



Results for the Fiscal Year Ended March 2017

May 18, 2017



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

&



Engaging in Diversified
Investment in Massive International
Financial Markets
Super Global

1. Overview of FY2017/3 Results

- Overview of Business Results
- Development of BP and SP

2. FY2018/3 Earnings Forecast

- Changes in Net Ordinary Income (from FY2016/3 to FY2017/3)
- FY2018/3 Earnings Forecast / Dividend Policy

3. Business Development for Future Growth

- Business Development
- Diversification and Sophistication of Investment Strategy
- Settlement Transaction Business

Appendix

< Definition of terms >

| | |
|--------------------------|---|
| Base Portfolio (BP) | : Portfolio aimed at ensuring stable income by investing mostly in Japanese government bonds while managing interest rate and liquidity risks. |
| Satellite Portfolio (SP) | : Portfolio aimed at accumulating profit, including capital gains from sales of bonds and other assets, primarily by taking credit and market risks through diversified investment in foreign and other assets. |
| Transfer Price (TP) | : Transfer pricing was established for internal transactions using internal rates based on market interest rates. |
| Limited Partner (LP) | : Fund investor leaving fund management to the GP. Japan Post Bank accumulates a wide range of expertise, through participation in fund investment committees as an observer, as a step leading to investment in the GP. |
| General Partner (GP) | : The principal fund manager responsible for selecting investments, making investment decisions and so on. Unlimited liability is assumed towards creditors, including the sum invested. |

Note: All figures regarding the business performance of JAPAN POST BANK Co., Ltd. (the “Bank”) are rounded down, unless otherwise noted.
Accordingly, the total of each account may not be equal to the combined total of individual items.

1. Overview of FY2017/3 Results

- Net income down 3.9% YoY, but 104.0% achievement rate to full-year forecast
- Endeavoured to diversify and sophisticate investment strategy, optimize certain unrealized gains (unrealized gains up ¥211.7bn YoY) and streamline expenses

Overview of Business Results

Net income ¥312.2bn* [YoY (3.9%)]

※Achievement rate to forecast 104.0%

Net ordinary income ¥442.0bn* [YoY (8.2%)]

※Achievement rate to forecast 105.2%

Net interest income ¥1,223.5bn [YoY (¥137.5bn)]

Net fees and commissions ¥86.6bn [YoY (¥4.5bn)]

Net other operating income (loss) ¥100.0bn [YoY +¥100.2bn]

General and administrative expenses¹ ¥1,056.1bn [YoY (¥10.0bn)]

👉 p 15

Annual DPS ¥50 [Payout ratio 60%]

👉 p 9

¹ Exclude non-recurring items

Net unrealized gains (losses) on available-for-sale securities adjusted by gains (losses) on hedge transactions

¥4,398.1bn [YoY +¥211.7bn]

👉 p 24

Capital adequacy ratio 22.22% [YoY (4.16%pt)]

👉 p 36

Leverage ratio (pro forma basis) 4.11% [YoY +0.00%pt]

👉 p 17

| | <Average balance> | <Net gains (losses)> |
|--|-------------------|----------------------|
| Total Portfolio (BP + SP) (A) | ¥197.5tn | ¥433.0bn |
| Base Portfolio (BP) ¹ | ¥131.5tn | (¥243.3bn) |
| BP (Customer-based Funding, sales) | — | (¥399.6bn) |
| BP Investment Side, etc. | — | ¥156.3bn |
| Satellite Portfolio (SP) ¹ | ¥66.0tn | ¥676.4bn |
| Net other ordinary income ² (B) | — | ¥9.0bn |
| Total (A + B) | — | ¥442.0bn |

👉 p 28

- 1 Includes net fees and commissions [BP:¥86.7bn, SP:(¥0.1bn)], general and administrative expenses [BP:(¥1,048.0bn), SP:(¥5.9bn)].
- 2 Recoveries of written-off loans, rent for land, buildings and others, etc. which are unrecognized under management accounting basis .

| | | |
|---|---------|------------------|
| Exchange and settlement transactions, ATM related commissions | ¥66.4bn | [YoY (¥0.4bn)] |
| Sales of asset management products, etc. ¹ | ¥20.1bn | [YoY (¥4.1bn)] |

👉 p 30

Investment trust sales-related results;

| | | |
|---------------------|------------|--------------------|
| Annual sales amount | ¥544.3bn | [YoY + ¥117.3bn] |
| Outstanding AUM | ¥1,310.1bn | [YoY + ¥174.6bn] |
| Number of accounts | 749thou | [YoY + 53thou] |

👉 p 31, 32

- 1 JGBs related commissions, investment trust related commissions, new businesses related commissions, other.

Development of BP and SP (1)

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

Portfolio Management Policy

Base Portfolio

(Liability-driven portfolio)

¥129tn [YoY (¥7tn)]

(JGB balance decreased, reflecting prolonged historically low interest rate environment)

- **Purpose:** The foundation of our ALM
- **Funding:** Stable liabilities (over 90% are retail, small-sized deposits)
- **Strategy:** Manage interest rate/liquidity risk, secure fundamental return mainly from JGBs
Main source of profits – spread between long and short-term interest rates; aim for carry profits
Provide internal funding to the Satellite Portfolio

| | Mar 31, 2017 | Difference | Mar 31, 2016 |
|--|--------------|------------|--------------|
| Short-term assets ¹ | 55 | 7 | 48 |
| Bonds held to maturity — JGBs, Government guaranteed bonds | 38 | (13) | 52 |
| Available for sale securities — JGBs, Government guaranteed bonds | 35 | (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, loans to the government (special accounts), etc.

Satellite Portfolio

(Excess-return portfolio)

¥70tn [YoY +¥9tn]

(Further expansion of SP with focus on foreign securities and new entry into alternative areas)

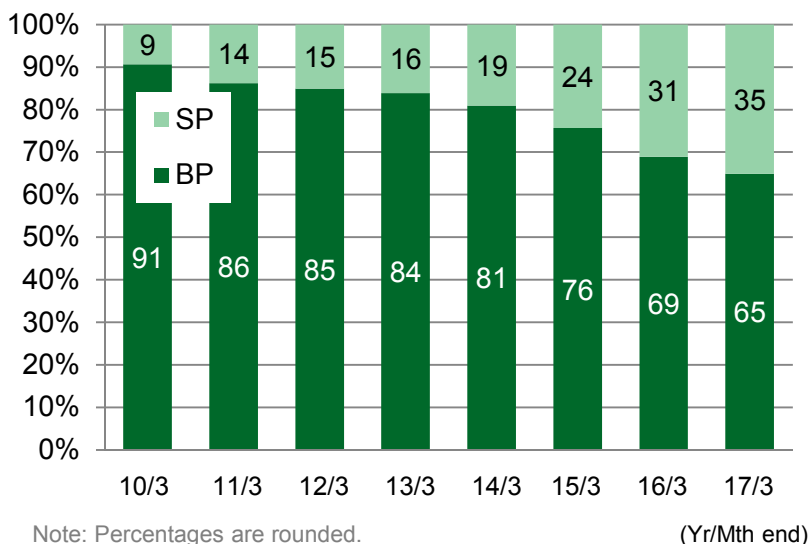
- **Purpose:** Pursue excess return
- **Funding:** Mainly funding from the Base Portfolio
(Transfer price based on market interest rates)
- **Strategy:** Promote global asset allocation while assessing market and economic conditions
Aim to achieve excess return including capital gains
Create a “hedge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

| | Mar 31, 2017 | Difference | Mar 31, 2016 |
|--|--------------|------------|--------------|
| Available-for-sale securities — Japanese local government bonds | 6 | 1 | 6 |
| — Corporate bonds, etc. ¹ | 8 | 1 | 7 |
| — Foreign securities ^{1,3} [Investment trusts] | 52 [32] | 7 [7] | 45 [26] |
| Bonds held to maturity — Japanese local government bonds, etc. | 0 | (0) | 0 |
| Money held in trust (Stocks), etc. ^{2,3} | 3 | 0 | 2 |
| Loans | 1 | (0) | 1 |
| Alternative assets | 1 | 1 | - |

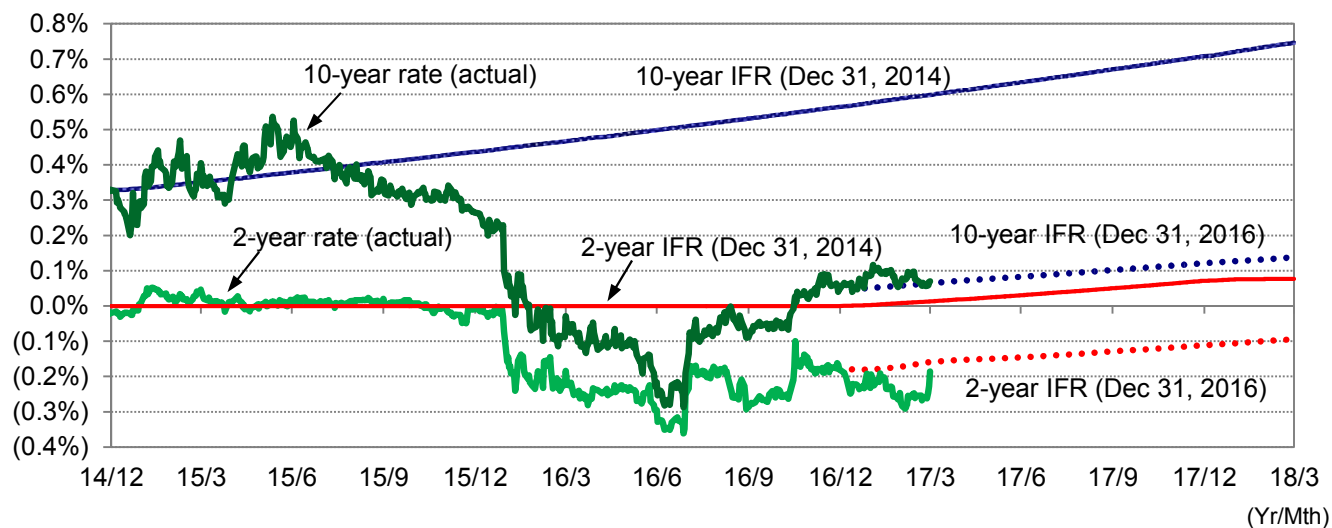
1. Corporate bonds, etc., foreign securities include monetary claims bought.
2. JGBs contained in money held in trust are included in the Base Portfolio.
3. Assets related to alternative investment are included in “alternative assets”.

Development of BP and SP (2)

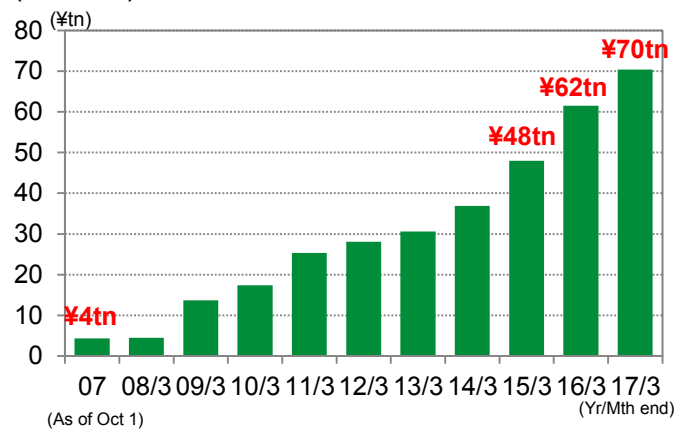
(Chart 1) Shares of BP and SP to Total Portfolio



(Chart 2) Domestic Implied Forward Rates (December 31, 2014 vs December 31, 2016)

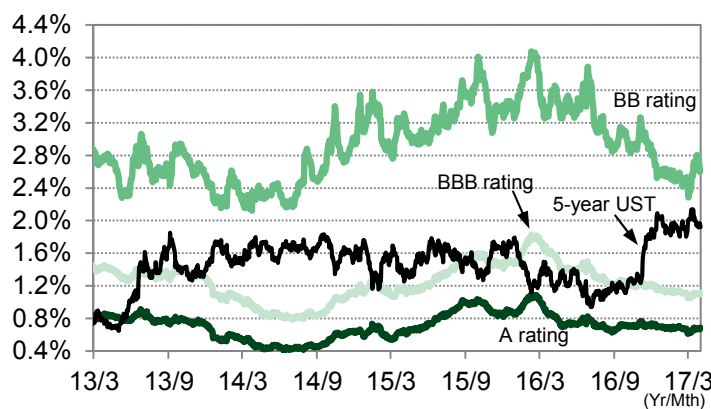


(Chart 3) SP Balance

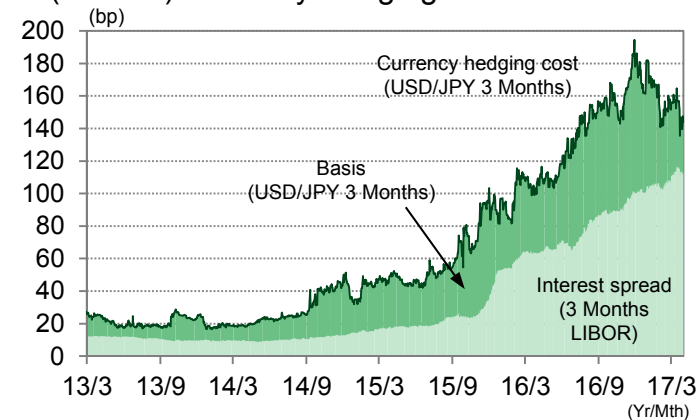


Note: Balance are rounded.

(Chart 4) US Credit Spread



(Chart 5) Currency Hedging Cost



2. FY2018/3 Earnings Forecast

- We forecast FY2018/3 net income up 12.0% YoY

Assumptions for earnings forecast

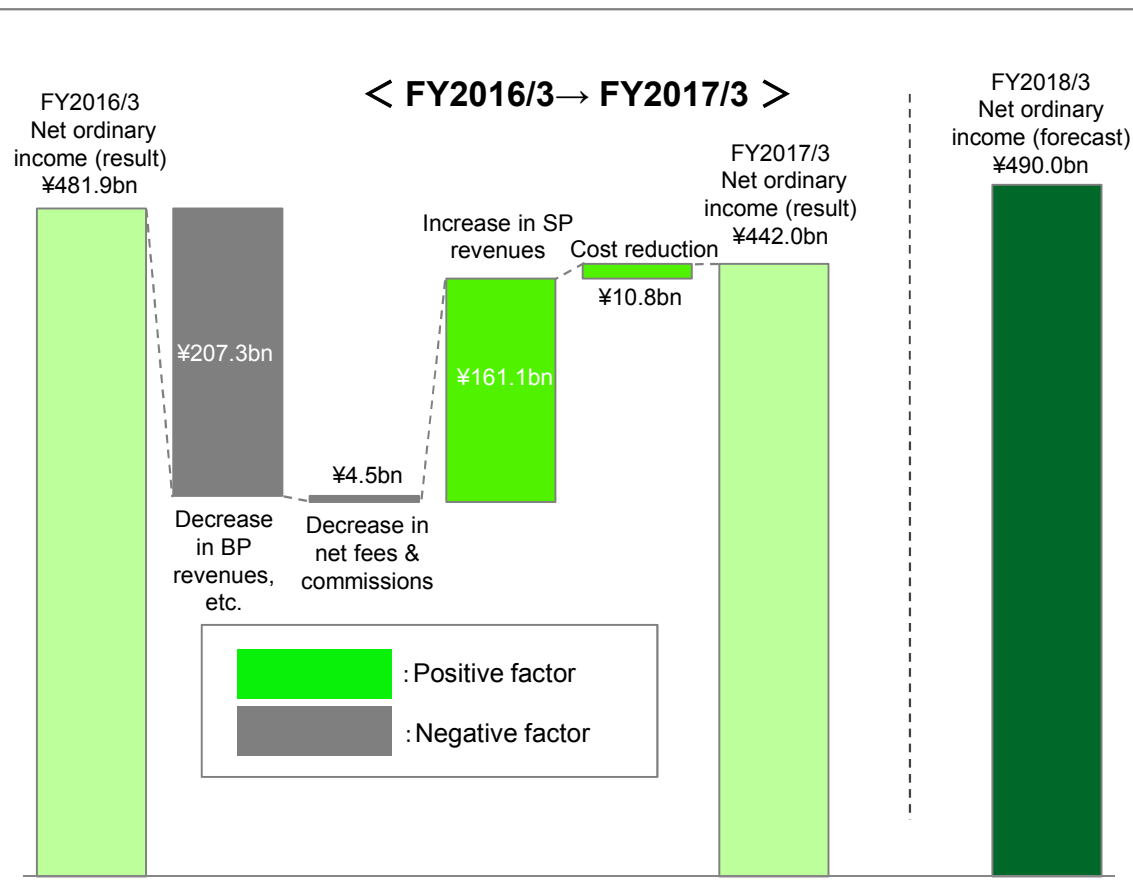
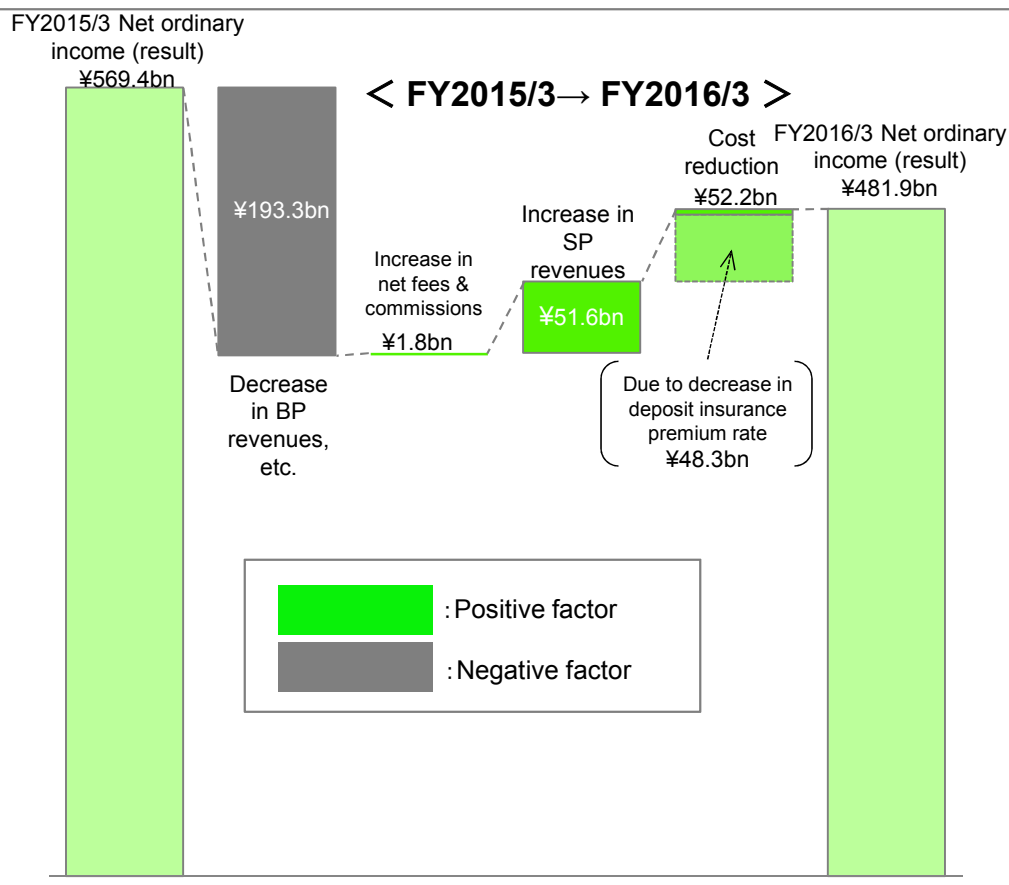
- ◆ Assumptions of domestic and foreign market interest rates are based on the implied forward rates as of December 31, 2016
- ◆ Assumption of foreign exchange rate is approximately \$1=¥114 for USD/JPY

Changes in Net Ordinary Income (from FY2016/3 to FY2017/3)

BP revenues declined considerably under the prolonged severe business environment and fees and commissions dropped mainly due to the cashback campaign of investment trust sales

But promoted further diversification and sophistication of investment strategy and enhanced cost-efficiency

Achieved a certain level of profit as initially forecasted with these initiatives and realization of some appraisal gains



Note: The above figures, showing the change in our net ordinary income have been broken down based on our management accounting process but are different from the results calculated from "Net Gains and Losses by Portfolio" on P28 due to the followings:

- 1) Personnel expenses, non-personnel expenses, and taxes in "Net Gains and Losses by Portfolio" are allocated to BP and SP gains/losses, respectively, while personnel expenses and taxes in the above figures are fully factored into "Decrease in BP revenues, etc." and non-personnel expenses into "Cost reduction."
- 2) Fees and commissions in "Net Gains and Losses by Portfolio" are allocated to BP and SP gains/losses, respectively, while those in the above figures are factored into "Increase in net fees and commissions."
- 3) Increase/decrease in net other ordinary income, which are unrecognized under management accounting basis, are factored into "Decrease in BP revenues, etc." in the above figures.

