



JAPAN POST BANK

Results for the Six Months Ended September 2016

November 21, 2016

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Appendix 2

Notes: All Japanese yen figures in these presentation materials of JAPAN POST BANK Co., Ltd. (the “Bank”, “Japan Post Bank”) have been rounded down. Accordingly, the total of each account may not be equal to the combined total of individual items.

Our Goal



Deeply in Tune
with Customers
in Every Corner of Japan
Super Regional

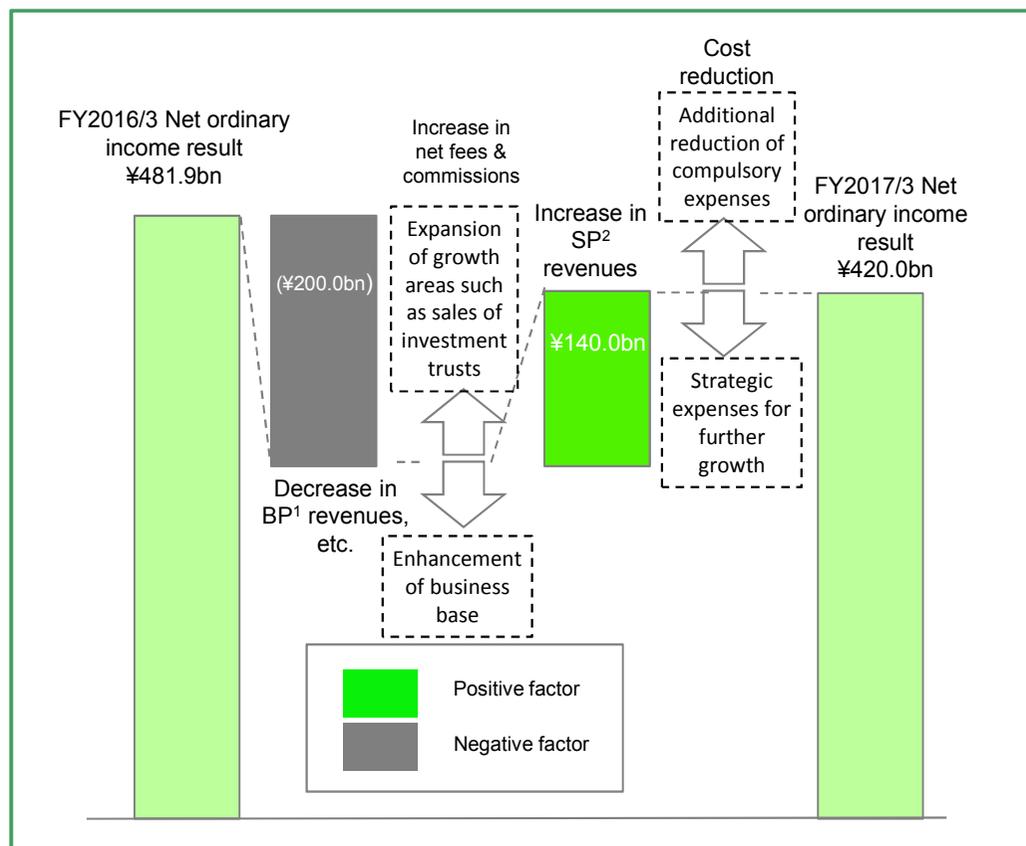
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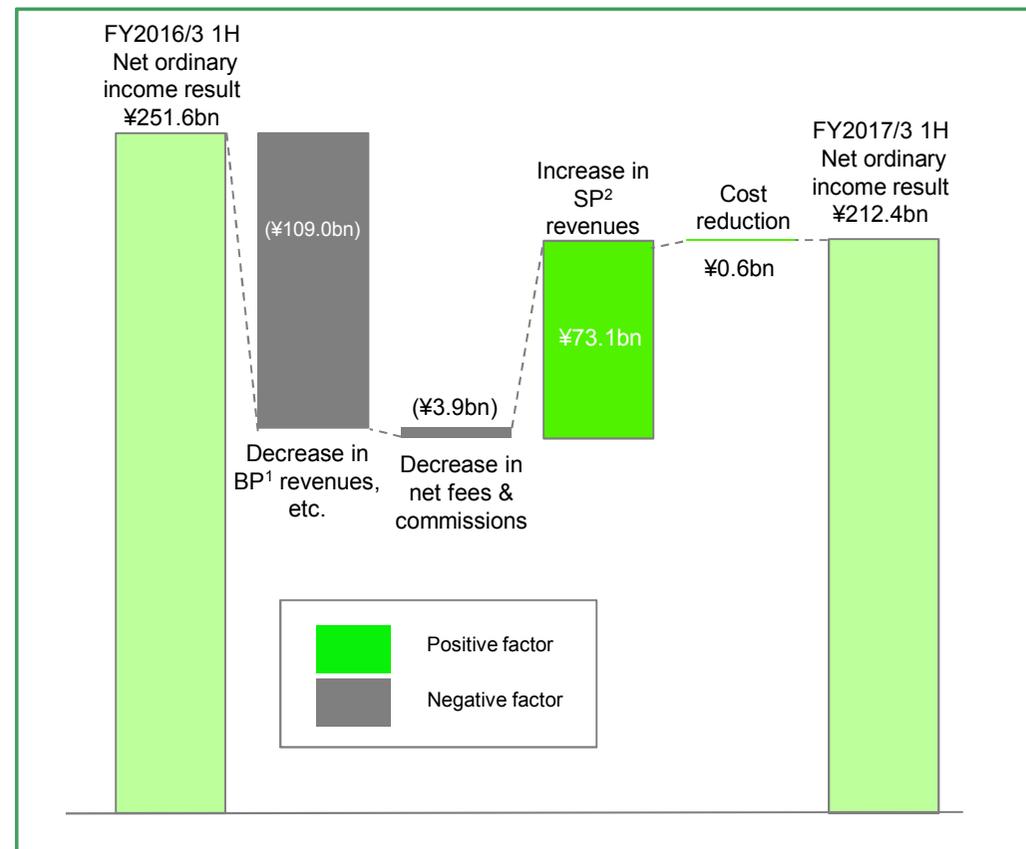
Engaging in Diversified
Investment in Massive International
Financial Markets
Super Global

1. Overview of FY2017/3 1H Results

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



< Changes in Net Ordinary Income from FY16/3 1H to FY17/3 1H >
(illustration)



Notes: 1 BP (Base Portfolio) : This portfolio aims to secure stable funding mainly by deposits and stable return mainly from JGBs while managing interest rate/liquidity risk
 2 SP (Satellite Portfolio) : This portfolio is internally funded by the Base Portfolio and aims to secure return mainly by taking credit/market risk; specifically, invests mainly in corporate bonds, foreign securities and stocks (money held in trust)

Overview of FY2017/3 1H Results

Results of Operations

	For the six months ended		Difference
	September 30, 2016	September 30, 2015	
			(¥bn)
Gross operating profit	716.3	759.4	(43.1)
Net interest income	629.3	699.4	(70.1)
Net fees and commissions	42.9	46.9	(3.9)
Net other operating income (loss)	44.0	13.1	+30.9
Gains (losses) on foreign exchanges	39.0	7.7	+31.2
Gains (losses) on bonds	4.0	5.3	(1.2)
General and administrative expenses (*)	530.9	531.6	(0.6)
Provision for general reserve for possible loan losses	(0.0)	(0.0)	+0.0
Net operating profit	185.3	227.8	(42.5)
Non-recurring gains (losses)	27.1	23.8	+3.2
Gains (losses) on money held in trust	25.3	23.8	+1.4
Net ordinary income	212.4	251.6	(39.2)
Net income	150.9	171.5	(20.6)
	Earnings forecasts for the fiscal year ending March 31, 2017		Progress
Net ordinary income		420.0	50.5%
Net income		300.0	50.3%

Financial Condition

	As of		Difference
	September 30, 2016	March 31, 2016	
			(¥bn)
Assets	207,210.2	207,056.0	+154.2
Cash and due from banks	47,665.9	45,895.0	+1,770.8
Call loans	666.1	978.8	(312.6)
Receivables under securities borrowing transactions	8,096.9	7,923.2	+173.7
Money held in trust	3,503.4	3,561.1	(57.7)
Securities	141,197.5	144,076.8	(2,879.2)
Loans	2,720.7	2,542.0	+178.6
Liabilities	195,599.2	195,547.8	+51.4
Deposits	178,456.5	177,871.9	+584.5
Payables under securities lending transactions	12,684.0	13,123.5	(439.4)
Net assets	11,610.9	11,508.1	+102.8
Total shareholders' equity	8,662.0	8,605.2	+56.8
Total valuation and translation adjustments	2,948.8	2,902.8	+45.9

* General and administrative expenses exclude non-recurring losses.

Base Portfolio: Manages interest rate/liquidity risk, secures fundamental 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 nearest trillion)

Portfolio Management Policy

Base Portfolio (Liability-driven portfolio)

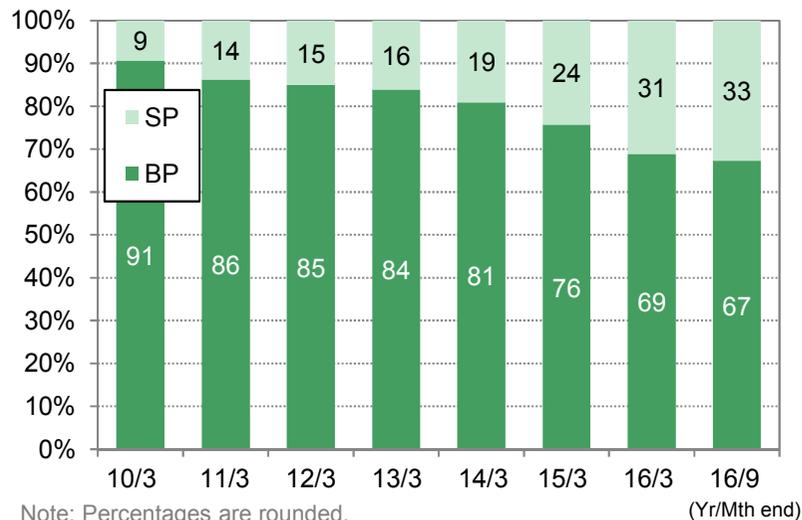
¥132tn [(¥4tn) vs FY2016/3 end]

- **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

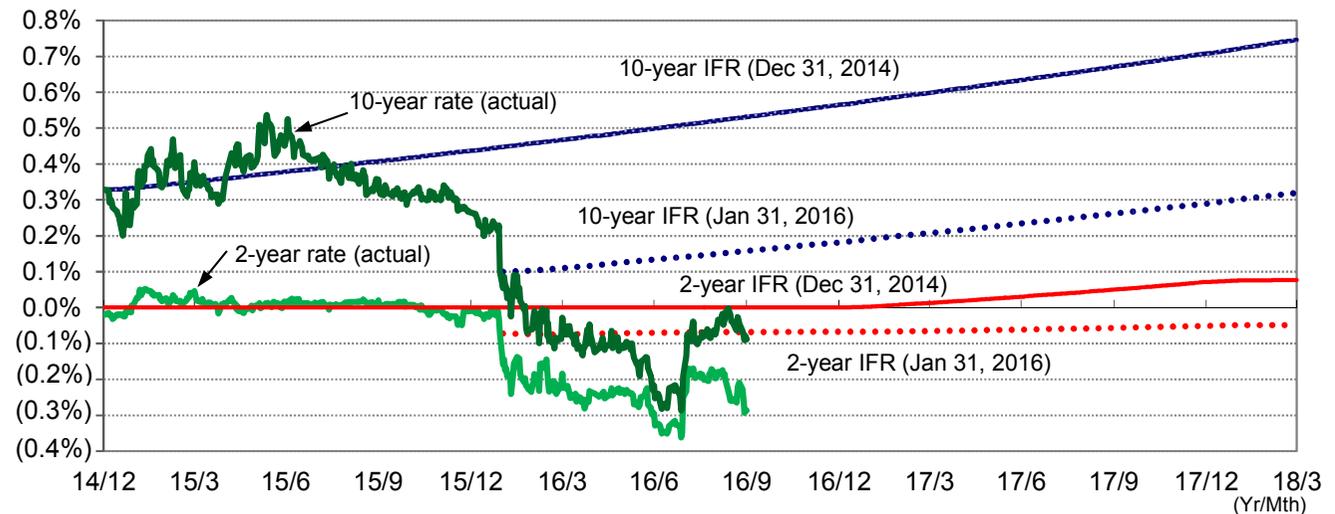
	Sep 30, 2016	Difference	Mar 31, 2016
Short-term assets ¹	50	+2	48
Bonds held to maturity – JGBs, Government guaranteed bonds	47	(5)	52
Available for sale securities – JGBs, Government guaranteed bonds	34	(1)	36
Loans	1	(0)	1

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 Total Portfolio



(Reference 2) Domestic Implied Forward Rates (December 31, 2014 vs actual)



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

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

Portfolio Management Policy

Satellite Portfolio (Excess-return portfolio)

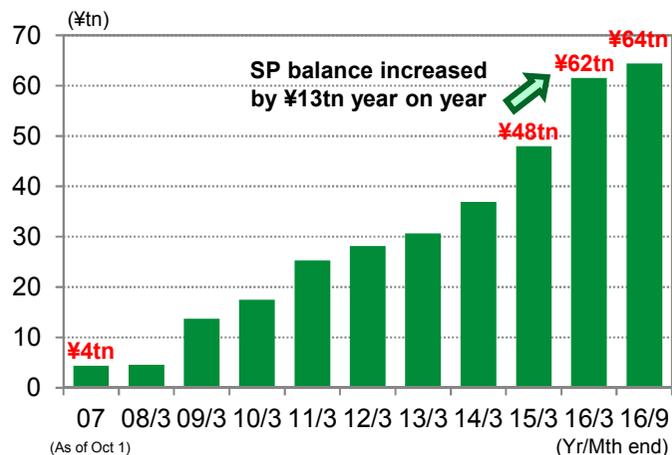
¥64tn [+3tn vs FY2016/3 end]

- **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

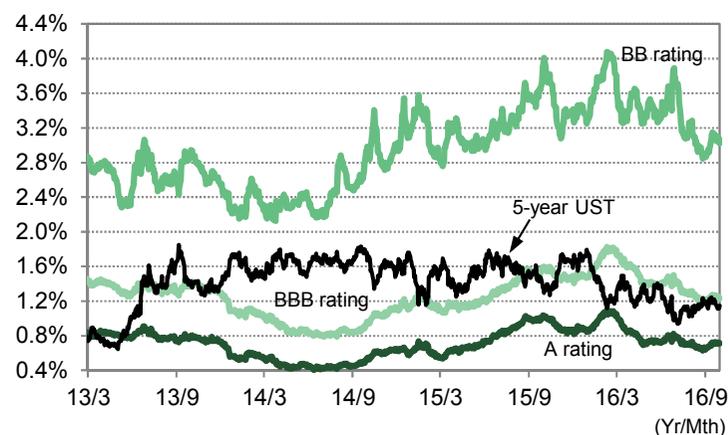
	Sep 30, 2016	Difference	Mar 31, 2016
Available-for-sale securities			
– Japanese local government bonds	6	+0	6
– Corporate bonds, etc. ¹	7	+1	7
– Foreign securities ¹ [incl. Investment trusts]	48 [28]	+2 [+3]	45 [26]
Bonds held to maturity			
– Japanese local government bonds, etc.	0	(0)	0
Money held 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.

