



JAPAN POST BANK

Results for the Fiscal Year Ended March 2018

May 21, 2018

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Note: All figures (except for Medium-term Management Plan (p.37-54)) 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 FY2018/3 Results

- Net income up 12.9% YoY, with 100.7% achievement rate to full-year forecast
- Endeavour to enhance flexible investment, diversify and sophisticate investment strategy, reinforce investment trust sales and enhance operational efficiency

Note: See p.9 for notes mentioned on p.3-8.

Overview of Business Results

Net income ¥352.7bn* [YoY +12.9%]

* Achievement rate to forecast 100.7%

Net ordinary income ¥499.6bn* [YoY +13.0%]

* Achievement rate to forecast 101.9%

Net interest income ¥1,175.6bn [YoY (¥47.8bn)]

Net fees and commissions ¥96.4bn [YoY +¥9.8bn]

Net other operating income (loss) ¥190.2bn [YoY +¥90.1bn]

General and administrative expenses¹ ¥1,045.0bn [YoY (¥11.1bn)]

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Annual DPS ¥50

【Payout ratio (consolidated) 53.1%】

 p 36

Net unrealized gains (losses) on available-for-sale securities
adjusted by gains (losses) on hedge transactions
¥3,774.4bn [YoY (¥623.6bn)]

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Capital adequacy ratio (consolidated)
(Domestic Standard) 17.43%

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Leverage ratio (consolidated) (pro forma basis) 4.16%

 p 13

Alternative investments	¥1,464.2bn	[YoY +¥856.8bn]
Private equity funds ²	¥469.0bn	[YoY +¥344.5bn]
Real estate funds	¥104.2bn	[YoY +¥89.5bn]
Hedge funds	¥891.0bn	[YoY +¥422.7bn]

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Exchange and settlement transactions, ATM related commissions	¥68.3bn	[YoY +¥1.9bn]
Sales of asset management products, etc. ³	¥28.0bn	[YoY +¥7.8bn]

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Achievement of previous Medium-term Management Plan		FY2018/3 (Targets in the previous Medium-term Management Plan)	FY2018/3 (Actual)
Assets under management (FY2016/3- FY2018/3)	Deposits ⁴	+¥3tn	+¥2.3tn
	Asset management products ⁵	+¥1tn	+¥1.4tn
Net ordinary income		About ¥480.0bn	¥499.6bn
Net income		About ¥330.0bn	¥352.7bn
Reduction of Non-personnel expenses [vs FY2015/3 end]		Reduction of ¥50.0bn or more	Reduction of ¥78.5bn
Dividend payout ratio		50% or more	FY17/3: 60.0% FY18/3: 53.1% ⁶
(Reference) SP balance ⁷		¥60tn	¥78tn

Achievement of previous Medium-term Management Plan

Non-consolidated

(¥bn)

	FY2018/3 (Targets in previous Medium-term Management Plan) (A)	FY2018/3 (Actual) (B)	Targets vs actual gap (B)－(A)	Main factors
BP revenues, etc. ⁸	469.2	354.3	(114.8)	Prolonged historically low interest rate environment
SP revenues	766.9	827.5	+60.6	Enhanced flexible investment, diversified and sophisticated investment strategy
Net fees and commissions ⁸	100.0	96.4	(3.5)	—
Non-personnel expenses	853.4	838.9	(14.5)	Enhanced operational efficiency
Gains (losses) related to deposits	2.1	60.2	+58.0	Booked as gains ordinary deposits with no transactions for 10 years in accordance with accounting rules
Net ordinary income	484.9	499.6	+14.7	Achievement rate for FY2018/3 slightly above the forecast despite decline in BP revenues supported by increased SP revenues and reduced costs
Net income	334.8	352.7	+17.9	—

Development of BP and SP

Non-consolidated

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

Base Portfolio (Liability-driven portfolio)

¥123tn [vs FY2017/3 end (¥7tn)]
(JGB balance decreased, reflecting prolonged historically low interest rate environment)

	Mar 31, 2018	Difference	Mar 31, 2017	Mar 31, 2015
Short-term assets ⁹	55	+0	55	35
Bonds held to maturity — JGBs, Government guaranteed bonds	31	(7)	38	66
Available-for-sale securities — JGBs, Government guaranteed bonds	35	+0	35	47
Loans	1	(0)	1	2

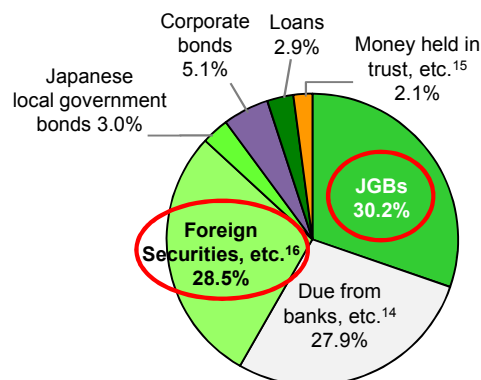
Satellite Portfolio (Excess-return portfolio)

¥78tn [vs FY2017/3 end +¥8tn]
(Further expansion of SP with focus on foreign securities and endeavour to invest in alternative areas)

	Mar 31, 2018	Difference	Mar 31, 2017	Mar 31, 2015
Available-for-sale securities — Japanese local government bonds	6	+0	6	5
— Corporate bonds, etc. ¹⁰	8	+0	8	6
— Foreign securities, etc. ^{10,12} [Investment trusts]	58 [38]	+6 [+5]	52 [32]	33 [14]
Bonds held to maturity — Corporate bonds, etc.	0	(0)	0	1
Money held in trust, etc. (Stocks) ^{11,12}	3	+0	3	2
Loans	1	+0	1	1
Alternative assets	1	+1	1	-

Change in Investment Portfolio

Current FY2018/3 (March 31, 2018)



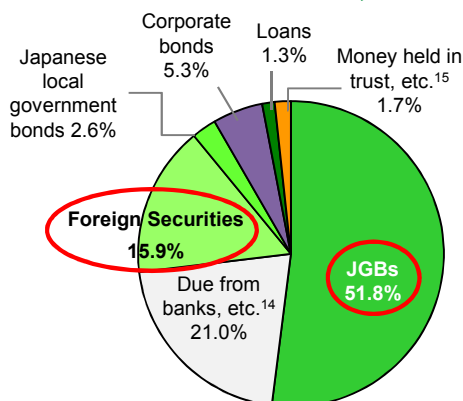
Unrealized gains (losses)

Bonds held to maturity
Available-for-sale securities

¥1,003.5bn

¥3,774.4bn

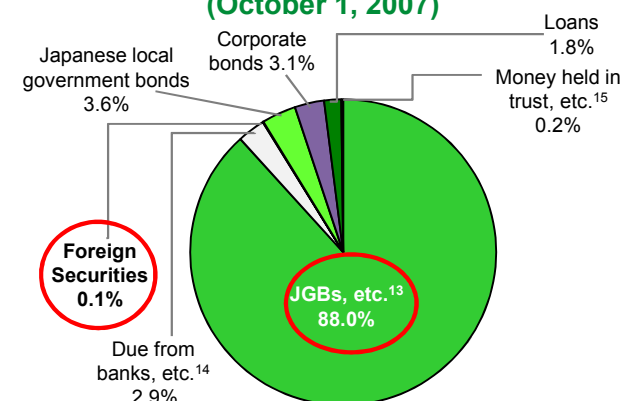
As of March 31, 2015



¥2,268.3bn

¥4,681.5bn

Upon Corporatization (October 1, 2007)