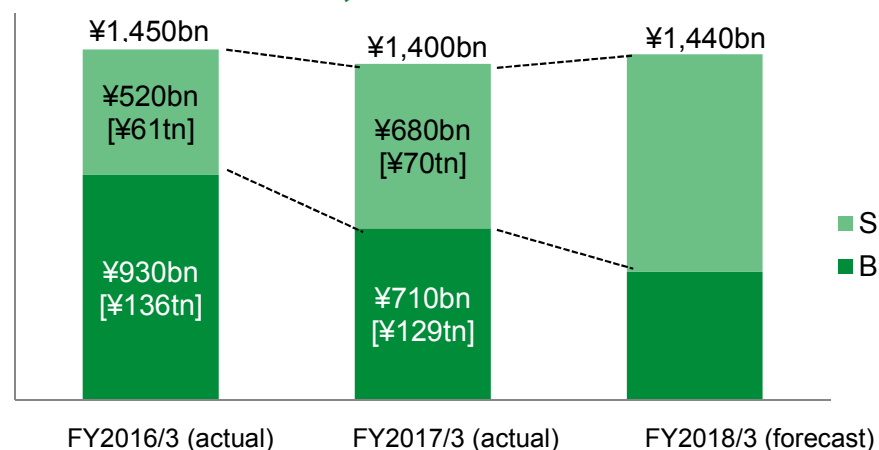
FY2018/3 Earnings Forecast / Dividend Policy

FY2018/3 net ordinary income and net income forecasts are ¥490.0bn and ¥350.0bn, respectively
Forecast per-share dividend of 50 yen (including interim dividend of 25 yen) for FY2018/3

Earnings forecast for FY2018/3

| | For the fiscal year | |
|---------------------|--|-------------------------------------|
| | ending March 31, 2018 (forecast) | ended March 31, 2017 (actual) |
| Net ordinary income | 490.0 | 442.0 |
| Net income | 350.0 | 312.2 |

Actual results and forecasts of net interest income, etc. Notes 1,2,3



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

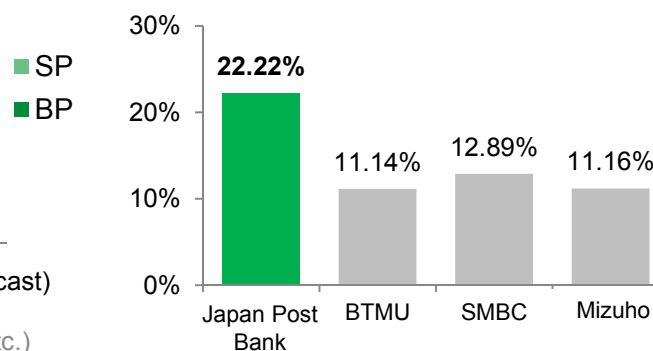
2 Figures in parentheses show fiscal year-end balances.

3 Figures for net interest income, etc. are in billion yen; those for balances are in trillion yen.

Actual result and forecast of dividends



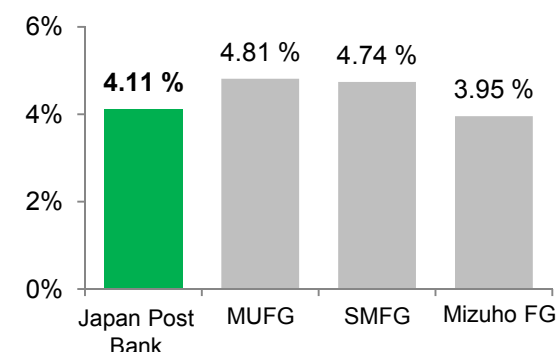
(Reference 1) Capital Adequacy Ratio (Mar 31, 2017)



Source: Corporate disclosure materials

Note: Japan Post Bank calculates capital adequacy ratio based on domestic standard (non-consolidated). BTMU, SMBC, Mizuho calculate common equity Tier 1 ratios based on uniform international standard (consolidated).

(Reference 2) Leverage Ratio (pro forma basis, Mar 31, 2017)



Source: Corporate disclosure materials

Note1: MUFG, SMFG, Mizuho FG are consolidated group basis.
 Note2: Regarding definition of leverage ratio by Basel Committee on Banking Supervision, final adjustment is not completed. The Bank's leverage ratio (pro forma basis) = Core capital/Total assets (as reported on B/S)

3. Business Development for Future Growth

Key initiatives for FY2018/3

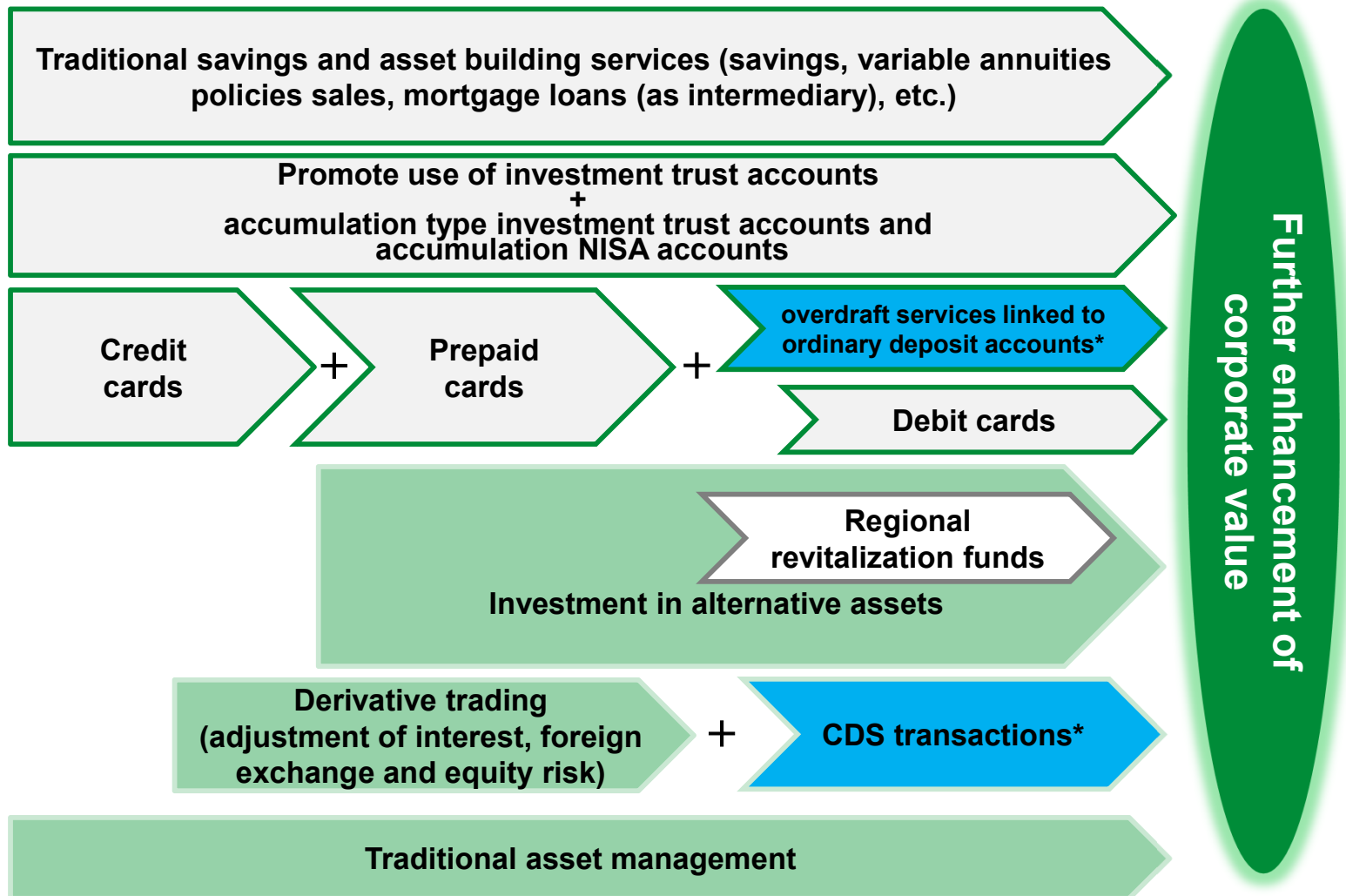
- ◆ Customer-oriented financial services
 - Expanding sales of investment trust products
 - Offering further settlement options, etc.
 - Attracting customers with wider range of products and services
- ◆ Funds flow to regional communities
 - Expanding the cooperation with regional financial institutions through participations in regional revitalization funds, etc.
- ◆ Sophistication of investment management
 - Promoting diversification focusing on foreign assets along with appropriate risk management
 - Upgrading operational framework for investments in new asset classes

**Customer-oriented
financial services**

**“From savings to
asset building”**

**Funds flow to
regional
communities**

**Sophistication of
investment
management**



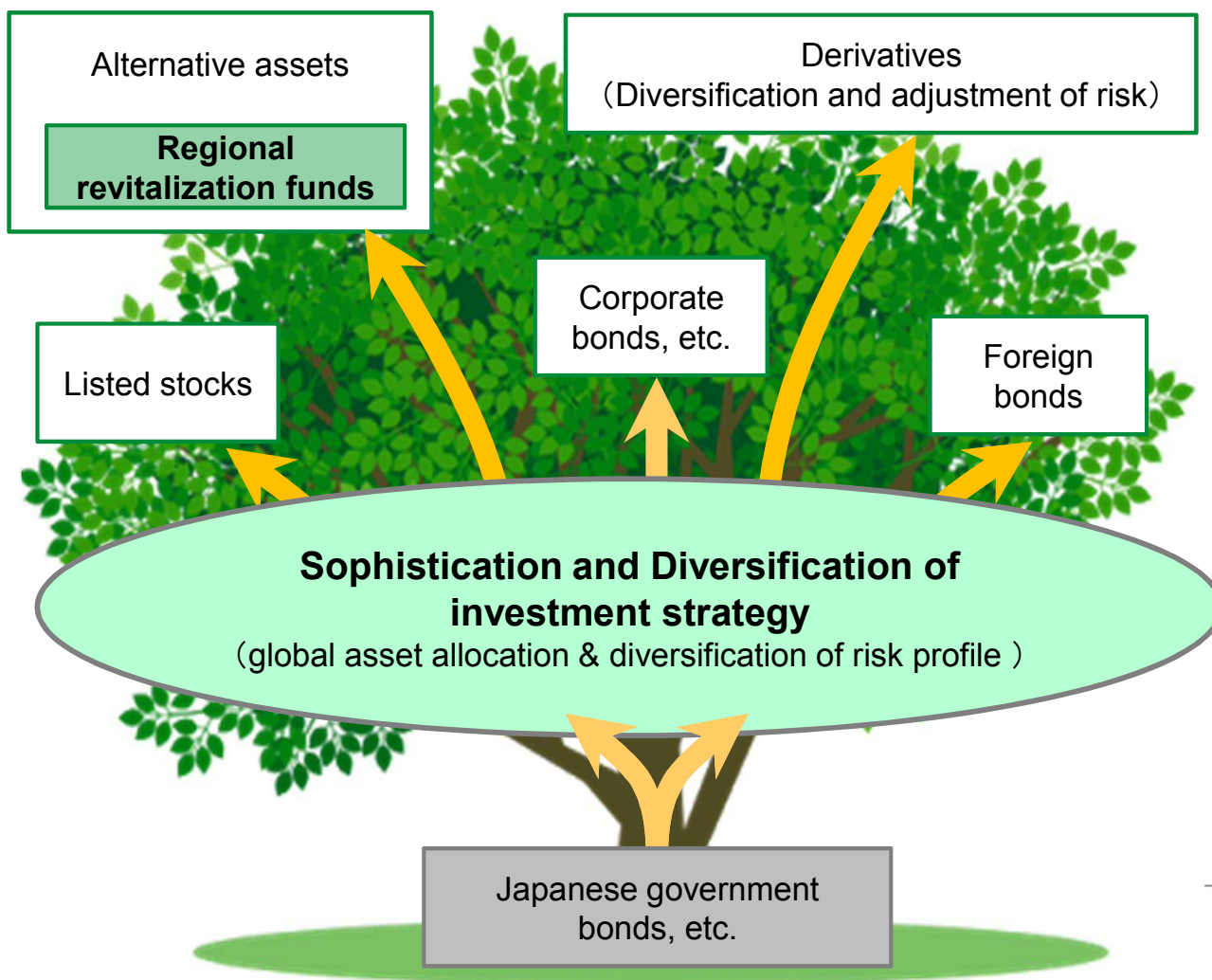
* Waiting for regulatory approval (as of May 18, 2017)

Diversification and Sophistication of Investment Strategy

Start investing in alternative assets (private equity, real estate funds and hedge funds)

Contribute to revitalization of domestic regional economies by new investment methods (LP investments in funds, etc.)

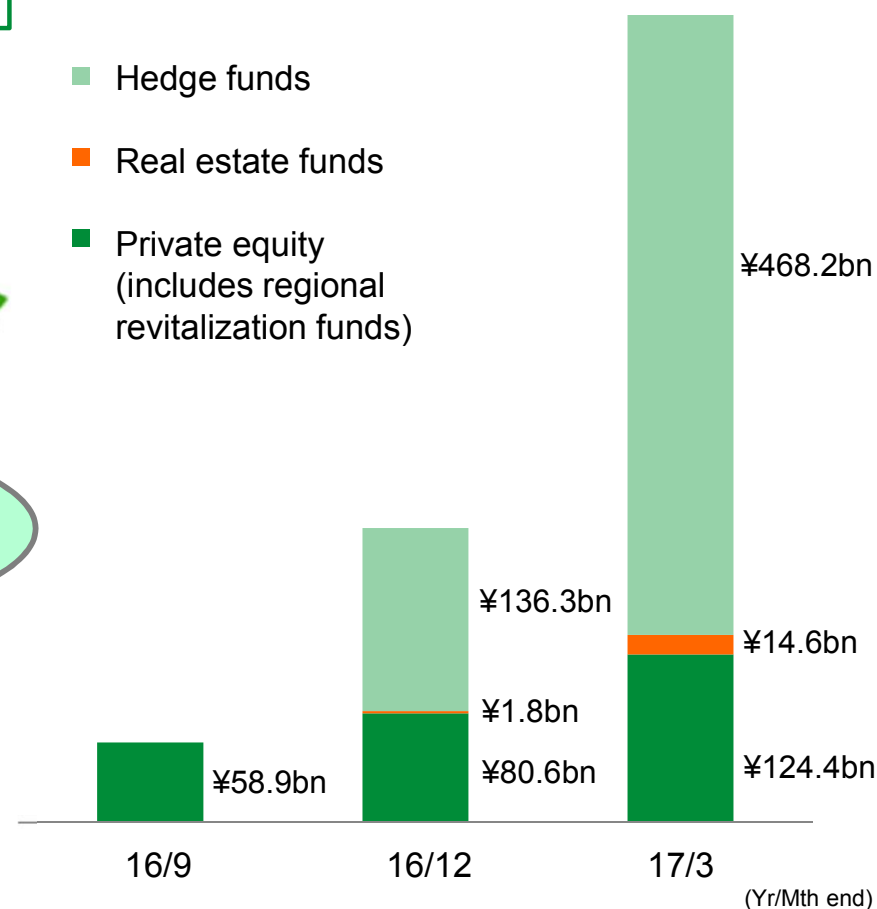
Promote human resource development focused on making GP investment contributions in the long term



<Alternative investment>

Total ¥607.3bn

- Hedge funds
- Real estate funds
- Private equity (includes regional revitalization funds)



1. Real-time money transfer service

Real-time money transfer from customer's bank account to alliance partners' accounts via Internet services of partners companies

(LINE Pay Corporation)



(Monex, Inc.)

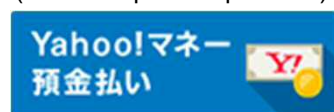


(Nomura Securities Co., Ltd.)



※ in alphabetical order

(Yahoo Japan Corporation)



(YOU-ME CARD CO LTD)



Etc.

3. Issuance of regional prepaid VISA card "mijica"

【Sendai City】



【Kumamoto City】



Issuance of brand debit card under consideration

2. Installment of compact ATMs at FamilyMart stores

Installment of compact ATMs at FamilyMart stores on nationwide basis

- Units: 3,500 (from Jan 2017)
- Compatible with 16 languages¹
- Overseas issued cards can be used²

Notes 1: Compact ATMs only.

2: Available in all Japan Post Bank's ATMs.



4. Cooperation with FinTech companies for convenience store settlement transactions

Settlement service enabling customers to pay bills etc. with payment forms via their smart phones

(Service scheduled to start around summer 2017)



Appendix

- Overview of FY2017/3 Results
 - Changes in Net Ordinary Income (from FY2015/3 to FY2018/3)
 - Management Indicators
 - Summarized Balance Sheets
 - Income Analysis
 - Net Interest Income and Interest Rate Spread
 - Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities
 - Asset Management Status
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 - Detailed Information on Capital Adequacy
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 - Framework for Corporate Governance
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Overview of FY2017/3 Results

Results of Operations

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|--|---------------------------|-----------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Gross operating profit | 1,410.2 | 1,452.0 | (41.8) |
| Net interest income | 1,223.5 | 1,361.0 | (137.5) |
| Net fees and commissions | 86.6 | 91.1 | (4.5) |
| Net other operating income (loss) | 100.0 | (0.1) | 100.2 |
| Gains (losses) on foreign exchanges | 99.3 | (1.4) | 100.8 |
| Gains (losses) on bonds | (2.4) | 1.8 | (4.3) |
| General and administrative expenses (*) | 1,056.1 | 1,066.1 | (10.0) |
| Provision for general reserve for possible loan losses | (0.0) | — | (0.0) |
| Net operating profit | 354.0 | 385.8 | (31.7) |
| Non-recurring gains (losses) | 87.9 | 96.1 | (8.1) |
| Gains (losses) on money held in trust | 82.9 | 93.8 | (10.9) |
| Net ordinary income | 442.0 | 481.9 | (39.9) |
| Net income | 312.2 | 325.0 | (12.8) |

* General and administrative expenses exclude non-recurring losses.

