.7	Decrease
Satellite Portfolio (SP)	15.6	42.5	21.4	75.2	26.7	134.6	29.3	249.9	33.7	283.4	42.4	465.1	54.8	516.0	Increase

Notes: Average balance of the respective portfolios are calculated as the average of the beginning and ending balances in the fiscal year

Net gains and losses on each portfolio are calculated based on the formula below. The aggregate total gains and losses from both portfolios are largely consistent with our ordinary income:

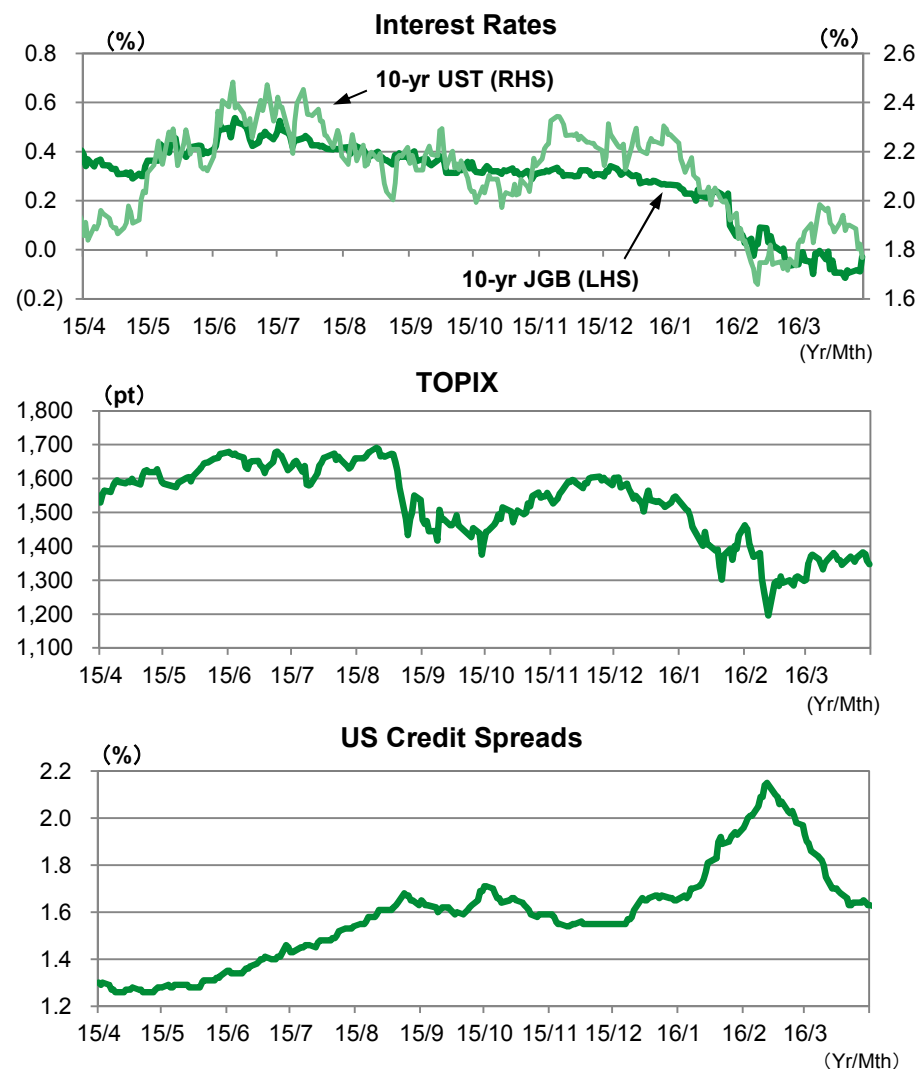
Net gains/losses = Net interest income, etc. (Interest income - Interest expenses + Other operating income - Other operating expenses + Gains on money held in trust - Losses on money held in trust + Gains on sales of stock, etc. - Losses on sales of stock, etc. - Write off on stock, etc.) + Net fees and commission income (Fees and commission income - Fees and commission expenses) - Expenses (equivalent to general and administrative expenses in our statement of income)

In response to falling share prices and widening overseas spreads, net unrealized gains have decreased but are still at a high level.



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 No impairment losses were recognized on available-for-sale securities for FY2016/3 and FY2015/3.
 3 Impairment losses on money held in trust, which is classified as available-for-sale, for FY2016/3 and FY2015/3 amounted to ¥1.5 billion and ¥0.5 billion, respectively.

(Reference) Various Market Indicators

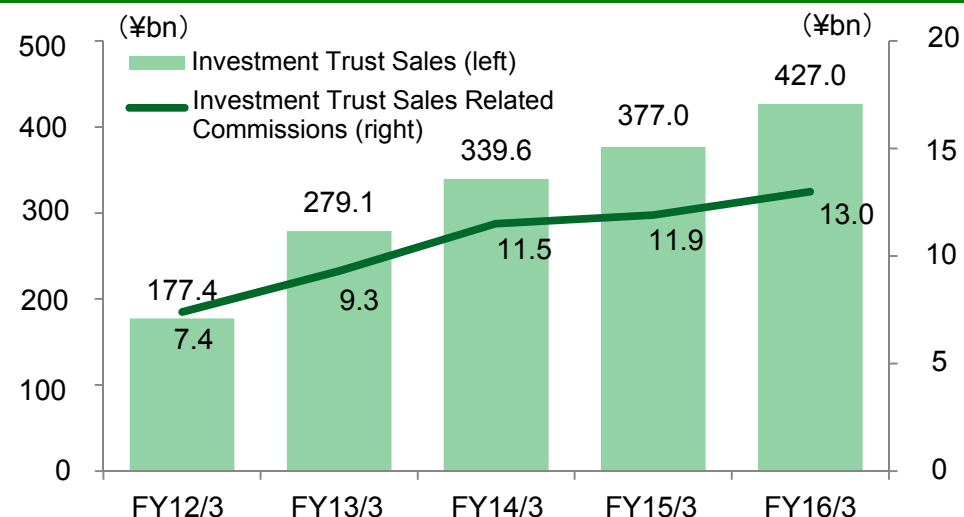


Steady growth in net balance of investment products by promoting development of consulting marketing personnel

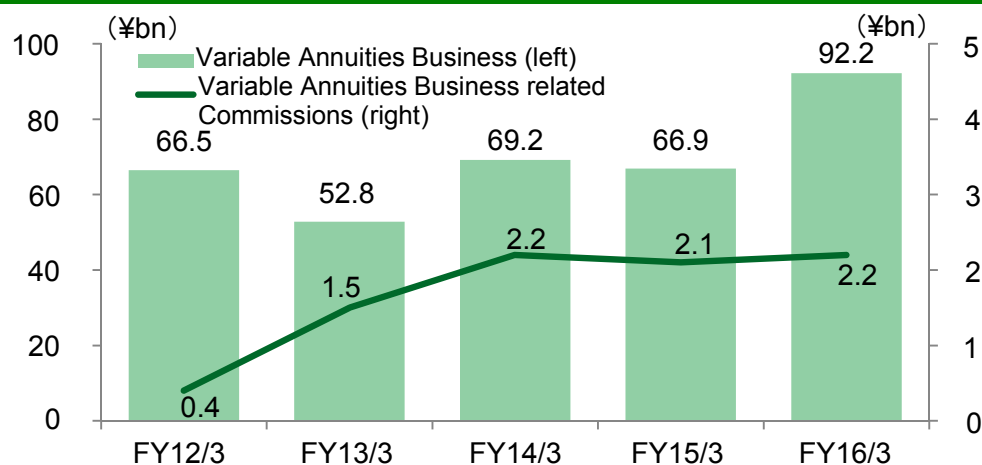
Enhancement of Consulting Marketing

- ① Develop and increase personnel engaged in consulting marketing
 Our branches: Plan to increase the number of consulting marketing personnel from current 1,100 (as of April 1, 2016) to 1,200 by March 31, 2017
 Post offices: Providing support by Japan Post Bank marketing instructors to improve sales skills for investment trusts, etc.
- ② Each consulting staff member is in charge of specific customers to offer comprehensive consulting services
- ③ One internal administrative officer is assigned to every branch. A total of about 240 such officers are assigned to the 1,316 post offices handling investment trusts.

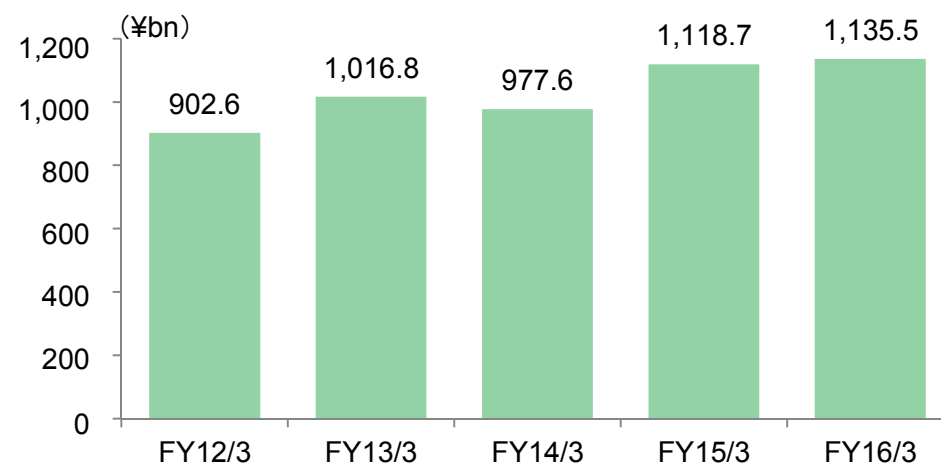
Investment Trust Sales



Variable Annuities Business



Net Balance of Investment Trusts



- ① Expand ATM network at conveniently accessible locations, grow alliances with regional financial institutions.
- ② Promote the Bank to become the house bank of our customers by using the characteristics of our network and strengthen fee businesses such as sales of investment products and credit cards

ATM Business Strategy

- (1) Strategic installation of out-of-branch ATMs
- a. Installed approx. 500 ATMs in FamilyMart convenience stores mainly in metropolitan areas in FY2015/3
Number of usage cases has increased steadily since installation
High usage rate by customers of other banks contributed to the Bank's revenues
 - b. Will continue to install ATMs in highly convenient locations, including installation of small ATMs in narrow places
 - c. Aim to expand fee and commission revenues by installing and expanding small ATMs in convenience stores, etc.
※Apr 2016 Reached basic agreement with FamilyMart (increase installation of ATMs at FamilyMart nationwide)
Jan 2017~Plan to progressively install small ATMs
- (2) Business partnerships with regional financial institutions
- a. Make efforts to have Japan Post Bank's ATM network broadly available for customers of regional financial institutions
 - b. Establish the Financial Institutions Business Department (April 2016)
- (Reference)
Number of regional banks whose account holders can use Japan Post Bank's ATMs free of charge during business hours:
9 banks (2014/3) ⇒ 11 banks (2016/3)

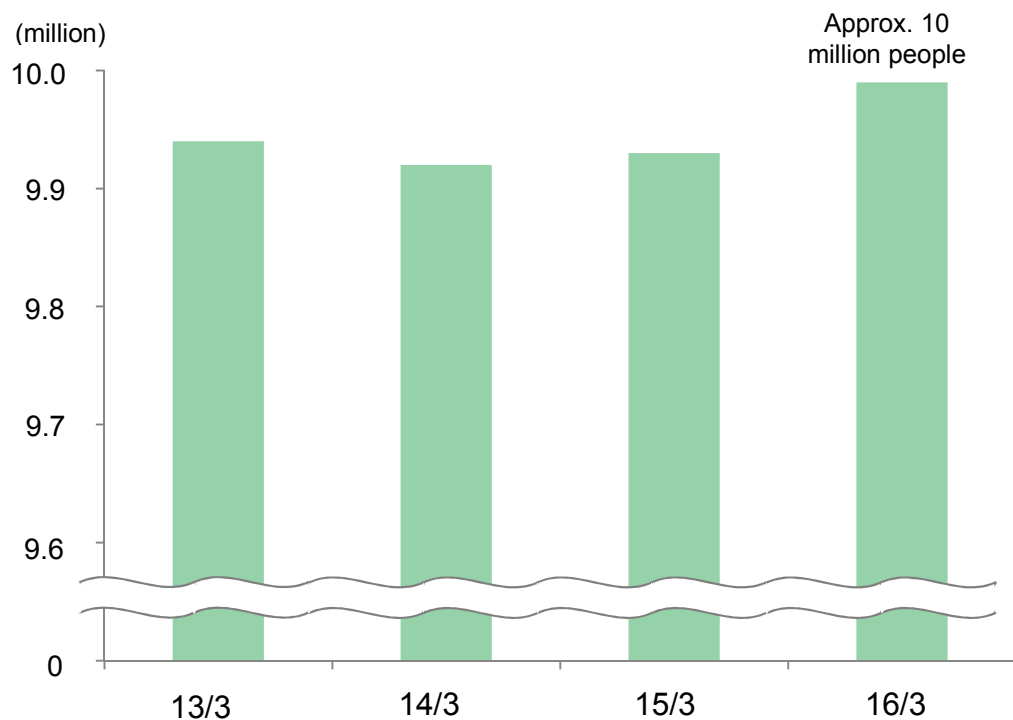
Results for Net Fees and Commissions

	(¥bn)		
	FY2016/3	FY2015/3	Difference
Net fees and commissions	91.1	89.2	+1.8
Exchange and settlement transactions	59.2	59.7	(0.4)
Zengin net fee	8.4	7.3	+1.0
ATM related commissions	7.5	6.0	+1.5
Investment trust related commissions	13.0	11.9	+1.1
New businesses related commissions	7.2	6.9	+0.3
Credit cards	3.9	3.8	+0.1
Variable Annuities	2.2	2.1	+0.0
Consumer loans	1.0	0.9	+0.1
JGBs related commissions	2.5	3.2	(0.6)
Other	1.3	1.2	+0.0

Other: Aiming to start new types of transactions such as banking settlements using Fintech

■ Pension accounts are increasing moderately, salary accounts are increasing steadily every year and Japan Post Bank's share is expanding.