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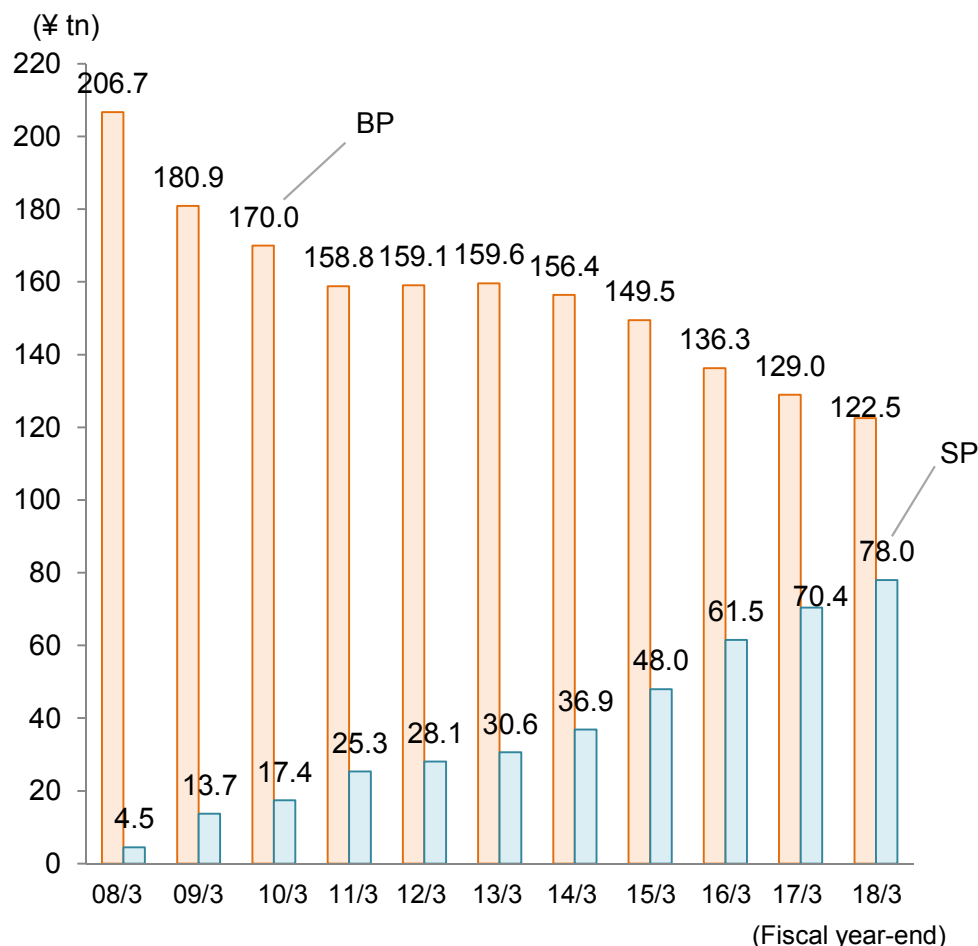
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Capital Adequacy Ratio & Risk-Weighted Assets

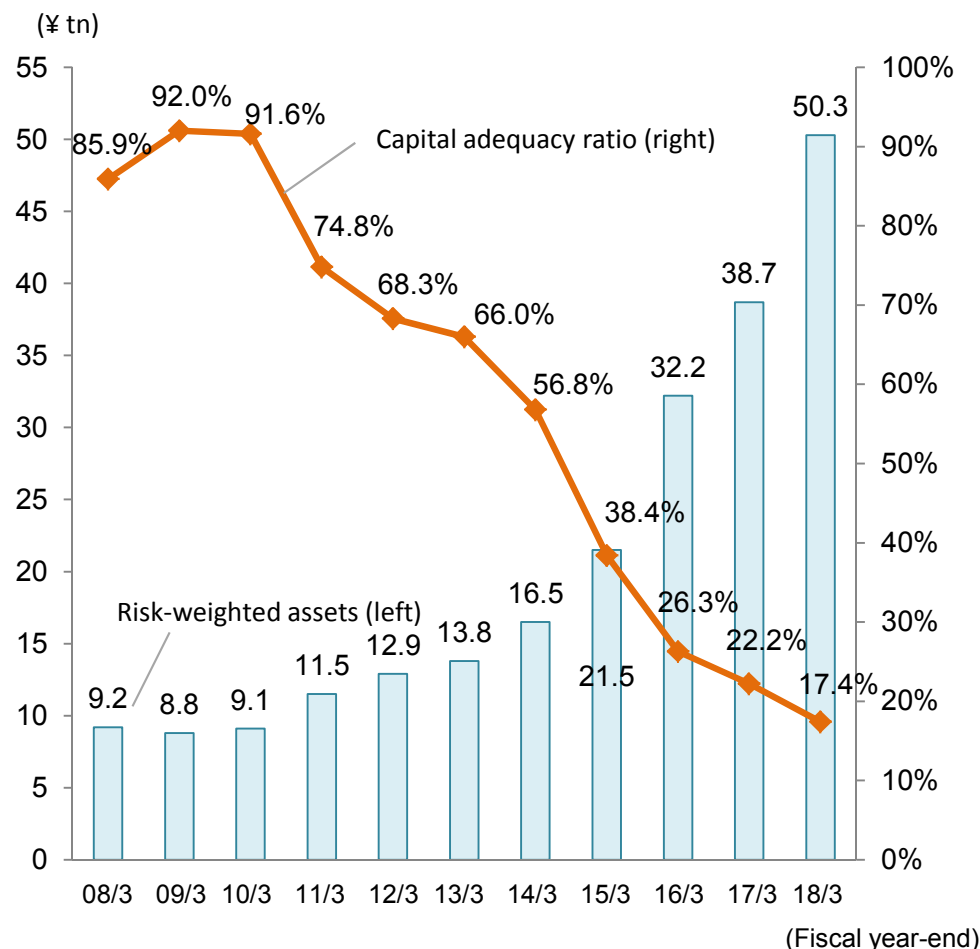
Non-consolidated

Capital adequacy ratio declined reflecting our efforts to diversify investment portfolio (FY09/3-end: 92.0%; FY18/3-end: 17.4%)

Assets Under Management

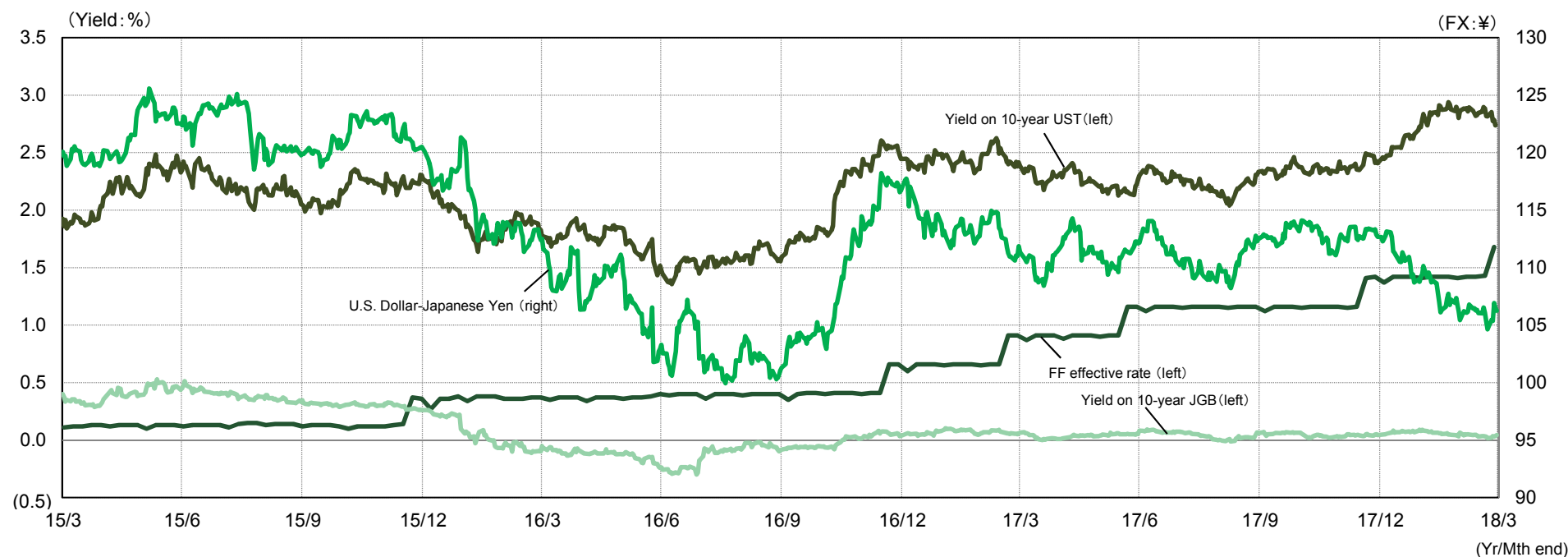


Capital Adequacy Ratio & Risk-Weighted Assets



Market Data and Unrealized gains (losses) during the previous Medium-term Management Plan period