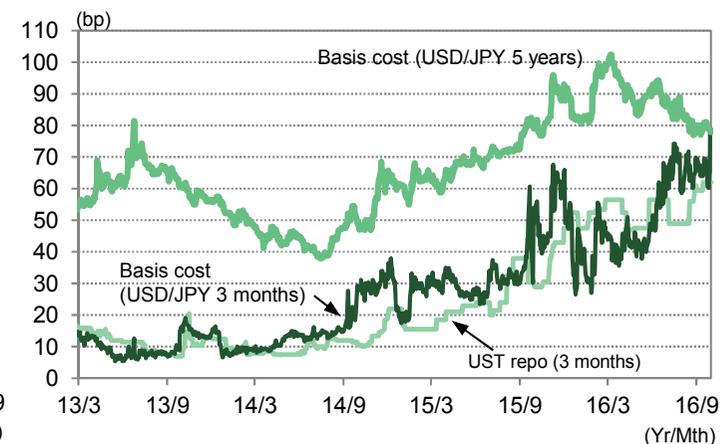
(Reference 1) SP Balance



(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)

	FY2011/3		FY2012/3		FY2013/3		FY2014/3		FY2015/3		FY2016/3		FY2016/3 1H		FY2017/3 1H	
	Average balance	Net gains (losses)														
Total Portfolio (BP + SP)	184.2	519.7	184.2	573.4	187.4	592.1	190.5	573.1	194.2	559.9	196.5	480.4	196.2	249.3	196.2	208.6
Base Portfolio (BP)	162.8	444.4	157.4	438.7	158.0	342.1	156.7	289.7	151.7	94.7	141.7	(35.6)	144.1	10.2	133.2	(102.8)
BP Customer-based Funding, sales	-	(65.8)	-	(57.6)	-	(60.2)	-	(120.3)	-	(222.4)	-	(250.4)	-	(113.3)	-	(179.0)
BP Investment Side, etc.	-	510.3	-	496.4	-	402.3	-	410.0	-	317.2	-	214.7	-	123.6	-	76.1
Satellite Portfolio (SP)	21.4	75.2	26.7	134.6	29.3	249.9	33.7	283.4	42.4	465.1	54.8	516.0	52.0	239.1	62.9	311.4

Notes: Average balance of the respective portfolios are calculated as the average of the beginning and ending balances for each period.

Net gains and losses are calculated by the below formula. Total of net gains and losses for each portfolio generally match 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)

Management Indicators

(¥bn)

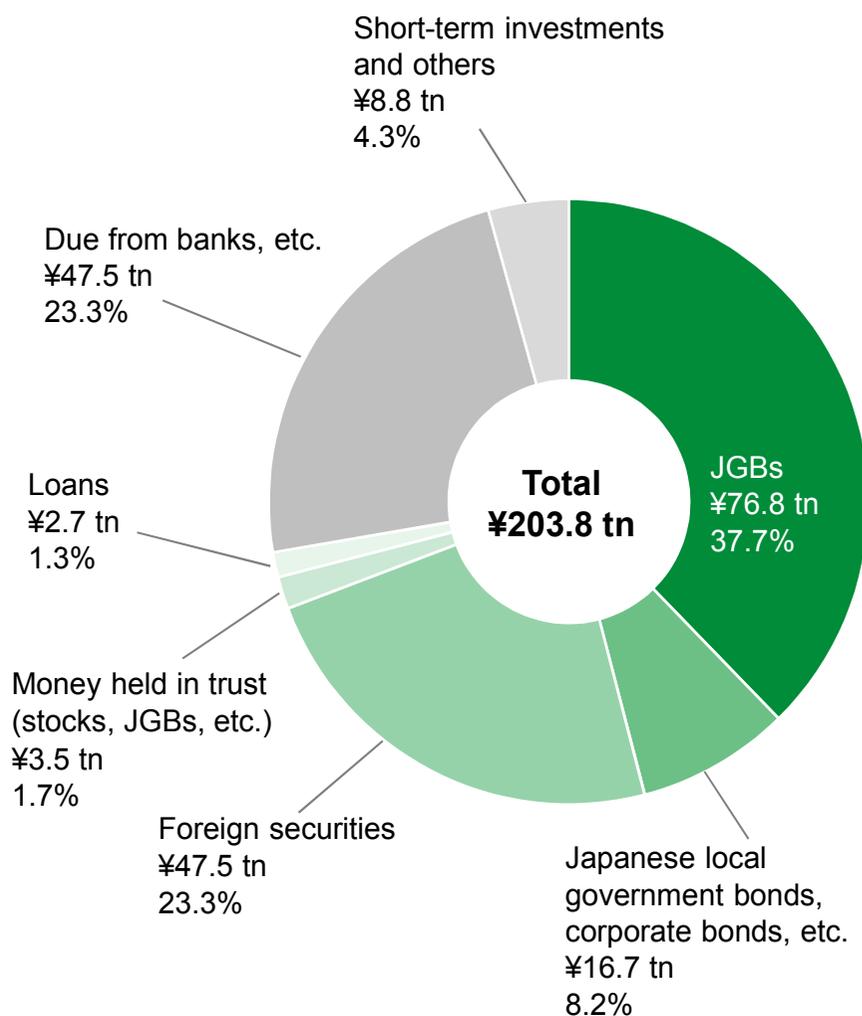
	September 30, 2016	Difference (% pt)	March 31, 2016	
Capital adequacy ratio (Domestic standards)	23.15%	(3.22)	26.38%	Declined mainly due to increase in foreign credit investment
Total capital	8,556.9		8,499.3	
Total risk weighted assets	36,960.9		32,218.5	
Loss-to-capital ratio	4.89%	(2.14)	7.03%	
Amount of loss	418.7		598.0	
Japanese yen	51.6		178.8	
US dollars	316.0		366.2	
Capital	8,556.9		8,499.3	
Leverage ratio (trial basis) ¹	4.12%	+0.02	4.10%	
Core capital	8,556.9		8,499.3	
Total assets	207,210.2		207,056.0	
ROE (1H figure: annualized basis)	2.60%	(0.20)	2.80% ²	
Net income (FY2017/3 1H)	150.9		325.0	
Average of the beginning and ending balances of net assets	11,559.5		11,569.1	
OHR	74.12%	+0.70	73.42% ²	Increased despite the YoY decrease in G&A expenses due to YoY decrease in gross operating profit
General and administrative expenses	530.9		1,066.1 ²	
Gross operating profit	716.3		1,452.0 ²	
Yield on interest-earning assets (1H figure: annualized basis)	0.79%	(0.06)	0.86% ²	Reflects the redemption of high-yield assets invested in the past and replacement by lower-yield assets
Net interest margin (1H figure: annualized basis)	0.62%	(0.04)	0.66% ²	
Yield on interest-earning assets	0.79%		0.86% ²	
Interest rate on interest-bearing liabilities	0.17%		0.19% ²	

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

2. FY2016/3

2. Initiatives Related to Management Issues

Securities, which consisted of JGBs, etc., were ¥141.1 tn, while loans were ¥2.7 tn as of September 30, 2016



Categories	As of September 30, 2016 (A)	%	As of March 31, 2016 (B)	%	Difference (A) - (B)
Securities	141,197.5	69.2	144,076.8	70.3	(2,879.2)
Japanese government bonds	76,849.6	37.7	82,255.6	40.1	(5,405.9)
Japanese local government bonds, corporate bonds, etc. (*)	16,788.5	8.2	16,425.6	8.0	+362.9
Foreign securities	47,559.3	23.3	45,395.5	22.1	+2,163.7
Foreign bonds	19,109.7	9.3	19,829.5	9.6	(719.7)
Investment trusts	28,409.0	13.9	25,520.9	12.4	+2,888.1
Money held in trust (stocks, JGBs, etc.)	3,503.4	1.7	3,561.1	1.7	(57.7)
Domestic stocks	1,849.8	0.9	1,878.6	0.9	(28.7)
Loans	2,720.7	1.3	2,542.0	1.2	+178.6
Due from banks, etc. (**)	47,570.5	23.3	45,769.1	22.3	+1,801.4
Short-term investments and others (***)	8,832.3	4.3	8,927.5	4.3	(95.2)
Total	203,824.5	100.0	204,876.6	100.0	(1,052.1)

* "Japanese local government bonds, corporate bonds, etc." consists of Japanese local government bonds, commercial paper, Japanese corporate bonds, etc.
 ** "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 securities borrowing transactions, etc.

Net unrealized gains on available-for-sale securities including gains (losses) from hedge transactions were ¥4,251.9 bn as of September 30, 2016 (excluding application of tax effect accounting)

	As of September 30, 2016		As of March 31, 2016	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Held-to-maturity securities	47,223.3	1,939.7	52,052.5	2,208.3

(¥bn)

	As of September 30, 2016		As of March 31, 2016	
	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)
Available-for-sale	97,680.2	4,474.1	95,847.5	4,791.7
Available-for-sale securities (*) (A)	94,176.8	2,723.5	92,286.3	3,872.4
Japanese government bonds	33,062.7	1,679.6	34,358.2	1,744.7
Foreign bonds	19,031.9	450.6	19,732.7	1,967.8
Investment trusts	28,350.1	331.4	25,520.9	(128.0)
Others	13,732.0	261.7	12,674.4	287.9
Effect of fair value hedge accounting (B)		902.0		35.3
Money held in trust (C)	3,503.4	848.5	3,561.1	883.8
Domestic stocks	1,849.8	797.7	1,878.6	829.8
Others	1,653.5	50.8	1,682.4	54.0
Derivatives for which deferred hedge accounting is applied (D)	9,748.5	(222.2)	7,719.8	(605.3)
Total (A) + (B) + (C) + (D)		4,251.9		4,186.4

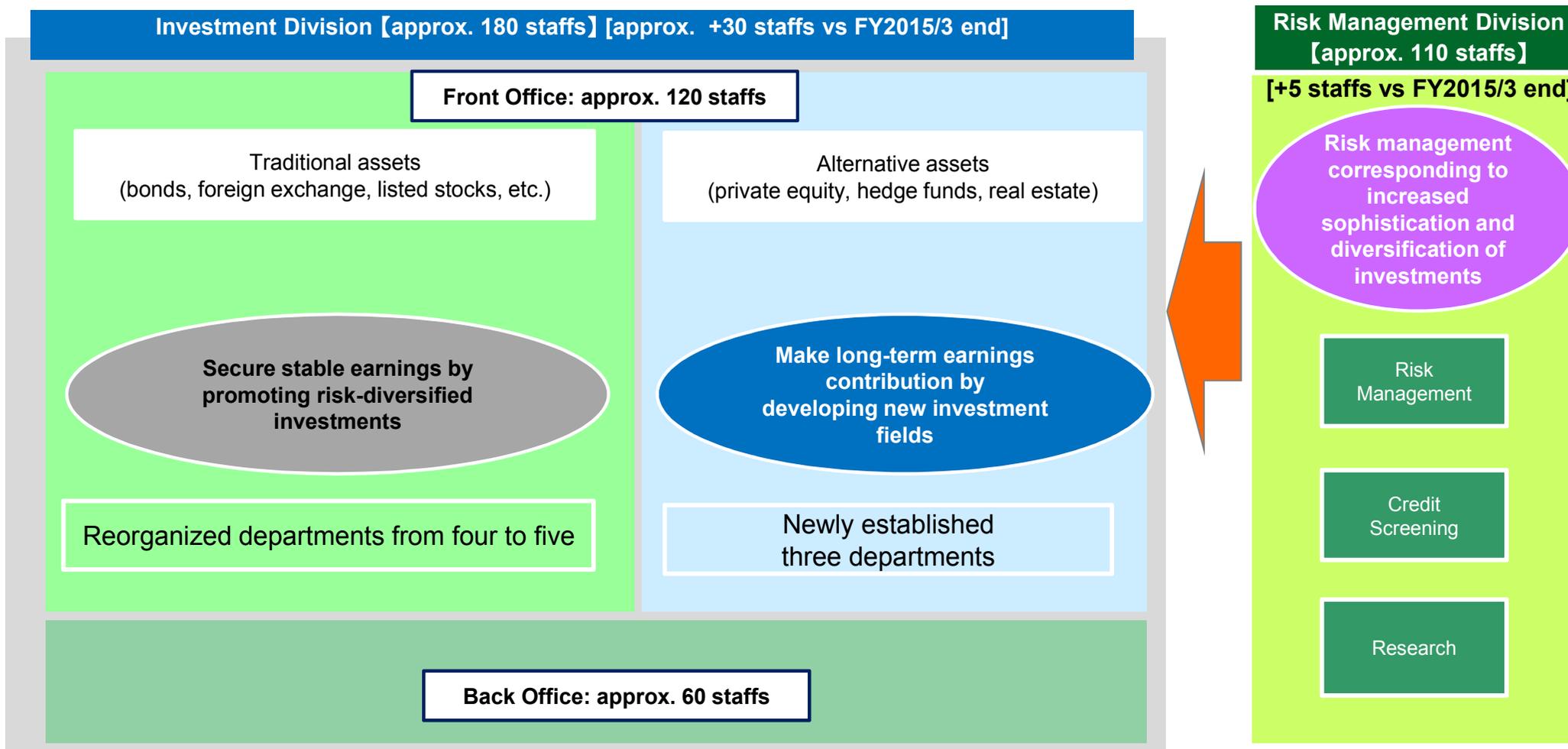
(¥bn)

* Excluding available-for-sale securities that are deemed to be extremely difficult to determine a fair value.