Number of pension account users

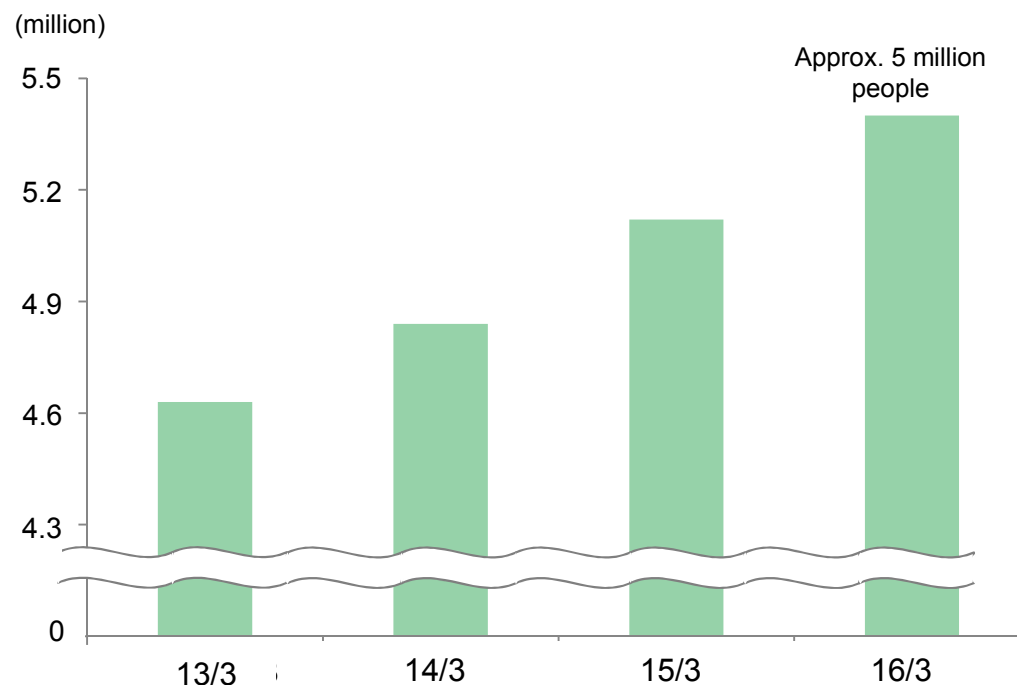


※Reference

Number of actual beneficiaries of public pensions without duplication: 39.91 million (end of FY2015/3)

(Source) Ministry of Health, Labour and Welfare Pension Bureau "Fiscal 2014 Welfare Pension Insurance and National Pension Review of Operations"

Number of salary account users



※Reference

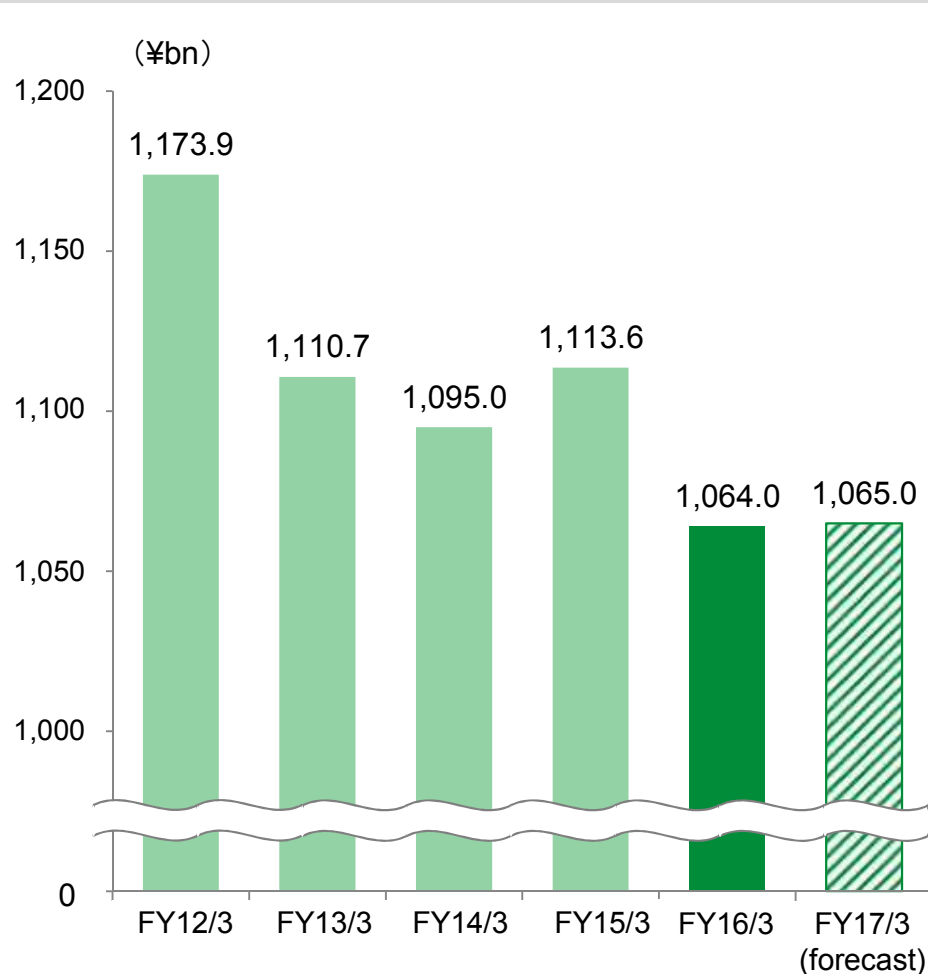
Sum total of number of salary earners at private-sector businesses (as of December 31, 2014) and national government employees and local government employees, etc. (end of FY2015/3): approx. 60.52 million

(Source) Calculated by JP Bank based on National Tax Agency "2014 Statistical Survey of Actual Status for Salary in the Private Sector" and Cabinet Secretariat "International Comparison of Number of Employees in Public Sector per 1,000 Population (Data)"

Development of Robust Management System ~Cost Reductions~

Among general and administrative expenses, non-personnel expenses declined ¥52.2bn year on year to ¥865.1bn, mainly due to the lowered deposit insurance rate.

While we project an increase in strategic expenses for growth areas (including sophistication of investment, development and introduction of small ATMs, and reinforcement of investment trust sales) and in compulsory expenses, we will continue companywide efforts to enhance efficiency and keep total expenses at the level of FY2016/3, in light of the severe business environment.



	FY17/3 (plan)	FY16/3	Difference	FY2015/3
Personnel expenses	127.0	123.2	+1.1	122.0
Non-personnel expenses	859.0	865.1	(52.2)	917.4
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	602.0	609.4	+6.9	602.4
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	8.0	9.8	(9.1)	18.9
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	66.0	64.4	(39.2)	103.6
Taxes and due	79.0	75.5	+1.4	74.1
Total	1,065.0	1,064.0	(49.6)	1,113.6

Strategic cost: approx. ¥4bn

Increase in enterprise taxes: approx. ¥5bn

2. FY2017/3 Earnings Forecasts and Dividend Policy

- For FY2017/3, the Bank forecasts net ordinary income of ¥420 billion and net income of ¥300 billion.
- Amid the severe business environment of ultra-low interest rates, while income from the Base Portfolio (BP) will decrease, we will increase income from the Satellite Portfolio (SP) and secure stable profits.

FY2017/3 Earnings Forecasts

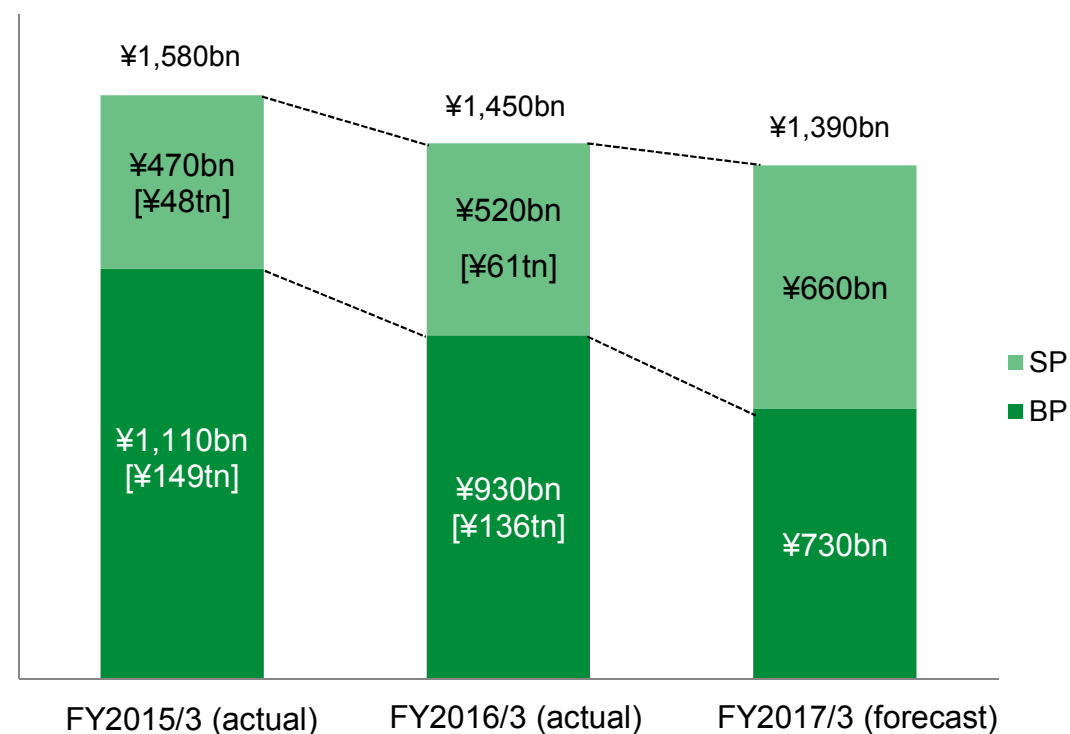
(¥bn)

	FY2017/3 (Forecast)	FY2016/3 (Actual)
Net ordinary income	420.0	481.9
Net income	300.0	325.0

Assumptions in Earnings Forecasts

- ◆ We assume domestic and foreign interest rates will trend in line with implied forward rates as of Jan 31, 2016.
- ◆ Assumed exchange rates: US\$1=¥115, €1=¥125.