Non-consolidated



	End of Mar, 2015	End of Jun, 2015	End of Sep, 2015	End of Dec, 2015	End of Mar, 2016	End of Jun, 2016	End of Sep, 2016	End of Dec, 2016	End of Mar, 2017	End of Jun, 2017	End of Sep, 2017	End of Dec, 2017	End of Mar, 2018
Total net unrealized gains (losses) on available-for-sale securities ¹⁷	4,681.5	4,663.8	4,071.1	4,001.6	4,186.4	4,257.9	4,251.9	4,452.6	4,398.1	4,323.7	4,424.1	4,433.1	3,774.4
Foreign bonds ¹⁷	3,150.8	3,354.9	2,943.5	2,723.6	1,967.8	700.2	450.6	1,992.0	1,335.1	1,450.0	1,593.7	1,493.1	375.3
Investment trusts ¹⁷	264.9	192.2	(138.6)	(254.1)	(128.0)	81.0	331.4	290.1	435.0	523.9	606.1	519.8	265.8
Effect of fair value hedge accounting ¹⁷	(591.4)	(725.6)	(480.4)	(465.9)	35.3	788.2	902.0	(196.7)	185.3	137.0	36.3	27.6	568.7
Derivatives for which deferred hedge accounting is applied ¹⁷	(974.4)	(1,026.2)	(938.5)	(796.1)	(605.3)	(299.5)	(222.2)	(331.0)	(168.0)	(309.1)	(331.7)	(330.4)	4.4

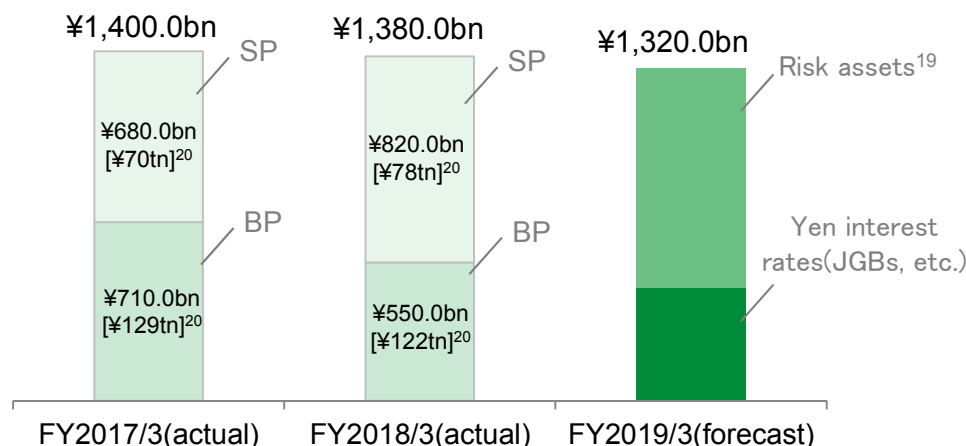
For earnings forecasts for the fiscal year ending March 31, 2019, net ordinary income and net income attributable to owners of parent are expected to amount to ¥370.0bn and ¥260.0bn, respectively

In the adverse business environment with persistent extremely low yen interest rates, etc., the Bank expects to ensure stable profits by provision of high-quality customer-oriented financial services, and further diversification and sophistication of Investment Management, etc. for the fiscal year ending March 31, 2019

Earnings forecasts for the fiscal year ending March 31, 2019 (Consolidated) (¥bn)

	For the fiscal year ending March 31, 2019 (forecast)	ended March 31, 2018 (actual)
Net ordinary income	370.0	499.6
Net income attributable to owners of parent	260.0	352.7

Actual results and forecasts of net interest income, etc.¹⁸



Key initiatives for the fiscal year ending March 31, 2019

- ◆ Provision of High-quality Customer-Oriented Financial Services
 - Expanding sales of investment trusts to pursue consulting services to deal with lifestyles of customers
 - Providing new remittance and settlement services
- ◆ Further Diversification and Sophistication of Investment Management
 - Pursuing alternative investments and improvement of profitability by making use of derivative transactions and others
- ◆ Funds Flow to Regional Communities
 - Creation of new funds flow through participations in regional vitalization funds
- ◆ Strengthening the Business Management System
 - Promoting greater operational efficiency through the use of FinTech and digital technology
 - Promoting higher productivity and reallocate management resources to growth and strengthening areas

Assumptions for earnings forecasts

- ◆ Assumptions of domestic and foreign market interest rates are based on the implied forward rates as of December 31, 2017
- ◆ Assumption of foreign exchange rate is approximately \$1=¥113 for USD/JPY

(Notes)

Notes:

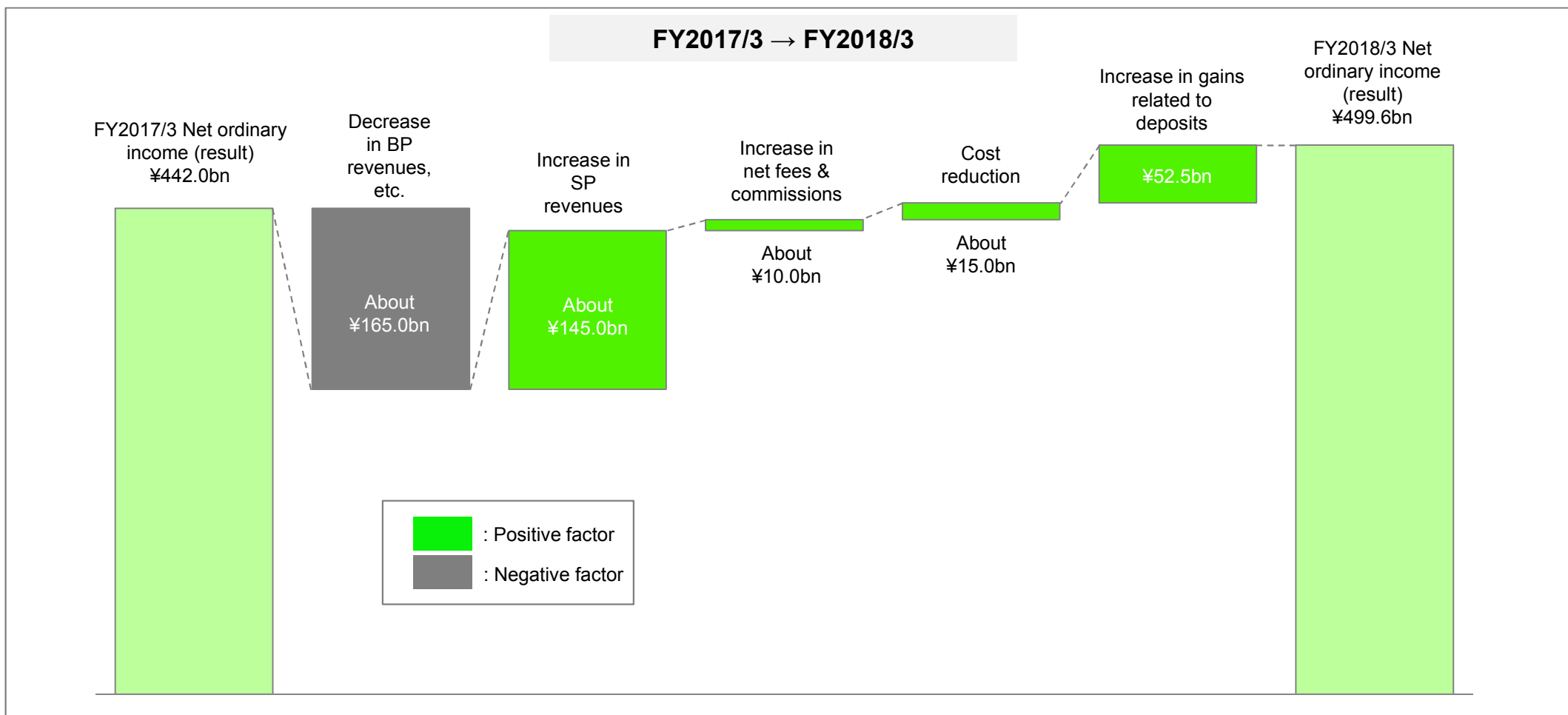
1. Exclude non-recurring items.
2. Include regional vitalization funds.
3. JGBs related commissions, investment trust related commissions, new businesses related commissions, other.
4. Includes accrued interests. Excludes our group companies' deposits increased at the time of the share buyback.
5. Asset management products: Investment trust products + Variable annuities policies
6. Figure as of March 31, 2018 is on a consolidated basis.
7. SP balance is rounded to the nearest trillion.
8. Figures are different from the results calculated from "Net Gains and Losses by Portfolio" on p.24 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 table are fully factored into "BP revenues, etc."
 - (2). Fees and commissions in "Net Gains and Losses by Portfolio" are allocated to BP and SP gains/losses, respectively, while those in the table are factored into "net fees and commissions."
 - (3). Increase/decrease in net other ordinary income, which are unrecognized under management accounting basis, are factored into "BP revenues, etc." in the table.
9. 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.
10. Corporate bonds, etc., foreign securities include monetary claims bought.
11. JGBs contained in money held in trust are included in the Base Portfolio.
12. Assets related to alternative investment are included in "alternative assets."
13. 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.
14. Due from banks, etc. includes negotiable certificates of deposits, BOJ deposits, monetary claims bought, call loans and receivables under securities borrowing transactions.
15. Money held in trust, etc. includes equity securities of affiliated companies, etc.
16. Foreign securities, etc. includes collective investment scheme, etc.
17. See p.20 for net unrealized gains (losses) on available-for-sale securities as of March 31, 2018 and March 31, 2017.
18. Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.). The Bank reviews categories of portfolio from the beginning of the fiscal year ending March 31, 2019.
19. Risk assets = Others of yen interest rates (Japanese government bonds, etc.) (SP and Loans of BP)
20. Figures in parenthesis indicate the balance at the end of the fiscal year.