- ① Further reinforced investment division by securing specialist personnel and transferring to organizational framework with expertise in respective asset classes
- ② Developed personnel system to facilitate recruitment of experts through introduction of performance-based compensation (April 2016)
- ③ Established independent Risk Management Division and assigned executive officer engaged exclusively in risk management (January 2016)

To continue to enhance risk management framework to deal with increasing sophistication of alternative investments, etc. and respond to strengthen domestic and overseas financial regulations

(As of October 1, 2016)



Promote the Bank to become the house bank of our customers by taking advantage of our network and strengthen fee businesses such as sales of investment products and credit cards

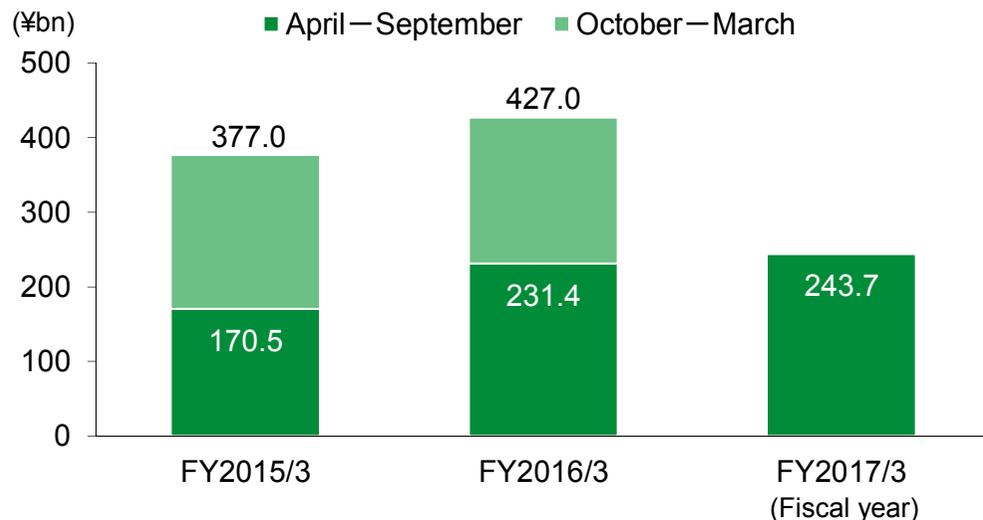
Results for Net Fees and Commissions

(¥bn)

	FY2017/3 1H	FY2016/3 1H	Difference
Net fees and commissions	42.9	46.9	(3.9)
Exchange and settlement transactions	29.3	29.9	(0.5)
Zengin net fee	4.6	4.0	+0.6
ATM related commissions	3.5	3.8	(0.2)
JGBs related commissions	0.9	1.6	(0.6)
Investment trust related commissions	5.0	7.1	(2.1)
New businesses related commissions	3.4	3.7	(0.3)
Credit cards	2.0	1.9	+0.1
Variable Annuities	0.7	1.3	(0.5)
Consumer loans	0.5	0.5	+0.0
Other	0.6	0.6	+0.0

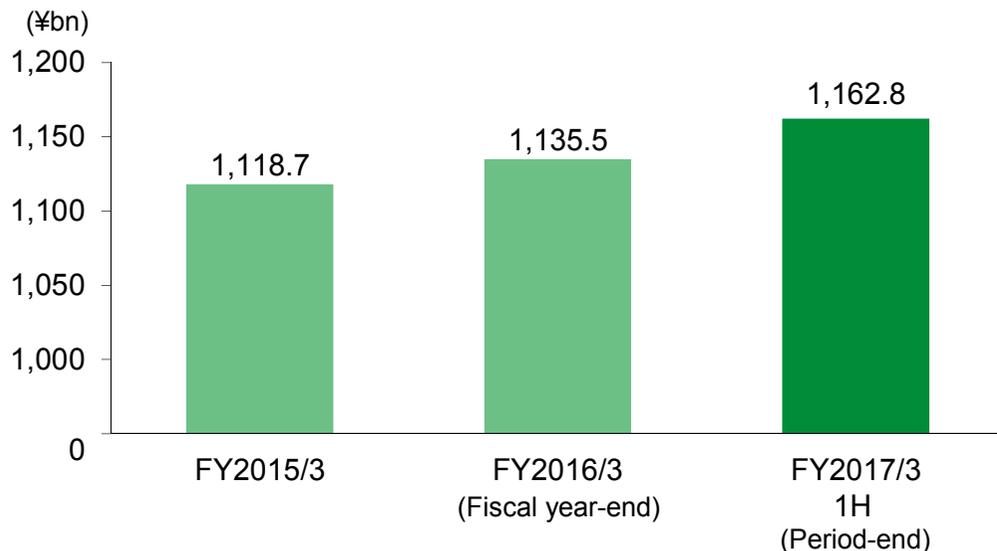
Net fees and commissions for the six months ended September 30, 2016 decreased by ¥3.9 bn year-on-year to ¥42.9 bn

Trend of Investment Trusts Sales

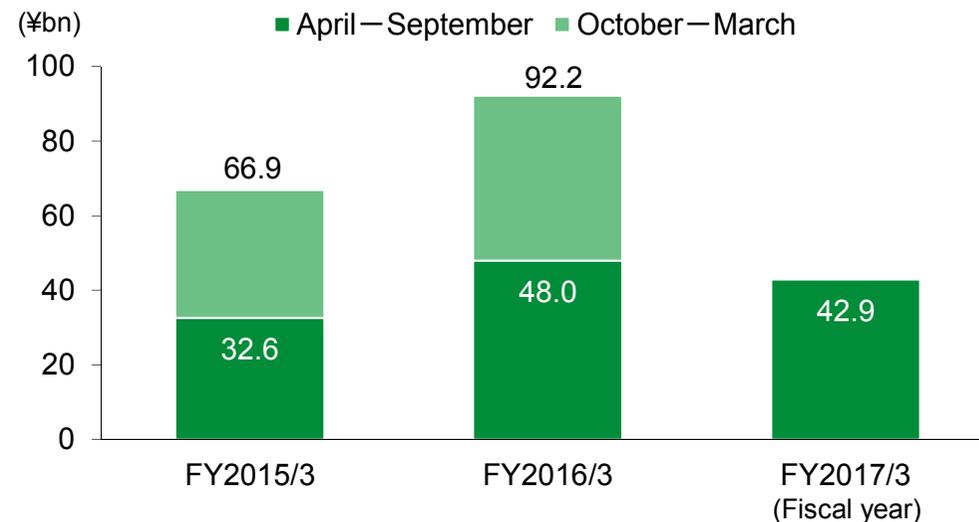


- Develop and increase personnel engaged in consulting marketing
 Our branches : As of April 1, 2016 1,100 staffs
 As of March 31, 2017 Plan to expand to 1,200 staffs
 As of March 31, 2018 Plan to expand to 1,300 staffs
 Post offices: Training program hosted by Japan Post Bank marketing instructors aimed at improving sales skills of investment trusts, etc.
- Launch of such products as “Japan-US Balanced Fund,” a new JP Asset Management product, on October 31, 2016
- Implementing investment trust purchase cashback campaign and Junior NISA account opening campaign, etc. to expand investment trust customers

Trend of Outstanding Investment Trusts



Trend of Variable Annuities Policies Sales



Development of New Business Fields

Aim to contribute to the revitalization of regional communities and the creation of new business opportunities, thereby enhancing the Bank's corporate value, by promoting alliances (business partnerships, collaboration and cooperation) with regional financial institutions

Main cooperation themes

1. Cooperation related to revitalization of regional communities

2. Cooperation related to ATM networks

3. Cooperation related to operational efficiency

etc.

Development of new business fields



Inbound visitors related business



Improvement of customer convenience related business



Creation of regional presence and regional revitalization related business

- Development of regional fund business, etc.
- Expansion of ATM fees (fees and commissions)
- Promotion of administrative and operational efficiency by utilizing the Bank's infrastructure

<Examples of cooperation with regional financial institutions>

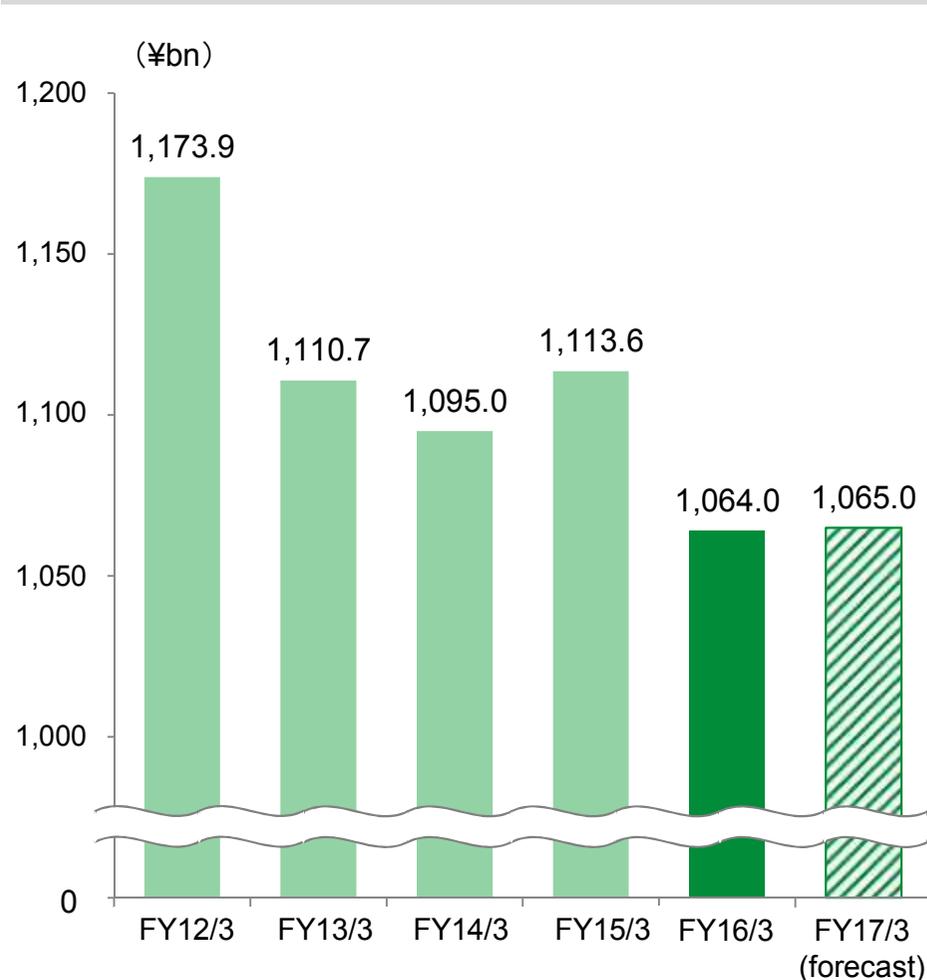
- January 22, 2016 Installation of ATMs jointly with Shonai Bank
- July 29, 2016 Capital investment in “Kyushu Wide Area Reconstruction Assistance Investment Project Limited Liability Partnership”

* A consortium including 18 regional financial institutions in Kyushu (as of July 29, 2016)

Development of a Management System ~Cost Reductions~

General and administrative expenses for the six months ended September 30, 2016 decreased by ¥0.6 bn year-on-year to ¥529.9 bn

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



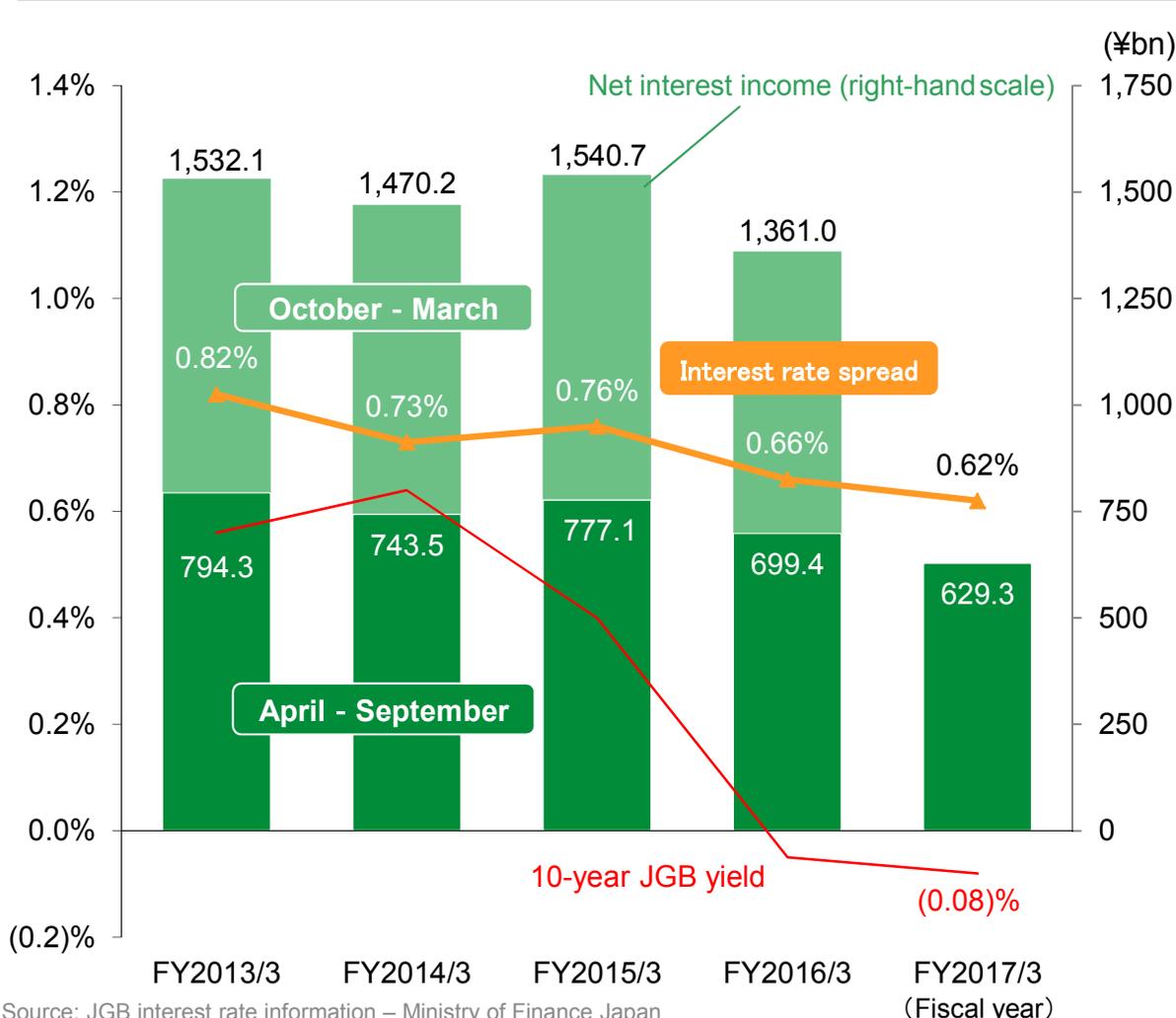
	(¥bn)		
	FY17/3 1H	FY16/3 1H	Difference
Personnel expenses (*)	62.2	61.1	+1.1
Salaries and allowances	51.2	50.4	+0.7
Non-personnel expenses	428.7	431.8	(3.1)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	309.0	308.1	+0.9
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	4.1	4.9	(0.7)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	33.0	32.2	+0.8
Taxes and dues	38.9	37.5	+1.3
Total	529.9	530.5	(0.6)

* Personnel expenses include non-recurring losses.