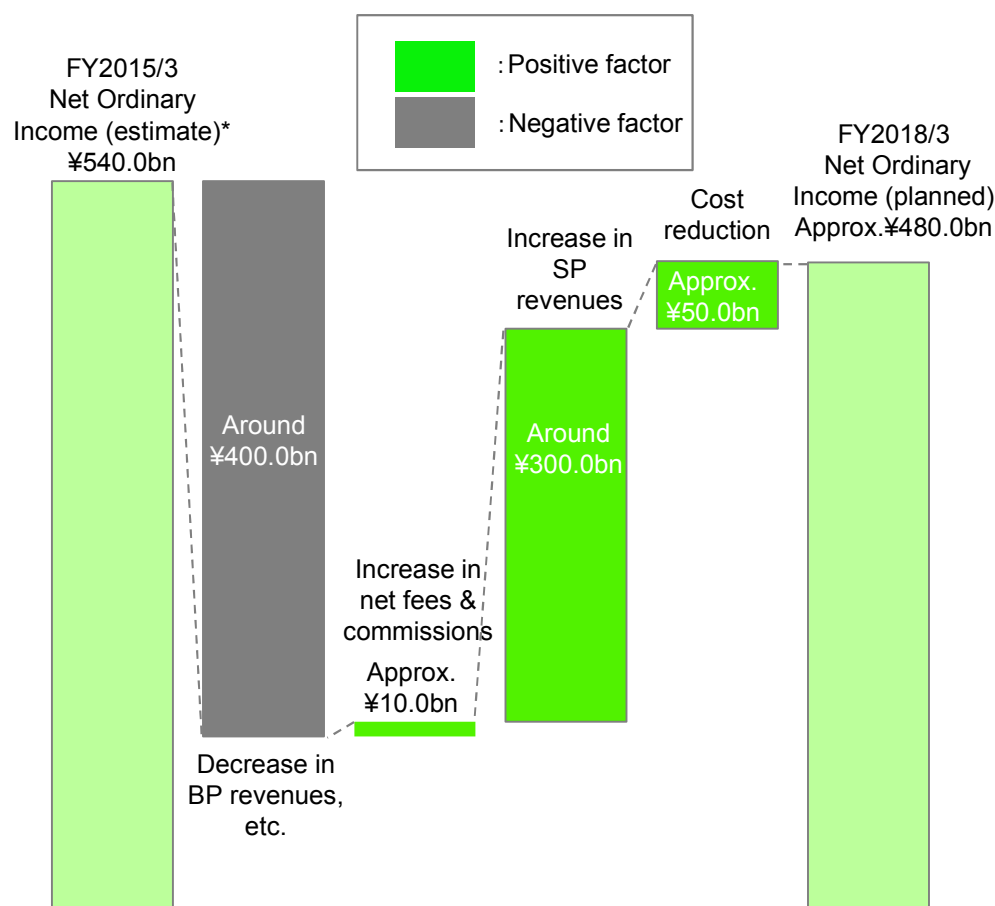
Financial Condition

| | As of | | Increase (Decrease) (A) – (B) |
|---|-----------------------|-----------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Assets | 209,568.8 | 207,056.0 | 2,512.7 |
| Cash and due from banks | 51,281.9 | 45,895.0 | 5,386.8 |
| Call loans | 470.0 | 978.8 | (508.8) |
| Receivables under securities borrowing transactions | 8,718.9 | 7,923.2 | 795.6 |
| Money held in trust | 3,817.9 | 3,561.1 | 256.7 |
| Securities | 138,792.4 | 144,076.8 | (5,284.3) |
| Loans | 4,064.1 | 2,542.0 | 1,522.0 |
| Liabilities | 197,788.7 | 195,547.8 | 2,240.8 |
| Deposits | 179,434.6 | 177,871.9 | 1,562.6 |
| Payables under securities lending transactions | 13,694.2 | 13,123.5 | 570.7 |
| Net assets | 11,780.0 | 11,508.1 | 271.8 |
| Total shareholders' equity | 8,729.6 | 8,605.2 | 124.3 |
| Total valuation and translation adjustments | 3,050.4 | 2,902.8 | 147.5 |

Changes in Net Ordinary Income (from FY2015/3 to FY2018/3)

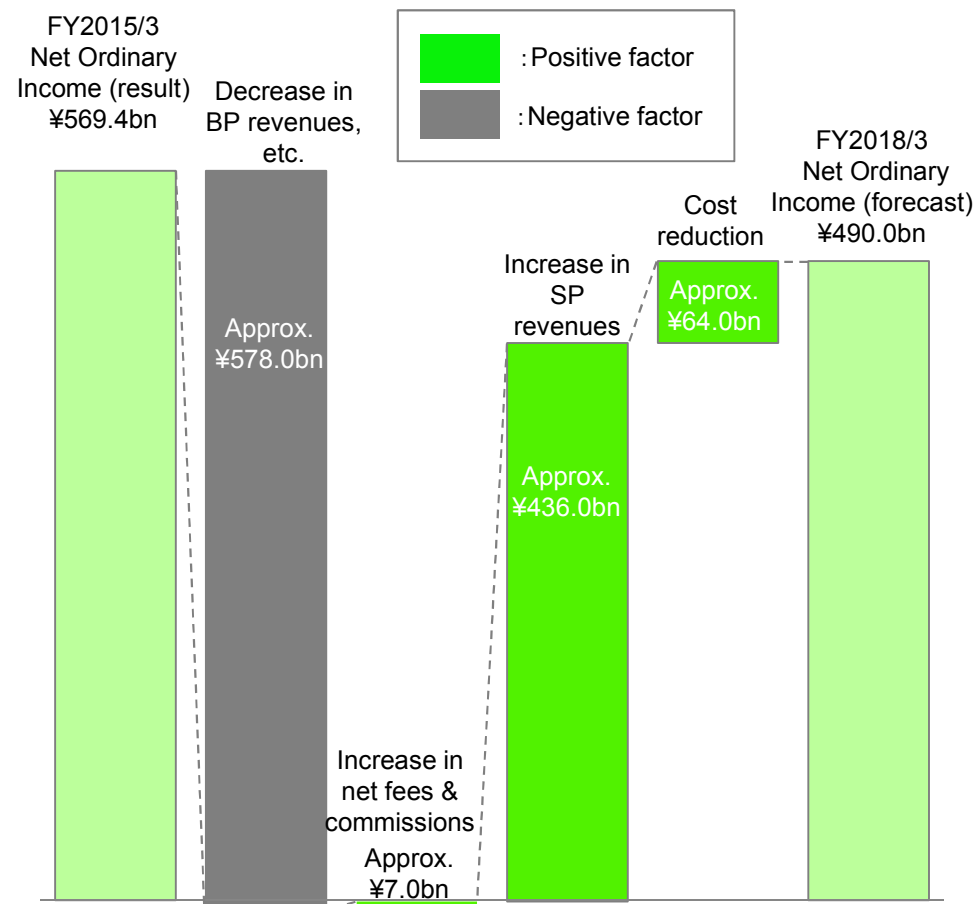
Amid a deeper-than-expected decline in BP revenues due to prolonged historically low interest rate environment, have expanded SP ahead of the medium-term plan by accelerating global asset allocation and investment sophistication
And continue to make company-wide efforts in boosting fee revenues and pursuing further cost reduction, in addition to the realization of FX gains on redemption of foreign bonds, seeking to meet medium-term targets

< Medium-term Management Plan >



* As of the time our medium-term management plan was contemplated.

< FY2015/3 → FY2018/3 >



Management Indicators

(¥bn)

| | March 31, 2017 | Difference (% pt) | March 31, 2016 |
|---|----------------|----------------------|----------------|
| Capital adequacy ratio (Domestic standards) | 22.22% | (4.16) | 26.38% |
| Total capital | 8,616.9 | | 8,499.3 |
| Total risk weighted assets | 38,779.8 | | 32,218.5 |
| Loss-to-capital ratio | 11.16% | 4.12 | 7.03% |
| Amount of loss | 961.8 | | 598.0 |
| Japanese yen | 238.0 | | 178.8 |
| US dollars | 654.4 | | 366.2 |
| Capital | 8,616.9 | | 8,499.3 |
| Leverage ratio (pro forma basis) ¹ | 4.11% | 0.00 | 4.10% |
| Core capital | 8,616.9 | | 8,499.3 |
| Total assets | 209,568.8 | | 207,056.0 |
| ROE | 2.68% | (0.12) | 2.80% |
| Net income | 312.2 | | 325.0 |
| Average of the beginning and ending balances of net assets | 11,644.0 | | 11,569.1 |
| OHR | 74.89% | 1.46 | 73.42% |
| General and administrative expenses | 1,056.1 | | 1,066.1 |
| Gross operating profit | 1,410.2 | | 1,452.0 |
| Yield on interest-earning assets | 0.78% | (0.08) | 0.86% |
| Net interest margin | 0.60% | (0.06) | 0.66% |
| Yield on interest-earning assets | 0.78% | | 0.86% |
| Interest rate on interest-bearing liabilities | 0.18% | | 0.19% |

Declined due to increase in foreign credit investment and alternative investment

Declined due to decrease in net income

Increased due to decrease in gross operating profit, in spite of decrease in G&A expenses

Reflects the redemption of higher-yield assets invested in the past and replacement by lower-yield assets

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

Summarized Balance Sheets

(Millions of yen)

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|-----------------------------|-----------------------------|-------------------------------------|
| Total assets | 209,568,820 | 207,056,039 | 2,512,781 |
| Cash and due from banks | 51,281,921 | 45,895,068 | 5,386,853 |
| Call loans | 470,000 | 978,837 | (508,837) |
| Receivables under securities borrowing transactions | 8,718,905 | 7,923,229 | 795,676 |
| Monetary claims bought | 252,214 | 178,509 | 73,705 |
| Trading account securities | 9 | 187 | (178) |
| Money held in trust | 3,817,908 | 3,561,110 | 256,797 |
| Securities | 138,792,448 | 144,076,834 | (5,284,385) |
| Loans | 4,064,120 | 2,542,049 | 1,522,070 |
| Foreign exchanges | 78,646 | 25,328 | 53,318 |
| Other assets | 1,871,733 | 1,573,316 | 298,416 |
| Tangible fixed assets | 175,825 | 182,733 | (6,907) |
| Intangible fixed assets | 46,183 | 44,865 | 1,318 |
| Customers' liabilities for acceptances and guarantees | — | 75,000 | (75,000) |
| Reserve for possible loan losses | (1,096) | (1,030) | (65) |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|---|-----------------------------|-----------------------------|-------------------------------------|
| Total liabilities and net assets | 209,568,820 | 207,056,039 | 2,512,781 |
| Total liabilities | 197,788,782 | 195,547,888 | 2,240,893 |
| Deposits | 179,434,686 | 177,871,986 | 1,562,699 |
| Call money | 45,436 | 22,536 | 22,900 |
| Payables under repurchase agreements | 960,937 | 554,522 | 406,415 |
| Payables under securities lending transactions | 13,694,294 | 13,123,558 | 570,736 |
| Commercial paper | 40,324 | — | 40,324 |
| Foreign exchanges | 407 | 338 | 68 |
| Other liabilities | 2,185,197 | 2,532,920 | (347,723) |
| Reserve for bonuses | 6,007 | 6,020 | (12) |
| Reserve for employees' retirement benefits | 148,800 | 149,720 | (919) |
| Reserve for management board benefit trust | 43 | — | 43 |
| Reserve for reimbursement of deposits | 2,096 | — | 2,096 |
| Deferred tax liabilities | 1,270,550 | 1,211,286 | 59,264 |
| Acceptances and guarantees | — | 75,000 | (75,000) |
| Total net assets | 11,780,037 | 11,508,150 | 271,887 |
| Capital stock | 3,500,000 | 3,500,000 | — |
| Capital surplus | 4,296,285 | 4,296,285 | — |
| Retained earnings | 2,233,759 | 2,108,969 | 124,790 |
| Treasury stock | (1,300,411) | (1,299,999) | (411) |
| Total shareholders' equity | 8,729,634 | 8,605,256 | 124,378 |
| Net unrealized gains (losses) on available-for-sale securities | 3,166,980 | 3,322,827 | (155,846) |
| Net deferred gains (losses) on hedges | (116,577) | (419,932) | 303,355 |
| Total valuation and translation adjustments | 3,050,403 | 2,902,894 | 147,508 |

Income Analysis

(Millions of yen)

| | For the fiscal year ended | | (A) – (B) |
|--|---------------------------|--------------------|-----------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Gross operating profit | 1,410,256 | 1,452,082 | (41,825) |
| Net interest income | 1,223,546 | 1,361,065 | (137,519) |
| Net fees and commissions | 86,619 | 91,139 | (4,520) |
| Net other operating income (loss) | 100,091 | (122) | 100,213 |
| Gains (losses) on foreign exchanges | 99,395 | (1,471) | 100,867 |
| Gains (losses) on bonds | (2,454) | 1,846 | (4,300) |
| General and administrative expenses | (1,056,168) | (1,066,184) | 10,015 |
| Personnel expenses | (125,328) | (125,423) | 95 |
| Non-personnel expenses | (854,369) | (865,169) | 10,800 |
| Taxes and dues | (76,470) | (75,591) | (879) |
| Operating profit (before provision for general reserve for possible loan losses) | 354,087 | 385,897 | (31,810) |
| Provision for general reserve for possible loan losses | 10 | — | 10 |
| Net operating profit | 354,098 | 385,897 | (31,799) |
| Non-recurring gains (losses) | 87,987 | 96,100 | (8,112) |
| Gains (losses) related to stocks | 88 | 3,232 | (3,143) |
| Gains (losses) on money held in trust | 82,930 | 93,867 | (10,937) |
| Net ordinary income | 442,085 | 481,998 | (39,912) |

| | For the fiscal year ended | | (A) – (B) |
|---|---------------------------|--------------------|-----------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Extraordinary income (loss) | (1,488) | (1,109) | (379) |
| Gains (losses) on sales and disposals of fixed assets | (529) | (1,103) | 573 |
| Losses on impairment of fixed assets | (958) | (5) | (953) |
| Income before income taxes | 440,596 | 480,888 | (40,292) |
| Income taxes – current | (133,287) | (152,528) | 19,241 |
| Income taxes – deferred | 4,954 | (3,291) | 8,245 |
| Total income taxes | (128,332) | (155,819) | 27,486 |
| Net income | 312,264 | 325,069 | (12,805) |
| Gains (losses) on money held in trust | 82,930 | 93,867 | (10,937) |
| Dividends and interest income | 51,556 | 54,137 | (2,581) |
| Gains (losses) on sales of stocks | 41,608 | 47,700 | (6,091) |
| Impairment losses | (3,734) | (1,588) | (2,146) |
| Withholding income tax, etc. | (6,499) | (6,382) | (117) |
| Credit-related expenses | 0 | 18 | (18) |
| Provision for general reserve for possible loan losses | 0 | 18 | (18) |
| Write-off of loans | — | — | — |
| Provision for specific reserve for possible loan losses | — | — | — |
| Recoveries of written-off loans | — | — | — |

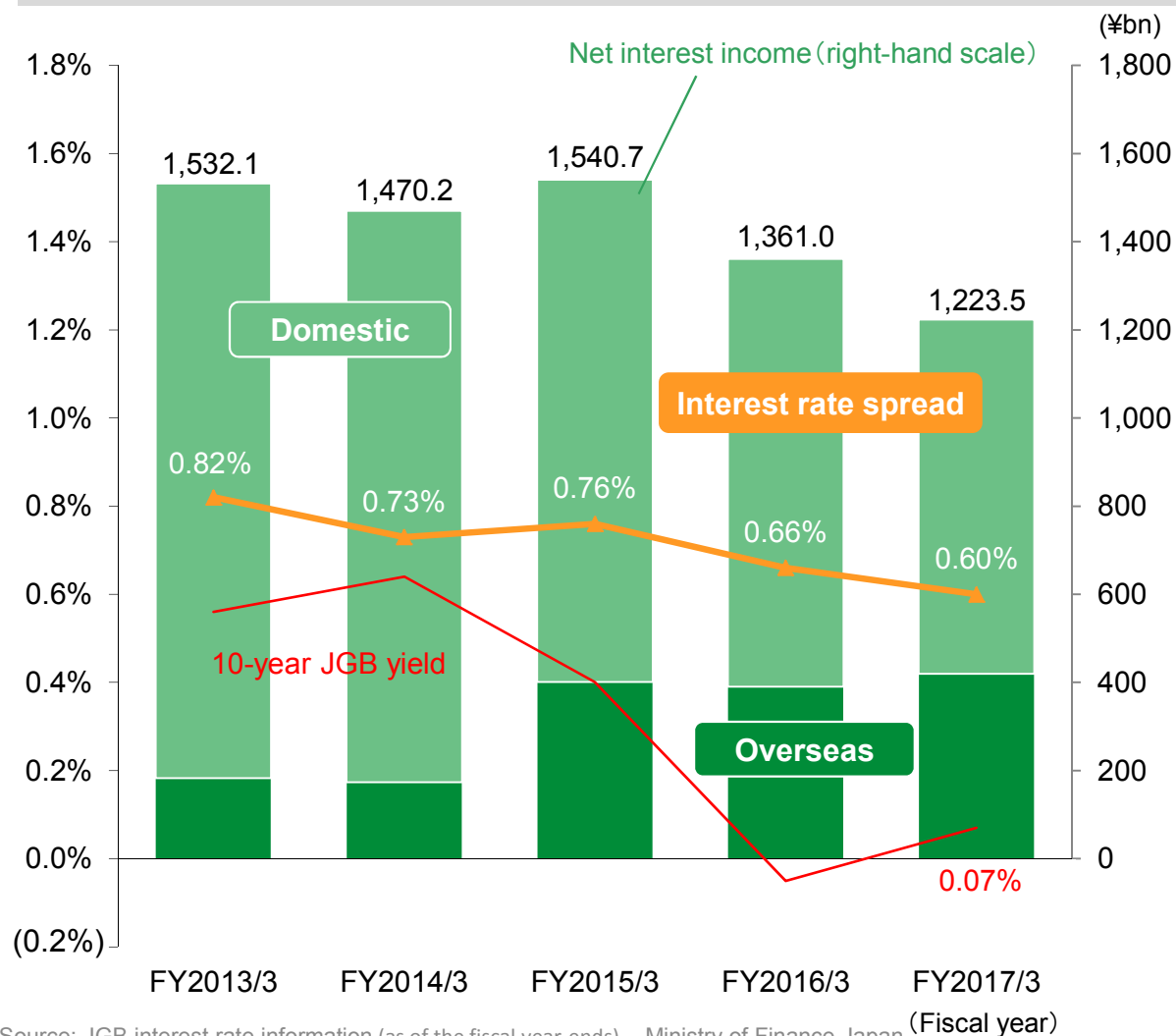
Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥2,115 million and ¥2,179 million recorded as profits for the fiscal years ended March 31, 2017 and 2016, respectively).

2. Credit-related expenses are those expenses related to problem assets disclosed under the Financial Reconstruction Act.

3. Numbers in parenthesis indicate the amount of loss, expense or decrease.

Net Interest Income and Interest Rate Spread

Net interest income was ¥1,223.5bn and interest rate spread was 0.60% for the fiscal year ended March 31, 2017



Source: JGB interest rate information (as of the fiscal year-ends) – 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.