2. FY2018/3 Financial Results

Changes in Net Ordinary Income (FY2018/3)

Non-consolidated

Achievement rate for FY2018/3 slightly above the forecast, despite sharp decline in BP revenues under severe business environment, supported by flexible investment, diversified and sophisticated investment strategy, reinforced investment trust sales, and enhanced operational efficiency



Note: The above figure, 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 p.24 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 figure 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 figure 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 figure.

Overview of FY2018/3 Results

Non-consolidated

Results of Operations

	For the fiscal year ended		(¥bn)
	March 31, 2018 (A)	March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Gross operating profit	1,462.3	1,410.2	52.1
Net interest income	1,175.6	1,223.5	(47.8)
Net fees and commissions	96.4	86.6	9.8
Net other operating income (loss)	190.2	100.0	90.1
Gains (losses) on foreign exchanges	194.9	99.3	95.5
Gains (losses) on bonds	(6.4)	(2.4)	(4.0)
General and administrative expenses (*)	1,045.0	1,056.1	(11.1)
Provision for general reserve for possible loan losses	0.0	(0.0)	0.0
Net operating profit	417.3	354.0	63.2
Non-recurring gains (losses)	82.3	87.9	(5.6)
Gains (losses) related to stocks	(21.2)	0.0	(21.3)
Gains (losses) on money held in trust	50.9	82.9	(31.9)
Gains (losses) related to deposits	60.2	7.6	52.5
Net ordinary income	499.6	442.0	57.5
Net income	352.7	312.2	40.4

* General and administrative expenses exclude non-recurring losses.

Financial Condition

	As of		(¥bn)
	March 31, 2018 (A)	March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Assets	210,630.6	209,568.8	1,061.7
Cash and due from banks	49,288.3	51,281.9	(1,993.6)
Call loans	480.0	470.0	10.0
Receivables under securities borrowing transactions	8,224.1	8,718.9	(494.7)
Money held in trust	4,241.5	3,817.9	423.6
Securities	139,201.2	138,792.4	408.8
Loans	6,145.5	4,064.1	2,081.4
Liabilities	199,117.4	197,788.7	1,328.6
Deposits	179,882.7	179,434.6	448.0
Payables under securities lending transactions	13,812.1	13,694.2	117.8
Net assets	11,513.1	11,780.0	(266.8)
Total shareholders' equity	8,894.5	8,729.6	164.9
Total valuation and translation adjustments	2,618.5	3,050.4	(431.8)

Management Indicators

Non-consolidated

(¥bn)

	March 31, 2018	Difference (% pt)	March 31, 2017
Capital adequacy ratio (Domestic standards)	17.42%	(4.79)	22.22%
Total capital	8,772.0		8,616.9
Total risk weighted assets	50,343.5		38,779.8
Loss-to-capital ratio	11.37%	+0.21	11.16%
Amount of loss	998.0		961.8
Japanese yen	162.3		238.0
US dollars	721.9		654.4
Capital	8,772.0		8,616.9
ROE	3.02%	+0.34	2.68%
Net income	352.7		312.2
Average of the beginning and ending balances of net assets	11,646.5		11,644.0
OHR	71.46%	(3.42)	74.89%
General and administrative expenses	1,045.0		1,056.1
Gross operating profit	1,462.3		1,410.2
Yield on interest-earning assets	0.74%	(0.03)	0.78%
Net interest margin	0.57%	(0.02)	0.60%
Yield on interest-earning assets	0.74%		0.78%
Interest rate on interest-bearing liabilities	0.17%		0.18%

Consolidated

(¥bn)

	March 31, 2018
Capital adequacy ratio (Domestic standards)	17.43%
Total capital	8,778.8
Total risk weighted assets	50,342.2
Leverage ratio (pro forma basis)*	4.16%
Core capital	8,778.8
Total assets	210,629.8

* Core capital/Total assets (as reported on B/S)

Summarized Balance Sheets

Non-consolidated

	As of March 31, 2018 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Total assets	210,630,601	209,568,820	1,061,781
Cash and due from banks	49,288,314	51,281,921	(1,993,607)
Call loans	480,000	470,000	10,000
Receivables under securities borrowing transactions	8,224,153	8,718,905	(494,752)
Monetary claims bought	278,566	252,214	26,351
Trading account securities	32	9	22
Money held in trust	4,241,524	3,817,908	423,616
Securities	139,201,254	138,792,448	408,806
Loans	6,145,537	4,064,120	2,081,417
Foreign exchanges	87,487	78,646	8,840
Other assets	2,442,328	1,871,733	570,595
Tangible fixed assets	190,098	175,825	14,272
Intangible fixed assets	52,372	46,183	6,188
Reserve for possible loan losses	(1,066)	(1,096)	30

	As of March 31, 2018 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Total liabilities and net assets	210,630,601	209,568,820	1,061,781
Total liabilities	199,117,450	197,788,782	1,328,667
Deposits	179,882,759	179,434,686	448,073
Call money	—	45,436	(45,436)
Payables under repurchase agreements	1,985,285	960,937	1,024,348
Payables under securities lending transactions	13,812,123	13,694,294	117,829
Commercial paper	191,481	40,324	151,156
Borrowed money	2,400	—	2,400
Foreign exchanges	309	407	(97)
Other liabilities	1,950,331	2,185,197	(234,866)
Reserve for bonuses	7,879	6,007	1,872
Reserve for employees' retirement benefits	147,095	148,800	(1,705)
Reserve for employee stock ownership plan trust	809	—	809
Reserve for management board benefit trust	144	43	100
Reserve for reimbursement of deposits	86,114	2,096	84,018
Deferred tax liabilities	1,050,715	1,270,550	(219,834)
Total net assets	11,513,151	11,780,037	(266,886)
Capital stock	3,500,000	3,500,000	—
Capital surplus	4,296,285	4,296,285	—
Retained earnings	2,399,031	2,233,759	165,271
Treasury stock	(1,300,717)	(1,300,411)	(306)
Total shareholders' equity	8,894,599	8,729,634	164,965
Net unrealized gains (losses) on available-for-sale securities	2,615,432	3,166,980	(551,548)
Net deferred gains (losses) on hedges	3,119	(116,577)	119,696
Total valuation and translation adjustments	2,618,551	3,050,403	(431,851)

Income Analysis

Non-consolidated

(Millions of yen)

	For the fiscal year ended		(A) – (B)
	March 31, 2018 (A)	March 31, 2017 (B)	
Gross operating profit	1,462,367	1,410,256	52,110
Net interest income	1,175,691	1,223,546	(47,854)
Net fees and commissions	96,448	86,619	9,828
Net other operating income (loss)	190,227	100,091	90,136
Gains (losses) on foreign exchanges	194,930	99,395	95,534
Gains (losses) on bonds	(6,473)	(2,454)	(4,019)
General and administrative expenses	(1,045,046)	(1,056,168)	11,122
Personnel expenses	(128,658)	(125,328)	(3,330)
Non-personnel expenses	(838,925)	(854,369)	15,444
Taxes and dues	(77,462)	(76,470)	(991)
Operating profit (before provision for general reserve for possible loan losses)	417,320	354,087	63,233
Provision for general reserve for possible loan losses	(11)	10	(21)
Net operating profit	417,309	354,098	63,211
Non-recurring gains (losses)	82,359	87,987	(5,627)
Gains (losses) related to stocks	(21,265)	88	(21,354)
Gains (losses) on money held in trust	50,933	82,930	(31,997)
Gains (losses) related to deposits	60,205	7,654	52,550
Net ordinary income	499,669	442,085	57,583

	For the fiscal year ended		(A) – (B)
	March 31, 2018 (A)	March 31, 2017 (B)	
Extraordinary income (loss)	(731)	(1,488)	757
Gains (losses) on sales and disposals of fixed assets	(713)	(529)	(183)
Losses on impairment of fixed assets	(17)	(958)	941
Income before income taxes	498,937	440,596	58,341
Income taxes – current	(174,218)	(133,287)	(40,931)
Income taxes – deferred	28,025	4,954	23,070
Total income taxes	(146,192)	(128,332)	(17,860)
Net income	352,745	312,264	40,480
Gains (losses) on money held in trust	50,933	82,930	(31,997)
Dividends and interest income	59,225	51,556	7,668
Gains (losses) on sales of stocks	647	41,608	(40,960)
Unrealized gains (losses)	(370)	—	(370)
Impairment losses	(1,088)	(3,734)	2,646
Withholding income tax, etc.	(7,480)	(6,499)	(981)
Credit-related expenses	(11)	0	(11)
Provision for general reserve for possible loan losses	(11)	0	(11)
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 (¥2,186 million and ¥2,115 million recorded as profits for the fiscal years ended March 31, 2018 and 2017, respectively).