Actual and Estimated Net Interest Income, etc. Notes 1, 2, 3, 4



Notes:

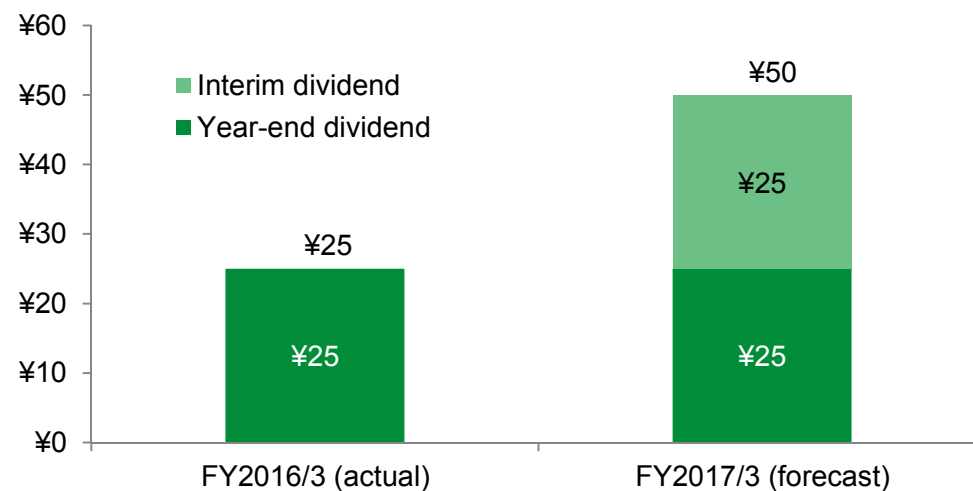
1. The Base Portfolio aims to secure stable income mainly from JGBs while managing interest rate and liquidity risk. In contrast, the Satellite Portfolio aims to secure income mainly by taking credit and market risk, and specifically invests in corporate bonds, foreign securities and stocks (money held in trust), etc.
2. Net interest income, etc. = Interest income - Interest expenses + Other operating income - Other operating expenses + Gains on money held in trust - Losses on money held in trust + Gains on sales of stock, etc. - Losses on sales of stock, etc. - Write off on stock, etc.
3. Figures in parentheses show fiscal year-end balances.
4. Figures for net interest income, etc. are in billion yen units; those for balances are in trillion yen units.

Proactive and stable shareholder return

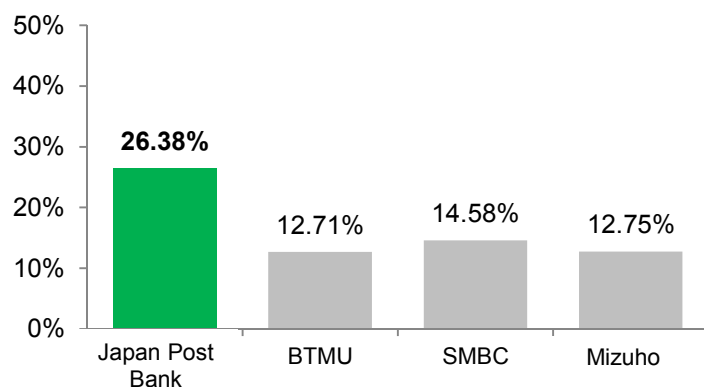
【Dividend policy (through FY2018/3 end)】

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

<Dividend per share (actual, forecast)>



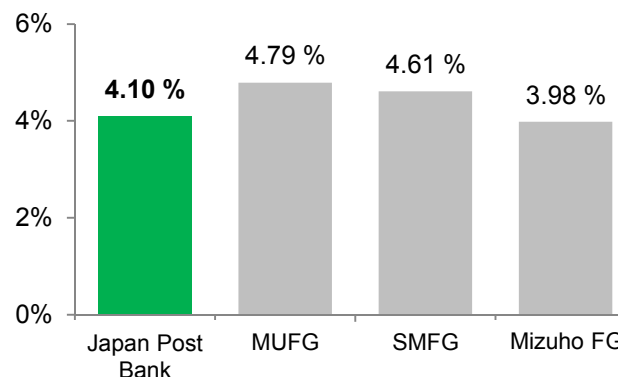
(Reference 1) Capital Adequacy Ratio (Mar 31, 2015)



Source: Corporate disclosure materials

Note: Japan Post Bank figures are announced on a non-consolidated business result basis and the capital adequacy ratio is based on domestic standard (calculated based on notification regarding capital adequacy requirements). Meanwhile, other banks release consolidated bank business results and their Tier 1 ratios are based on uniform international standard.

(Reference 2) Leverage Ratio (trial basis, Mar 31, 2015)



Source: Corporate disclosure materials

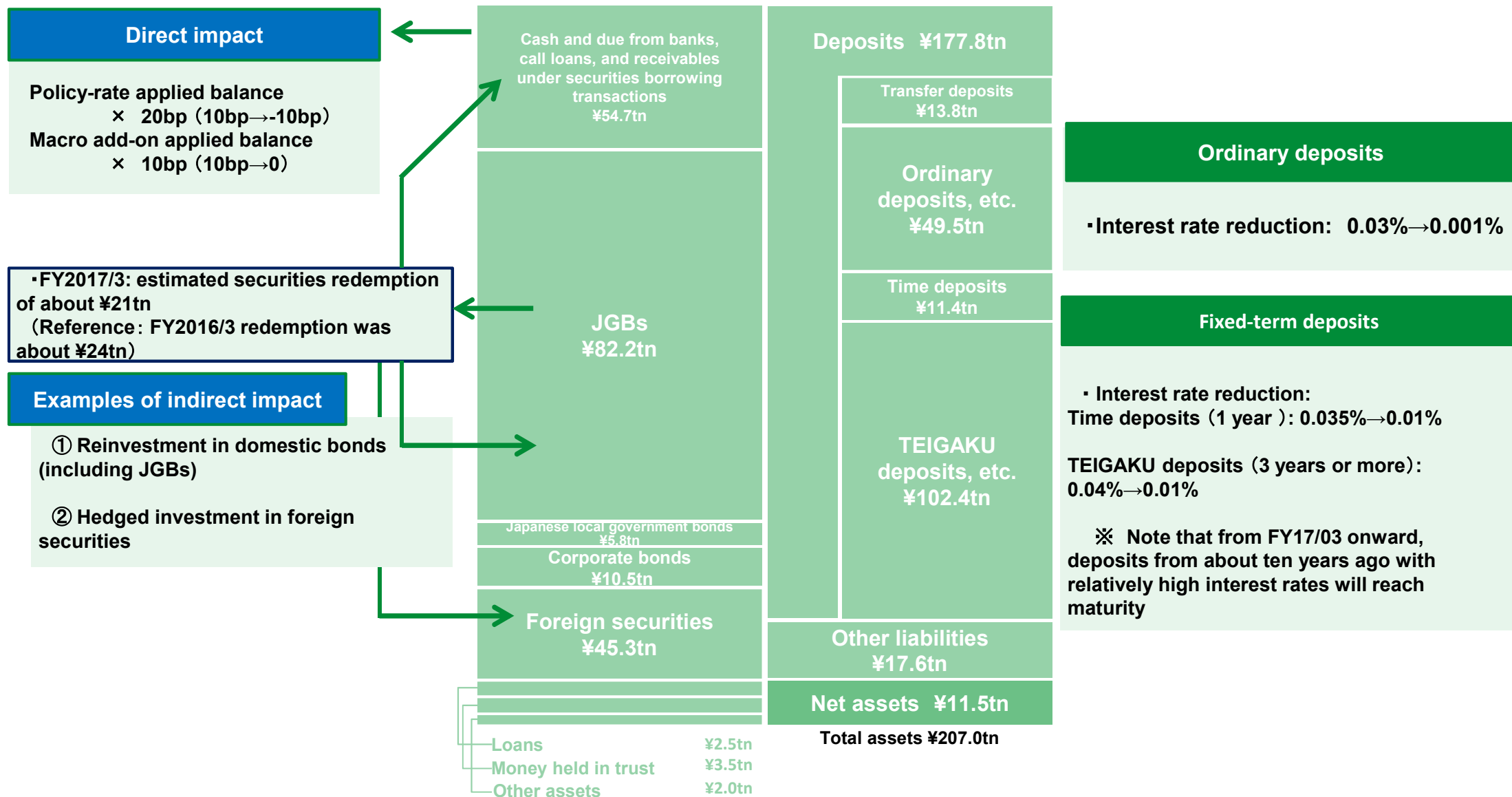
Note 1: Consolidated group basis

Note 2: Regarding definition of leverage ratio by Basel Committee on Banking Supervision, final adjustment is not completed.

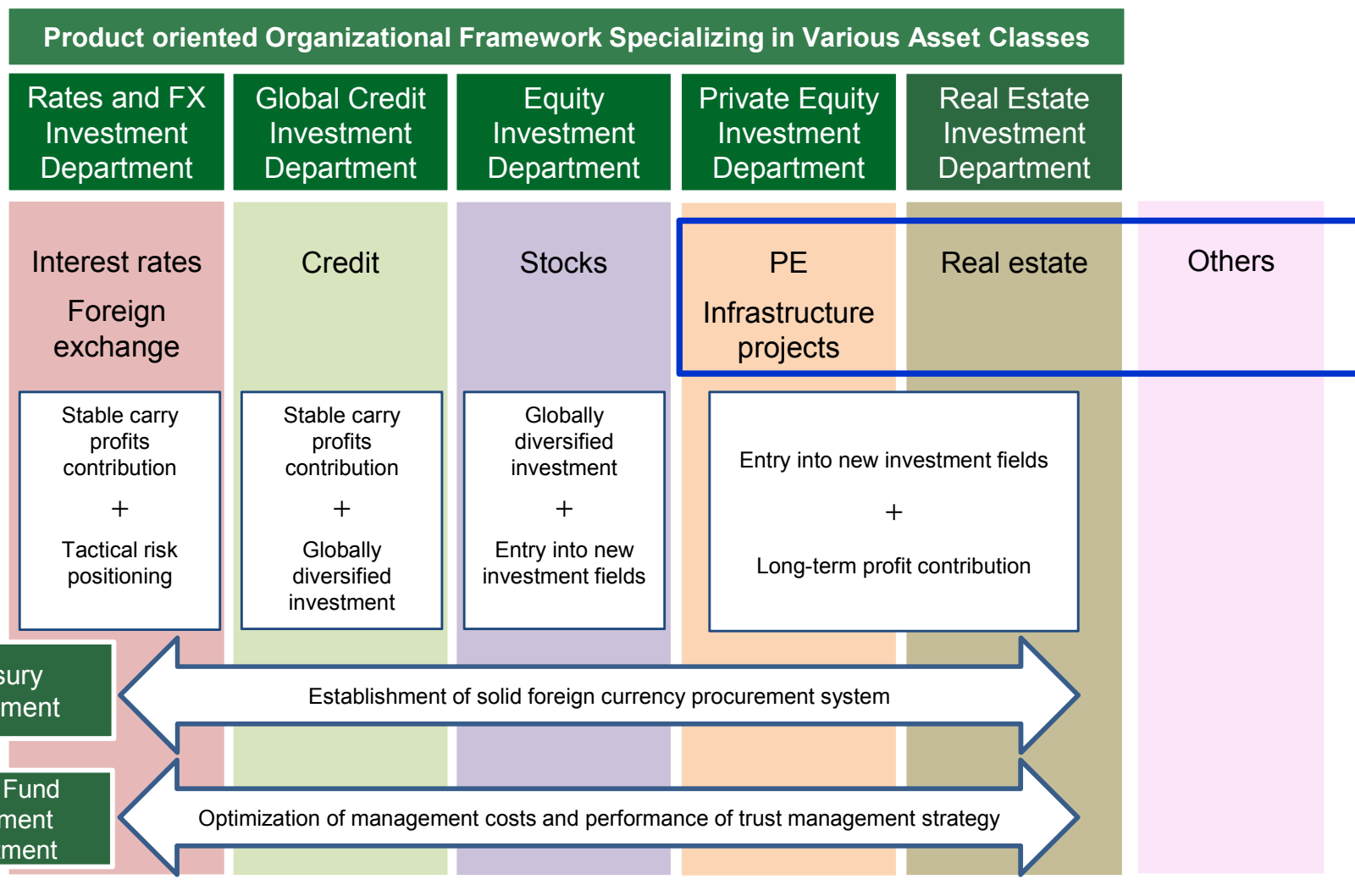
The Bank's leverage ratio (trial basis) = Core capital/Total assets (as reported on B/S)

3. Initiatives Related to Management Issues

Condensed Balance Sheet (March 31, 2016)