Domestic

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|--|---------------------------|-----------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Net interest income | 804.0 | 970.5 | (166.5) |
| Interest income | 1,046.5 | 1,248.6 | (202.0) |
| Interest income on Japanese government bonds | 793.3 | 966.6 | (173.3) |
| Interest expenses | 242.5 | 278.0 | (35.5) |

Overseas

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---------------------------------------|---------------------------|-----------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Net interest income | 419.5 | 390.4 | 29.0 |
| Interest income | 596.6 | 545.9 | 50.6 |
| Interest income on foreign securities | 595.3 | 541.0 | 54.3 |
| Interest expenses | 177.1 | 155.5 | 21.6 |

Total

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---------------------|---------------------------|-----------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Net interest income | 1,223.5 | 1,361.0 | (137.5) |
| Interest income | 1,567.5 | 1,731.2 | (163.7) |
| Interest expenses | 343.9 | 370.1 | (26.1) |

Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities (1)

(1) Domestic (Millions of yen, %)

| | For the fiscal year ended | | | | | | Increase (Decrease) (A) – (B) |
|--|---------------------------|-----------|----------------|--------------------|-----------|----------------|-------------------------------------|
| | March 31, 2017 (A) | | | March 31, 2016 (B) | | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield | Earnings yield |
| Interest-earning assets | 193,991,919 | 1,046,541 | 0.53 | 192,120,047 | 1,248,620 | 0.64 | (0.11) |
| Loans | 3,081,133 | 17,741 | 0.57 | 2,681,909 | 25,091 | 0.93 | (0.35) |
| Securities | 92,901,349 | 926,690 | 0.99 | 109,010,368 | 1,116,543 | 1.02 | (0.02) |
| Receivables under securities borrowing transactions | 8,318,619 | 1,471 | 0.01 | 8,586,952 | 7,958 | 0.09 | (0.07) |
| Due from banks, etc. | 47,723,014 | 24,916 | 0.05 | 39,310,383 | 35,624 | 0.09 | (0.03) |
| Interest-bearing liabilities | 184,991,156 | 242,503 | 0.13 | 184,078,165 | 278,032 | 0.15 | (0.01) |
| Deposits | 179,251,855 | 200,373 | 0.11 | 177,868,069 | 232,795 | 0.13 | (0.01) |
| Payables under securities lending transactions | 8,385,284 | 844 | 0.01 | 8,650,599 | 7,337 | 0.08 | (0.07) |

(2) Overseas (Millions of yen, %)

| | For the fiscal year ended | | | | | | Increase (Decrease) (A) – (B) |
|--|---------------------------|----------|----------------|--------------------|----------|----------------|-------------------------------------|
| | March 31, 2017 (A) | | | March 31, 2016 (B) | | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield | Earnings yield |
| Interest-earning assets | 48,252,687 | 596,691 | 1.23 | 40,910,445 | 545,998 | 1.33 | (0.09) |
| Loans | 2,151 | 7 | 0.35 | 2,614 | 11 | 0.43 | (0.08) |
| Securities | 48,099,311 | 595,384 | 1.23 | 40,072,765 | 541,079 | 1.35 | (0.11) |
| Receivables under securities borrowing transactions | — | — | — | — | — | — | — |
| Due from banks, etc. | 81,553 | 968 | 1.18 | 777,583 | 4,704 | 0.60 | 0.58 |
| Interest-bearing liabilities | 47,375,519 | 177,183 | 0.37 | 38,370,177 | 155,520 | 0.40 | (0.03) |
| Deposits | — | — | — | — | — | — | — |
| Payables under securities lending transactions | 4,674,255 | 40,697 | 0.87 | 5,500,853 | 25,895 | 0.47 | 0.39 |

Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities (2)

(3) Total

(Millions of yen, %)

| | For the fiscal year ended | | | | | | Increase (Decrease) (A) – (B) |
|--|---------------------------|-----------|----------------|--------------------|-----------|----------------|-------------------------------------|
| | March 31, 2017 (A) | | | March 31, 2016 (B) | | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield | Earnings yield |
| Interest-earning assets | 200,321,045 | 1,567,512 | 0.78 | 200,500,267 | 1,731,217 | 0.86 | (0.08) |
| Loans | 3,083,285 | 17,748 | 0.57 | 2,684,524 | 25,103 | 0.93 | (0.35) |
| Securities | 141,000,661 | 1,522,075 | 1.07 | 149,083,133 | 1,657,623 | 1.11 | (0.03) |
| Receivables under securities borrowing transactions | 8,318,619 | 1,471 | 0.01 | 8,586,952 | 7,958 | 0.09 | (0.07) |
| Due from banks, etc. | 47,804,568 | 25,885 | 0.05 | 40,087,966 | 40,329 | 0.10 | (0.04) |
| Interest-bearing liabilities | 190,443,114 | 343,966 | 0.18 | 189,918,117 | 370,151 | 0.19 | (0.01) |
| Deposits | 179,251,855 | 200,373 | 0.11 | 177,868,069 | 232,795 | 0.13 | (0.01) |
| Payables under securities lending transactions | 13,059,539 | 41,542 | 0.31 | 14,151,453 | 33,233 | 0.23 | 0.08 |

Notes: 1. “Domestic” represents yen-denominated transactions while “overseas” represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in “overseas”).

2. Income and expenses for money held in trust are included in “other ordinary income” and “other ordinary expenses,” respectively. Accordingly, the average balance of money held in trust (fiscal year ended March 31, 2017, ¥2,646,250 million; fiscal year ended March 31, 2016, ¥2,450,837 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (fiscal year ended March 31, 2017, ¥2,646,250 million; fiscal year ended March 31, 2016, ¥2,450,837 million) and the corresponding interest (fiscal year ended March 31, 2017, ¥4,779 million; fiscal year ended March 31, 2016, ¥4,776 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 ¥900 million for the fiscal year ended March 31, 2017 (¥61,984 million for the fiscal year ended March 31, 2016).

4. Average balance and interest on transactions between “domestic” and “overseas” are offset to calculate totals.

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

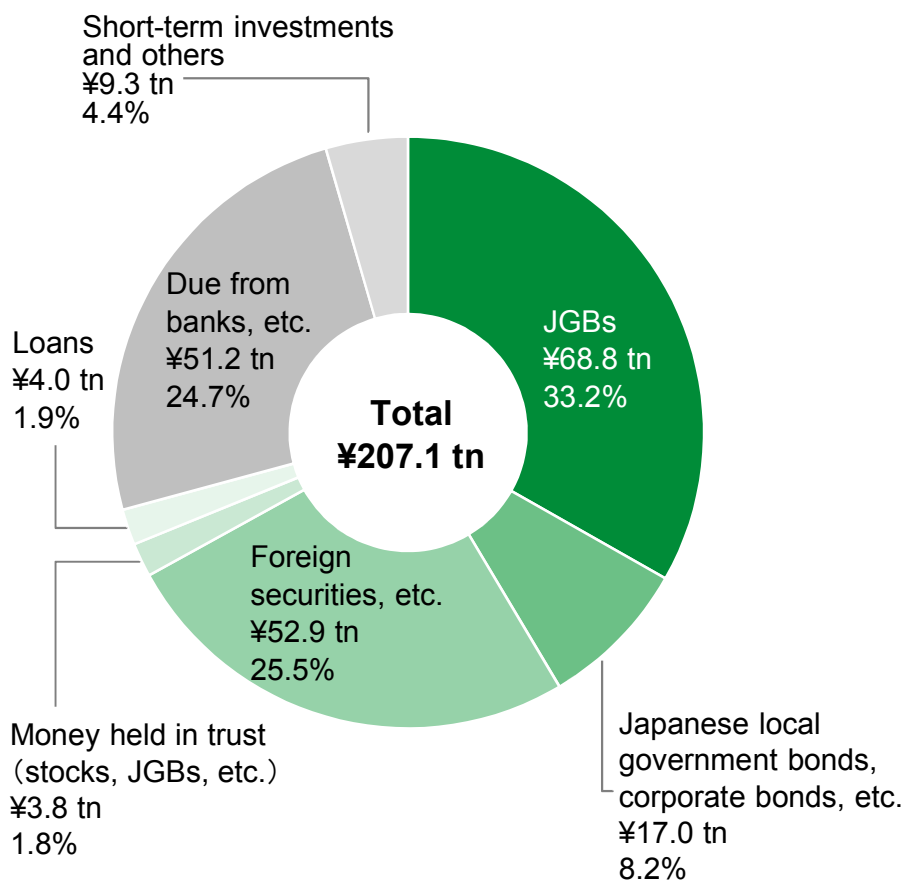
Interest Rate Spread

(%)

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Yield on interest-earning assets (a) | 0.78 | 0.86 | (0.08) |
| Total cost of funding (including general and administrative expenses) (b) | 0.73 | 0.75 | (0.02) |
| Interest rate on interest-bearing liabilities (c) | 0.18 | 0.19 | (0.01) |
| Overall interest rate spread (a) - (b) | 0.04 | 0.10 | (0.05) |
| Interest rate spread (a) - (c) | 0.60 | 0.66 | (0.06) |

Asset Management Status (1)

Included in investment assets as of March 31, 2017, JGBs were ¥68.8tn and foreign securities, etc. were ¥52.9tn



| (¥bn) | | | | | |
|--|--------------------------|--------------|--------------------------|-------|-------------------------------|
| Categories | As of March 31, 2017 (A) | % | As of March 31, 2016 (B) | % | Increase (Decrease) (A) – (B) |
| Securities | 138,792.4 | 66.9 | 144,076.8 | 70.3 | (5,284.3) |
| Japanese government bonds | 68,804.9 | 33.2 | 82,255.6 | 40.1 | (13,450.6) |
| Japanese local government bonds, corporate bonds, etc. (*) | 17,070.4 | 8.2 | 16,425.6 | 8.0 | 644.8 |
| Foreign securities, etc. | 52,917.0 | 25.5 | 45,395.5 | 22.1 | 7,521.4 |
| Foreign bonds | 20,143.4 | 9.7 | 19,829.5 | 9.6 | 313.9 |
| Investment trusts | 32,726.7 | 15.7 | 25,520.9 | 12.4 | 7,205.7 |
| Money held in trust (stocks, JGBs, etc.) | 3,817.9 | 1.8 | 3,561.1 | 1.7 | 256.7 |
| Domestic stocks | 2,079.2 | 1.0 | 1,878.6 | 0.9 | 200.6 |
| Loans | 4,064.1 | 1.9 | 2,542.0 | 1.2 | 1,522.0 |
| Due from banks, etc. (**) | 51,213.3 | 24.7 | 45,769.1 | 22.3 | 5,444.2 |
| Short-term investments and others (***) | 9,305.6 | 4.4 | 8,927.5 | 4.3 | 378.0 |
| Total | 207,193.4 | 100.0 | 204,876.6 | 100.0 | 2,316.8 |

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

** “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.

Asset Management Status (2)

Net unrealized gains on available-for-sale securities adjusted by gains (losses) on hedge transactions were ¥4,398.1bn as of March 31, 2017 (before application of tax effect accounting)

(¥bn)

| | As of March 31, 2017 | | 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 | 38,316.9 | 1,456.5 | 52,052.5 | 2,208.3 |

(¥bn)

| | As of March 31, 2017 | | 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 | 104,470.1 | 4,566.1 | 95,847.5 | 4,791.7 |
| Securities (*) (A) | 100,666.9 | 3,282.1 | 92,286.3 | 3,872.4 |
| Japanese government bonds | 33,487.5 | 1,320.7 | 34,358.2 | 1,744.7 |
| Foreign bonds | 20,078.5 | 1,335.1 | 19,732.7 | 1,967.8 |
| Investment trusts | 32,604.2 | 435.0 | 25,520.9 | (128.0) |
| Others | 14,496.5 | 191.1 | 12,674.4 | 287.9 |
| Effect of fair value hedge accounting (B) | | 185.3 | | 35.3 |
| Money held in trust (*) (C) | 3,803.2 | 1,098.6 | 3,561.1 | 883.8 |
| Domestic stocks | 2,079.2 | 1,058.6 | 1,878.6 | 829.8 |
| Others | 1,723.9 | 40.0 | 1,682.4 | 54.0 |
| Derivatives for which deferred hedge accounting is applied (D) | 7,553.3 | (168.0) | 7,719.8 | (605.3) |
| Total (A) + (B) + (C) + (D) | | 4,398.1 | | 4,186.4 |

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

Unrealized Gains (Losses) on Financial Assets (1)

(1) Held-to-maturity Securities

(Millions of yen)

| | As of March 31, 2017 (A) | | As of March 31, 2016 (B) | | Increase (Decrease) (A) – (B) | |
|---------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Amount on the balance sheet | Net unrealized gains (losses) | Amount on the balance sheet | Net unrealized gains (losses) | Amount on the balance sheet | Net unrealized gains (losses) |
| Japanese government bonds | 35,317,430 | 1,373,826 | 47,897,398 | 2,063,032 | (12,579,968) | (689,205) |
| Japanese local government bonds | 44,618 | 115 | 341,147 | 3,954 | (296,528) | (3,839) |
| Japanese corporate bonds | 2,889,963 | 70,626 | 3,717,263 | 110,702 | (827,299) | (40,076) |
| Others | 64,911 | 11,981 | 96,744 | 30,670 | (31,833) | (18,688) |
| Foreign bonds | 64,911 | 11,981 | 96,744 | 30,670 | (31,833) | (18,688) |
| Total | 38,316,923 | 1,456,549 | 52,052,553 | 2,208,359 | (13,735,630) | (751,810) |

Note: Net unrealized gains (losses) shown above are calculated by deducting the amount on the balance sheet from the fair value.

(2) Available-for-sale Securities (Excluding Available-for-sale Securities that are Deemed to be Extremely Difficult to Determine a Fair Value)

(Millions of yen)

| | As of March 31, 2017 (A) | | As of March 31, 2016 (B) | | Increase (Decrease) (A) – (B) | |
|---------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Amount on the balance sheet | Net unrealized gains (losses) | Amount on the balance sheet | Net unrealized gains (losses) | Amount on the balance sheet | Net unrealized gains (losses) |
| Bonds | 47,622,031 | 1,518,522 | 46,724,064 | 2,037,834 | 897,966 | (519,312) |
| Japanese government bonds | 33,487,558 | 1,320,778 | 34,358,255 | 1,744,753 | (870,697) | (423,974) |
| Japanese local government bonds | 6,037,606 | 90,906 | 5,515,361 | 125,743 | 522,245 | (34,837) |
| Commercial paper | 233,998 | — | 204,995 | — | 29,002 | — |
| Japanese corporate bonds | 7,862,867 | 106,837 | 6,645,451 | 167,337 | 1,217,416 | (60,500) |
| Others | 53,044,897 | 1,763,647 | 45,562,334 | 1,834,648 | 7,482,562 | (71,001) |
| Foreign bonds | 20,078,556 | 1,335,157 | 19,732,759 | 1,967,868 | 345,797 | (632,710) |
| Investment trusts | 32,604,245 | 435,050 | 25,520,966 | (128,070) | 7,083,278 | 563,120 |
| Total | 100,666,928 | 3,282,169 | 92,286,398 | 3,872,483 | 8,380,529 | (590,313) |

Notes: 1. Securities shown above include “securities,” negotiable certificates of deposit, which is recorded under “cash and due from banks,” and “monetary claims bought.”

2. Net unrealized gains (losses) shown above are calculated by deducting the acquisition cost from the amount on the balance sheet (fair value).

3. Of net unrealized gains (losses) shown above, ¥185,342 million and ¥35,341 million losses were included in the statements of income for the fiscal years ended March 31, 2017 and 2016, respectively, because of the application of fair value hedge accounting.

4. Investment trusts are mainly invested in foreign bonds.

5. No impairment losses were recognized on available-for-sale securities for the fiscal years ended March 31, 2017 and 2016.

Unrealized Gains (Losses) on Financial Assets (2)

(3) Money Held in Trust Classified as Available-for-sale (Excluding Money Held in Trust Classified as Available-for-sale that is Deemed to be Extremely Difficult to Determine a Fair Value) (Millions of yen)

| | As of March 31, 2017 (A) | | As of March 31, 2016 (B) | | Increase (Decrease) (A) – (B) | |
|--|-----------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|-------------------------------|
| | Amount on the balance sheet | Net unrealized gains (losses) | Amount on the balance sheet | Net unrealized gains (losses) | Amount on the balance sheet | Net unrealized gains (losses) |
| Money held in trust classified as available-for-sale | 3,803,267 | 1,098,661 | 3,561,110 | 883,889 | 242,156 | 214,772 |
| Domestic stocks | 2,079,290 | 1,058,661 | 1,878,626 | 829,857 | 200,664 | 228,804 |
| Foreign stocks | 0 | (0) | 0 | (0) | (0) | (0) |
| Domestic bonds | 1,274,178 | 40,000 | 1,293,411 | 54,032 | (19,232) | (14,031) |

Notes: 1. The amount on the balance sheet shown above is stated at the average market price of the final month for the fiscal year for equity securities and at the market price at the balance sheet date for other securities.
2. Net unrealized gains (losses) shown above are calculated by deducting the acquisition cost from the amount on the balance sheet (fair value).
3. Impairment losses on money held in trust which is classified as available-for-sale for the fiscal years ended March 31, 2017 and 2016 amounted to ¥3,734 million and ¥1,588 million, respectively.

(4) Derivatives under Hedge Accounting (Deferred Hedge Accounting) (Millions of yen)

| | As of March 31, 2017 (A) | | As of March 31, 2016 (B) | | Increase (Decrease) (A) – (B) | |
|------------------------------------|--------------------------|-----------------------------|--------------------------|-----------------------------|-------------------------------|-----------------------------|
| | Notional amount | Net deferred gains (losses) | Notional amount | Net deferred gains (losses) | Notional amount | Net deferred gains (losses) |
| Interest rate swaps | 4,498,510 | (195,410) | 3,987,422 | (409,837) | 511,088 | 214,427 |
| Currency swaps | 2,971,988 | 37,723 | 3,651,466 | (182,201) | (679,478) | 219,924 |
| Foreign exchange forward contracts | 82,803 | (10,351) | 80,937 | (13,267) | 1,866 | 2,915 |
| Total | 7,553,302 | (168,039) | 7,719,826 | (605,306) | (166,523) | 437,267 |

Notes: 1. Net deferred gains (losses) are those before application of tax effect accounting.
2. Hedged instruments are available-for-sale securities.

Total (2) + (3) + (4) (Millions of yen)

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|-------------------------------------|--------------------------|--------------------------|-------------------------------|
| Total net unrealized gains (losses) | 4,398,134 | 4,186,407 | 211,727 |

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

Exposure Profile of Investment Assets

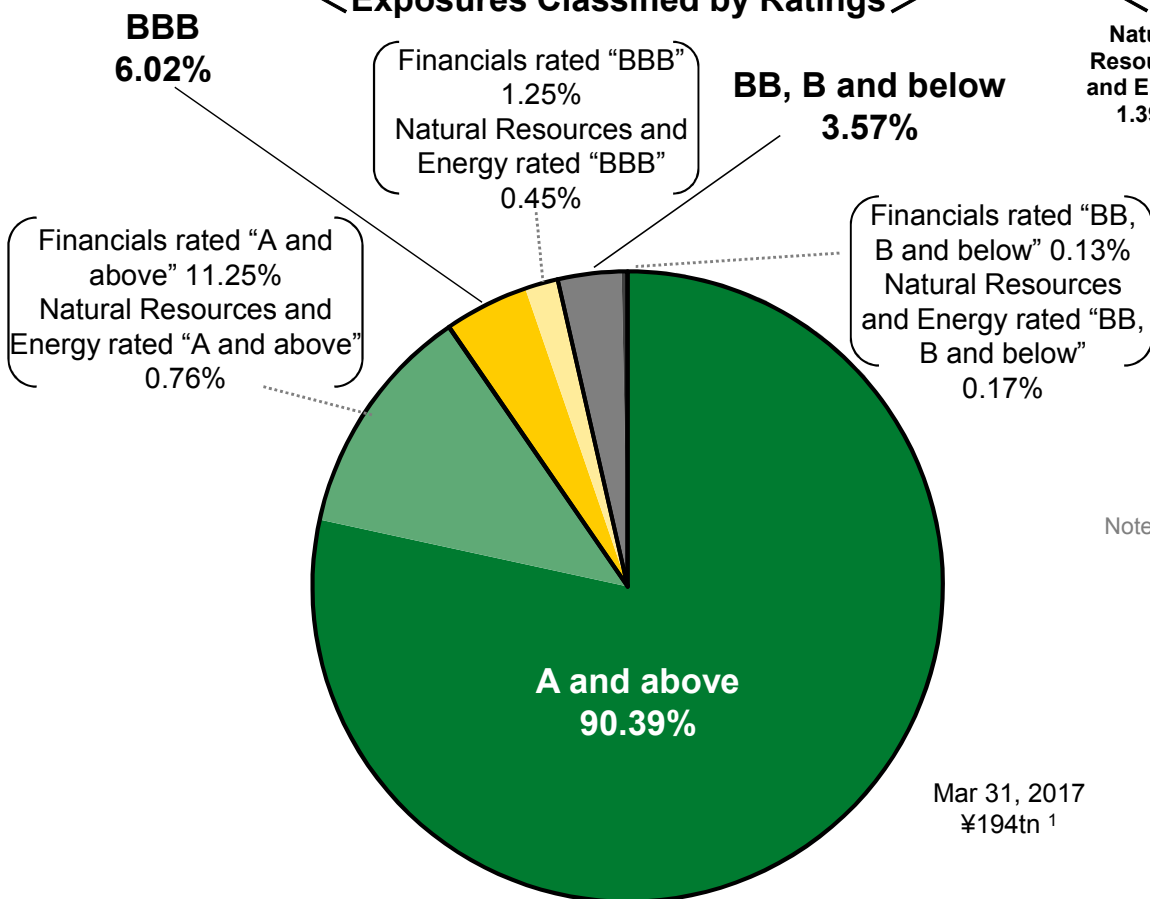
Breakdown of the Bank's investment assets,