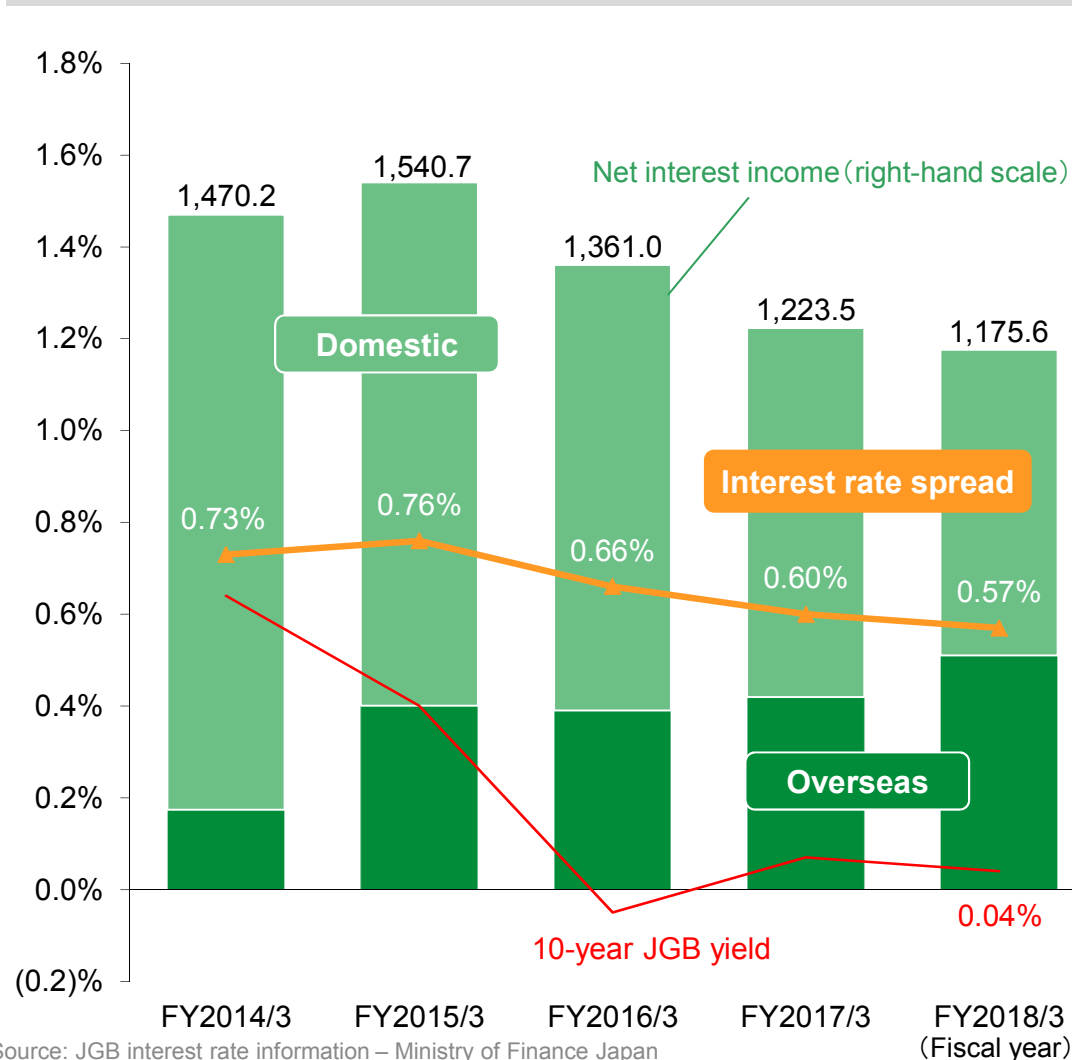
2. Credit-related expenses are those expenses related to problem assets disclosed under the Financial Reconstruction Act.

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

Net Interest Income and Interest Rate Spread

Non-consolidated

Net interest income was ¥1,175.6bn and interest rate spread was 0.57% for the fiscal year ended March 31, 2018



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.

Domestic		For the fiscal year ended		Increase (Decrease) (A) – (B)
		March 31, 2018 (A)	March 31, 2017 (B)	
Net interest income		665.7	804.0	(138.2)
Interest income		852.0	1,046.5	(194.5)
Interest income on Japanese government bonds		611.8	793.3	(181.4)
Interest expenses		186.2	242.5	(56.2)
Overseas		For the fiscal year ended		Increase (Decrease) (A) – (B)
		March 31, 2018 (A)	March 31, 2017 (B)	
Net interest income		509.9	419.5	90.4
Interest income		732.1	596.6	135.4
Interest income on foreign securities		730.3	595.3	134.9
Interest expenses		222.2	177.1	45.0
Total		For the fiscal year ended		Increase (Decrease) (A) – (B)
		March 31, 2018 (A)	March 31, 2017 (B)	
Net interest income		1,175.6	1,223.5	(47.8)
Interest income		1,502.7	1,567.5	(64.7)
Interest expenses		327.0	343.9	(16.9)

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

Non-consolidated

(1) Domestic (Millions of yen, %)

	For the fiscal year ended						Increase (Decrease) (A) – (B)
	March 31, 2018 (A)			March 31, 2017 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	195,014,321	852,033	0.43%	193,991,919	1,046,541	0.53%	(0.10)%
Loans	4,765,201	14,008	0.29	3,081,133	17,741	0.57	(0.28)
Securities	82,402,056	730,011	0.88	92,901,349	926,690	0.99	(0.11)
Receivables under securities borrowing transactions	8,414,660	1,417	0.01	8,318,619	1,471	0.01	(0.00)
Due from banks, etc.	51,583,059	25,115	0.04	47,723,014	24,916	0.05	(0.00)
Interest-bearing liabilities	186,524,351	186,280	0.09	184,991,156	242,503	0.13	(0.03)
Deposits	180,316,482	145,129	0.08	179,251,855	200,373	0.11	(0.03)
Payables under securities lending transactions	8,903,813	1,285	0.01	8,385,284	844	0.01	0.00

(2) Overseas (Millions of yen, %)

	For the fiscal year ended						Increase (Decrease) (A) – (B)
	March 31, 2018 (A)			March 31, 2017 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	54,248,055	732,171	1.34%	48,252,687	596,691	1.23%	0.11%
Loans	2,534	10	0.40	2,151	7	0.35	0.05
Securities	54,067,069	730,365	1.35	48,099,311	595,384	1.23	0.11
Receivables under securities borrowing transactions	—	—	—	—	—	—	—
Due from banks, etc.	68,461	1,019	1.48	81,553	968	1.18	0.30
Interest-bearing liabilities	53,171,677	222,232	0.41	47,375,519	177,183	0.37	0.04
Deposits	—	—	—	—	—	—	—
Payables under securities lending transactions	3,995,938	53,987	1.35	4,674,255	40,697	0.87	0.48

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

Non-consolidated

(3) Total

(Millions of yen, %)

	For the fiscal year ended						Increase (Decrease) (A) – (B)
	March 31, 2018 (A)			March 31, 2017 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	201,467,351	1,502,747	0.74%	200,321,045	1,567,512	0.78%	(0.03)%
Loans	4,767,735	14,019	0.29	3,083,285	17,748	0.57	(0.28)
Securities	136,469,126	1,460,377	1.07	141,000,661	1,522,075	1.07	(0.00)
Receivables under securities borrowing transactions	8,414,660	1,417	0.01	8,318,619	1,471	0.01	(0.00)
Due from banks, etc.	51,651,521	26,135	0.05	47,804,568	25,885	0.05	(0.00)
Interest-bearing liabilities	191,901,004	327,056	0.17	190,443,114	343,966	0.18	(0.01)
Deposits	180,316,482	145,129	0.08	179,251,855	200,373	0.11	(0.03)
Payables under securities lending transactions	12,899,752	55,272	0.42	13,059,539	41,542	0.31	0.11

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, 2018, ¥2,772,856 million; fiscal year ended March 31, 2017, ¥2,646,250 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (fiscal year ended March 31, 2018, ¥2,772,856 million; fiscal year ended March 31, 2017, ¥2,646,250 million) and the corresponding interest (fiscal year ended March 31, 2018, ¥4,725 million; fiscal year ended March 31, 2017, ¥4,779 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 ¥14,461 million for the fiscal year ended March 31, 2018 (¥900 million for the fiscal year ended March 31, 2017).