Appendix

Trend of Net Interest Income and Interest Rate Spread

Net interest income was ¥629.3 bn and interest rate spread was 0.62% for the six months ended September 30, 2016



	For the six months ended		Difference
	September 30, 2016	September 30, 2015	
Net interest income	456.4	536.4	(79.9)
Interest income	580.1	675.3	(95.1)
Interest income on Japanese government bonds	417.0	507.5	(90.5)
Interest expenses	123.6	138.8	(15.1)

	For the six months ended		Difference
	September 30, 2016	September 30, 2015	
Net interest income	172.8	162.9	+9.8
Interest income	288.7	263.1	+25.6
Interest income on foreign securities	288.1	260.5	+27.6
Interest expenses	115.9	100.1	+15.7

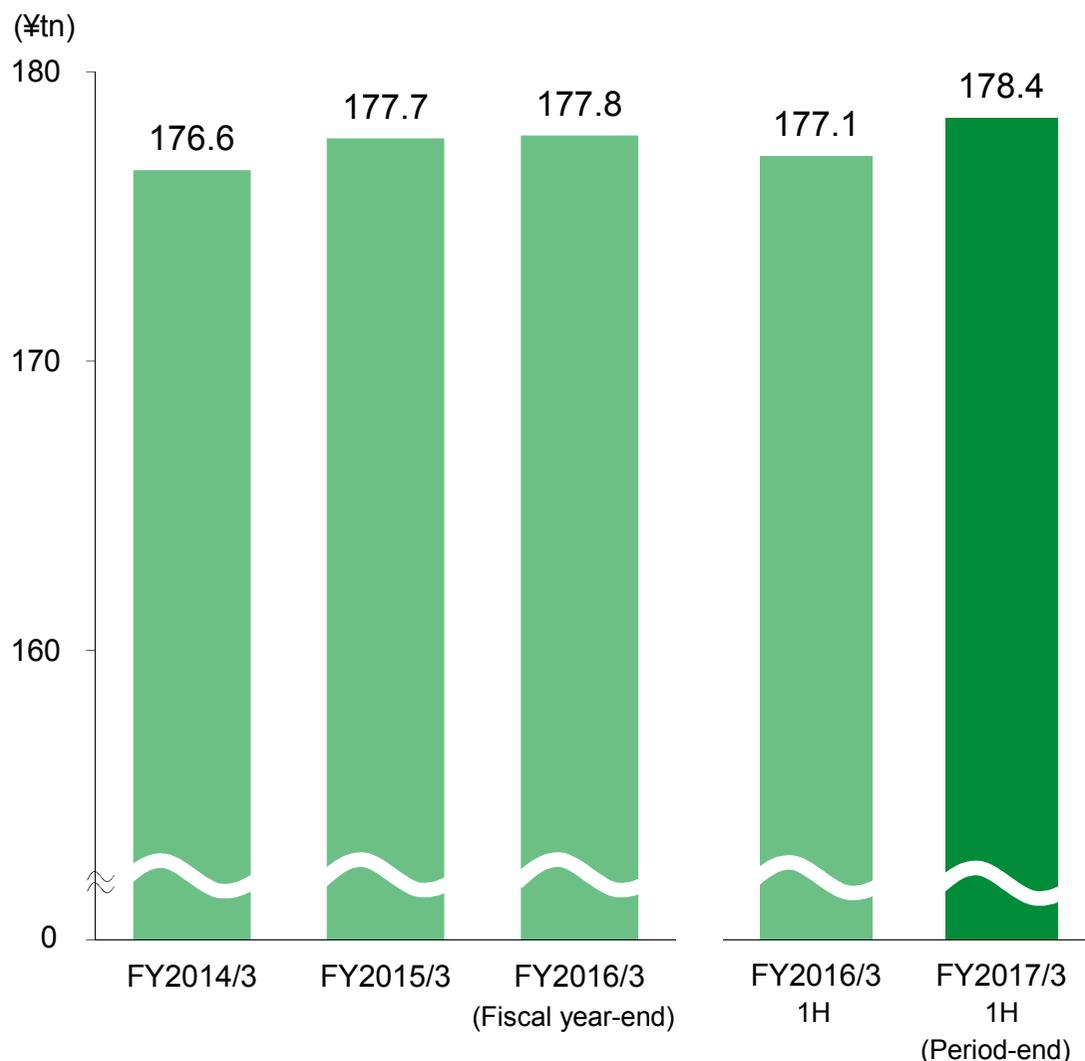
	For the six months ended		Difference
	September 30, 2016	September 30, 2015	
Net interest income	629.3	699.4	(70.1)
Interest income	797.2	881.8	(84.6)
Interest expenses	167.9	182.4	(14.4)

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 FY2013/3 – FY2016/3 are the figures for the relevant fiscal years, while interest rate spread of FY2017/3 is the figure for the six months ended September 30, 2016. Interest rate spread of FY2017/3 is annualized.

Trend of Deposit Balance

Deposit balance as of September 30, 2016 was ¥178.4 tn, which remained stable



	As of September 30, 2016	As of March 31, 2016	Difference
Liquid deposits	65.1	63.8	+1.2
Transfer deposits	12.8	13.8	(1.0)
Ordinary deposits, etc.	51.8	49.5	+2.2
Savings deposits	0.3	0.3	+0.0
Fixed-term deposits	113.1	113.8	(0.6)
Time deposits	10.7	11.4	(0.7)
TEIGAKU deposits, etc.	102.4	102.4	+0.0
Other deposits	0.1	0.1	(0.0)
Total	178.4	177.8	+0.5

Trend of Capital Adequacy Ratio

Capital adequacy ratio (non-consolidated, domestic standard) was 23.15% as of September 30, 2016



	As of September 30, 2016	As of March 31, 2016	Difference
Total capital (a)	8,556.9	8,499.3	57.6
Total amount of risk-weighted assets (b)	36,960.9	32,218.5	4,742.3
Credit risk-weighted assets	34,044.8	29,253.2	4,791.6
Capital adequacy ratio (a) / (b)	23.15	26.38	(3.22)

(¥bn, %)

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

(1) Domestic (Millions of yen, %)

	For the six months ended						Difference
	September 30, 2016			September 30, 2015			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	193,355,723	580,150	0.59	192,047,937	675,316	0.70	(0.10)
Loans	2,528,481	9,393	0.74	2,729,117	13,220	0.96	(0.22)
Securities	95,287,659	486,157	1.01	116,727,346	584,430	0.99	+0.01
Receivables under securities borrowing transactions	8,186,708	739	0.01	8,610,523	4,302	0.09	(0.08)
Due from banks, etc.	47,323,916	12,187	0.05	34,831,682	16,783	0.09	(0.04)
Interest-bearing liabilities	184,383,908	123,653	0.13	184,096,604	138,823	0.15	(0.01)
Deposits	178,830,935	104,999	0.11	177,712,386	118,218	0.13	(0.01)
Payables under securities lending transactions	8,200,442	406	0.00	8,713,871	4,024	0.09	(0.08)

(2) Overseas (Millions of yen, %)

	For the six months ended						Difference
	September 30, 2016			September 30, 2015			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	45,803,875	288,790	1.25	37,700,302	263,135	1.39	(0.13)
Loans	3,300	5	0.35	1,929	4	0.45	(0.09)
Securities	45,654,017	288,181	1.25	36,599,991	260,526	1.41	(0.16)
Receivables under securities borrowing transactions	—	—	—	—	—	—	—
Due from banks, etc.	83,245	488	1.17	1,042,578	2,515	0.48	+0.68
Interest-bearing liabilities	45,175,128	115,982	0.51	34,859,712	100,198	0.57	(0.06)
Deposits	—	—	—	—	—	—	—
Payables under securities lending transactions	4,547,288	17,279	0.75	5,596,389	10,182	0.36	+0.39

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

(3) Total

(Millions of yen, %)

	For the six months ended						Difference
	September 30, 2016			September 30, 2015			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	199,167,228	797,269	0.79	200,599,151	881,872	0.87	(0.07)
Loans	2,531,781	9,399	0.74	2,731,047	13,224	0.96	(0.22)
Securities	140,941,677	774,338	1.09	153,327,338	844,957	1.09	(0.00)
Receivables under securities borrowing transactions	8,186,708	739	0.01	8,610,523	4,302	0.09	(0.08)
Due from banks, etc.	47,407,161	12,676	0.05	35,874,261	19,298	0.10	(0.05)
Interest-bearing liabilities	189,566,667	167,964	0.17	189,807,228	182,442	0.19	(0.01)
Deposits	178,830,935	104,999	0.11	177,712,386	118,218	0.13	(0.01)
Payables under securities lending transactions	12,747,730	17,686	0.27	14,310,261	14,207	0.19	+0.07

- 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, 2016, ¥2,647,805 million; six months ended September 30, 2015, ¥2,349,941 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (six months ended September 30, 2016, ¥2,647,805 million; six months ended September 30, 2015, ¥2,349,941 million) and the corresponding interest (six months ended September 30, 2016, ¥4,745 million; six months ended September 30, 2015, ¥4,561 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 ¥426 million for the six months ended September 30, 2016 (¥19,332 million for the six months ended September 30, 2015). 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		Difference
	September 30, 2016	September 30, 2015	
Yield on interest-earning assets (a)	0.79	0.87	(0.07)
Total cost of funding (including general and administrative expenses) (b)	0.73	0.75	(0.01)
Interest rate on interest-bearing liabilities (c)	0.17	0.19	(0.01)
Overall interest rate spread (a) - (b)	0.06	0.12	(0.06)
Interest rate spread (a) - (c)	0.62	0.68	(0.06)

Note: All numbers are annualized.

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

(Millions of yen, %)

	As of September 30, 2016	As of March 31, 2016	Difference
Core Capital: instruments and reserves (a)	8,568,614	8,511,796	56,817
Core Capital: regulatory adjustments (b)	11,620	12,471	(850)
Total capital (a) - (b) = (c)	8,556,994	8,499,325	57,668
Total amount of risk-weighted assets (d)	36,960,902	32,218,529	4,742,373
Credit risk-weighted assets	34,044,852	29,253,213	4,791,639
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,916,050	2,965,316	(49,266)
Capital adequacy ratio (c) / (d)	23.15	26.38	(3.22)

(2) Status of Loss-to-Capital Ratio under the Outlier Framework

(Billions of yen, %)

	As of September 30, 2016	As of March 31, 2016	Difference
Amount of loss (a)	418.7	598.0	(179.3)
Japanese yen	51.6	178.8	(127.2)
U.S. dollars	316.0	366.2	(50.1)
Capital (b)	8,556.9	8,499.3	57.6
Loss-to-capital ratio (a) / (b)	4.89	7.03	(2.14)

Note: The Bank adopts an interest rate shock scenario based on historical interest rate fluctuation data for a five-year observation period with a one-year holding period. Confidence levels of 1% and 99% for interest rate fluctuations are applied in this scenario.

(1) Investment Trusts Sales (Contract Basis)

	For the six months ended		Difference
	September 30, 2016	September 30, 2015	
Number of contracts (thousands)	594	581	13
Sales amount (millions of yen)	243,744	231,492	12,252

	As of September 30, 2016	As of September 30, 2015	Difference
Number of investment trust accounts (thousands)	721	680	40
Net assets (millions of yen)	1,162,855	1,073,486	89,369

(2) Variable Annuities Policies

	For the six months ended		Difference
	September 30, 2016	September 30, 2015	
Number of policies	8,285	8,981	(696)
Sales amount (millions of yen)	42,974	48,092	(5,118)

	As of September 30, 2016	As of September 30, 2015	Difference
Number of policies (cumulative)	91,061	74,537	16,524
Sales amount (cumulative) (millions of yen)	480,696	393,545	87,151

Selected Business Results

(3) Credit Cards

(Thousands)

	For the six months ended		Difference
	September 30, 2016	September 30, 2015	
Number of cards issued	32	33	(1)

	As of September 30, 2016	As of September 30, 2015	Difference
Number of cards issued (cumulative) (outstanding)	1,149	1,366	(216)

(4) Mortgage Loans (as Intermediary)

(Millions of yen)

	For the six months ended		Difference
	September 30, 2016	September 30, 2015	
Amount of new credit extended	20,132	16,183	3,949

	As of September 30, 2016	As of September 30, 2015	Difference
Amount of new credit extended (cumulative)	363,483	323,165	40,318

Note: The Bank acts as the intermediary for Suruga Bank Ltd.'s mortgage loan business.

Performance Since FY2012/3

	(¥bn)						
	FY12/3	FY13/3	FY14/3	FY15/3	FY16/3	FY16/3 1H (Apr-Sep)	FY17/3 1H (Apr-Sep)
Gross operating profit	1,670.0	1,624.3	1,568.7	1,634.7	1,452.0	759.4	716.3
Net interest income ¹	1,677.3	1,532.1	1,470.2	1,540.7	1,361.0	699.4	629.3
Net fees and commissions	88.4	88.1	92.6	89.2	91.1	46.9	42.9
General and administrative expenses ²	(1,174.5)	(1,111.5)	(1,096.0)	(1,114.7)	(1,066.1)	(531.6)	(530.9)
Provision for general reserve for possible loan losses	—	—	—	—	—	0.0	0.0
Net operating profit	495.4	512.8	472.6	519.9	385.8	227.8	185.3
Non-recurring gains (losses)	80.7	80.7	92.4	49.4	96.1	23.8	27.1
Net ordinary income	576.2	593.5	565.0	569.4	481.9	251.6	212.4
Extraordinary income (losses)	(2.4)	(1.9)	(0.6)	1.5	(1.1)	(0.7)	(0.3)
Net income	334.8	373.9	354.6	369.4	325.0	171.5	150.9
Total net assets	9,818.1	10,997.5	11,464.5	11,630.2	11,508.1	11,207.8	11,610.9
Total assets	195,819.8	199,840.6	202,512.8	208,179.3	207,056.0	207,232.5	207,210.2
Capital adequacy ratio ³ (domestic standard)	68.39%	66.04%	56.81%	38.42%	26.38%	30.45%	23.15%
Number of employees	12,796	12,922	12,963	12,889	12,905	13,215	13,280
Average number of temporary employees	6,006	5,818	5,699	5,523	5,223	5,312	4,991

1. Net interest income is calculated by deducting interest expenses (excluding the expenses related to money held in trust) from interest income

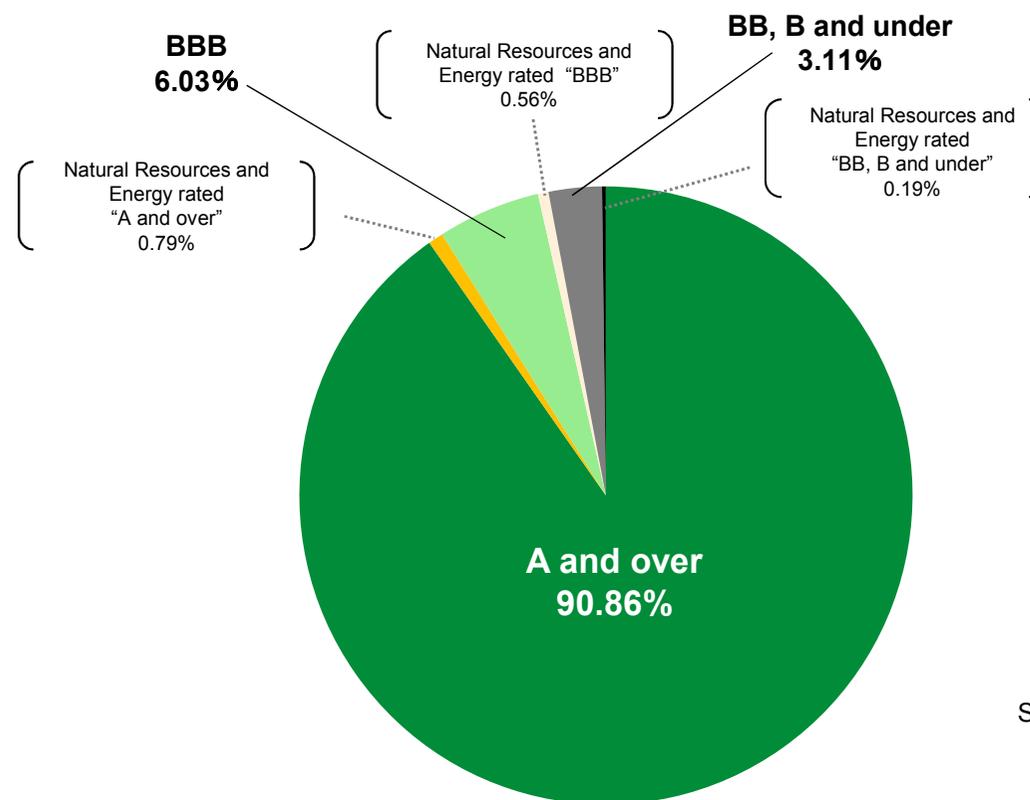
2. General and administrative expenses exclude non-recurring losses