By credit rating: 90% are rated A or above, and over 95% are rated IG (BBB or above)

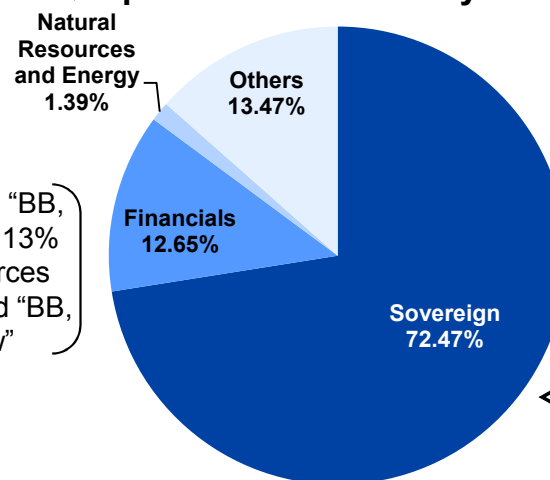
By sector: around 72% are Sovereign, and around 12% are Financials

By region: around 75% are Japan, and around 12% are North America

<Exposures Classified by Ratings>

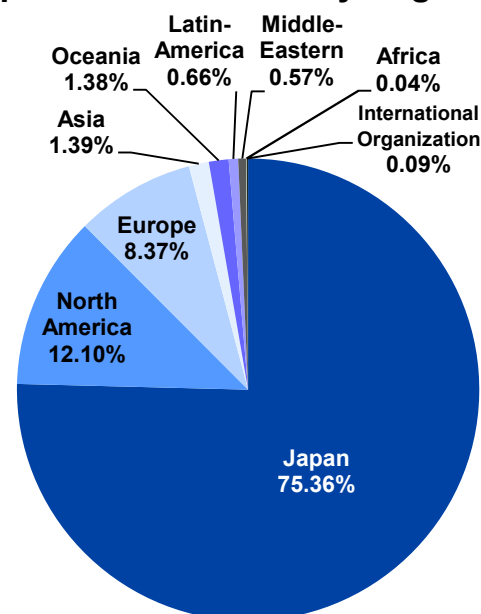


<Exposures Classified by Sector>



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

<Exposures Classified by Region>



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

Net Gains and Losses by Portfolio

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

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

| | FY2011/3 | | FY2012/3 | | FY2013/3 | | FY2014/3 | | FY2015/3 | | FY2016/3 | | FY2017/3 | |
|----------------------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|
| | 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) | 184.2 | 519.7 | 184.2 | 573.4 | 187.4 | 592.1 | 190.5 | 573.1 | 194.2 | 559.9 | 196.5 | 480.4 | 197.5 | 433.0 |
| 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) | 131.5 | (243.3) |
| BP Customer-based Funding, sales | - | (65.8) | - | (57.6) | - | (60.2) | - | (120.3) | - | (222.4) | - | (250.4) | - | (399.6) |
| BP Investment Side, etc. | - | 510.3 | - | 496.4 | - | 402.3 | - | 410.0 | - | 317.2 | - | 214.7 | - | 156.3 |
| 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 | 66.0 | 676.4 |

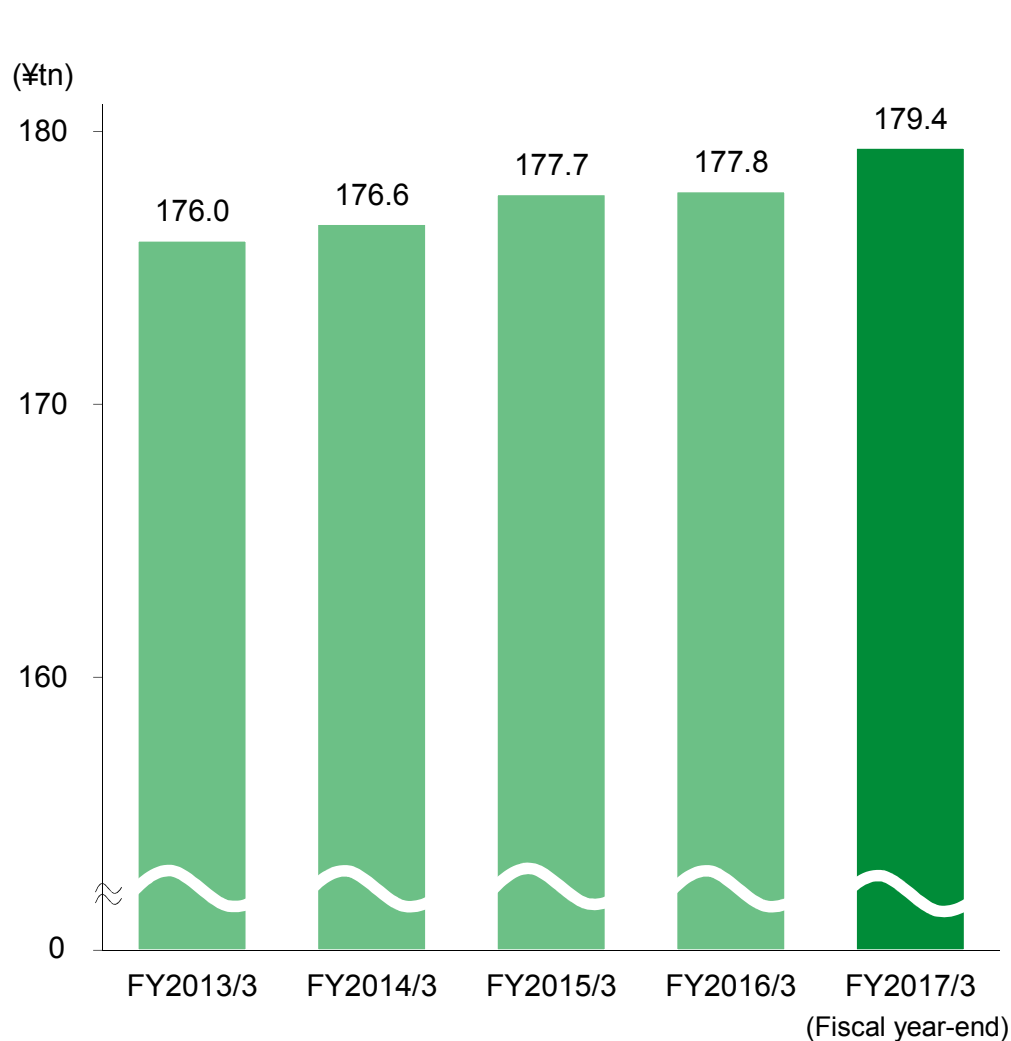
Notes: Average balance of the respective portfolios are calculated as the average of the beginning and ending balances for each period.

Net gains and losses are calculated by the below formula. Total of net gains and losses for each portfolio are largely equal to the Bank's net ordinary income.

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

Deposit Balance

Deposit balance as of March 31, 2017 was ¥179.4tn, which remained stable



| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|----------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Liquid deposits | 67.9 | 63.8 | 4.1 |
| Transfer deposits | 13.0 | 13.8 | (0.8) |
| Ordinary deposits, etc. | 54.5 | 49.5 | 4.9 |
| Savings deposits | 0.3 | 0.3 | 0.0 |
| Fixed-term deposits | 111.2 | 113.8 | (2.5) |
| Time deposits | 10.0 | 11.4 | (1.3) |
| TEIGAKU deposits, etc. | 101.2 | 102.4 | (1.1) |
| Other deposits | 0.1 | 0.1 | (0.0) |
| Total | 179.4 | 177.8 | 1.5 |

To promote better relationships with customers based on household accounts, and seek to create more opportunities in fee business fields, specifically in settlement services, ATM business and asset management product sales, by taking advantage of our broad network

Results for Net Fees and Commissions

(¥bn)

| | FY2017/3 | FY2016/3 | Difference |
|--------------------------------------|-------------|----------|------------|
| Net fees and commissions | 86.6 | 91.1 | (4.5) |
| Exchange and settlement Transactions | 59.1 | 59.2 | (0.1) |
| Zengin net fee | 9.3 | 8.4 | 0.9 |
| ATM related commissions | 7.2 | 7.5 | (0.2) |
| JGBs related commissions | 1.8 | 2.5 | (0.7) |
| Investment trust related commissions | 10.5 | 13.0 | (2.5) |
| New businesses related commissions | 6.9 | 7.2 | (0.3) |
| Credit cards | 4.2 | 3.9 | 0.2 |
| Variable Annuities | 1.5 | 2.2 | (0.7) |
| Consumer loans | 1.1 | 1.0 | 0.0 |
| Other | 0.8 | 1.3 | (0.4) |

(ATM business)

- Install our compact ATMs at FamilyMart stores across the country (as a first step, project 3,500 units from Jan 2017)

(Sales promotion of investment trust products)

- To expand our customer base, run a campaign targeting new customers (Apr 2017 - Mar 2018)

(Introduction of new settlement services)

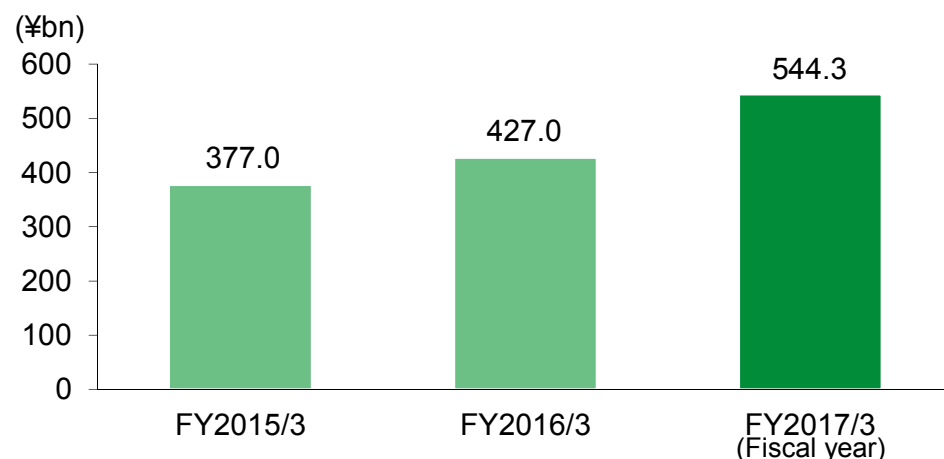
- Started issuance of regional version of VISA prepaid card "mijica" (Jan 2017)

Overview of Asset Management Product Sales

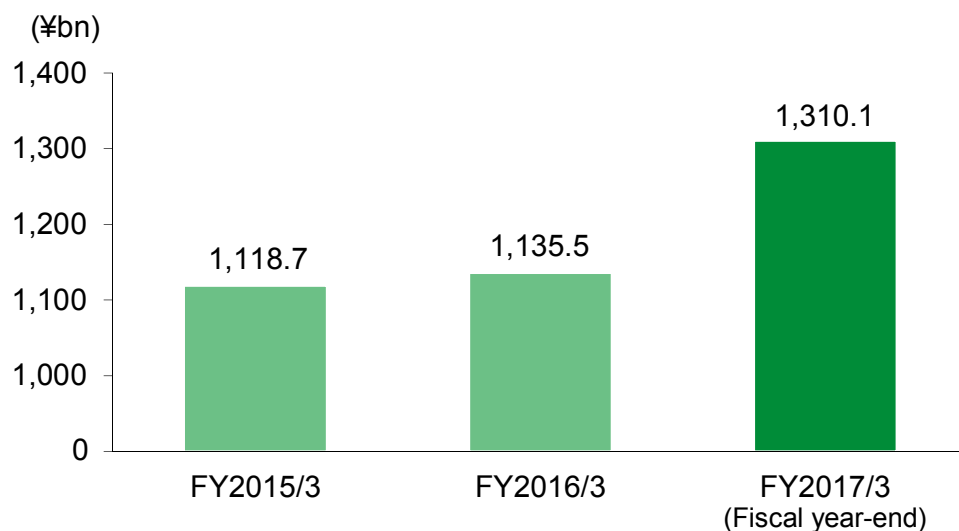
In FY2017/3, both sales amount and net asset balance of investment trusts exceeded the previous year level on the back of cashback campaign, etc.

In FY2018/3, to keep expanding customer base and AUM, carry out “sales campaign for new customers” and broaden agent post offices handling investment trust products

Trend of Investment Trusts Sales

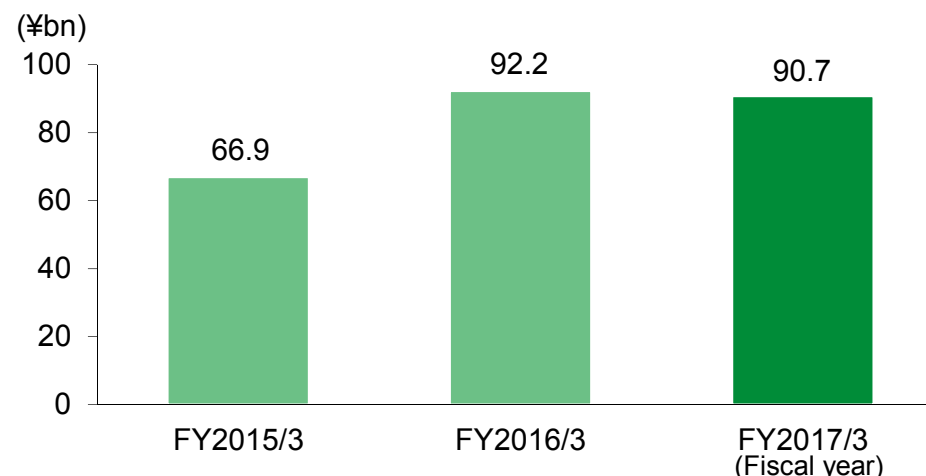


Trend of Net Assets of Investment Trusts



- ① Develop and increase personnel engaged in consulting marketing
Our branches: As of April 1, 2016 1,100 staffs
As of April 1, 2017 1,300 staffs
Post offices: Training program provided by Japan Post Bank
marketing instructors aiming to improve marketing skills
of investment trusts, etc.
- ② Launch of such products as “JP Japan-US Balanced Fund,” a new
JP Asset Management product, on October 31, 2016
- ③ Implementing “sales campaign for new customers”, etc. to expand
investment trust customer base

Trend of Variable Annuities Policies Sales



Selected Business Results (1)

(1) Investment Trusts Sales (Contract Basis)

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---------------------------------|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Number of contracts (thousands) | 1,251 | 1,164 | 86 |
| Sales amount (millions of yen) | 544,399 | 427,085 | 117,313 |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|-------------------------------------|
| Number of investment trust accounts (thousands) | 749 | 696 | 53 |
| Net assets (millions of yen) | 1,310,151 | 1,135,550 | 174,601 |

(2) Variable Annuities Policies

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|--------------------------------|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Number of policies | 17,731 | 17,220 | 511 |
| Sales amount (millions of yen) | 90,712 | 92,270 | (1,558) |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|---|--------------------------|--------------------------|-------------------------------------|
| Number of policies (cumulative) | 100,507 | 82,776 | 17,731 |
| Sales amount (cumulative) (millions of yen) | 528,434 | 437,722 | 90,712 |

Selected Business Results (2)

(3) Credit Cards

(Thousands)

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|------------------------|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Number of cards issued | 61 | 65 | (3) |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|-------------------------------------|
| Number of cards issued (cumulative) (outstanding) | 1,093 | 1,285 | (192) |

(4) Mortgage Loans (as Intermediary)

(Millions of yen)

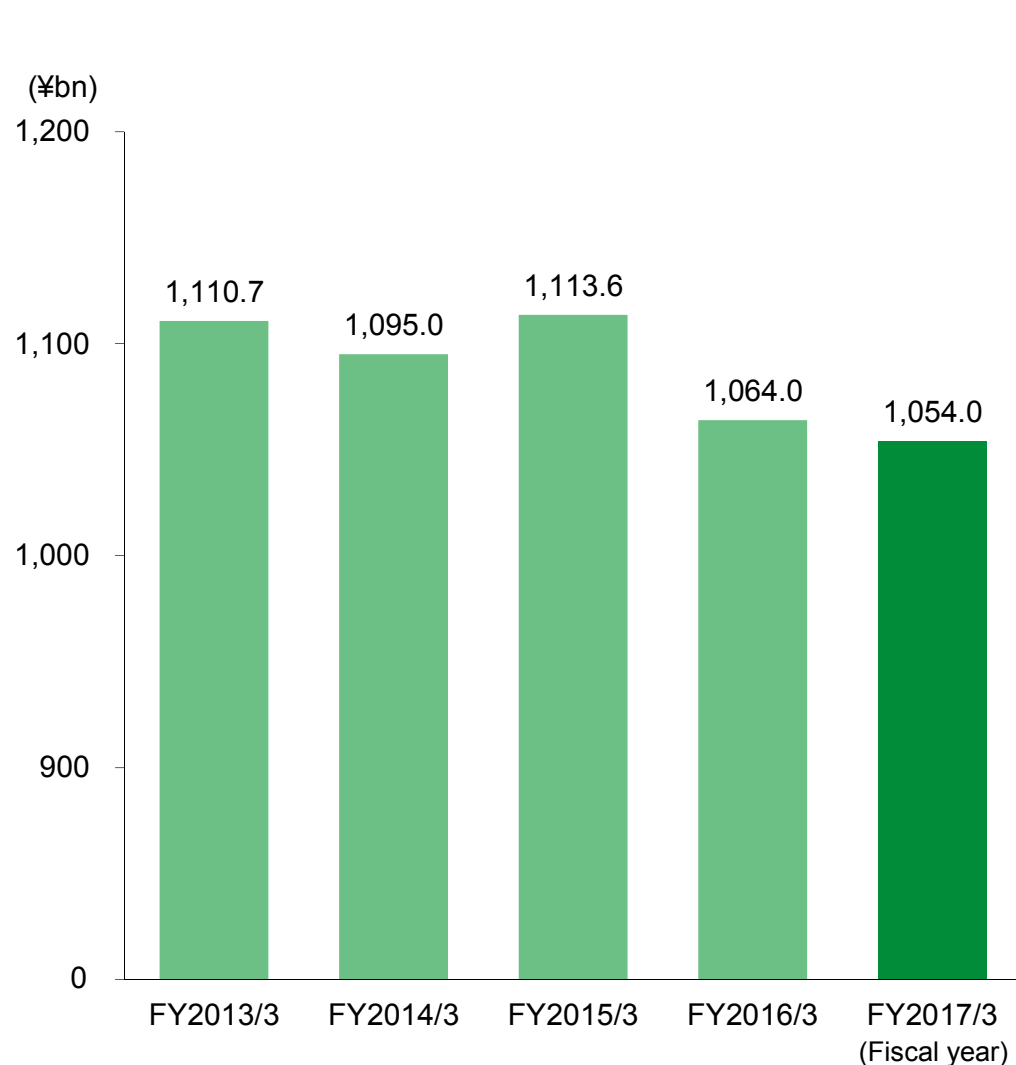
| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|-------------------------------|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Amount of new credit extended | 39,908 | 36,369 | 3,539 |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|-------------------------------------|
| Amount of new credit extended (cumulative) | 383,259 | 343,350 | 39,908 |

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

General and Administrative Expenses (1)

General and administrative expenses for the fiscal year ended March 31, 2017 decreased by ¥9.9bn year-on-year to ¥1,054.0bn



| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---|---------------------------|-----------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Personnel expenses (*) | 123.2 | 123.2 | (0.0) |
| Salaries and allowances | 101.1 | 101.4 | (0.3) |
| Non-personnel expenses | 854.3 | 865.1 | (10.8) |
| Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd. | 612.4 | 609.4 | 3.0 |
| Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. | 8.3 | 9.8 | (1.4) |
| Deposit insurance expenses paid to Deposit Insurance Corporation of Japan | 66.1 | 64.4 | 1.7 |
| Taxes and dues | 76.4 | 75.5 | 0.8 |
| Total | 1,054.0 | 1,064.0 | (9.9) |

* Personnel expenses include non-recurring losses.