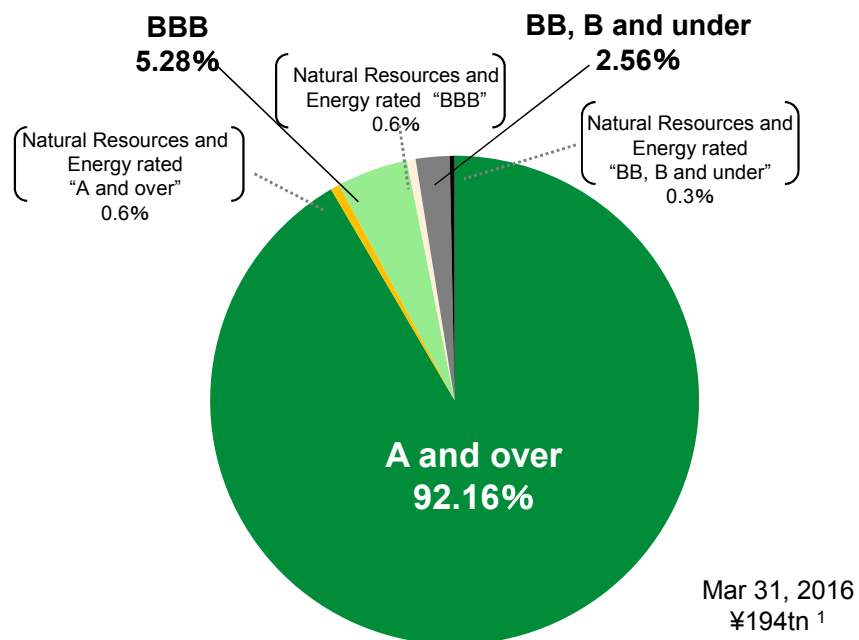
- ① Active recruitment of investment professionals to explore new investment areas and further strengthen our organization by realizing synergies and collaboration with existing Investment Division members
- ② Establishment of new departments as below in line with the shift to a product oriented organizational framework specializing in various asset classes



Cross-cutting management for all asset classes

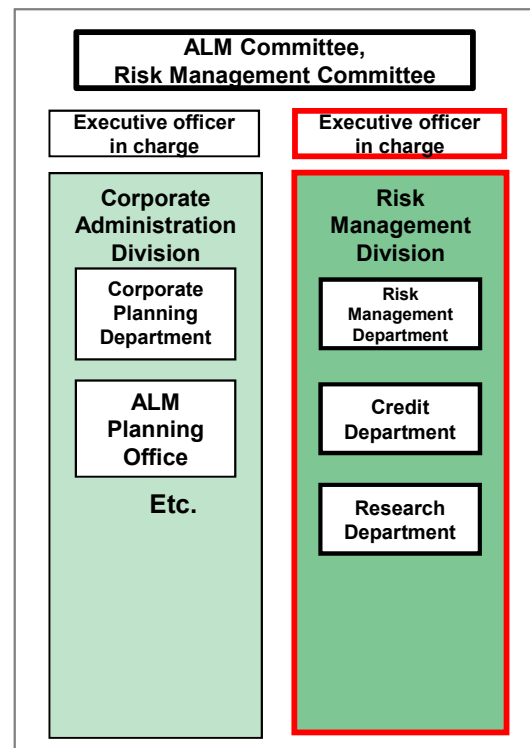
Established Risk Management Division to strengthen the risk control system associated with investment diversification
Assigned full-time executive officer in charge of Risk Management Division to reinforce governance

<Exposures classified by ratings>

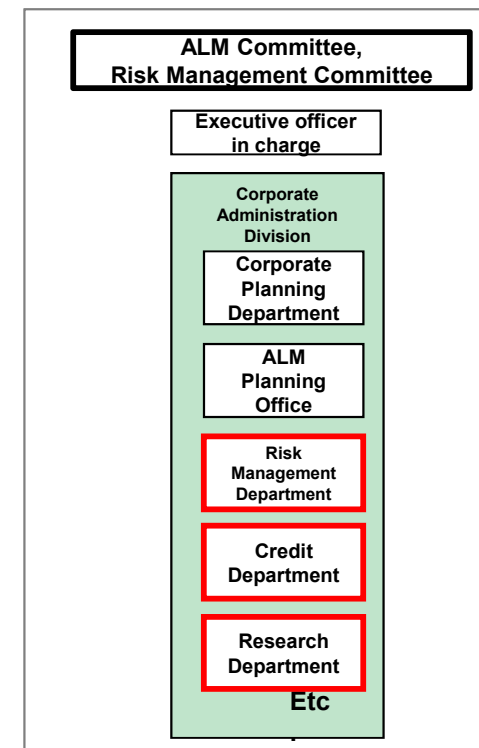


Notes: 1 Data in the above chart includes sovereign, financial institution, and industrial corporation bonds, loans and stocks. Rating categories are based on the Bank's internal ratings
 2 Exposures are the accumulation of investment balances (management accounting and book value basis)

Current organization



Former organization



Development of risk management system

- (1) Enhance risk management system to correspond to the sophistication of alternative investments, etc..
- (2) Research trends and develop organization in response to domestic and overseas financial regulation reinforcements

Sophistication of credit assessment system

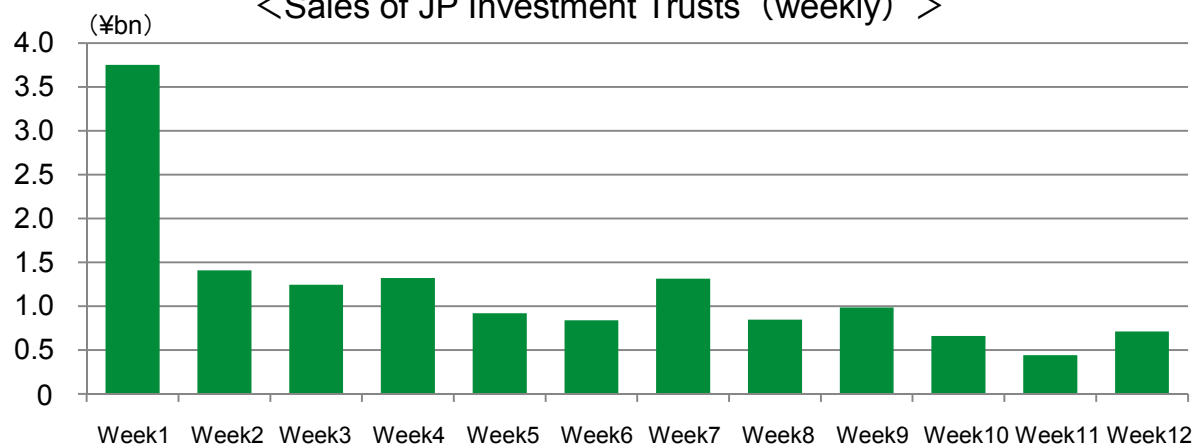
- (1) Reinforcement of creditworthiness evaluation and monitoring systems
- (2) Strengthening of credit assessment systems associated with sophistication of investments

- ① **Started handling investment trust products established and managed by JP Asset Management Co., Ltd. for the first time on February 22, 2016**
The products are designed also for customers without investment experience
- ② **Plan to expand customer base by recommending our “core products”, including new products of JP Asset Management Co., Ltd. to customers without investment experience**

<Overview of investment trusts that the Bank has started handling>

Product Name	Overview	Purchase Commission (incl. tax)	Asset Management Costs (incl. tax) (Holding Costs) <Annual>
JP 4 Assets Balanced Fund (Stable option/Stable Growth option/Growth option) [Nickname: Yu Balance]	The Fund aims to secure stable earnings and medium- to long-term growth of trust assets by making diversified investments in domestic and foreign stocks and bonds, through investment in investment funds that will essentially target investment in stocks and bonds in Japan and other developed countries.	[Over-the-counter, by phone] 1.08% [Internet] Zero	0.4968% [Actual trust remuneration] Stable option: approx. 0.64584% Stable growth option: approx. 0.64908% Growth option: approx. 0.65232%

<Sales of JP Investment Trusts (weekly) >

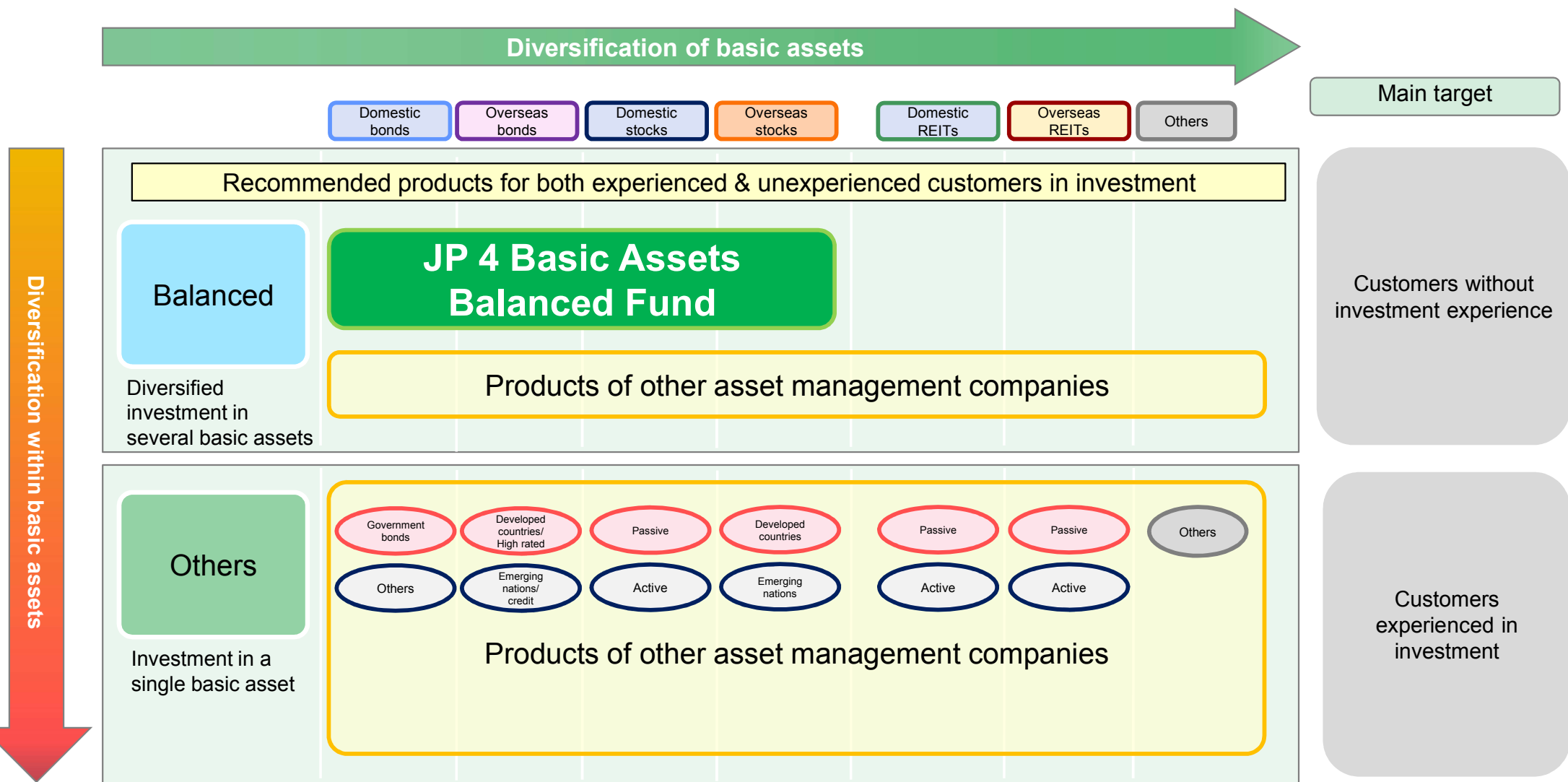


- First day sales of JP 4 Balanced Fund were approx. ¥1.3bn.
- Subsequent sales also showed solid performance.