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.

Non-consolidated

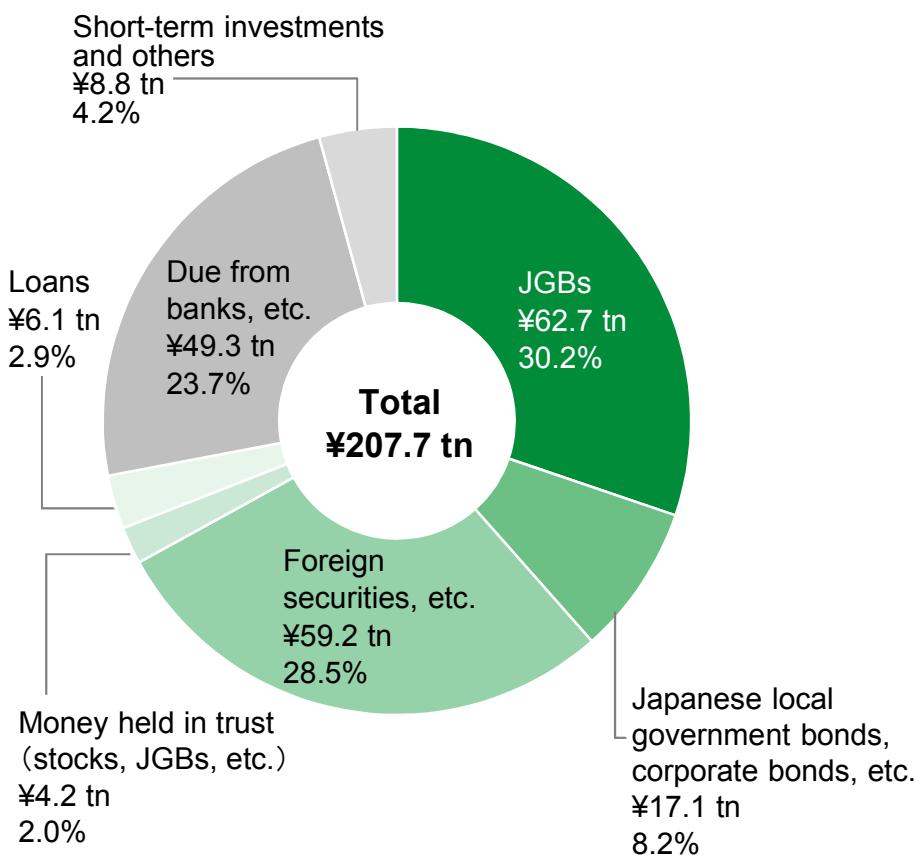
Interest Rate Spread

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2018 (A)	March 31, 2017 (B)	
Yield on interest-earning assets (a)	0.74%	0.78%	(0.03)%
Total cost of funding (including general and administrative expenses) (b)	0.71	0.73	(0.02)
Interest rate on interest-bearing liabilities (c)	0.17	0.18	(0.01)
Overall interest rate spread (a) - (b)	0.03	0.04	(0.01)
Interest rate spread (a) - (c)	0.57	0.60	(0.02)

Asset Management Status

Non-consolidated

Included in investment assets as of March 31, 2018, JGBs were ¥62.7tn and foreign securities, etc. were ¥59.2tn



(¥bn)					
Categories	As of March 31, 2018 (A)	%	As of March 31, 2017 (B)	%	Increase (Decrease) (A) – (B)
Securities	139,201.2	67.0	138,792.4	66.9	408.8
Japanese government bonds	62,749.7	30.2	68,804.9	33.2	(6,055.2)
Japanese local government bonds, corporate bonds, etc. (*)	17,152.6	8.2	17,070.4	8.2	82.2
Foreign securities, etc.	59,298.8	28.5	52,917.0	25.5	6,381.8
Foreign bonds	20,244.3	9.7	20,143.4	9.7	100.8
Investment trusts	39,042.6	18.7	32,726.7	15.7	6,315.9
Money held in trust (stocks, JGBs, etc.)	4,241.5	2.0	3,817.9	1.8	423.6
Domestic stocks	2,286.1	1.1	2,079.2	1.0	206.8
Loans	6,145.5	2.9	4,064.1	1.9	2,081.4
Due from banks, etc. (**)	49,314.6	23.7	51,213.3	24.7	(1,898.7)
Short-term investments and others (***)	8,830.6	4.2	9,305.6	4.4	(474.9)
Total	207,733.5	100.0	207,193.4	100.0	540.0

* “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.

Unrealized Gains (Losses) on Financial Assets (1)

Non-consolidated

Net unrealized gains on available-for-sale securities adjusted by gains (losses) on hedge transactions were ¥3,774.4bn as of March 31, 2018 (before application of tax effect accounting)

(¥bn)

	As of March 31, 2018		As of March 31, 2017	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Held-to-maturity securities	31,458.9	1,003.5	38,316.9	1,456.5

(¥bn)

	As of March 31, 2018		As of March 31, 2017	
	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	112,245.7	3,769.9	104,609.2	4,566.1
Securities (A)	108,083.5	1,912.0	100,791.3	3,282.1
Japanese government bonds	33,645.7	1,129.9	33,487.5	1,320.7
Foreign bonds	20,211.9	375.3	20,078.5	1,335.1
Investment trusts	39,042.6	265.8	32,726.7	435.0
Others	15,183.1	140.8	14,498.5	191.1
Effect of fair value hedge accounting (B)		568.7		185.3
Money held in trust (C)	4,162.2	1,289.2	3,817.9	1,098.6
Domestic stocks	2,286.1	1,262.0	2,079.2	1,058.6
Others	1,876.1	27.1	1,738.6	40.0
Derivatives for which deferred hedge accounting is applied (D)	11,326.5	4.4	7,553.3	(168.0)
Total (A) + (B) + (C) + (D)		3,774.4		4,398.1

Unrealized Gains (Losses) on Financial Assets (2)

Non-consolidated

(1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2018 (A)		As of March 31, 2017 (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	29,103,961	958,146	35,317,430	1,373,826	(6,213,469)	(415,679)
Japanese local government bonds	—	—	44,618	115	(44,618)	(115)
Japanese corporate bonds	2,322,529	37,283	2,889,963	70,626	(567,433)	(33,342)
Others	32,433	8,144	64,911	11,981	(32,478)	(3,836)
Foreign bonds	32,433	8,144	64,911	11,981	(32,478)	(3,836)
Total	31,458,923	1,003,574	38,316,923	1,456,549	(6,857,999)	(452,974)

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

(2) Available-for-sale Securities

(Millions of yen)

	As of March 31, 2018 (A)		As of March 31, 2017 (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)
Stocks	28,790	396	5	—	28,785	396
Bonds	48,444,750	1,273,206	47,622,031	1,518,522	822,718	(245,315)
Japanese government bonds	33,645,763	1,129,996	33,487,558	1,320,778	158,205	(190,782)
Japanese local government bonds	6,405,190	62,426	6,037,606	90,906	367,583	(28,479)
Commercial paper	229,998	—	233,998	—	(4,000)	—
Japanese corporate bonds	8,163,797	80,783	7,862,867	106,837	300,929	(26,053)
Others	59,609,979	638,419	53,169,316	1,763,647	6,440,663	(1,125,228)
Foreign bonds	20,211,925	375,390	20,078,556	1,335,157	133,368	(959,766)
Investment trusts	39,042,659	265,830	32,726,722	435,050	6,315,936	(169,220)
Total	108,083,520	1,912,022	100,791,353	3,282,169	7,292,166	(1,370,147)

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

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

3. Of net unrealized gains (losses) shown above, ¥568,753 million and ¥185,342 million losses were included in the statements of income for the fiscal years ended March 31, 2018 and 2017, 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, 2018 and 2017.