General and Administrative Expenses (2)

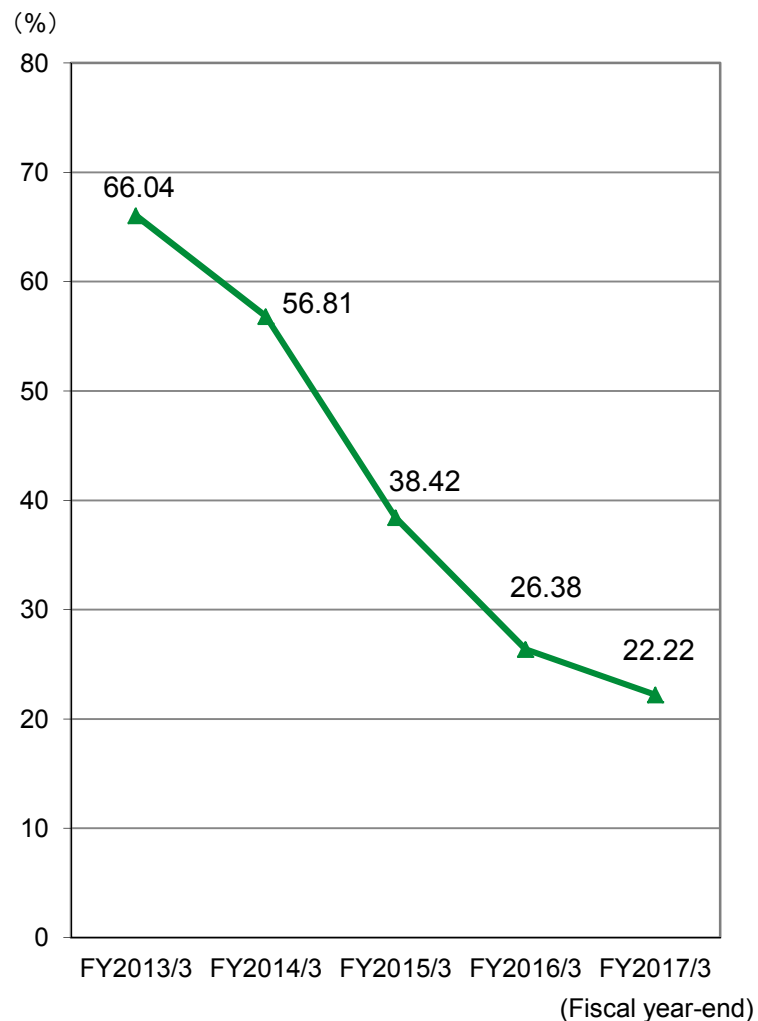
(Millions of yen, %)

| | For the fiscal year ended | | | | Increase (Decrease) (A) – (B) |
|--|---------------------------|--------|--------------------|--------|-------------------------------------|
| | March 31, 2017 (A) | | March 31, 2016 (B) | | |
| | Amount | % | Amount | % | Amount |
| Personnel expenses | 123,212 | 11.68 | 123,243 | 11.58 | (31) |
| Salaries and allowances | 101,128 | 9.59 | 101,439 | 9.53 | (311) |
| Others | 22,084 | 2.09 | 21,804 | 2.04 | 280 |
| Non-personnel expenses | 854,369 | 81.05 | 865,169 | 81.31 | (10,800) |
| Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd. | 612,465 | 58.10 | 609,431 | 57.27 | 3,034 |
| Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*) | 8,371 | 0.79 | 9,862 | 0.92 | (1,490) |
| Deposit insurance expenses paid to Deposit Insurance Corporation of Japan | 66,166 | 6.27 | 64,465 | 6.05 | 1,700 |
| Rent for land, buildings and others | 12,388 | 1.17 | 11,849 | 1.11 | 539 |
| Expenses on consigned businesses | 50,702 | 4.81 | 52,635 | 4.94 | (1,932) |
| Depreciation and amortization | 35,306 | 3.34 | 36,666 | 3.44 | (1,359) |
| Communication and transportation expenses | 19,124 | 1.81 | 19,676 | 1.84 | (552) |
| Maintenance expenses | 12,631 | 1.19 | 12,347 | 1.16 | 284 |
| IT expenses | 16,362 | 1.55 | 22,292 | 2.09 | (5,929) |
| Others | 20,848 | 1.97 | 25,942 | 2.43 | (5,093) |
| Taxes and dues | 76,470 | 7.25 | 75,591 | 7.10 | 879 |
| Total | 1,054,053 | 100.00 | 1,064,004 | 100.00 | (9,951) |

* The Bank makes subsidy payments to JAPAN POST HOLDINGS Co., Ltd. in accordance with Article 122 of the Postal Service Privatization Act.

Capital Adequacy Ratio

Capital adequacy ratio (non-consolidated, domestic standard) was 22.22% as of March 31, 2017



* The Bank has applied Japanese domestic Basel III capital adequacy standards since the fiscal year ended March 31, 2014.

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | (¥bn, %) Increase (Decrease) (A) – (B) |
|--|--------------------------------|--------------------------------|---|
| Total capital (a) | 8,616.9 | 8,499.3 | 117.6 |
| Total amount of risk-weighted assets (b) | 38,779.8 | 32,218.5 | 6,561.2 |
| Credit risk-weighted assets | 35,906.5 | 29,253.2 | 6,653.3 |
| Capital adequacy ratio (a) / (b) | 22.22 | 26.38 | (4.16) |

Detailed Information on Capital Adequacy

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

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | (Millions of yen, %) Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|---|
| Core Capital: instruments and reserves (a) | 8,636,164 | 8,511,796 | 124,368 |
| Core Capital: regulatory adjustments (b) | 19,224 | 12,471 | 6,753 |
| Total capital (a) - (b) = (c) | 8,616,940 | 8,499,325 | 117,615 |
| Total amount of risk-weighted assets (d) | 38,779,806 | 32,218,529 | 6,561,277 |
| Credit risk-weighted assets | 35,906,558 | 29,253,213 | 6,653,344 |
| Market risk equivalent / 8% | — | — | — |
| Operational risk equivalent / 8% | 2,873,248 | 2,965,316 | (92,067) |
| Capital adequacy ratio (c) / (d) | 22.22 | 26.38 | (4.16) |

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

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | (Billions of yen, %) Increase (Decrease) (A) – (B) |
|---------------------------------|--------------------------|--------------------------|---|
| Amount of loss (a) | 961.8 | 598.0 | 363.7 |
| Japanese yen | 238.0 | 178.8 | 59.2 |
| U.S. dollars | 654.4 | 366.2 | 288.2 |
| Capital (b) | 8,616.9 | 8,499.3 | 117.6 |
| Loss-to-capital ratio (a) / (b) | 11.16 | 7.03 | 4.12 |

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.

Progress under Medium-Term Business Plan

<Medium-term targets (FY2018/3)>

Figures in 【 】 show comparison vs. FY2015/3

| | | FY2015/3 | FY2016/3 | FY2017/3 | FY2018/3 Medium-term targets | |
|-------------------------|--|-----------------------|----------|-------------------------|---|----------------------------------|
| Assets under management | Deposits ¹ | ¥178.4tn ¹ | ¥179.3tn | ¥180.7tn 【+¥2.3tn】 | +¥3tn (FY2016/3-2018/3) | FY2018/3 Earnings forecast |
| | Asset management products ² | ¥1.66tn | ¥1.96tn | ¥2.39tn 【+¥0.73tn】 | +¥1tn (FY2016/3-2018/3) | |
| Net ordinary income | | ¥569.4bn | ¥481.9bn | ¥442.0bn | Approx. ¥480.0bn | ¥490.0bn |
| Net income | | ¥369.4bn | ¥325.0bn | ¥312.2bn | Approx. ¥330.0bn | ¥350.0bn |
| Non-personnel expenses | | ¥917.4bn | ¥865.1bn | ¥854.3bn 【(¥63.0bn)】 | Decrease of ¥50.0bn or more (vs. FY2015/3) | |

※1 Includes accrued interests. Excludes our group companies' deposits increased at the time of the share buyback (FY2015/3: Approx. ¥0.6tn).

Deposit balances excluding accrued interests are as follows; FY2015/3:¥177.1tn, FY2016/3:¥177.8tn, FY2017/3:¥179.4tn

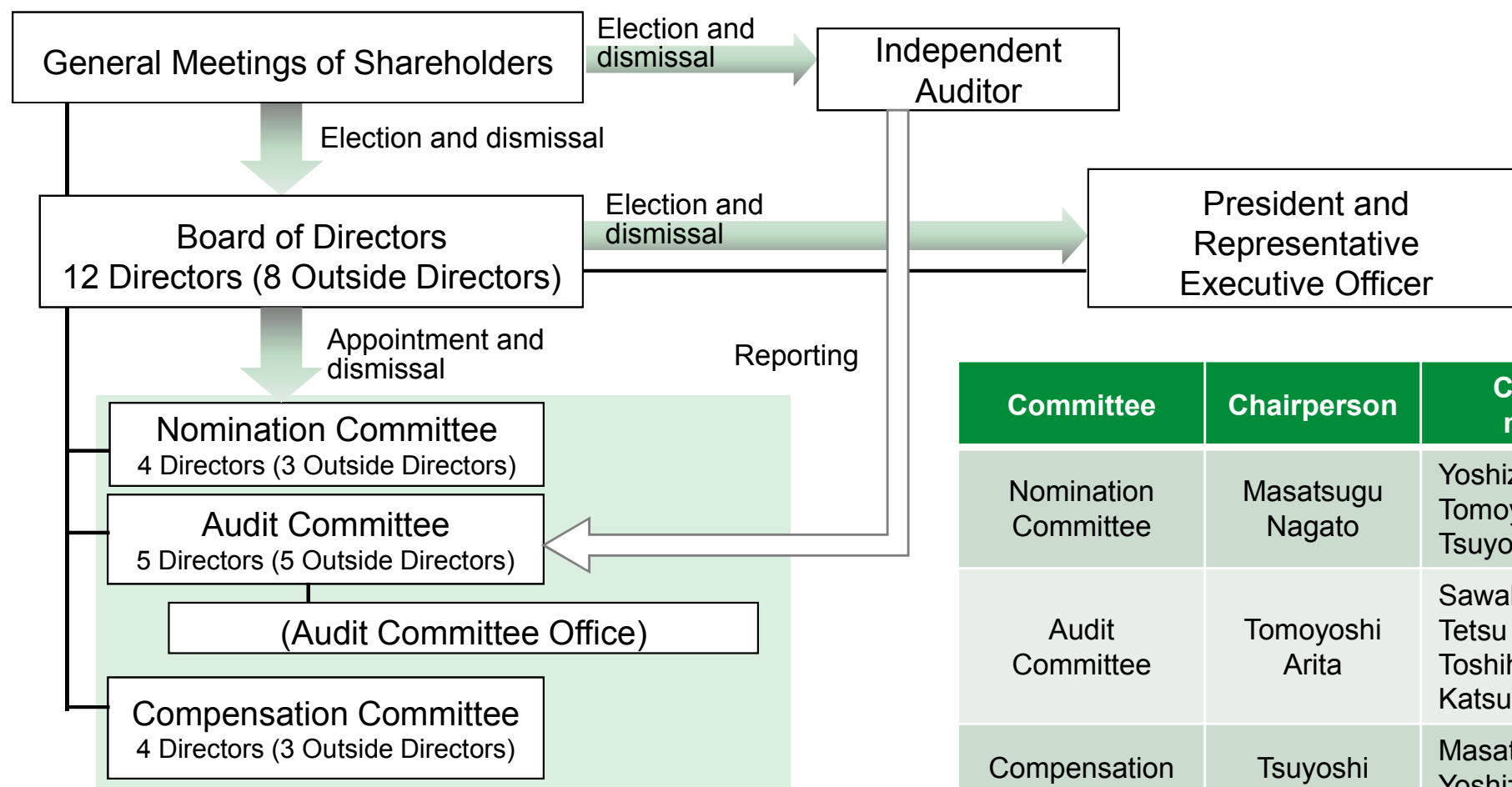
2 Asset management products: Investment trust products + Variable annuities policies

Figures shown in the table above are calculated with all NAVs fixed as the level of FY2015/3-end, in order to eliminate the effects of value fluctuation.

Figures including the effects of value fluctuation are as follows; FY2016/3:¥1.79tn, FY2017/3:¥2.10tn


In both cases above, figures include quick estimation.

- ① Ensure management transparency with the adoption of a committees based system
- ② Effective supervision by Outside Directors (8 out 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 |

7-year Review

| | (¥bn) | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | FY2011/3 | FY2012/3 | FY2013/3 | FY2014/3 | FY2015/3 | FY2016/3 | FY2017/3 |
| Gross operating profit | 1,718.9 | 1,670.0 | 1,624.3 | 1,568.7 | 1,634.7 | 1,452.0 | 1,410.2 |
| Net interest income ¹ | 1,686.4 | 1,677.3 | 1,532.1 | 1,470.2 | 1,540.7 | 1,361.0 | 1,223.5 |
| Net fees and commissions | 87.9 | 88.4 | 88.1 | 92.6 | 89.2 | 91.1 | 86.6 |
| General and administrative expenses ² | (1,210.1) | (1,174.5) | (1,111.5) | (1,096.0) | (1,114.7) | (1,066.1) | (1,056.1) |
| Provision for general reserve for possible loan losses | (0.3) | — | — | — | — | — | 0.0 |
| Net operating profit | 508.3 | 495.4 | 512.8 | 472.6 | 519.9 | 385.8 | 354.0 |
| Non-recurring gains (losses) | 18.1 | 80.7 | 80.7 | 92.4 | 49.4 | 96.1 | 87.9 |
| Net ordinary income | 526.5 | 576.2 | 593.5 | 565.0 | 569.4 | 481.9 | 442.0 |
| Extraordinary income (losses) | (1.3) | (2.4) | (1.9) | (0.6) | 1.5 | (1.1) | (1.4) |
| Net income | 316.3 | 334.8 | 373.9 | 354.6 | 369.4 | 325.0 | 312.2 |
| Total net assets | 9,093.6 | 9,818.1 | 10,997.5 | 11,464.5 | 11,630.2 | 11,508.1 | 11,780.0 |
| Total assets | 193,443.3 | 195,819.8 | 199,840.6 | 202,512.8 | 208,179.3 | 207,056.0 | 209,568.8 |
| Capital adequacy ratio ³ (domestic standard) | 74.82% | 68.39% | 66.04% | 56.81% | 38.42% | 26.38% | 22.22% |
| Number of employees | 12,351 | 12,796 | 12,922 | 12,963 | 12,889 | 12,905 | 12,965 |
| Average number of temporary employees | 6,173 | 6,006 | 5,818 | 5,699 | 5,523 | 5,223 | 4,902 |

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.

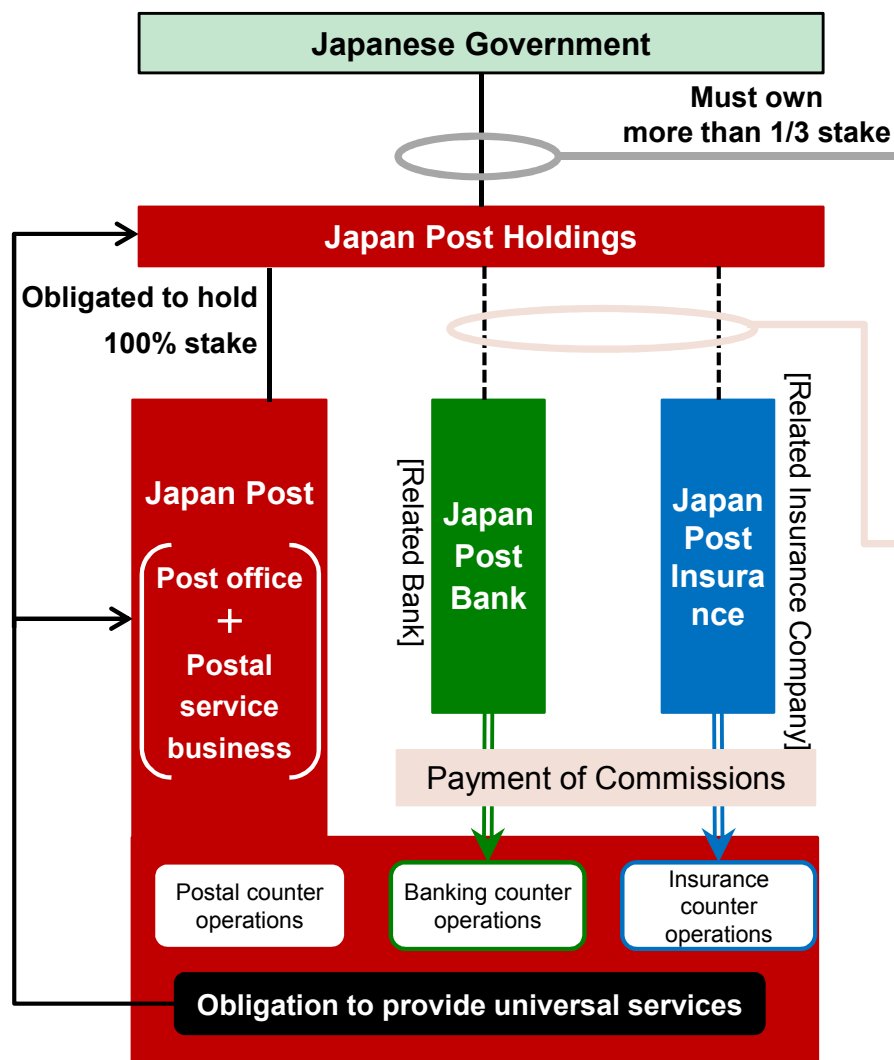
3. New domestic standards (Basel III) have been applied from FY2014/3.

Appendix2

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. 120mn ordinary deposit customers
- Deposit balance ¥179.4tn (as of March 2017)

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
Manage-
ment

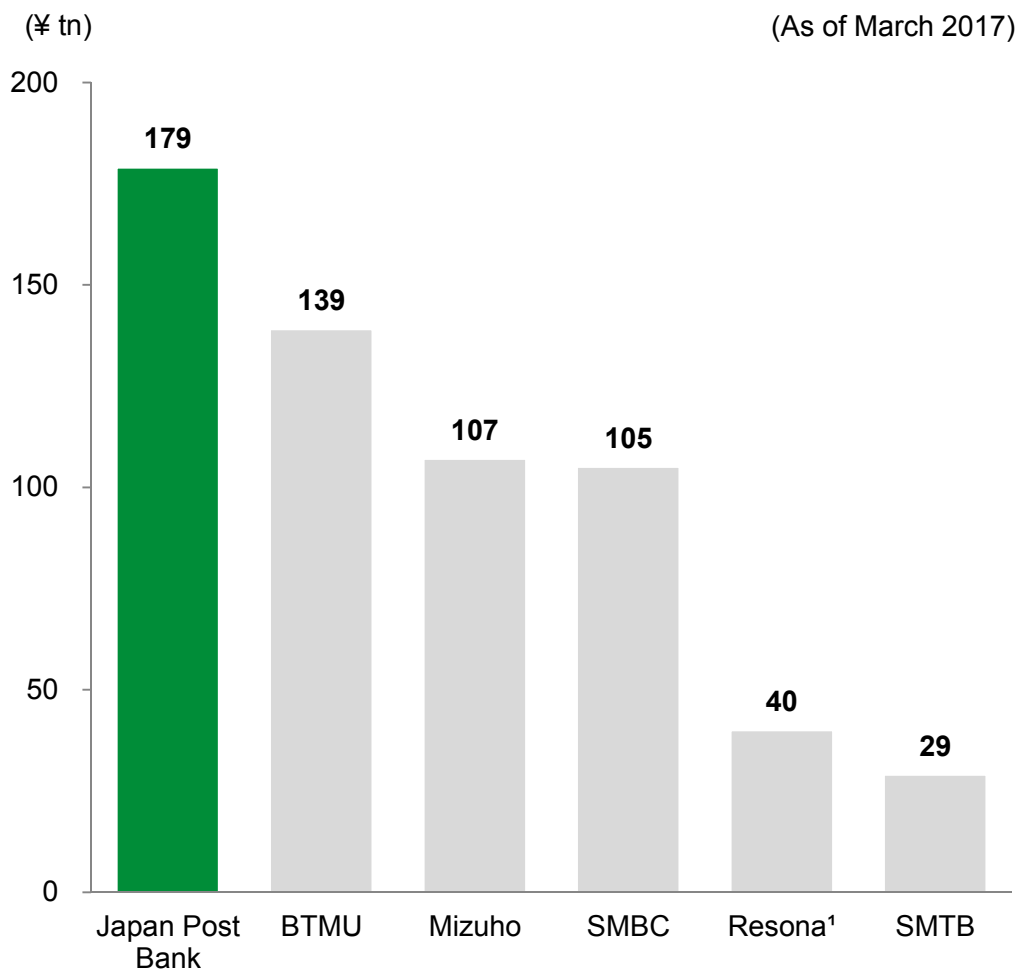
Diversification of investment portfolio while maintaining securities-centered portfolio

- 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 2017.