3. New domestic standards (Basel III) have been applied from FY14/3

* Figures less than ¥100mn are rounded down

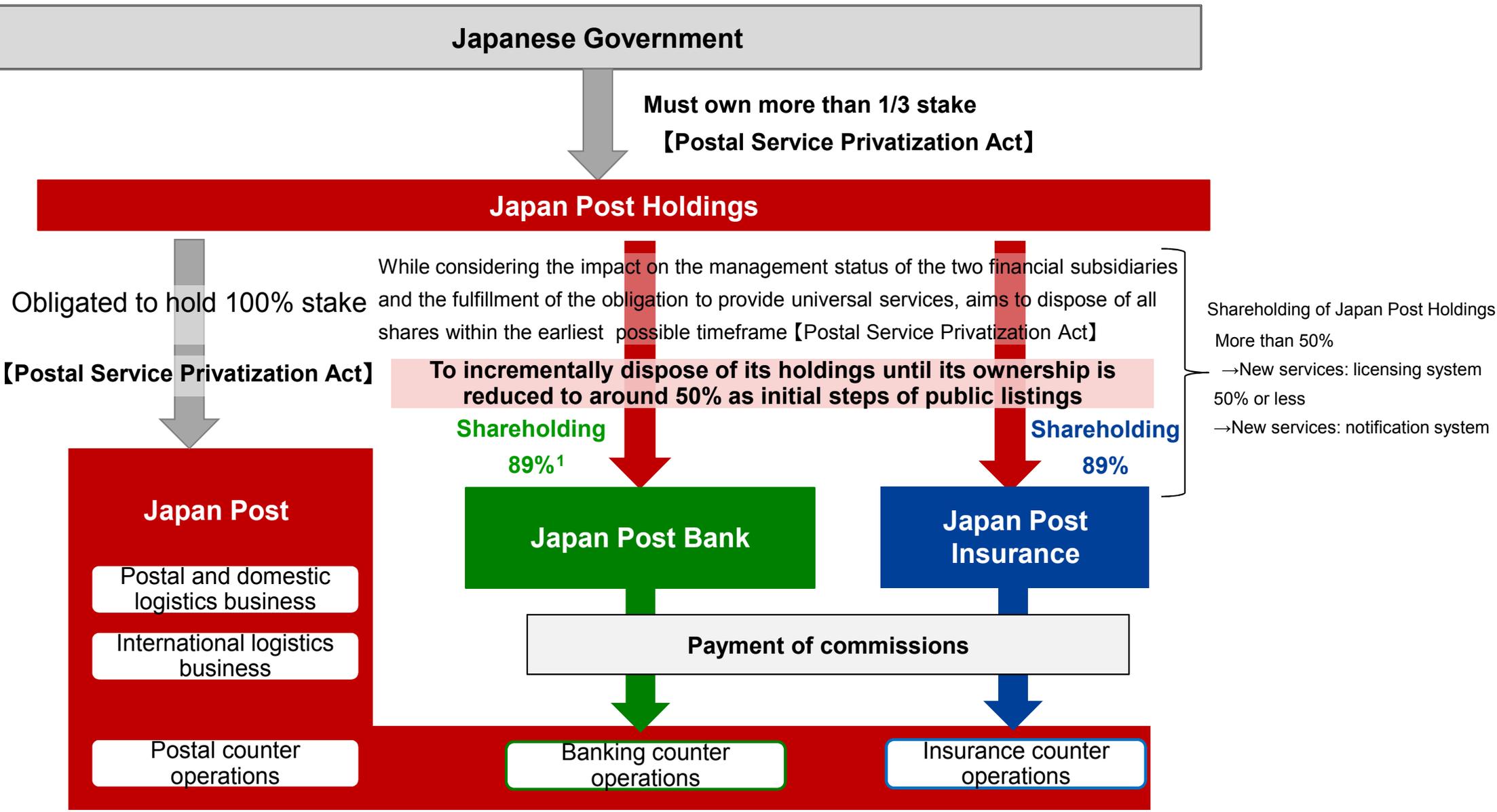
At least 90% of the Bank's investment assets are rated A or higher and at least 95% are investment grade

<Exposures classified by ratings>



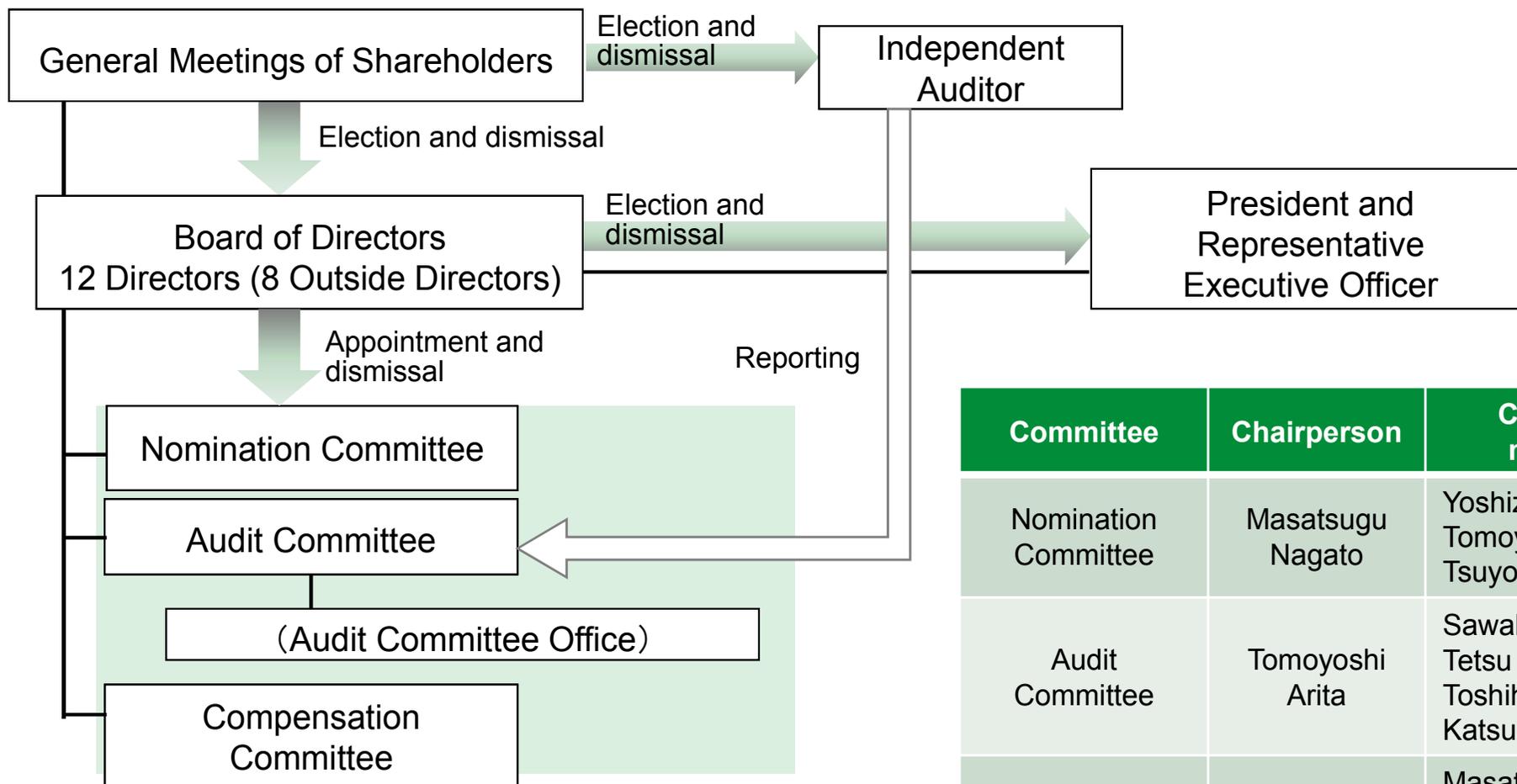
Sep 30, 2016
¥197tn¹

- 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).



Note: 1. Shareholding relating to shares with voting rights excluding treasury stock.

- ① Company with Nomination Committee, etc. = Ensuring management transparency
- ② Effective supervision by Outside Directors (8 of 12 Directors are Outside Directors)



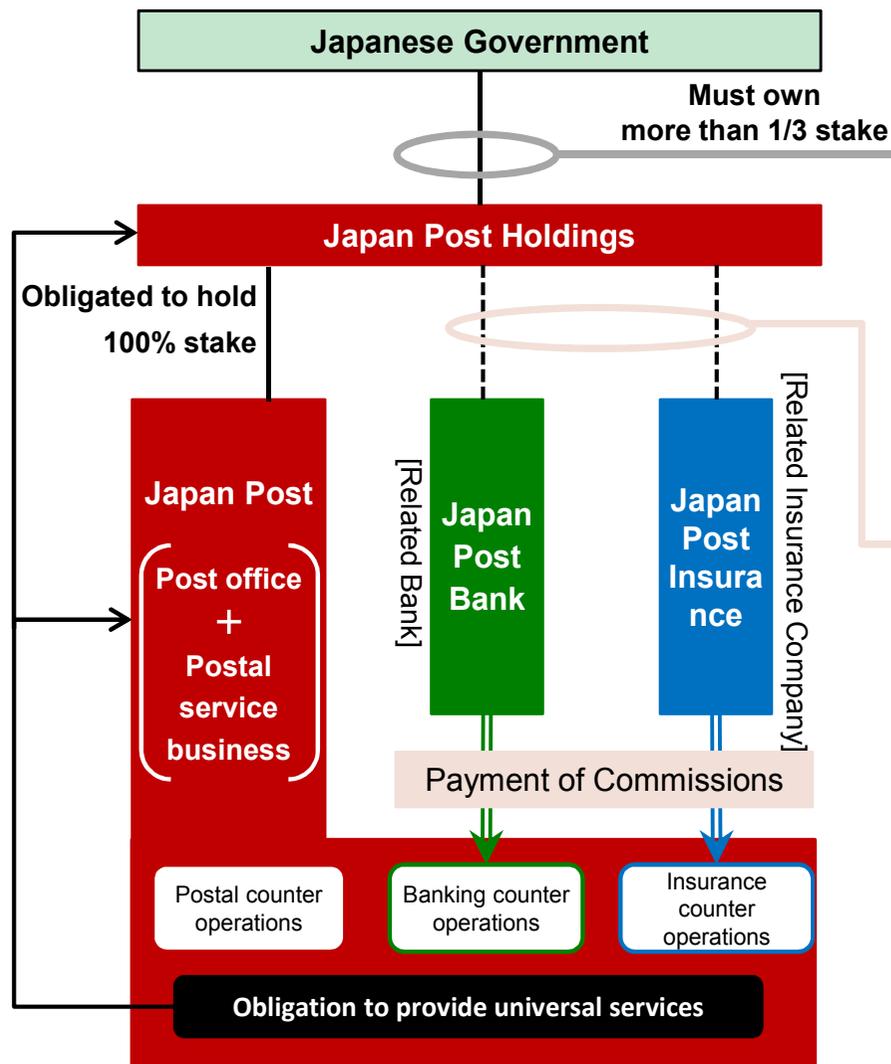
Committee	Chairperson	Committee members
Nomination Committee	Masatsugu Nagato	Yoshizumi Nezu Tomoyoshi Arita Tsuyoshi Okamoto
Audit Committee	Tomoyoshi Arita	Sawako Nohara Tetsu Machida Toshihiro Tsuboi Katsuaki Ikeda
Compensation Committee	Tsuyoshi Okamoto	Masatsugu Nagato Yoshizumi Nezu Katsuaki Ikeda

Appendix 2

Privatization and Listing Scheme of Japan Post Group

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 ¥178.4tn (as of September 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

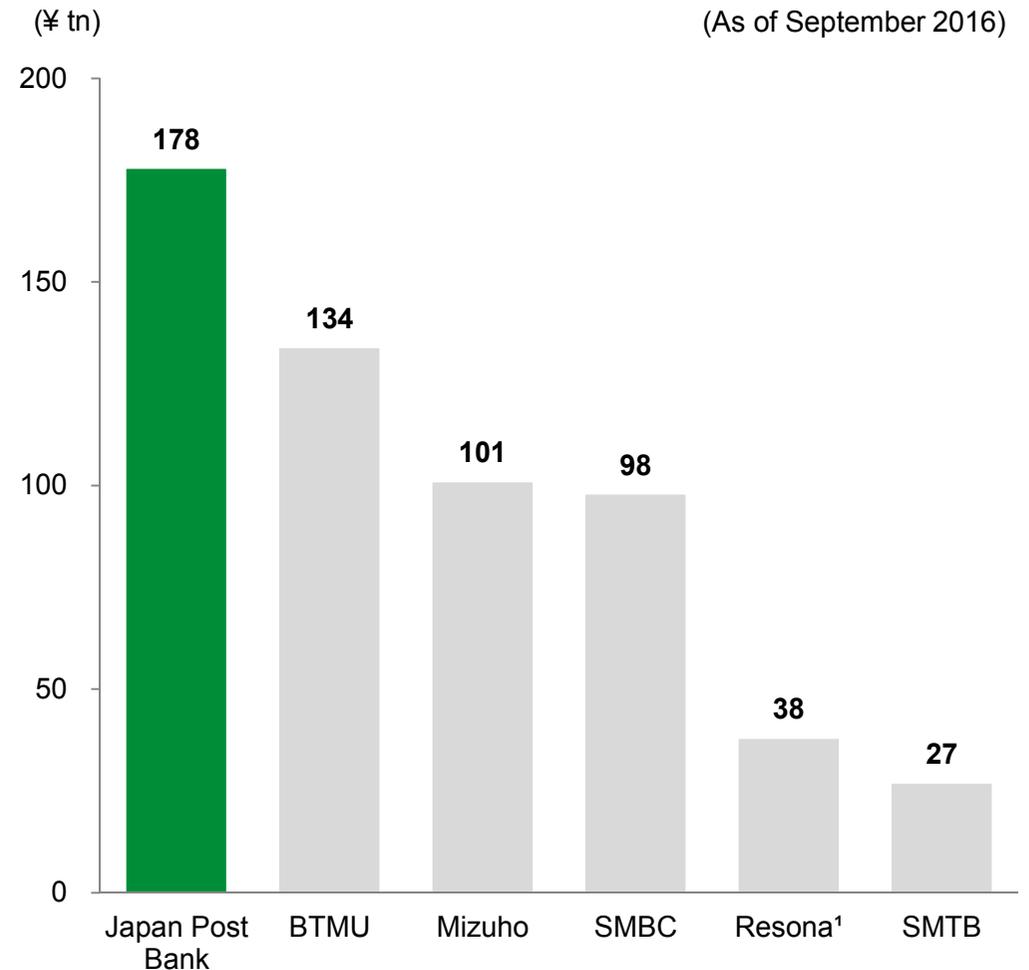
Diversification of investment portfolio while maintaining securities-centered portfolio