Unrealized Gains (Losses) on Financial Assets (3)

Non-consolidated

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

(Millions of yen)

	As of March 31, 2018 (A)		As of March 31, 2017 (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	4,162,251	1,289,201	3,817,908	1,098,661	344,342	190,540
Domestic stocks	2,286,148	1,262,041	2,079,290	1,058,661	206,858	203,380
Domestic bonds	1,256,039	27,061	1,274,178	40,000	(18,139)	(12,938)

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

2. Impairment losses on money held in trust which is classified as available-for-sale for the fiscal years ended March 31, 2018 and 2017 amounted to ¥1,088 million and ¥3,734 million, respectively.

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

(Millions of yen)

	As of March 31, 2018 (A)		As of March 31, 2017 (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	6,341,492	(110,021)	4,498,510	(195,410)	1,842,981	85,389
Currency swaps	4,925,816	117,531	2,971,988	37,723	1,953,827	79,808
Foreign exchange forward contracts	59,257	(3,014)	82,803	(10,351)	(23,546)	7,337
Total	11,326,565	4,495	7,553,302	(168,039)	3,773,263	172,535

Notes: 1. Net deferred gains (losses) are those before application of tax effect accounting.

2. Hedged instruments are mainly available-for-sale securities.

Total (2) + (3) + (4)

(Millions of yen)

	As of March 31, 2018 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Total net unrealized gains (losses)	3,774,473	4,398,134	(623,661)

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

Non-consolidated

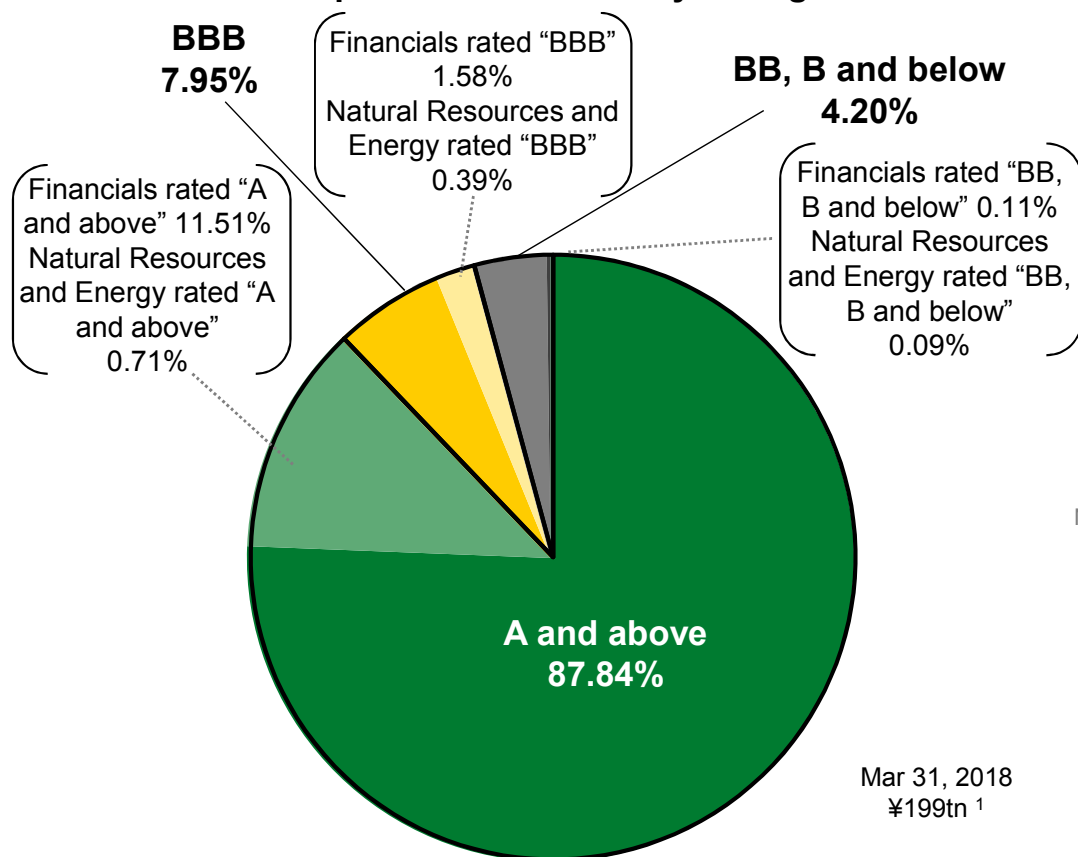
Breakdown of the Bank's investment assets,

By credit rating: 87% are rated A or above, and over 95% are rated IG (BBB or above)

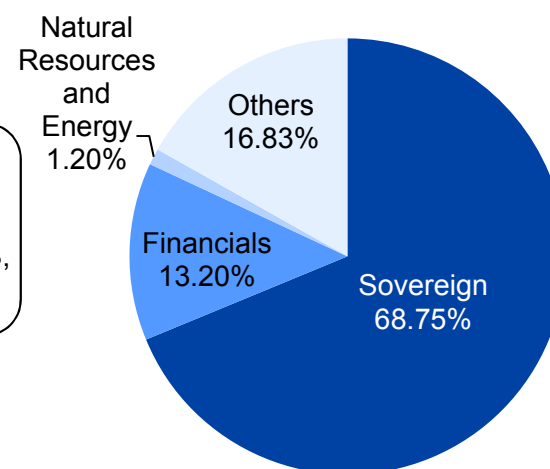
By sector: around 69% are Sovereign, and around 13% are Financials

By region: around 73% are Japan, and around 14% are North America

Exposures Classified by Ratings

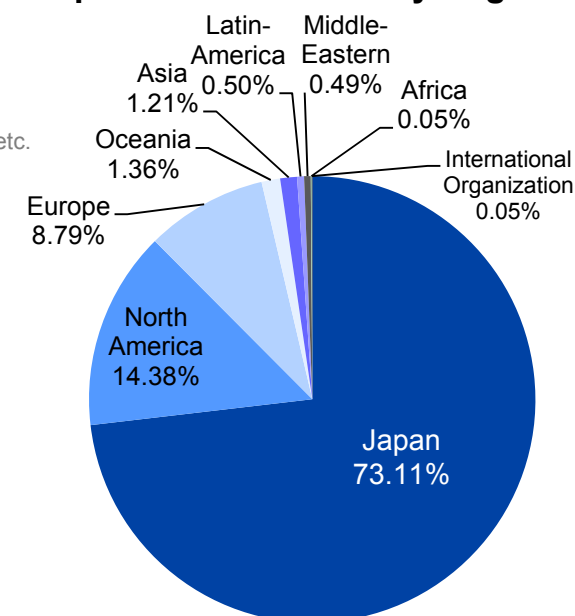


Exposures Classified by Sector



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

Non-consolidated

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

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

	FY2012/3		FY2013/3		FY2014/3		FY2015/3		FY2016/3		FY2017/3		FY2018/3	
	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	573.4	187.4	592.1	190.5	573.1	194.2	559.9	196.5	480.4	197.5	433.0	198.9	438.4
Base Portfolio (BP)	157.4	438.7	158.0	342.1	156.7	289.7	151.7	94.7	141.7	(35.6)	131.5	(243.3)	124.6	(380.0)
BP Customer-based Funding, sales	-	(57.6)	-	(60.2)	-	(120.3)	-	(222.4)	-	(250.4)	-	(399.6)	-	(571.8)
BP Investment Side, etc.	-	496.4	-	402.3	-	410.0	-	317.2	-	214.7	-	156.3	-	191.8
Satellite Portfolio (SP)	26.7	134.6	29.3	249.9	33.7	283.4	42.4	465.1	54.8	516.0	66.0	676.4	74.2	818.5