1. Maintained Stable Profit under Economic Volatility

Condensed Balance Sheet (As of March 2017)

| | |
|---|------------------------------------|
| Cash and due from banks, call loans, and receivables under securities borrowing transactions ¥60.4tn | Deposits ¥179.4tn |
| | Transfer deposits ¥13.0tn |
| | Ordinary deposits, etc. ¥54.5tn |
| | Time deposits ¥10.0tn |
| | TEIGAKU deposits, etc. ¥101.2tn |
| JGBs ¥68.8tn | Other liabilities ¥18.3tn |
| Japanese local government bonds ¥6.0tn | Net assets ¥11.7tn |
| Corporate bonds ¥10.9tn | Total Assets ¥209.5tn |
| Foreign securities ¥52.9tn | |
| Loans ¥4.0tn | |
| Money held in trust ¥3.8tn | |
| Other assets ¥2.4tn | |

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

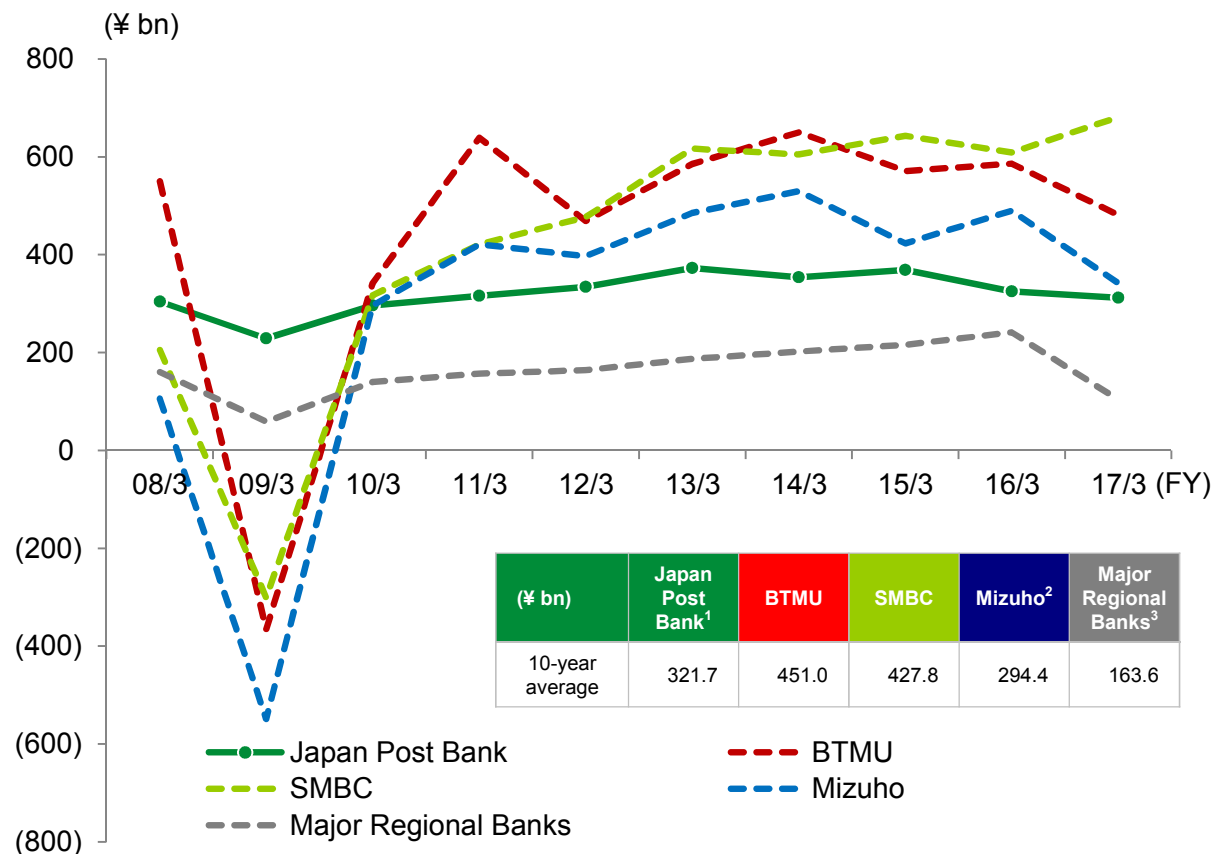
3. Solid Capital Base

Stable Profits through Retail Funding and Market Investment

Maintained stable profits up to FY2017/3 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)

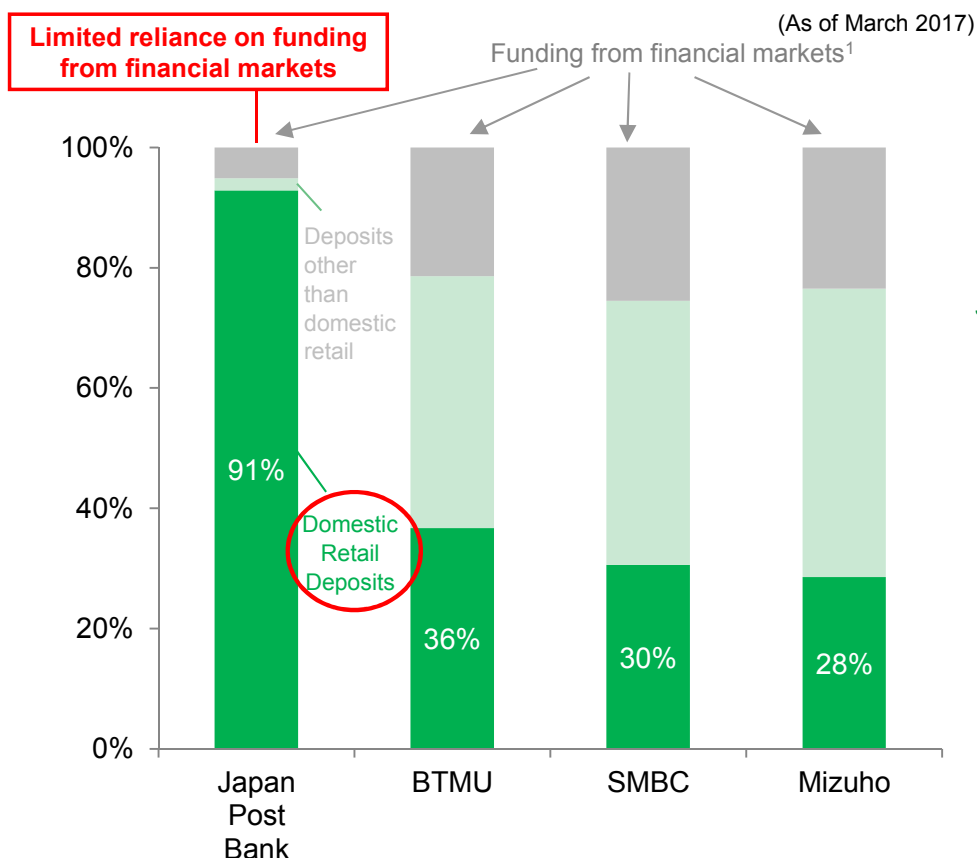
1. Net income of Japan Post Bank for FY2008/3 is shown as double the net income from Oct. 1, 2007 to Mar. 31, 2008.

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).

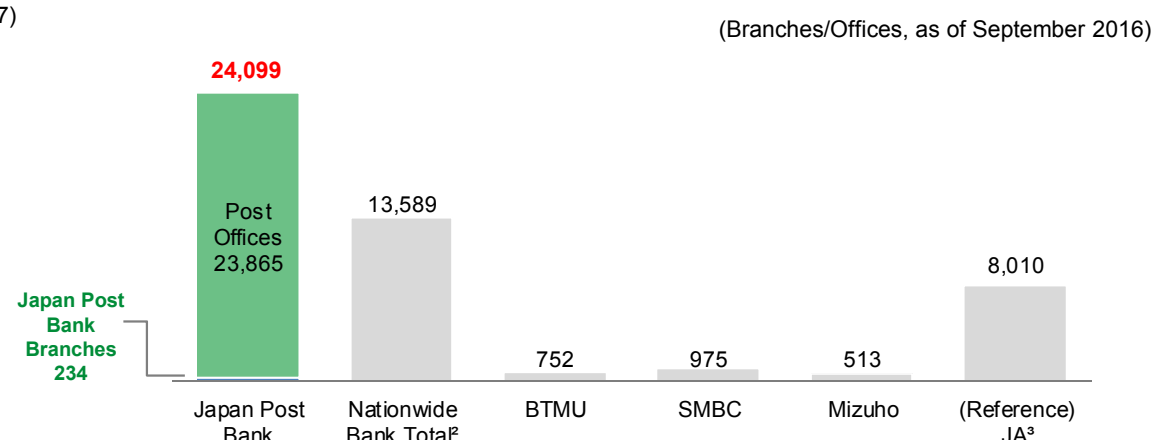
3. Major Regional Banks include The Bank of Yokohama, Shizuoka Bank, Chiba Bank, Joyo Bank (non-consolidated basis, a subsidiary of Mebuki FG) and Fukuoka FG (consolidated). Figures shown are the aggregate net income of these banks.

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, are our main channel. We hold a retail deposit market share of approx. 20%

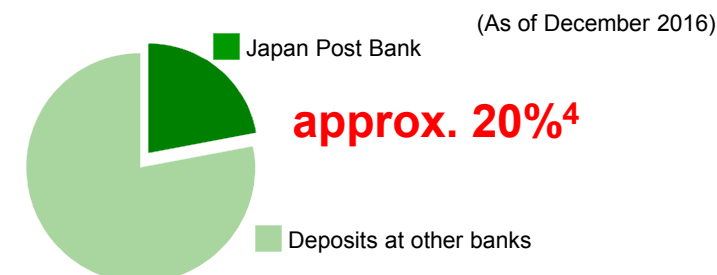
Breakdown of Funding Sources



Domestic Branch Network



Estimated Share of Japan Post Bank Japanese Household Deposits



Source: Company disclosures

Note: Subsidiary bank non-consolidated basis.

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

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

2. 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 September 2016.
3. Total of Japan Agricultural Cooperative and the Prefectural Credit Federations of Agricultural Cooperatives locations with exchange operations, as of March 2016.
4. Retail deposits of Japan Post Bank as of December 2016 / household deposits (from "Flow of Funds Accounts" released by Bank of Japan) as of December 2016.

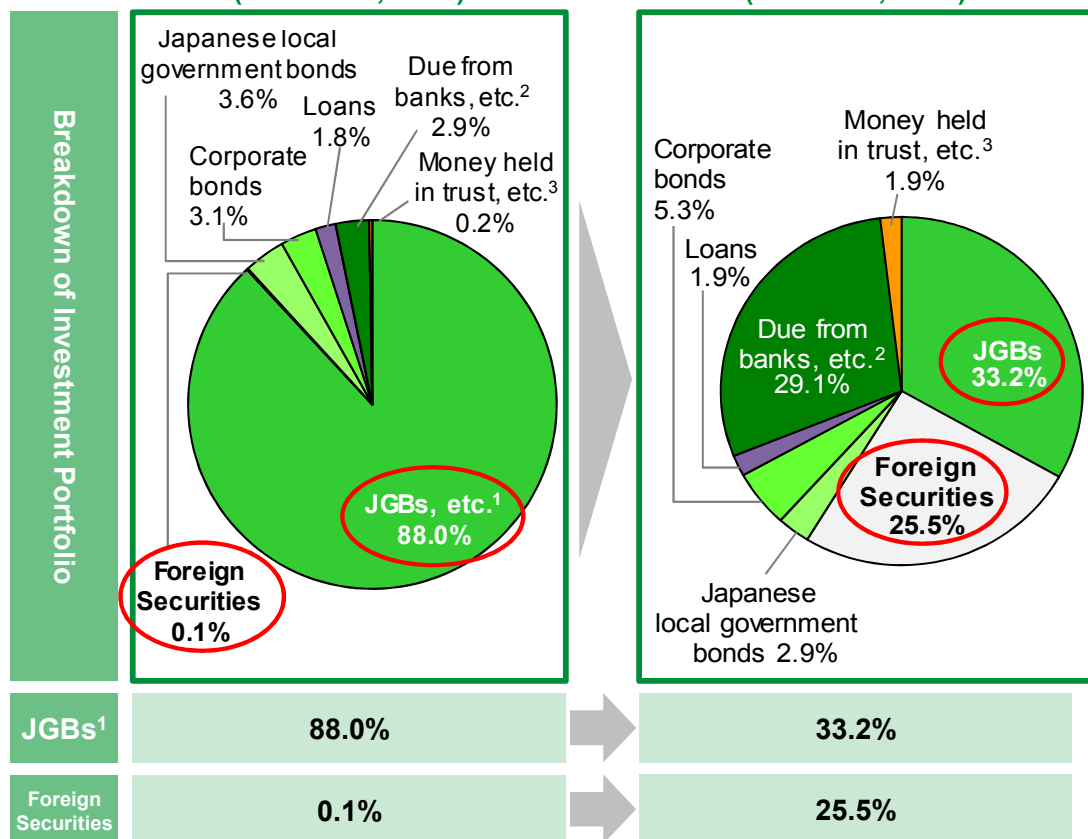
Secured Stable Yield Under Historically Low Interest Rate Environment

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

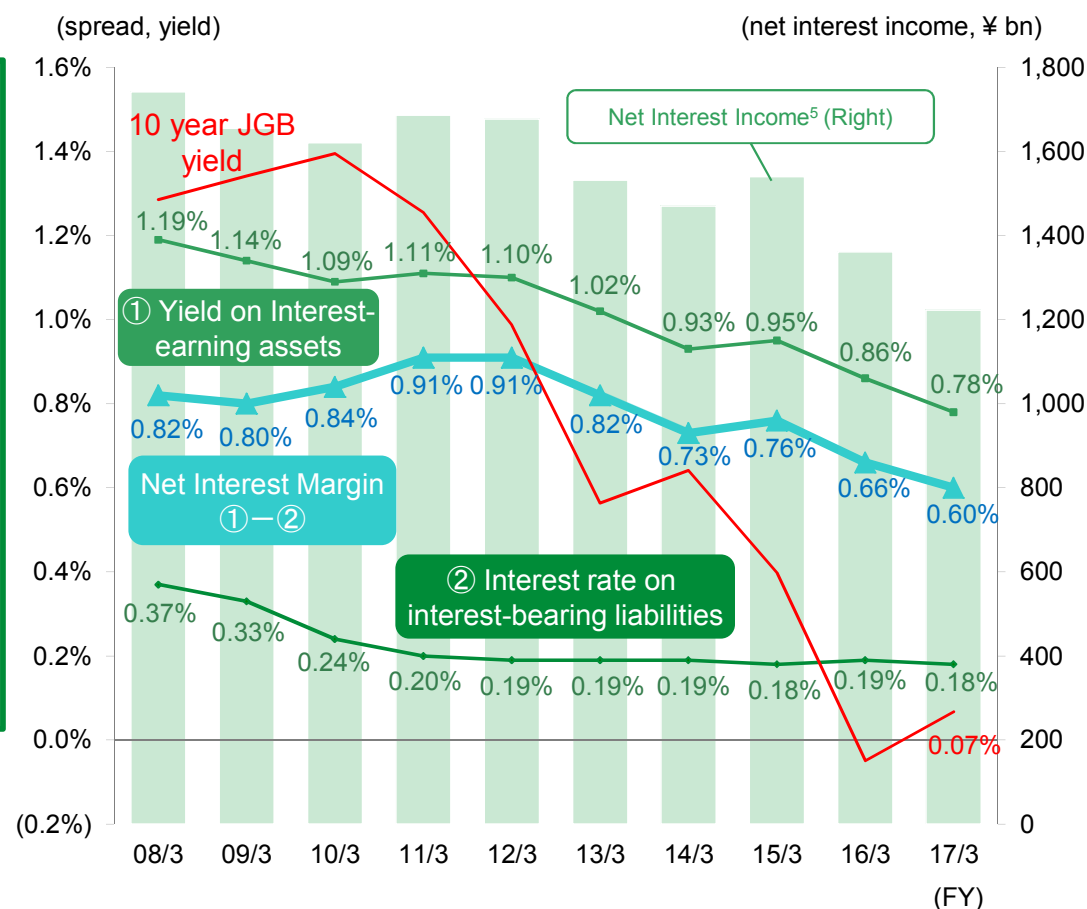
Upon Corporatization
(October 1, 2007)

Current FY2017/3
(March 31, 2017)



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

Historical Spread etc.⁴



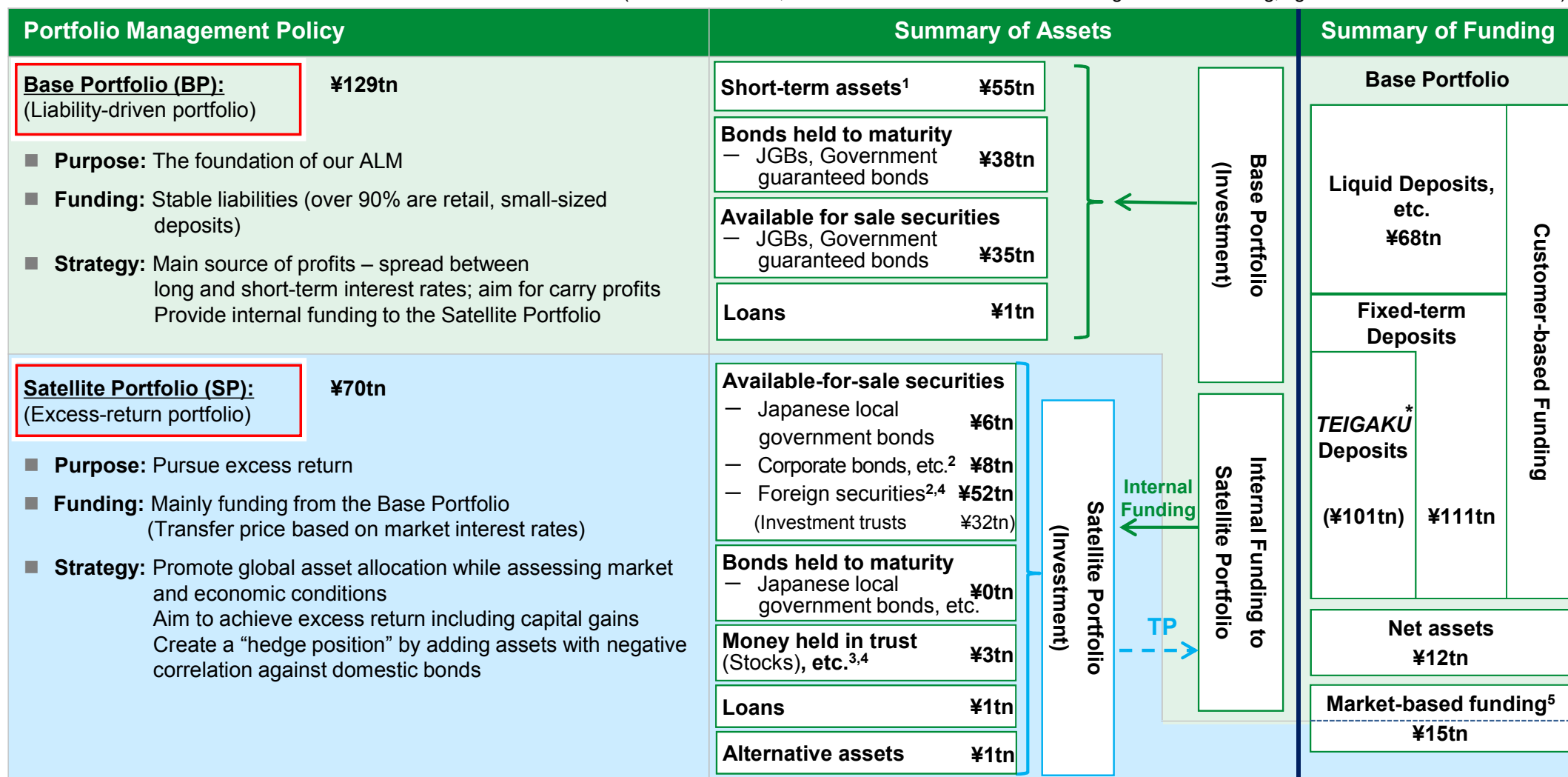
Source: JGB interest rate information - Ministry of Finance Japan

4. Historical spread is calculated by excluding the average balance and corresponding interest of money held in trust.
5. Net interest income for FY2008/3 is shown as double the net interest income from October 1, 2007 to March 31, 2008.