- 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

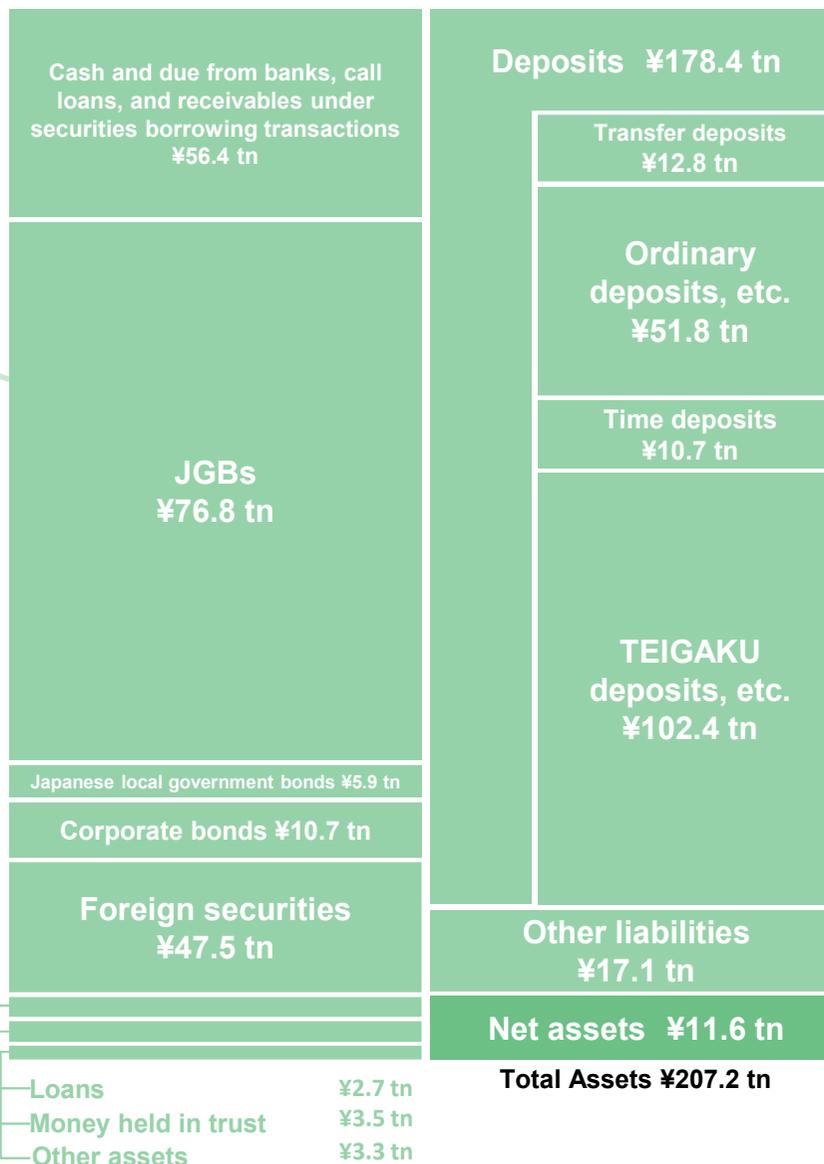
Note: Excluding negotiable certificate of deposits.

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

Note: Ordinary deposit customers are as of March 2016.

1. Maintained Stable Profit under Economic Volatility

Condensed Balance Sheet (As of September 2016)



4. Investment Strategy having Secured Stable Profits

5. Growth Strategy and Compelling/Stable Shareholder Return

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

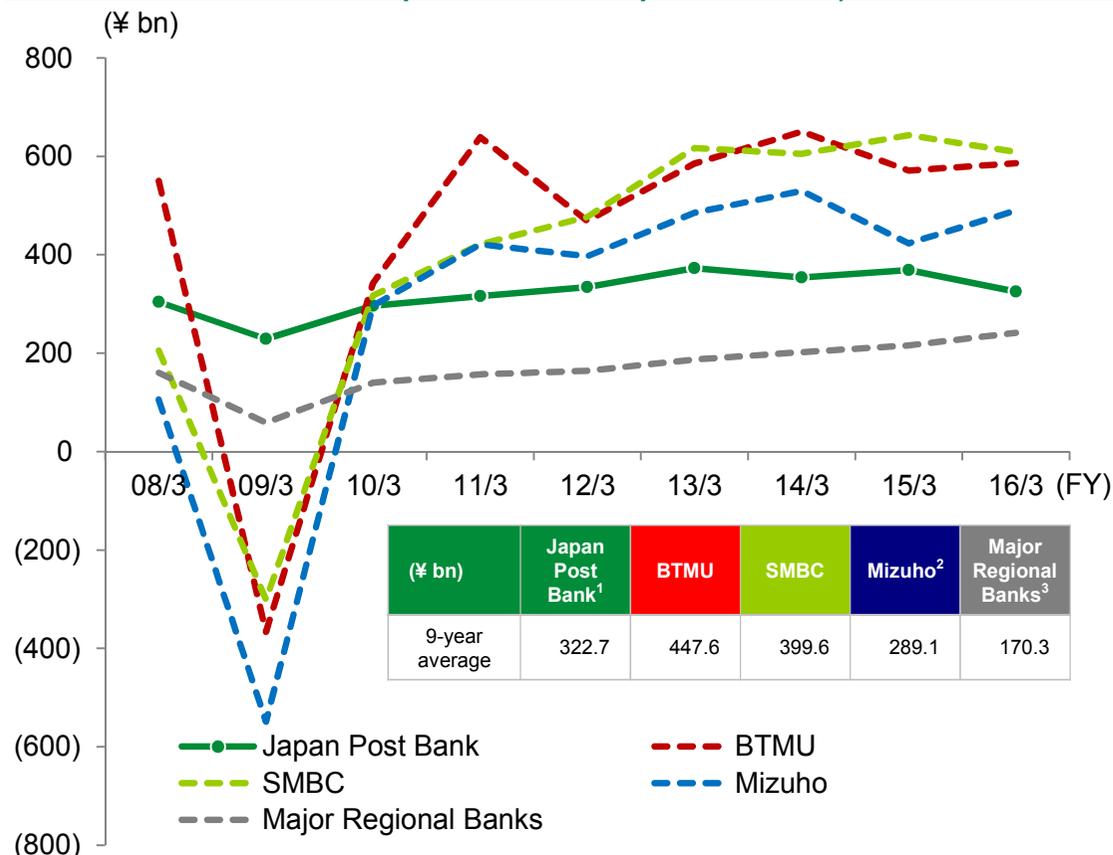
3. Solid Capital Base

Stable Profits through Retail Funding and Market Investment

Maintained stable profits up to FY2016/3 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 key to stable profits

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



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

1. Net income of Japan Post Bank for FY2008/3 is shown as double the net income from Oct. 1, 2007 to Mar. 31, 2008.
2. FY2014/3 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 (non-consolidated basis, a subsidiary of Mebuki FG) and Fukuoka FG (consolidated). Figures shown are the aggregate net income of these banks.

Comparison of Business Models⁴

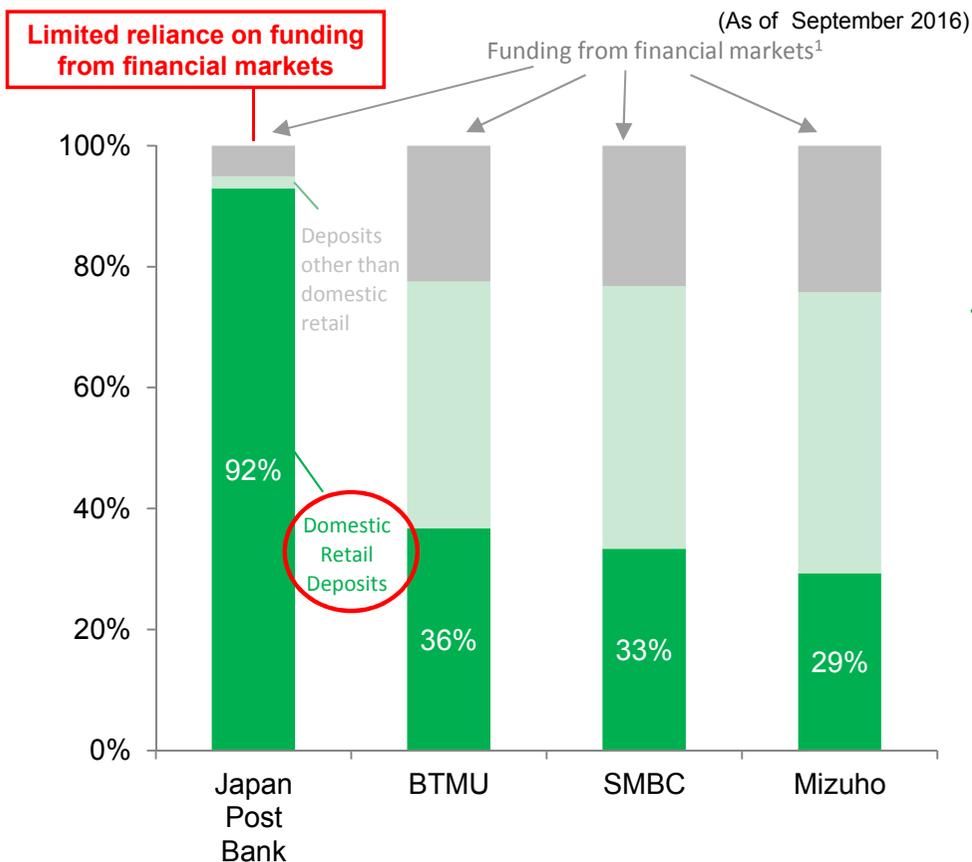
	Megabanks	Japan Post Bank	Major Regional Banks
1: Profits (Net Income)	Large, but highly volatile	Stable	Stable
2: Dividend Payout Ratio ⁵	25 – 35%	≥ 50% (target)	20 – 30%
3: Business	Diversified	Bank	Mainly Bank
Principal Business Lines	Bank, Securities, Non-banks, etc.	Assets: Securities Liabilities: 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 FY2016/3).

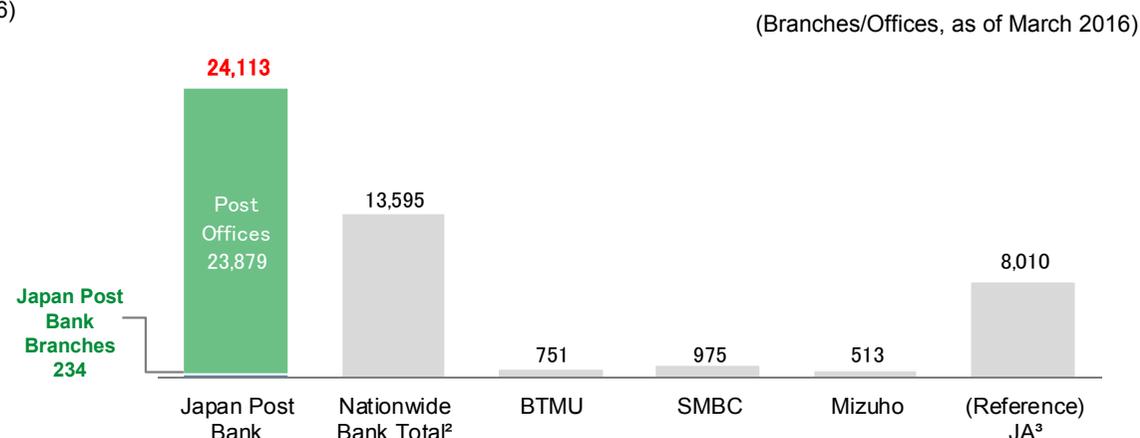
5. Japan Post Bank is based on our target figures through FY2018/3 while others are for FY2016/3.

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%

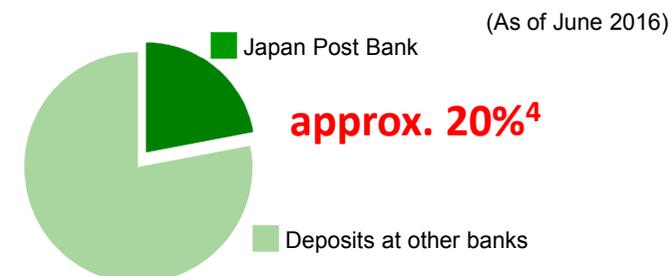
Breakdown of Funding Sources



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

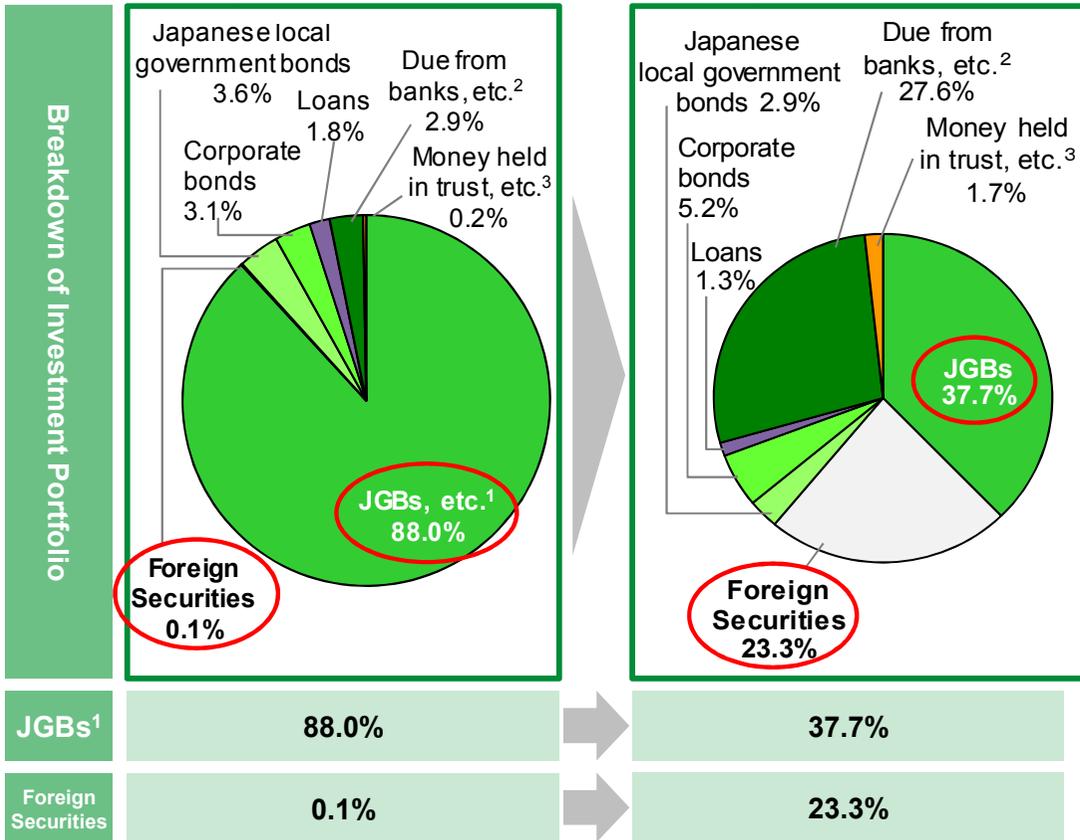
- Nationwide bank total: domestic head office/branches and sub branches of 116 banks (excluding Japan Post Bank). Independent ATMs located outside of branches are not included in sub-branches, as of March 2016.
- Total of Japan Agricultural Cooperative and the Prefectural Credit Federations of Agricultural Cooperatives locations with exchange operations, as of March 2016.
- Retail deposits of Japan Post Bank as of June 2016 / household deposits (from “Flow of Funds Accounts” released by Bank of Japan) as of June 2016.