(Reference)

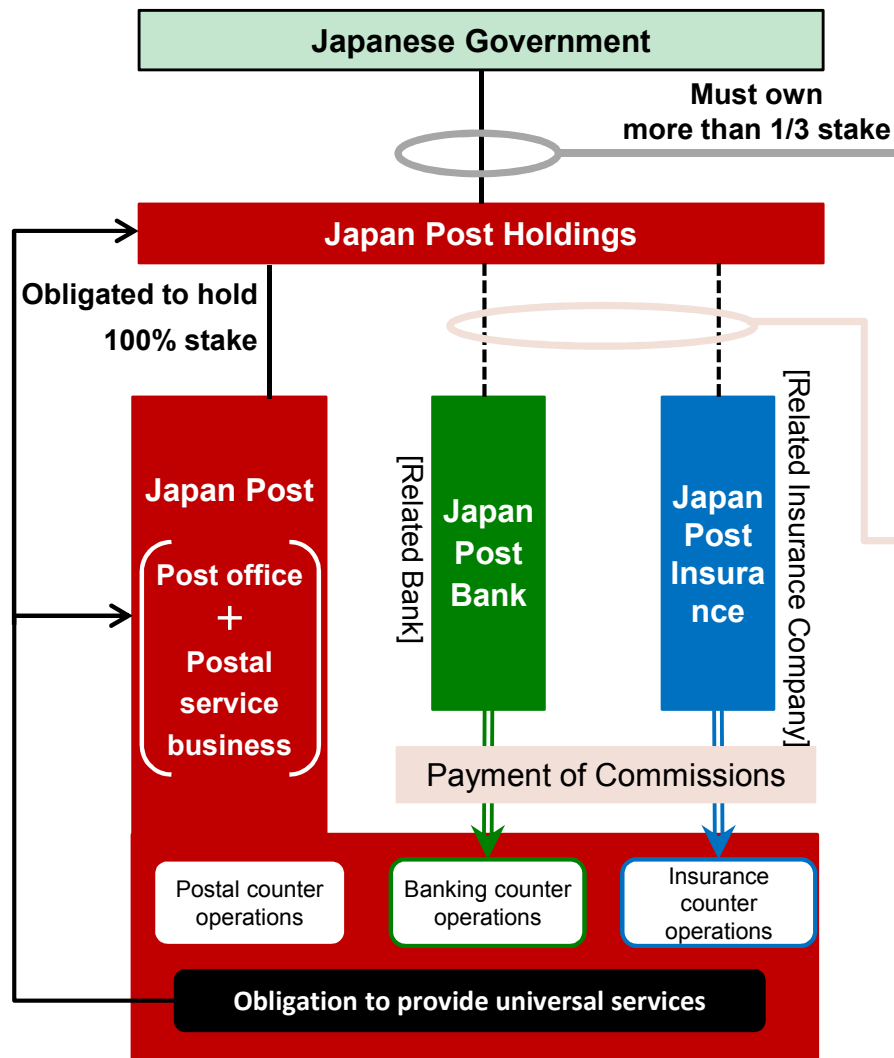
FY16/3 Investment trust sales: ¥427bn

Weekly average sales: ¥8.2bn



Appendix

- 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: aim to list Japan Post Holdings, Japan Post Bank, and Japan Post Insurance concurrently
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, and 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

(Concurrent initial public offerings)

- Japan Post Holdings aims to conduct initial public offerings of the Two Financial Subsidiaries concurrently with the initial public offering of Japan Post Holdings

(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”

- “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 “accessible and trusted brand”

- Approx. 120 mn ordinary deposit customers
- Deposit balance ¥177.8tn (as of March 2016)

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

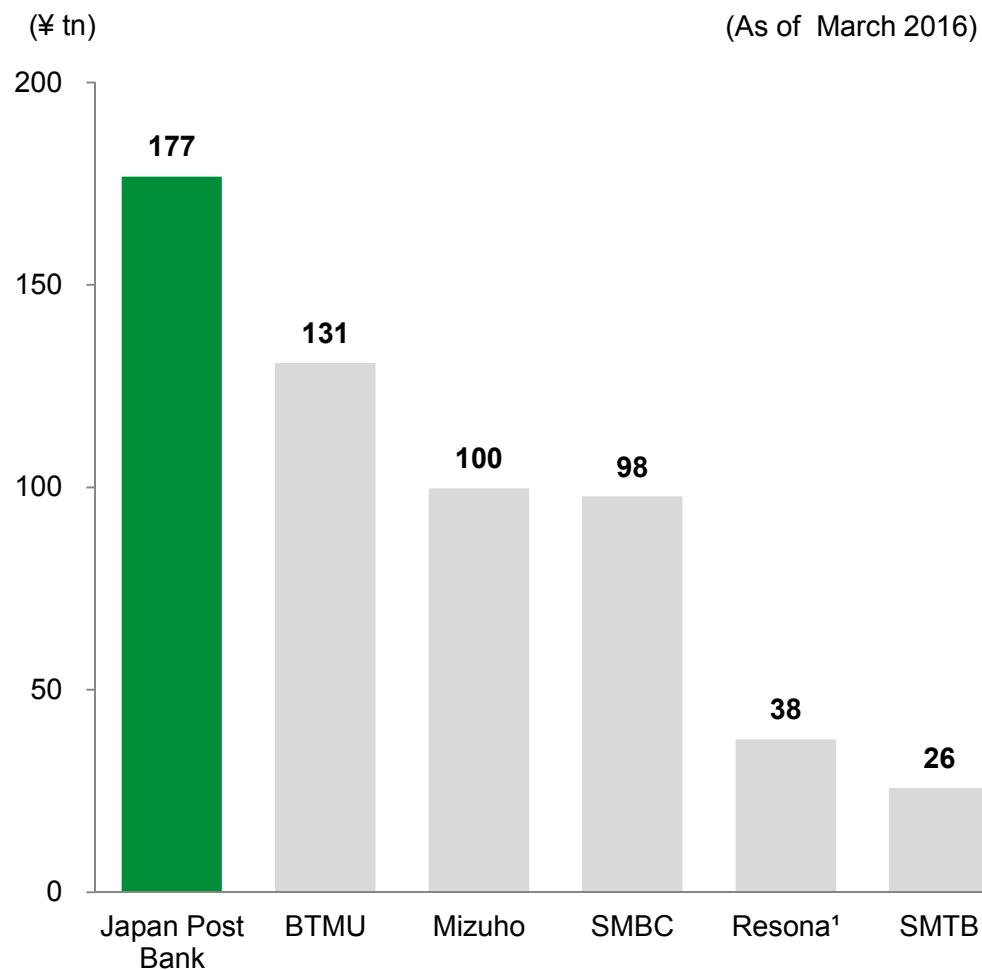
Diversification of investment portfolio while maintaining securities-centered portfolio

- Planning to diversify revenue source 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



Source: Company disclosures, subsidiary bank non-consolidated basis

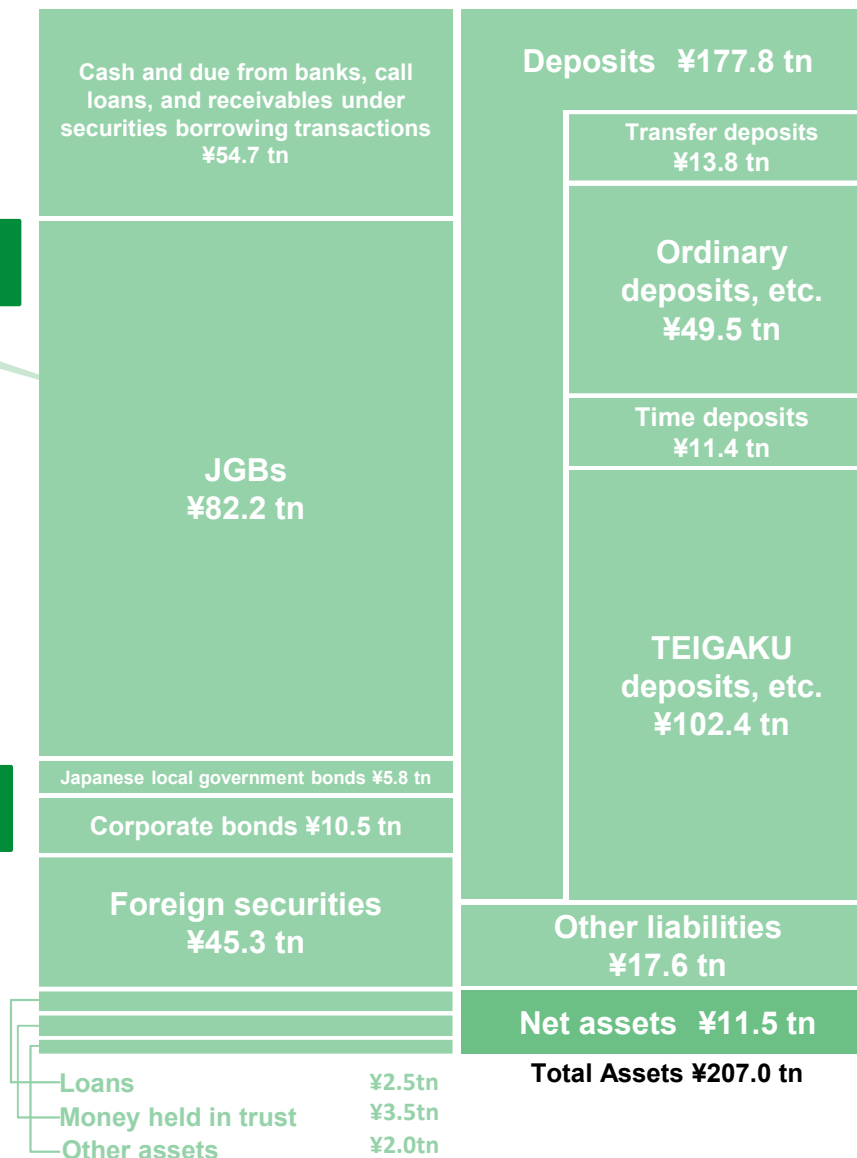
Note: Excluding negotiable certificate of deposits

1. Aggregate deposit balance of Resona Bank, Saitama Resona Bank and Kinki Osaka Bank

Note: Ordinary deposit customers are as of Mar. 2016

1. Maintained Stable Profit under Economic Volatility

Condensed Balance Sheet (As of March 2016)



4. Investment Strategy having Secured Stable Profits

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

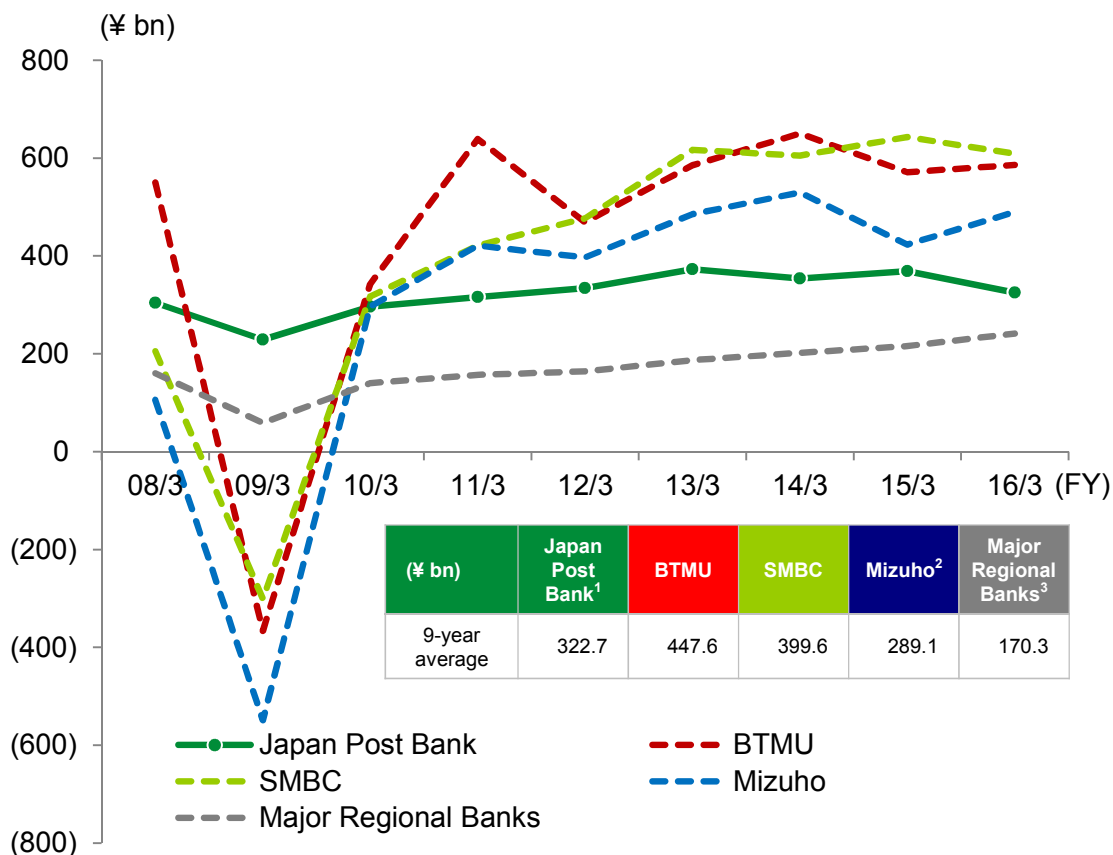
5. Growth Strategy and Compelling/Stable Shareholder Return

3. Solid Capital Base

Stable Profits through Retail Funding and Market Investment

- Maintained stable profits up to FY2015 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 key to stable profits

Record of Net Income
(Since corporatization, comparison with megabanks and major regional banks)



Source: Company disclosures Note: Subsidiary bank non-consolidated basis (excl. Fukuoka FG)

1. Net income of Japan Post Bank for FY2007 is shown as double the net income from Oct. 1, 2007 to March 31, 2008
2. FY2013 for Mizuho 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, Joyo Bank and Fukuoka FG (consolidated). Figures shown are the aggregate net income of these banks