ALM/Investment Strategy to Generate Stable Income and Excess Return

BP: manage interest rate/liquidity risk, secure fundamental return mainly from JGBs. Stable funding enables held-to-maturity investment
SP: seek excess return by taking credit/market risk in the global market. Solid capital allows over-the-market-cycle investment

(As of March 2017, illustrative breakdown based on management accounting, figures are rounded to the trillion)



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, loans to the government (special accounts), etc. 2. Corporate bonds, etc., foreign securities include monetary claims bought. 3. JGBs contained in money held in trust are included in the Base Portfolio.

4. Assets related to alternative investment are included in “alternative assets”.

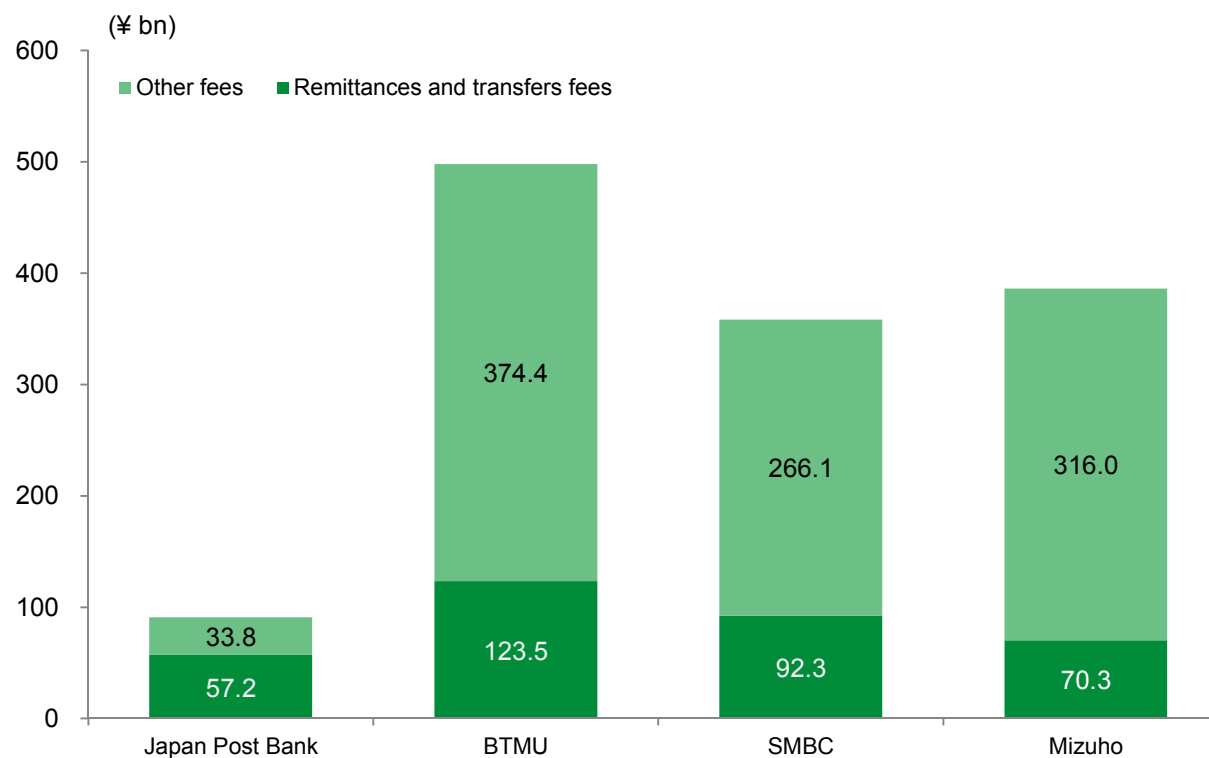
5. Market-based funding includes call money, payables under repurchase agreements, payables under securities lending transactions.

^{*} TEIGAKU Deposits: 10-year-maturity time deposits with option to withdraw after 6 months; semi-annual compound interest

Strengthening Fee Businesses

Aim to enhance new fee businesses, such as investment trust sales and ATM alliances, etc.

Net Fees and Commissions^{1,2} Compared to Japan's Major Banks (FY2016/3)



Source: Company disclosures

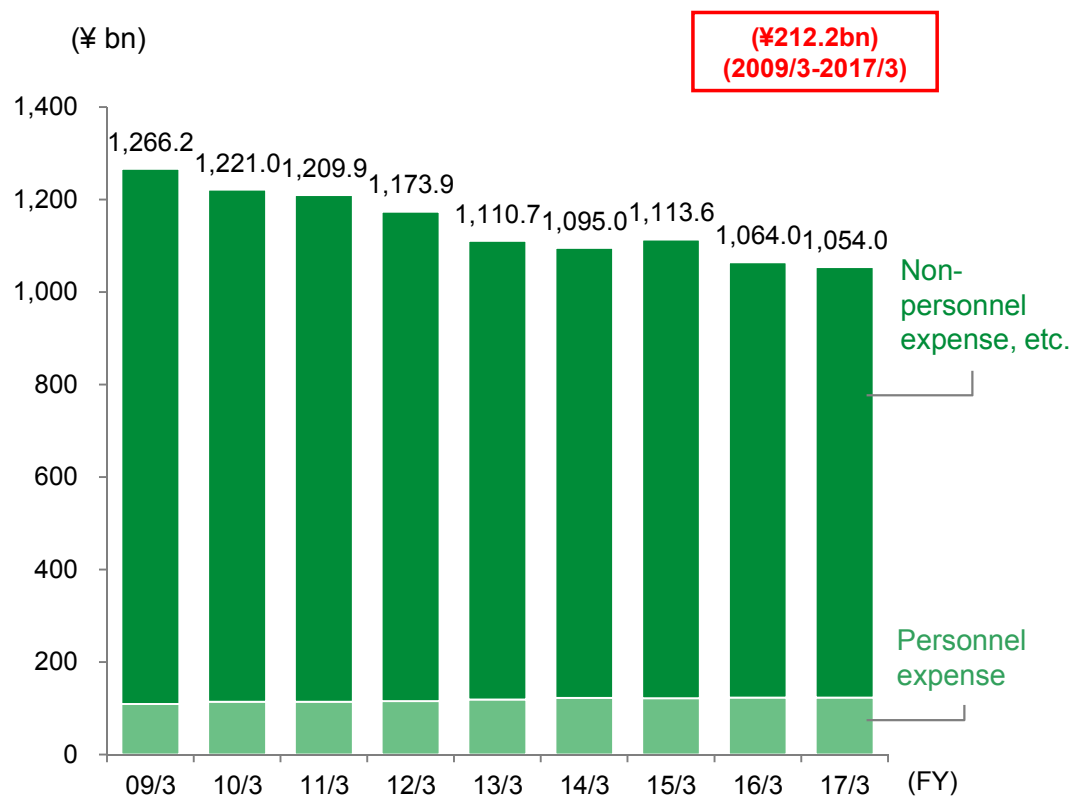
1. Fees and commission income — Fees and commission expenses.

2. Subsidiary bank non-consolidated basis.

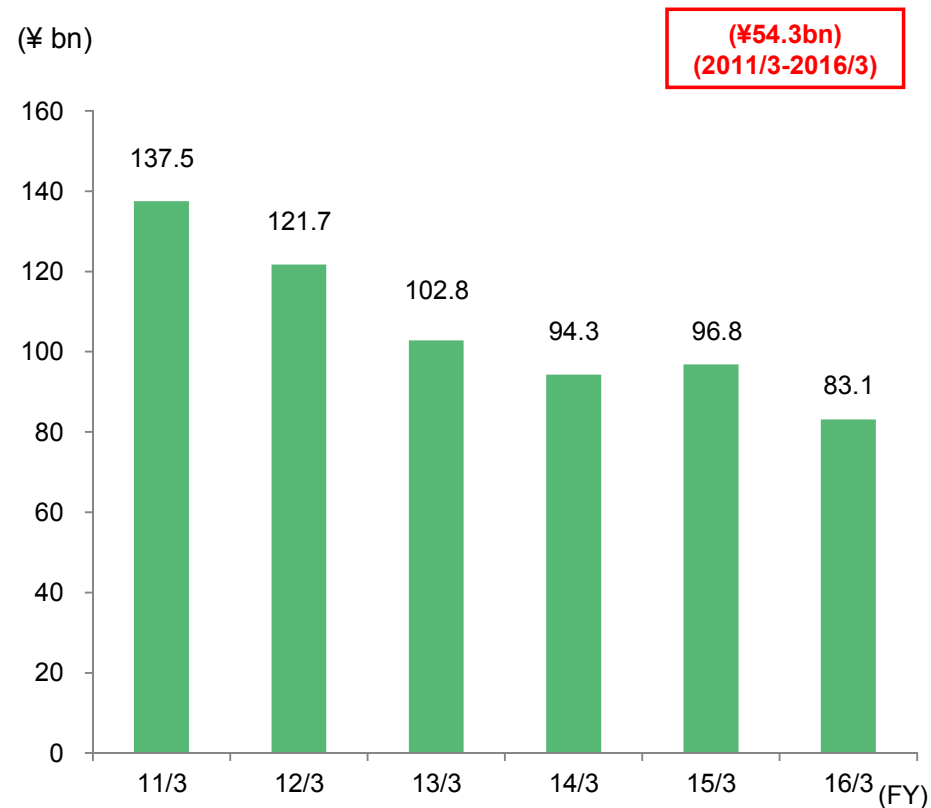
Expense Control through IT Expense Reduction

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

Trend of G&A Expense



Trend of IT Expense¹

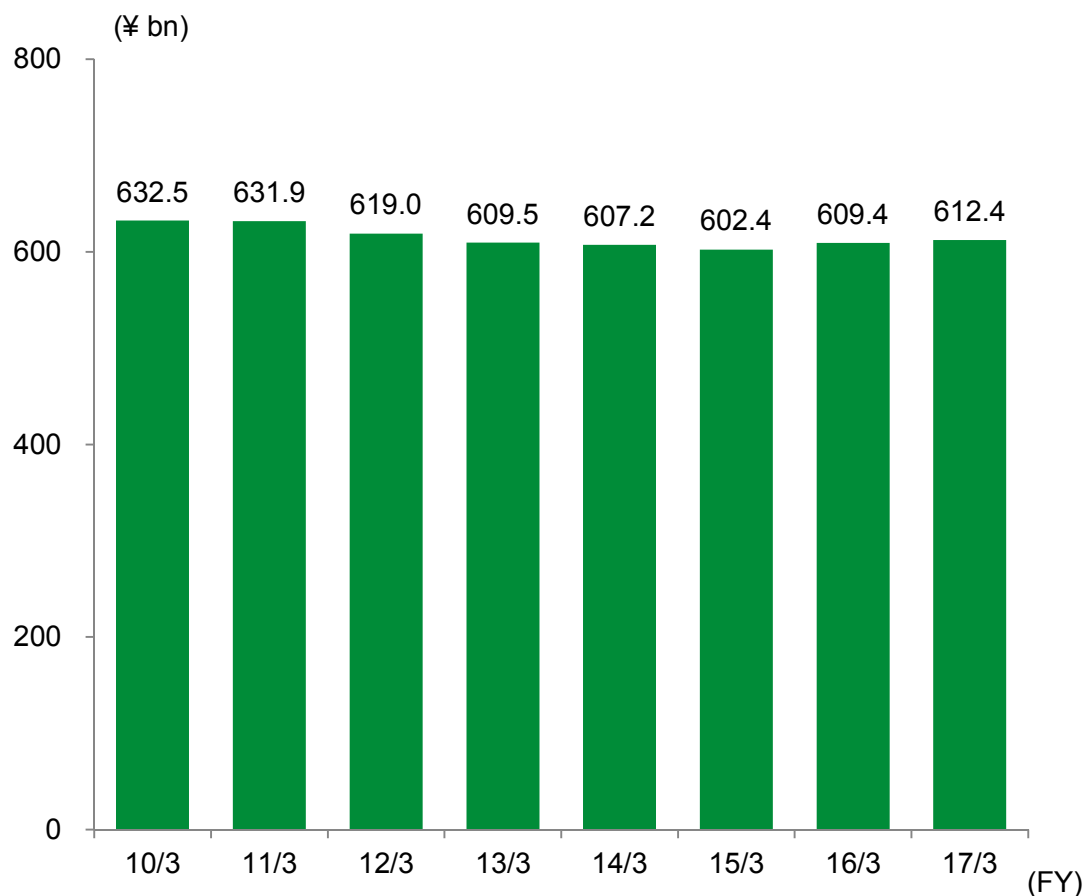


1. Management accounting basis.

Commissions to Japan Post Co., Ltd.

**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 FY2017/3 (¥612.4bn):
banking counter services component of ¥262.0bn, deposit component of ¥202.7bn, remittance component of ¥98.2bn, financial product sales component of ¥4.1bn and incentive component of ¥45.1bn

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.

Management System

Adopted Committee system as corporate governance. Outside directors comprise a majority of the Board membership who effectively oversee the Bank's operations

The Executive Officers, who are selected by the Board of Directors, conduct business operations efficiently in a timely manner

Management Transparency, Effective oversight by Outside Directors

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

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

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

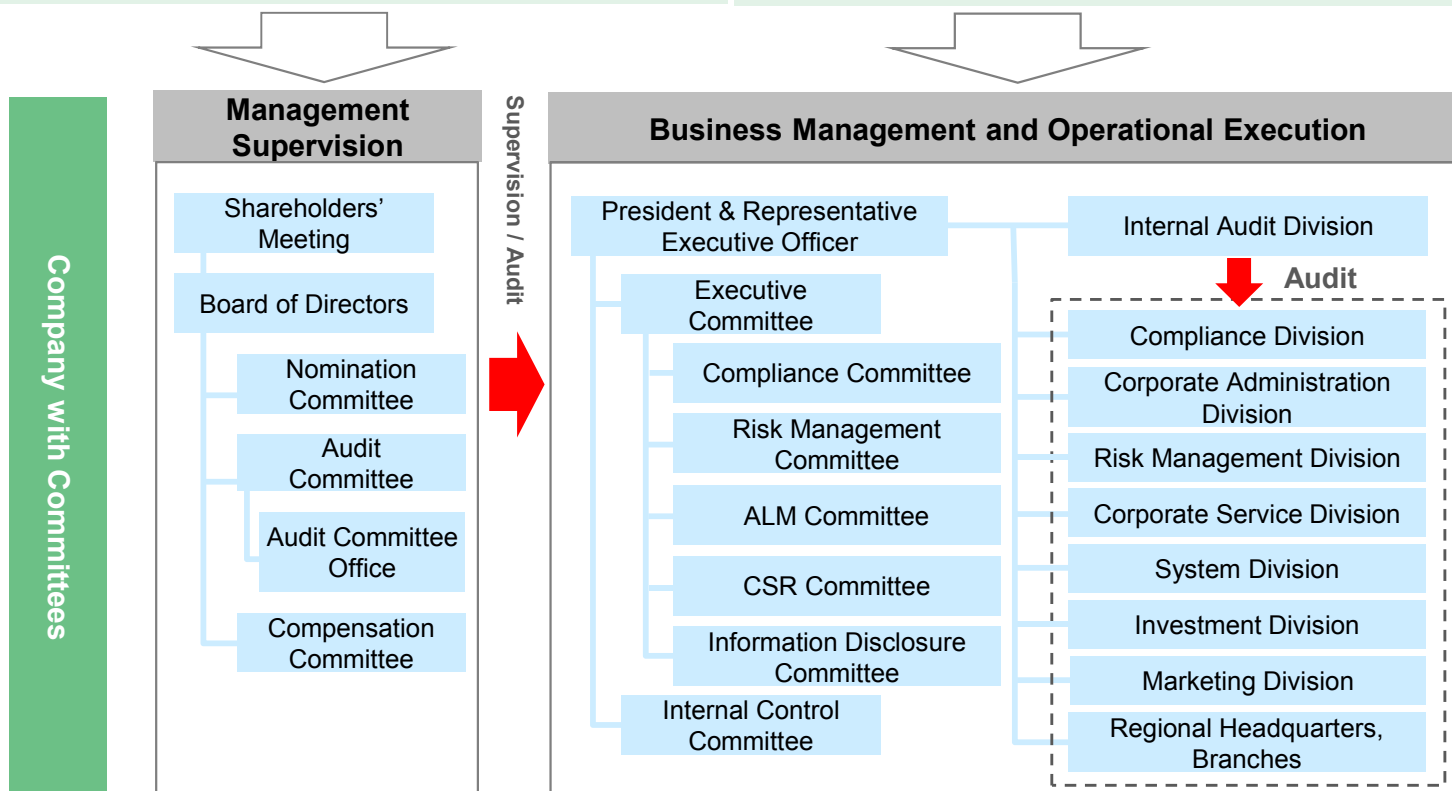
Independence from Parent Company

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

Synergies from Group Collaboration

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

Pursue economy of scale,
leverage on brand strength



Overview of Regulations Surrounding Japan Post Bank

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) | |
| | | After Japan Post Holdings disposes of 50% or more | Notification to the Ministers in charge (Obligation to care for fair competition + notice to Postal Privatization Committee + Supervision) | |
| | 【Additional】 Restrictions on the Maximum Amount of Deposit | <ul style="list-style-type: none">■ Maximum amount of deposits (¥13mn) are stipulated by the enforcement order of the Privatization Act | | No additional regulations imposed ¹ after “Specified Date” ² |
| <div>1. Our banking license is subject to the following conditions: (1) obtain approval from the Prime Minister in order to conduct new types of businesses, (2) continue outsourcing our business operations to an authorized banking agent, in order to maintain a sound, appropriate and stable foundation of our business. (Condition (2) is effective until the Specified Date)</div> <div>2. “Specified Date” means the earlier of the following: (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</div> | | | | |
| New Business requiring approvals (Example) | | <ul style="list-style-type: none">■ Bi-lateral loans to corporations■ Loans to individuals | | <ul style="list-style-type: none">■ Establishment/acquisition of subsidiaries with certain businesses■ Merger, transfer of business, etc. |

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