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

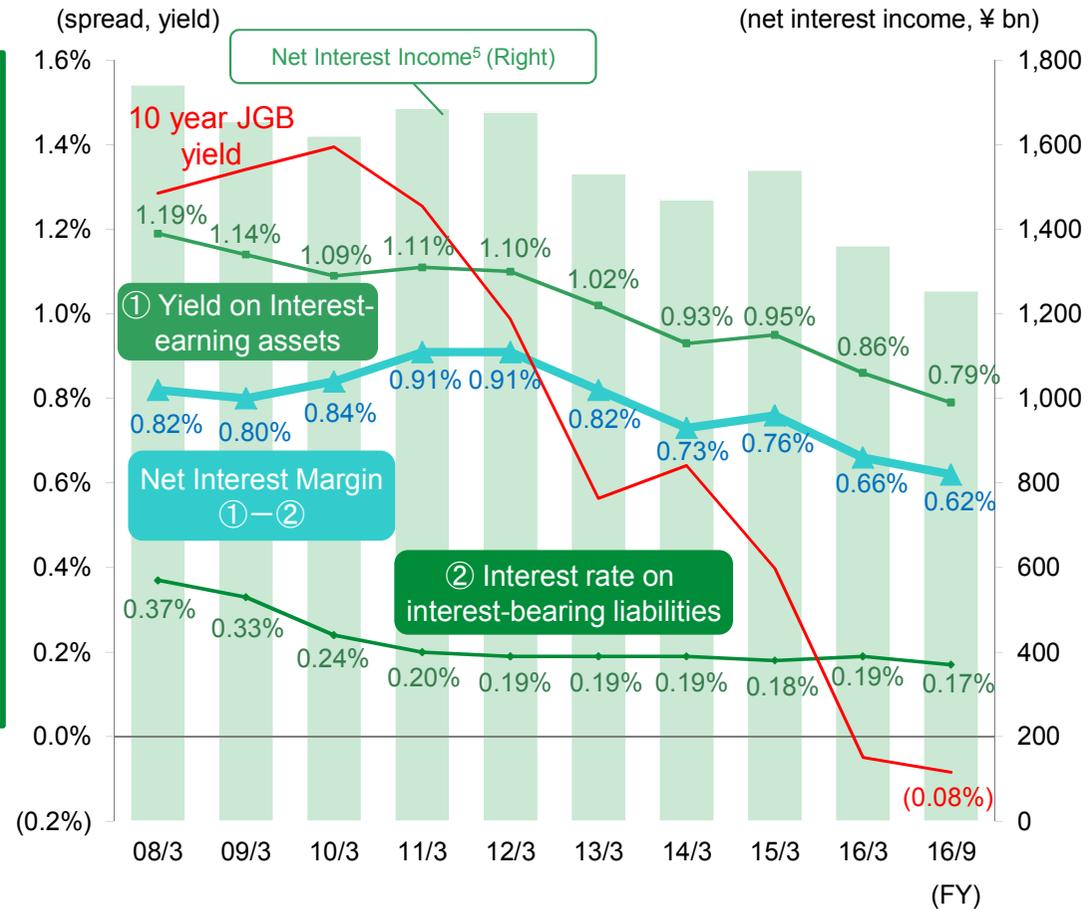
Upon Corporatization
(October 1, 2007)

Current FY2017/3 1H
(September 30, 2016)



- 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.
- Due from banks, etc. includes negotiable certificates of deposits, BOJ deposits, monetary claims bought, call loans and receivables under securities borrowing transactions.
- 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
- Historical spread is calculated by excluding the average balance and corresponding interest of money held in trust.
 - Net interest income for FY2008/3 is shown as double the net interest income from Oct. 1, 2007 to March 31, 2008. Net interest income for FY2016/9 is annualized.

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 September 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)	¥132 tn	Short term assets¹ ¥50 tn Bonds held to maturity – JGBs, Government guaranteed bonds ¥47 tn Available for sale securities – JGBs, Government guaranteed bonds ¥34 tn Loans ¥1 tn	Base Portfolio (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 	Available for sale securities – Japanese local government bonds ¥6 tn – Corporate bonds etc. ² ¥7 tn – Foreign securities ² ¥48 tn (incl. Investment trusts ¥28 tn) Bonds held to maturity – Japanese local government bonds etc. ¥0 tn Money held in trust³ (Stocks) ¥2 tn Loans ¥1 tn	Satellite Portfolio (Investment)		Liquid Deposits etc. ¥65 tn	Customer-based Funding
Satellite Portfolio (SP): (Excess-return portfolio)	¥64 tn		Internal Funding to Satellite Portfolio	Fixed-term Deposits TEIGAKU* Deposits (¥102 tn) ¥113 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 	Net assets ¥12 tn Market-based funding ⁴ ¥13 tn				

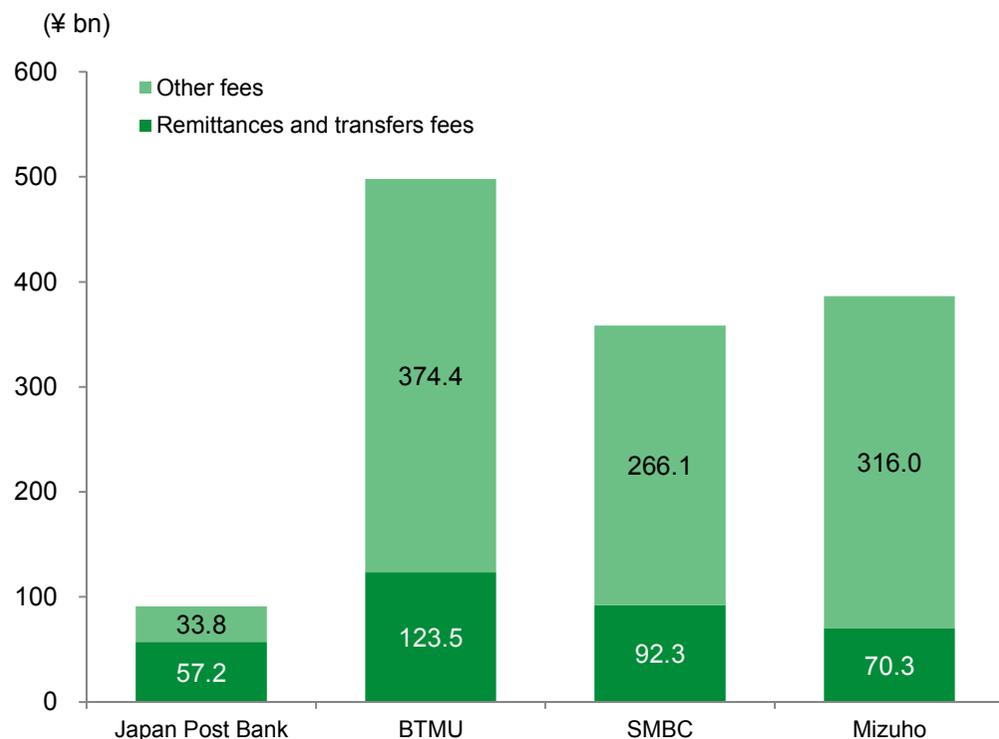
1. Short term assets include cash and due from banks, call loans, receivables under securities borrowing transactions (excl. those in trust), T-bills, short-term corporate bonds, etc.
 2. Corporate bonds, etc. and foreign securities include monetary claims bought.
 3. JGBs contained in “money held in 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.

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 (FY2016/3)

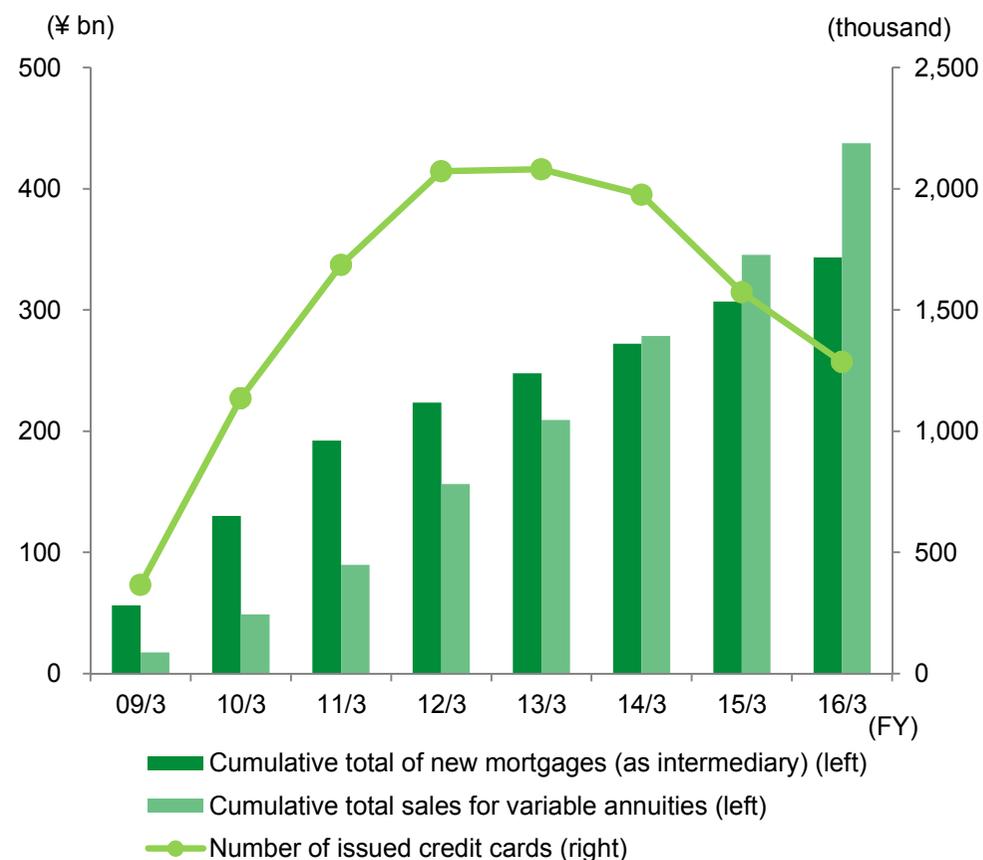


Source: Company disclosures

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)

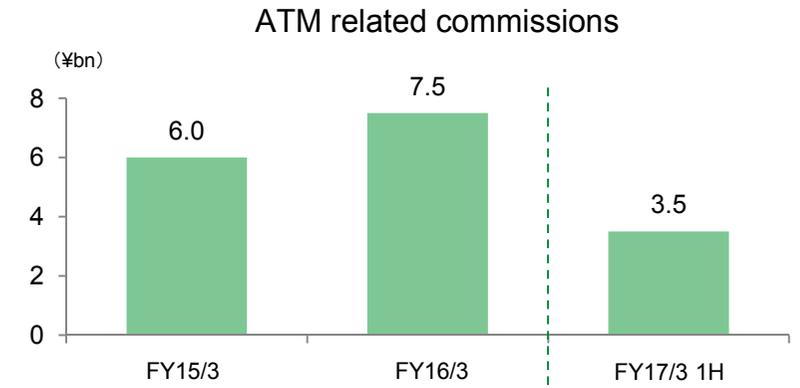
■ Cumulative total sales for variable annuities (left)

● Number of issued credit cards (right)

<Strategic installation of ATMs (alliances with regional financial institutions, etc.)>

Initiatives until FY2016/3

- (1) ATM channel with about 27,300 machines nationwide
- (2) Install ATMs at about 500 FamilyMart stores
- (3) Ability to use cards of about 1,400 companies including nationwide regional banks and overseas issued cards
- (4) Number of regional banks whose account holders can use Japan Post Bank's ATMs free of charge during business hours: 9 banks (March 31, 2014) ⇒ 11 banks (September 30, 2016)



Current and future initiatives

- (1) Introduction of small ATMs with no chosen installation place (right image)
- (2) Expansion of installation in very convenient places, including FamilyMart stores (3,500 machines from January 2017 as Phase 1)
- (3) Further cooperation with regional financial institutions through use of Japan Post Bank's ATM network



Small ATM
(scheduled for introduction)

Advantages of Japan Post Bank's ATMs

- ① Nationwide network of about 27,300 machines
- ② Free deposits and withdrawals at any time 365 days a year at Japan Post Bank's ATMs¹
- ③ Electronic transfers (remittances between Japan Post Bank accounts) are settled immediately 365 days a year. ATMs can be used up to 3 times/month with no fees for electronic transfer²
- ④ Overseas issued cards can be used and newly introduced small ATMs handle 16 languages

¹ Only when Japan Post Bank's cash card or passbook is used.

² From the 4th time, a fee of 123 yen is incurred. Until September 30, 2018 (Sunday).

Participation in Regional Vitalization Funds

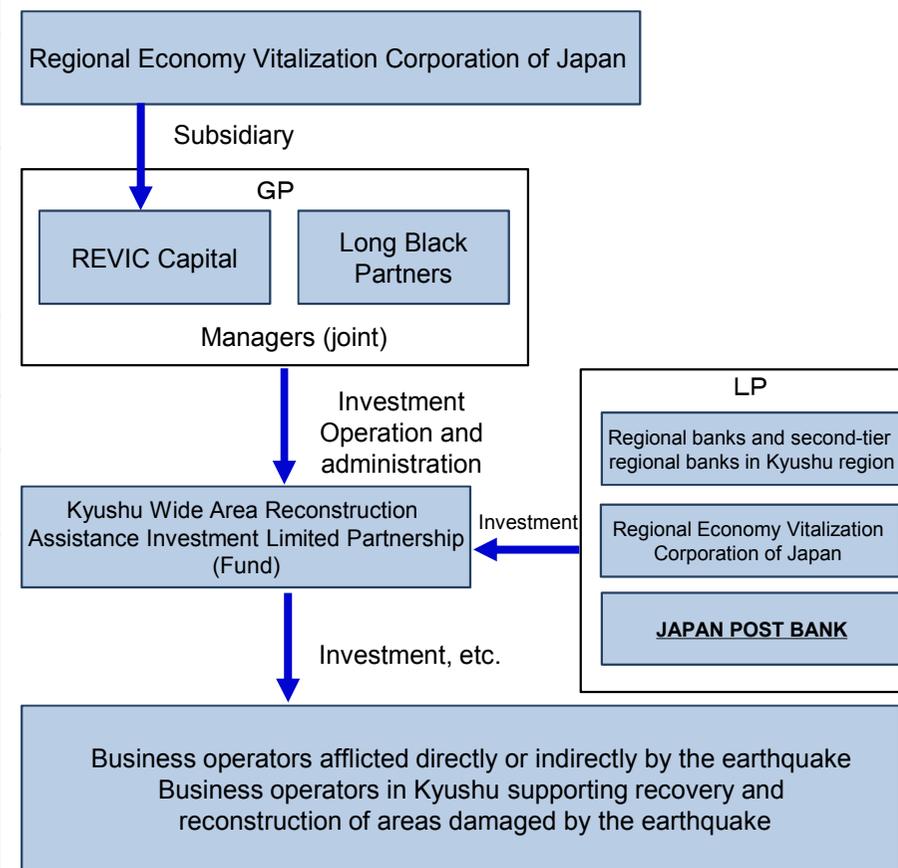
The Bank has decided to invest in regional vitalization funds, beginning with the "Kyushu Wide Area Reconstruction Assistance Fund," which was jointly established by REVIC Capital Co., Ltd., a subsidiary that operates the fund of the Regional Economy Vitalization Corporation of Japan, and Long Black Partners Co., Ltd.