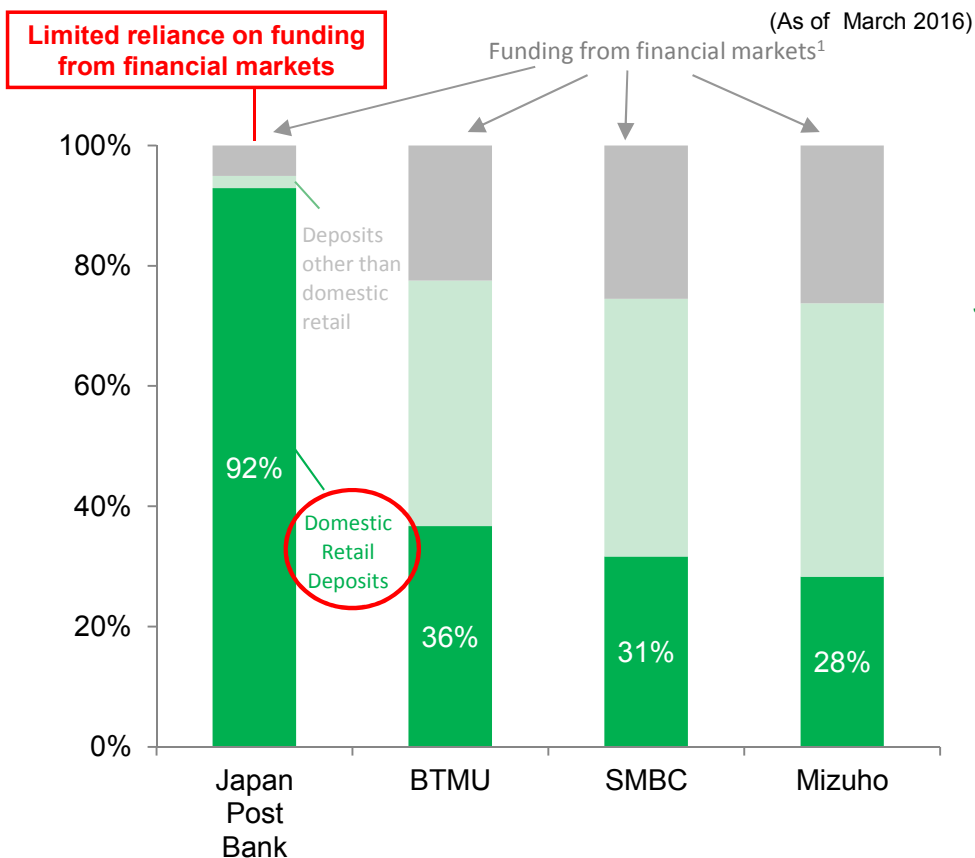
Comparison of Business Models⁴

	Megabanks	Japan Post Bank	Major Regional Banks
1: Profits (Net Income)	Large, but highly volatile	Stable	Stable
2: Dividend Payout Ratio ⁵	25 – 35%	≥ 50% (target)	20 – 30%
3: Business	Diversified	Bank	Mainly Bank
Principal Business Lines	Bank, Securities, Non-banks, etc.	Assets: Securities Liabilities: Retail Deposits	Assets: Loans, Securities Liabilities: Deposits (wholesale funding)
4: Franchise	Domestic Cities, Overseas	Domestic, Nationwide	Domestic, Regional
5: Funding	Deposits, Wholesale	Mainly Deposits	Mainly Deposits
% of Deposits	Approx. 70%	Approx. 90%	Approx. 80 – 90%
6: Investment	Loans+ Securities investments (Expansion of overseas loans balance and market share, focus on project finance business)	Securities investments (Diversification of investment via a shift from JGB investments to high grade overseas securities investments)	Loans+ Securities investments (Loans mainly to SMEs)
7: Profit Structure (Gross Profit)	NII: Approx. 50 – 70% Overseas: Approx. 20 – 40%	NII: Approx. 90% Overseas: Approx. 30%	NII: Approx. 80% Overseas: Approx. 10%
8: Stock holdings	Large amount of cross shareholdings	Portfolio investment only	Small amount of cross shareholdings

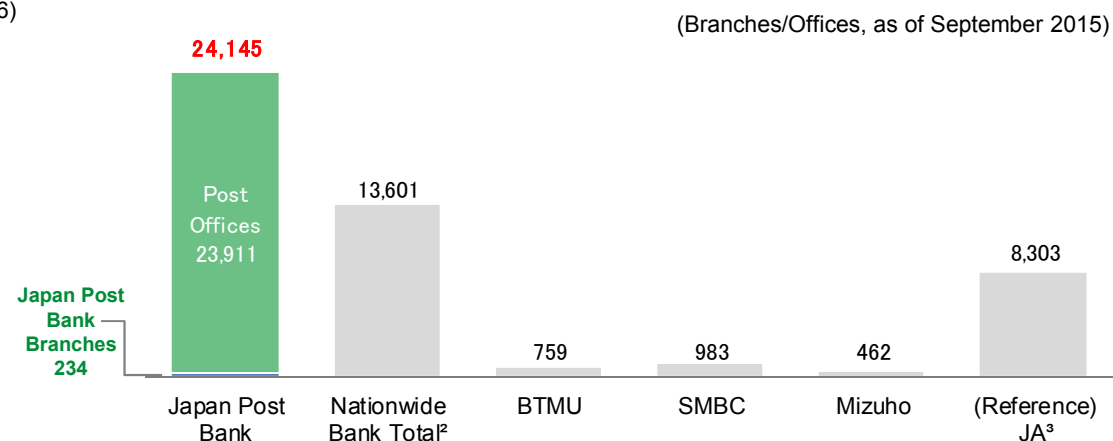
4. Comparison based on our understanding (5: Funding is as of March 2016, 7: Profit Structure is for FY16/3)
5. Japan Post Bank is based on our target figures through FY18/3 while others are for FY16/3

- Over 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 that covers every municipality in Japan, is our main channel. We hold a retail deposit market share of approx. 20%

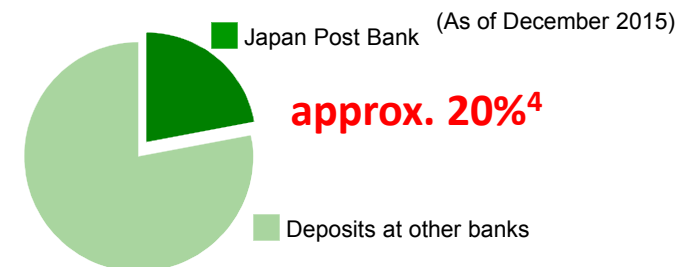
Breakdown of Funding Sources



Domestic Branch Network



Estimated Share of Japan Post Bank Japanese Household Deposits



Source: Company disclosures

Note: Subsidiary bank non-consolidated basis

- 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.

Source: Company disclosures, Japanese Bankers Association, JA Bank website

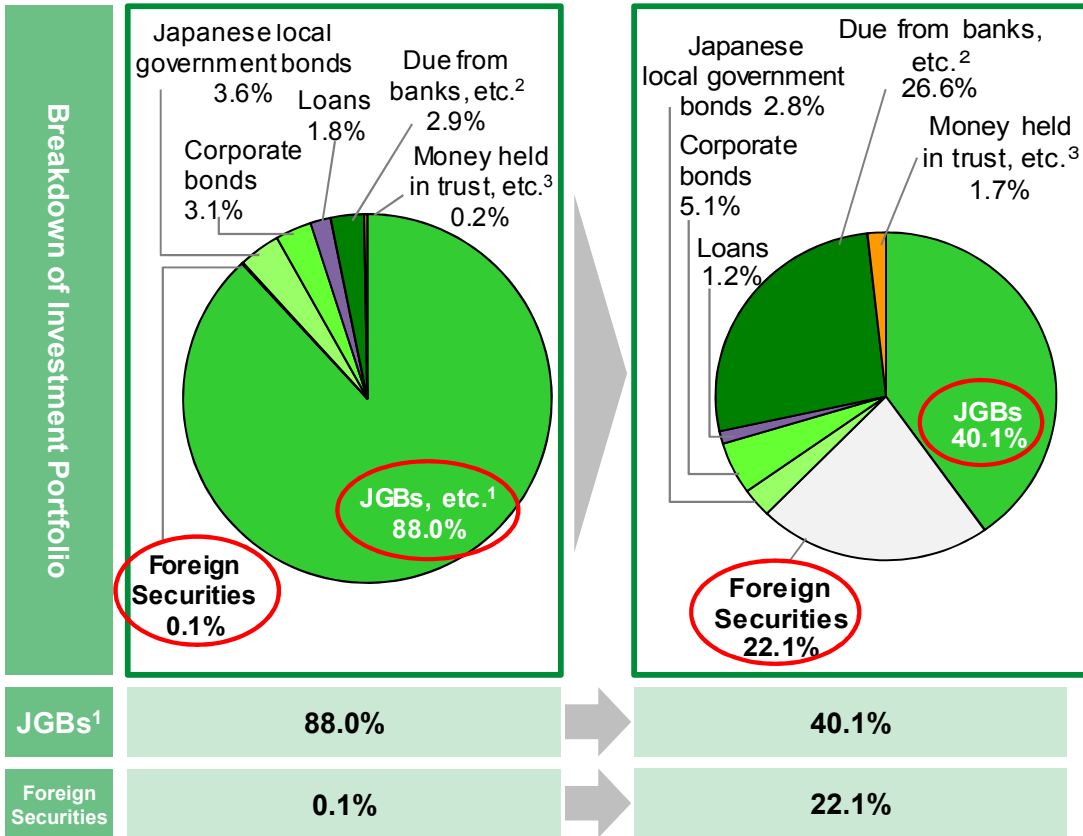
- Nationwide bank total: domestic head office/branches and sub branches of 116 banks (excluding Japan Post Bank). Independent ATMs located outside of branches are not included in sub-branches, as of March, 2015
- Total of Japan Agricultural Cooperative and the Prefectural Credit Federations of Agricultural Cooperatives locations with exchange operations, as of March 31, 2014
- Retail deposits of Japan Post Bank as of December 31, 2015 / household deposits (from “Flow of Funds Accounts” released by Bank of Japan) as of December 31, 2015

- 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

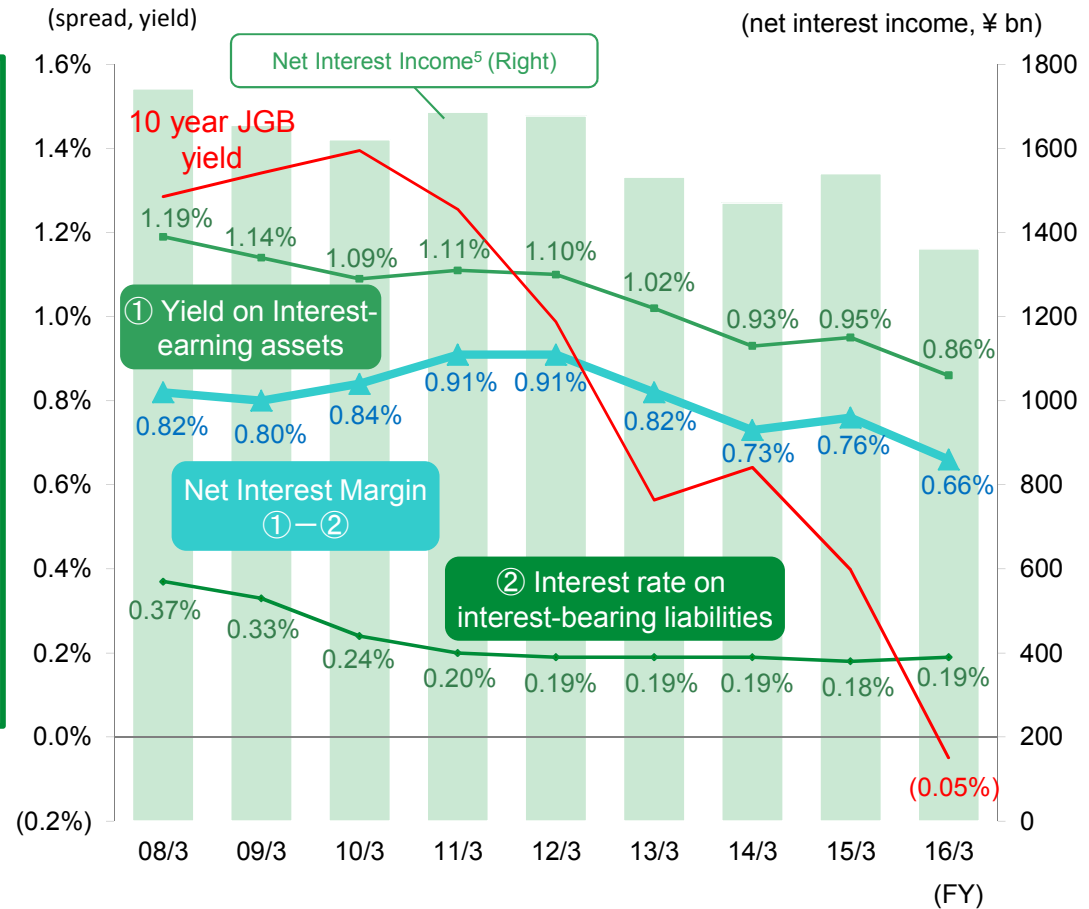
Upon Corporatization
(October 1, 2007)

Current FY
(March 31, 2016)



1. JGBs include 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 and receivables under securities borrowing transactions.
3. Money held in trust, etc. includes equity securities of affiliated companies, etc.