The Bank is implementing a trainee program with major fund management companies and promoting human resource development

<Overview of Funds>

Name	Kyushu Wide Area Reconstruction Assistance Fund	Hokkaido Growth Company Support Fund	KFG Regional Enterprise Support Fund
Total amount of fund (on date of establishment)	¥11.69bn	¥0.2bn	¥2.5bn
Partners (on date of establishment)	18 Kyushu regional banks, etc. Regional Economy Vitalization Corporation of Japan JAPAN POST BANK REVIC Capital Long Black Partners	North Pacific Bank JAPAN POST BANK North Pacific Capital Hokkaido Research Institute for the Twenty-first Century	Higo Bank Kagoshima Bank JAPAN POST BANK Kyushu Kizuna Capital
Date of establishment	July 29, 2016	November 18, 2016	October 1, 2015 ※JAPAN POST BANK also invested on November 18, 2016.
Term	10 years	7 years	10 years
Business operators	REVIC Capital Long Black Partners	North Pacific Capital Hokkaido Research Institute for the Twenty-first Century	Kyushu Kizuna Capital
Overview	Aim to realize the reconstruction of the Kyushu region in the earliest time frame, by providing necessary funds and physical support to business operators in the Kyushu area that were afflicted by the earthquake or sustained indirect damage associated with the earthquake such as damage caused by harmful rumors as well as business operators that are contributing to the reconstruction of the region.	Aim to expand the earning power of regional companies through the provision of funds by investing in companies with projected growth and companies that use regional resources in Hokkaido. Ultimate objective is to vitalize the regional economy and contribute to the development of Hokkaido.	Aim to provide support in the revival, reinforcement, expansion and growth of the operating bases as well as in all kinds of operating stages such as second start-ups of companies that have head offices or offices in Kumamoto, Kagoshima and Miyazaki prefectures.

<Scheme illustration (Example: Kyushu Wide Area Reconstruction Assistance Fund)>



Initiatives to Revitalize Regional Community

[Trial issuance of regional prepaid cards (plan to implement it in Sendai and Kumamoto City from January 2017)]
Aim to contribute to revitalize regional community by establishing a system where a broad range of customers and regional shopping centers can share the benefits of cashless settlement through the use of server-based prepaid settlement, which is expected to expand

Anyone aged 12 or more with a Japan Post Bank cash card can issue a card (no credit examination, etc.) *email address is necessary

<Card design>

【Sendai City】



【Kumamoto City】



Design with local mascot

No annual fees
 Instant issuance of cards at designated post offices and Japan Post Bank branches located in trial regions

Customers (Card holders)



Shopping with prepaid card
 (Maximum amount: 50 thousands yen)

Cards can be recharged
 ① automatically at a fixed time and amount or ② ad hoc using smartphone

<Measures to promote regional shopping >

- Reward points when shopping at regional partner stores
- Distribution of information on regional partner stores through website and mail magazines, etc.
- Provision of services such as applications to keep record of personal expense and household account book

JAPAN POST BANK
(Issuer)

International credit card brand
(Provision of networks)



Visa accepting store list

(Provision of products and services)

Partner stores with Japan Post Bank in trial region
 (shopping centers, department stores, etc.)

Other than Japan Post Bank partner stores



Real



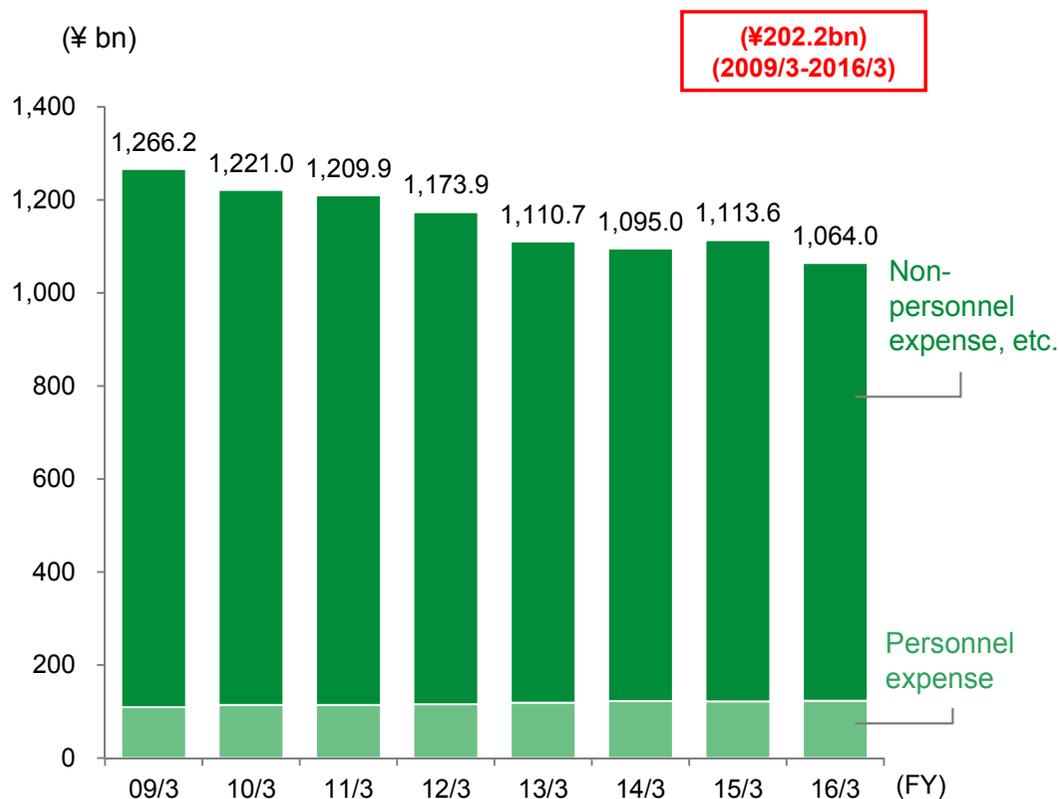
EC

Stores accepting Visa exceed 40 million on a worldwide basis

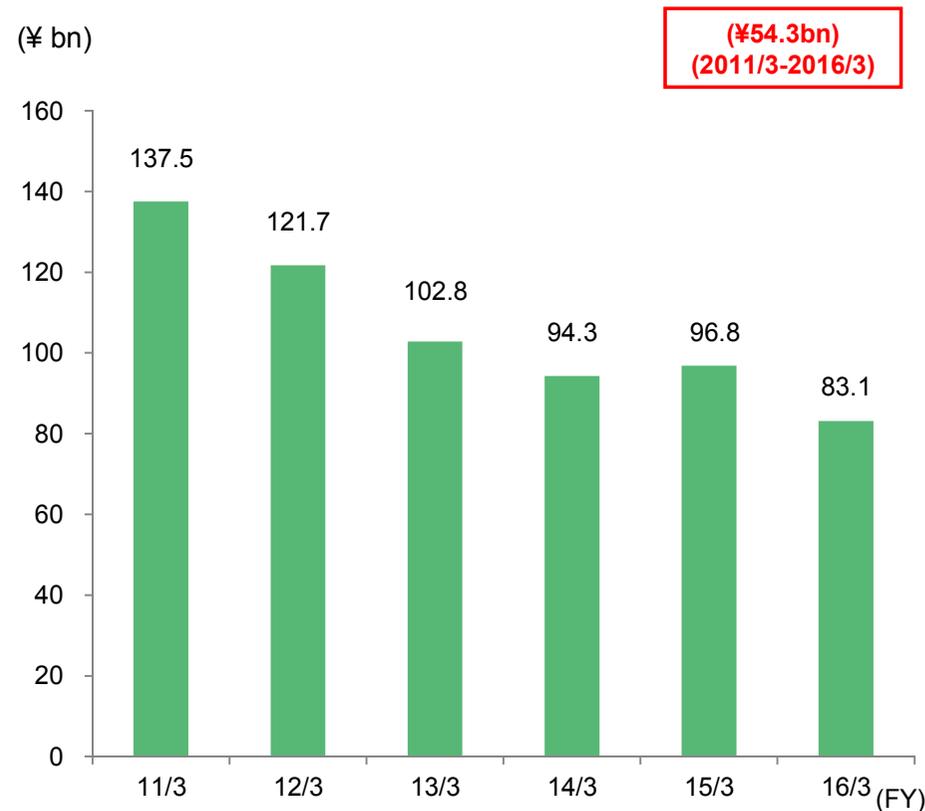
Expense Control through IT Expense Reduction

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



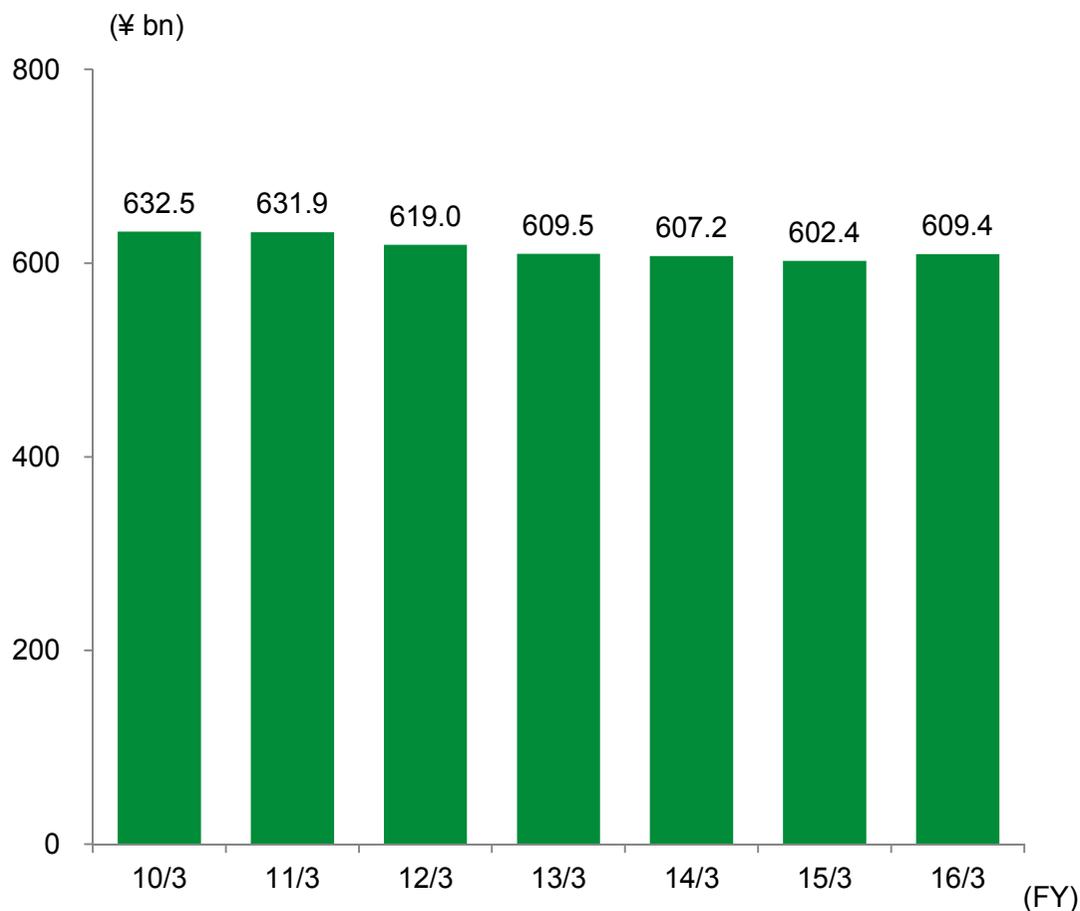
Trend of IT Expense¹



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 FY2016/3 (¥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

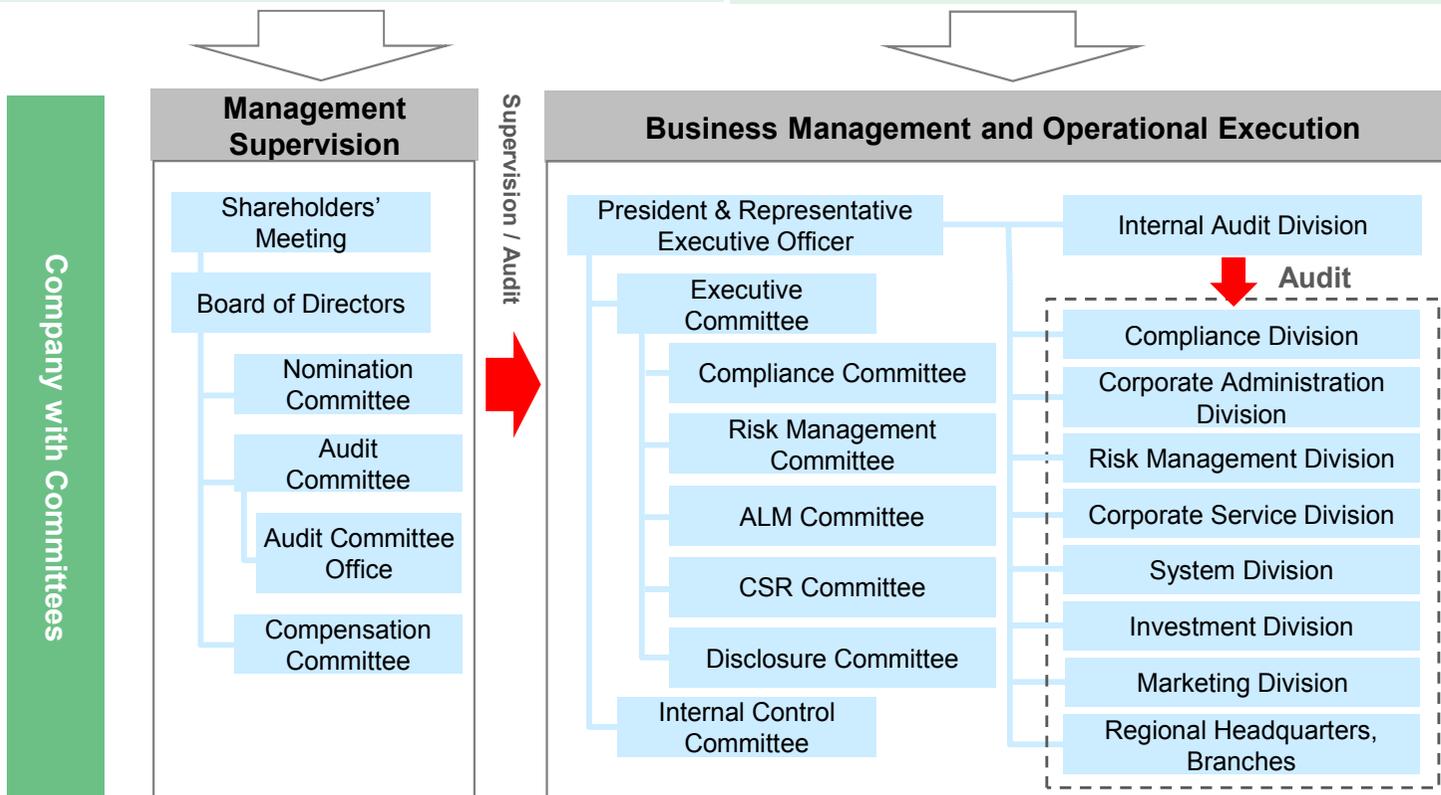
Independence from Parent Company

- 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: 3 out of 4 / Audit Committee: 5 out of 5 / Compensation Committee: 3 out of 4)
- 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, 2015
 - ※We comply with all principals of Japan's Corporate Governance.

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.

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