Historical Spread etc.⁴



- Source: JGB interest rate information - Ministry of Finance Japan
4. Historical spread is calculated by excluding the average balance and corresponding interest of money held in trust.
 5. Net interest income for FY2007 is shown as double the net interest income from Oct. 1, 2007 to March 31, 2008.

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

(As of March 2016, illustrative breakdown based on management accounting, figures are rounded to the trillion)

Portfolio Management Policy		Summary of Assets		Summary of Funding	
Base Portfolio (BP): (Liability-driven portfolio)	¥136 tn	Short term assets¹ ¥48 tn	} ← Investment	Base Portfolio	
<ul style="list-style-type: none"> ■ Purpose: The foundation of our ALM ■ Funding: Stable liabilities (over 90% are retail, small-sized deposits) ■ Strategy: Main source of income – spread between long- and short-term interest rates; aim for carry profits Provides internal funding to the Satellite Portfolio 	Bonds held to maturity – JGBs, Government guaranteed bonds ¥52 tn	} ← Investment		Liquid Deposits etc. ¥64 tn	Customer-based Funding
	Available for sale securities – JGBs ¥36 tn			Fixed-term Deposits	
	Loans ¥1 tn	Available for sale securities – Japanese local government bonds ¥6 tn – Corporate bonds etc. ² ¥7 tn – Foreign securities ² ¥45 tn (incl. Investment trusts ¥26 tn)		Internal Funding to Satellite Portfolio	
Satellite Portfolio (SP): (Excess-return portfolio)	¥62 tn	Bonds held to maturity – Japanese local government bonds etc. ¥0 tn	} ← Investment	Net assets ¥12 tn	
<ul style="list-style-type: none"> ■ Purpose: Pursue excess return ■ Funding: Mainly Internal funding from the Base Portfolio (Transfer price set based on market interest rates) ■ Strategy: Assessing the market and economic conditions, Promotes global asset allocation, aim to achieve excess return including capital gains Create a “hedge position” by adding assets with negative correlation against domestic bonds 		Money held in trust³ (Stocks) ¥2 tn	} ← Investment	Market-based funding⁴ ¥14 tn	
		Loans ¥1 tn	} ← Investment		

1. Short term assets include cash and due from banks, call loans, receivables under securities borrowing transactions (excl. those in trust), T-bills, short-term corporate bonds, etc.

2. Corporate bonds, etc. and foreign securities includes monetary claims bought.

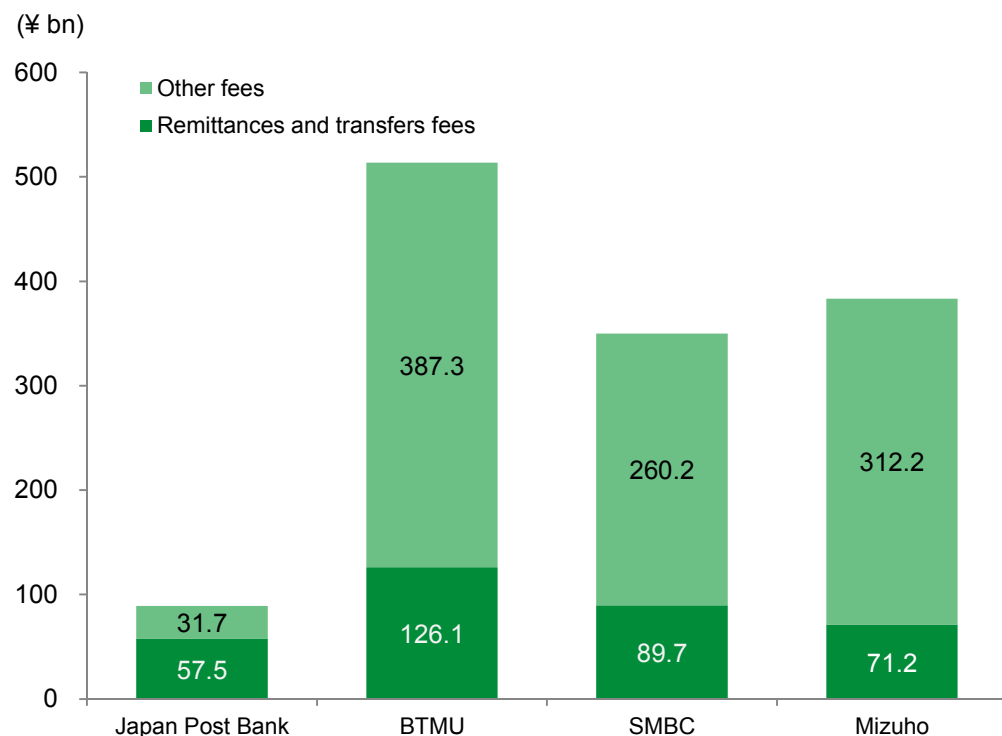
3. JGBs contained in “money held in trust” are included in the Base Portfolio.

4. Market-based funding includes call money, payables under repurchase agreements, payables under securities lending transactions.

* **TEIGAKU Deposits:** 10-year-maturity time deposits with option to withdraw after 6 months; semi-annual compound interest; interest rate step-up every 6 months during the first 3 years

- Aim to enhance new fee business, such as investment trust sales
- Investment products for individuals (investment trusts, variable annuities) to grow AUM based on “consulting marketing”

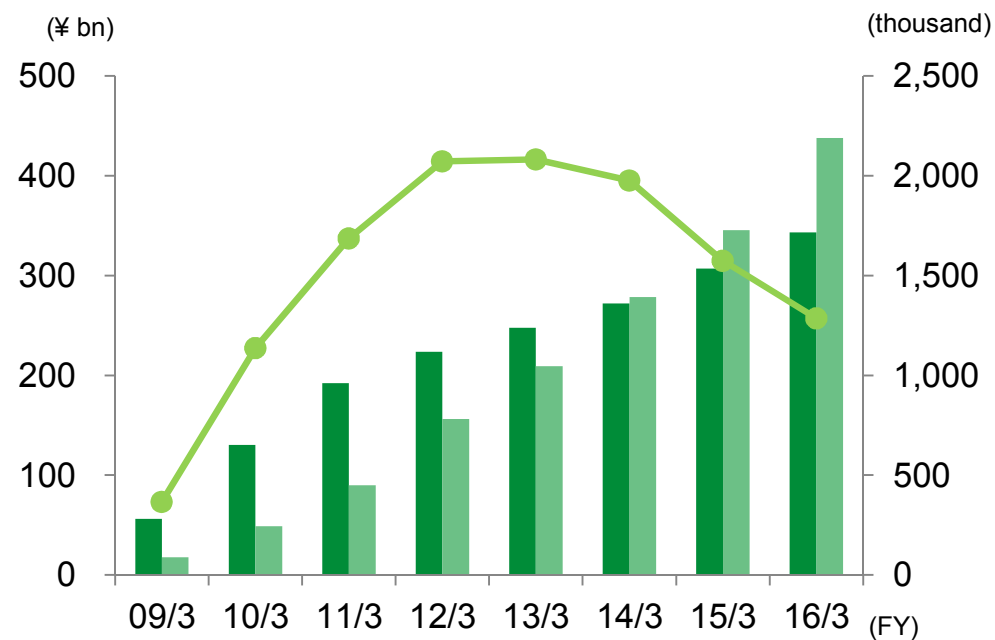
Net Fees and Commissions^{1,2} Compared to Japan’s Major Banks (FY15/3)



Source: Company disclosures

1. Fees and Commissions income — Fees and Commissions expenses.
2. Subsidiary bank non-consolidated basis.

Evolution of New Retail Businesses

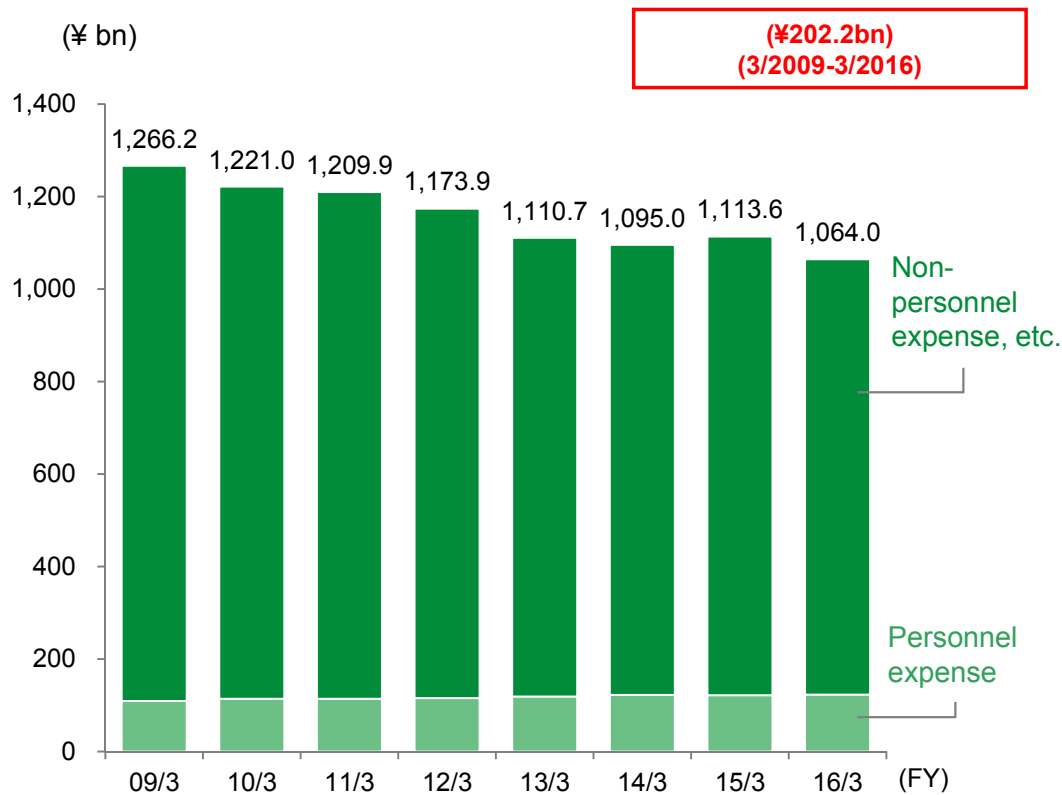


- Cumulative total of new mortgages (as intermediary) (left)
- Cumulative sales total for variable annuities (left)
- Number of issued credit cards (right)

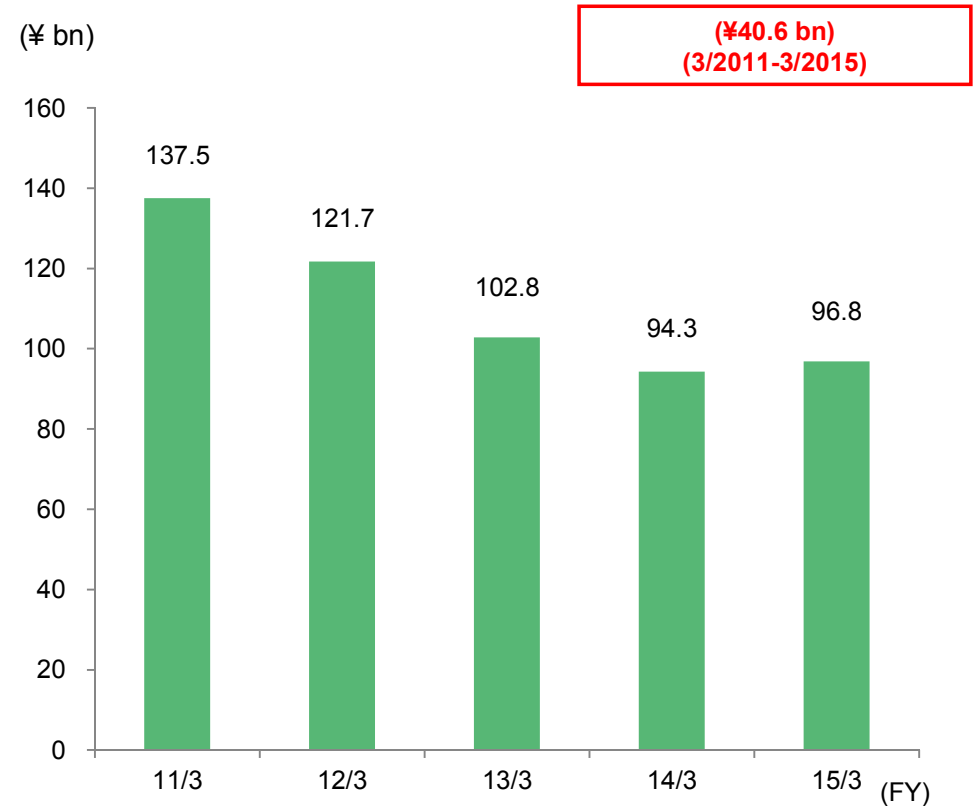
Expense Control through IT Expense Reduction

- While maintaining the nationwide network of 24,000 post offices as our main channel, Japan Post Bank looks to manage expenses by reducing costs through such initiatives as business process re-engineering
- Has significantly reduced its IT costs through integration, restructuring, and internalizing of system development and operations

Trend of G&A Expense



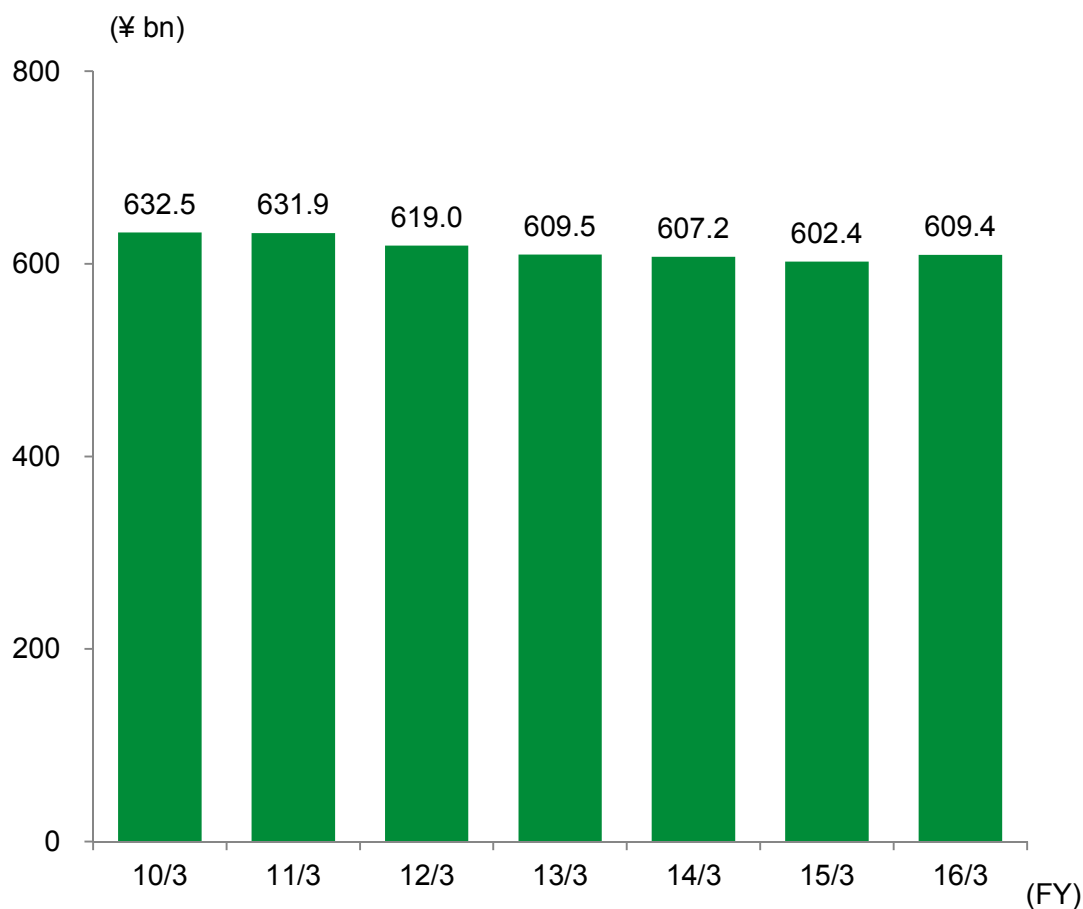
Trend of IT Expense¹



1. Management accounting basis

- Commissions we pay to Japan Post are in compliance with arm's length rules
(Based on the operating cost of our branches and operational volume, etc. of post offices + incentive component)
- Fee structure incentivizes both Japan Post Bank and Japan Post to increase efficiency

Commissions Paid to Japan Post



Commission Structure

Commissions are based on operating cost of Japan Post Bank branches and operational volume, etc. of post offices to arrive at an amount reflecting the cost of agency services.	Banking Counter Component ¹
	Deposit Component
	Remittance Component
	Financial Product Sales Component



Payable based on marketing targets and service quality	Incentive component
--	---------------------

The breakdown of commissions for FY2015 (¥609.4 bn):
 banking counter services component of ¥255.8 bn, deposit component of ¥209.4 bn, remittance component of ¥97.8 bn, financial product sales component of ¥2.5 bn and incentive component of ¥43.8 bn

1. Cost to maintain post offices (allocated to Japan Post Bank based on management accounting of Japan Post) within "cost of agency services" as mentioned in the left column of the table

- Adopted Committee system as corporate governance. External 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 External 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

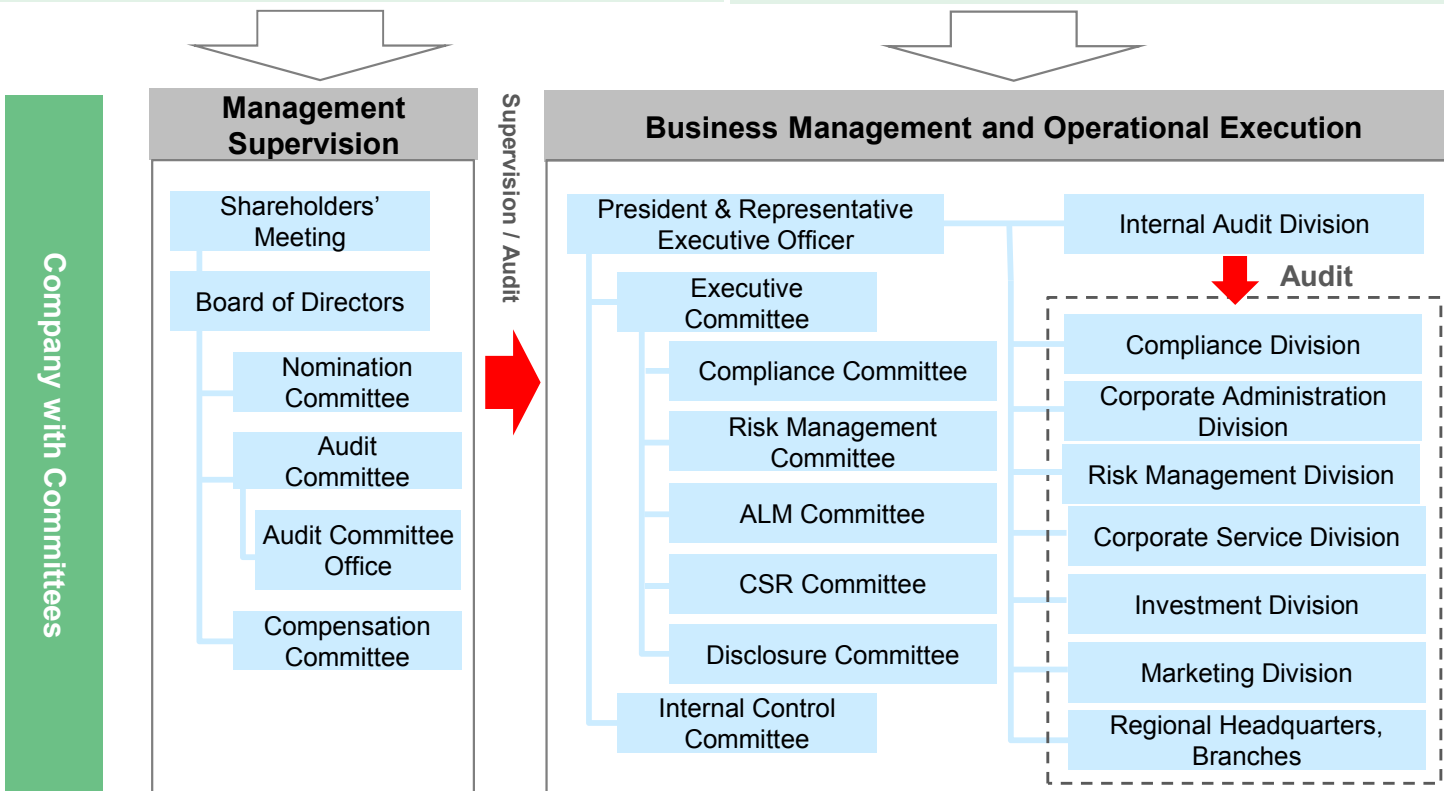
Independence from Parent Company

- 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



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

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

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

- Corporate governance basic policy was published on November 13
 - ※We comply with most principals of Japan's Corporate Governance Code and explain principals on such items as notices to general shareholder meetings.

Overview of Regulations Surrounding Japan Post Bank

- 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 Co. 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 on Japan Post Bank	Regulations under the Banking Act	<ul style="list-style-type: none"> ■ Same regulation is imposed as a “Bank” under the Banking Act 	
	[Additional Regulations] Restrictions on Scope of Business	Current	Approval from the Ministers in charge (consultation with the Postal Privatization Committee)
	[Additional] Restrictions on the Maximum Amount of Deposit	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)
		<ul style="list-style-type: none"> ■ Maximum amount of deposits (¥13 mn) are stipulated by the enforcement order of the Privatization Act 	

No additional regulations imposed¹ after “Specified Date”²


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)
2. “Specified Date” means the earlier of the following:
 - (1) The date when Japan Post Holdings disposes of all its interest in Japan Post Bank
 - (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

New Business requiring approvals (Example)

- Bi-lateral loans to corporations
- Loans to individuals

- Establishment/acquisition of subsidiaries with certain businesses
- Merger, transfer of business, etc.

Performance Since FY2011/3

	(¥bn)					
 JAPAN POST BANK	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3
Gross operating profit	1,718.9	1,670.0	1,624.3	1,568.7	1,634.7	1,452.0
Net interest income ¹	1,686.4	1,677.3	1,532.1	1,470.2	1,540.7	1,361.0
Net fees and commissions	87.9	88.4	88.1	92.6	89.2	91.1
General and administrative expenses ²	(1,210.1)	(1,174.5)	(1,111.5)	(1,096.0)	(1,114.7)	(1,066.1)
Provision for general reserve for possible loan losses	(0.3)	—	—	—	—	—
Net operating profit	508.3	495.4	512.8	472.6	519.9	385.8
Non-recurring gains (losses)	18.1	80.7	80.7	92.4	49.4	96.1
Net ordinary income	526.5	576.2	593.5	565.0	569.4	481.9
Extraordinary income (losses)	(1.3)	(2.4)	(1.9)	(0.6)	1.5	(1.1)
Net income	316.3	334.8	373.9	354.6	369.4	325.0
Total net assets	9,093.6	9,818.1	10,997.5	11,464.5	11,630.2	11,508.1
Total assets	193,443.3	195,819.8	199,840.6	202,512.8	208,179.3	207,056.0
Capital adequacy ratio ³ (domestic standard)	74.82%	68.39%	66.04%	56.81%	38.42%	26.38%
Number of employees	12,351	12,796	12,922	12,963	12,889	12,905
Average number of temporary employees	6,173	6,006	5,818	5,699	5,523	5,223

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 losses

3. New domestic standards (Basel III) have been applied from FY2013 (year ended March 31, 2014)

* Figures less than ¥100mn are rounded down

<Disclaimer>

The forward-looking statements, including the forecasts and targets of Japan Post Bank Co., Ltd. (the “Bank”), in these materials are based on information currently available and assumptions that the Bank has deemed to be reasonable. Actual business results may differ materially from those described in these materials due to a variety of factors including changes in interest rates and exchange rates, general market and economic conditions and other factors.