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

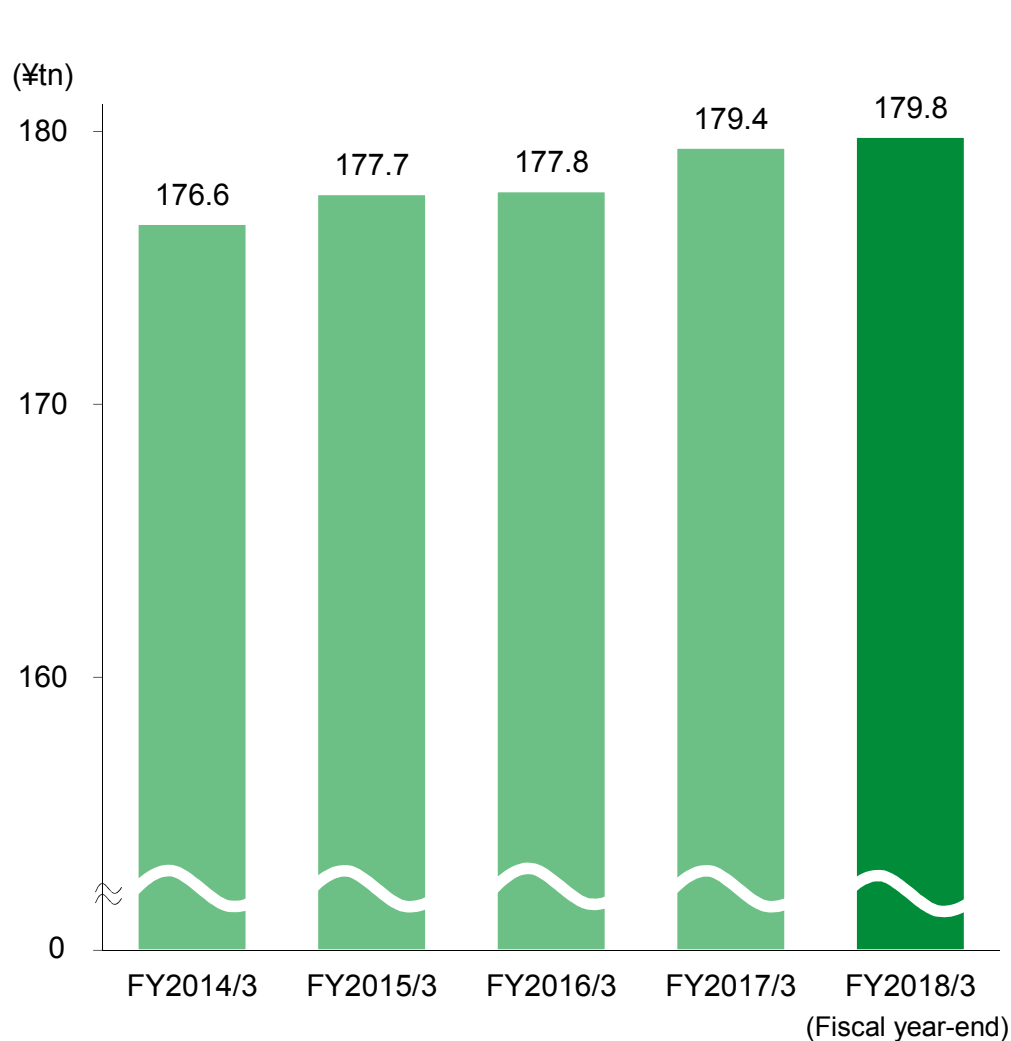
Net gains and losses are calculated by the below formula. Total of net gains and losses for each portfolio are largely equal to the Bank's net ordinary income.

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

Non-consolidated

Deposit balance as of March 31, 2018 was ¥179.8tn, which remained stable



	As of March 31, 2018 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Liquid deposits	73.7	67.9	5.7
Transfer deposits	14.4	13.0	1.3
Ordinary deposits, etc.	58.9	54.5	4.3
Savings deposits	0.3	0.3	0.0
Fixed-term deposits	105.9	111.2	(5.2)
Time deposits	8.6	10.0	(1.3)
TEIGAKU deposits, etc.	97.2	101.2	(3.9)
Other deposits	0.1	0.1	(0.0)
Total	179.8	179.4	0.4

Fees and Commissions

Non-consolidated

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)

	FY2018/3	FY2017/3	Difference
Net fees and commissions	96.4	86.6	9.8
Exchange and settlement transactions	59.1	59.1	0.0
Zengin net fee	9.7	9.3	0.3
ATM related commissions	9.2	7.2	1.9
JGBs related commissions	1.6	1.8	(0.1)
Investment trust related commissions	19.0	10.5	8.4
New businesses related commissions	6.6	6.9	(0.3)
Credit cards	4.4	4.2	0.1
Variable annuities	0.9	1.5	(0.5)
Consumer loans	1.2	1.1	0.0
Other	0.7	0.8	(0.1)

(ATM business)

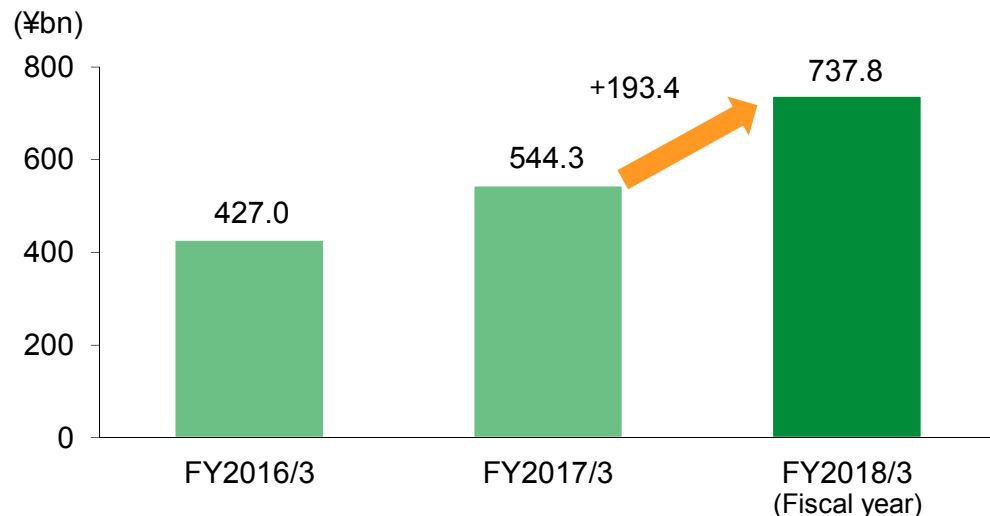
- Expanding the installation of compact ATMs at FamilyMart convenience stores on nationwide basis from January 2017
- Scheduled to install compact JP Bank ATMs in stages at all 19 Aozora Bank branches (total of 19 machines from August 27, 2018)

(Sales promotion of investment trust products)

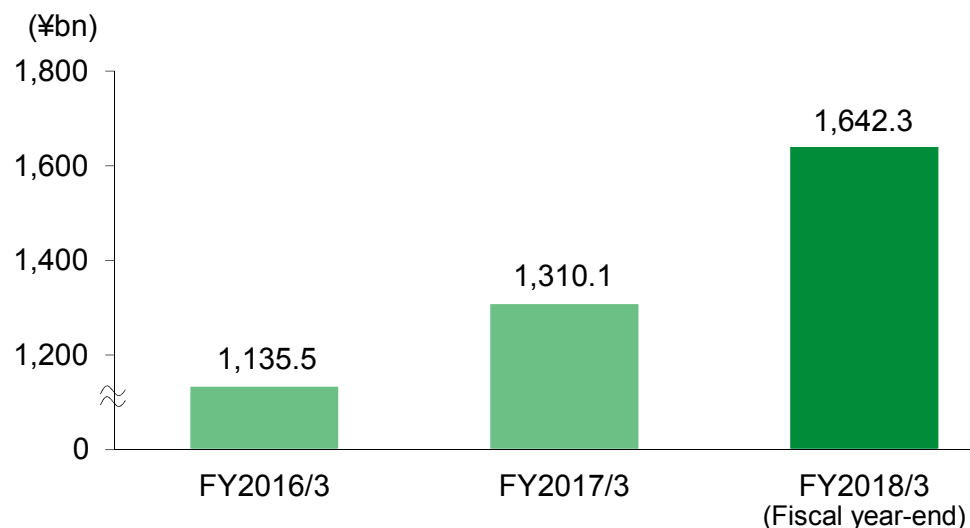
- (Post offices)
Expanding investment trust sales locations and sales support locations

Investment trust sales locations: 1,416
(As of March 31, 2018)
Investment trust sales support locations: 18,298
(As of March 31, 2018)
- Conducting a campaign in a bid to expand our range of investment trust customers and increase the use of iDeCo (April, 2018~March, 2019)

Investment Trusts Sales



Net Assets of Investment Trusts



Enhancement of Consulting Marketing

(1) Develop and increase personnel engaged in consulting marketing

Our branches: As of April 1, 2017 1,300 staffs

As of April 1, 2018 1,600 staffs

Post offices : Training program provided by Japan Post Bank marketing instructors aiming to improve marketing skills of investment trusts, etc.

(2) (Post offices)

Expanding investment trust sales locations and sales support locations

	Jun 2017	March 31, 2018
Investment trust sales locations	1,315	1,416 (+101)
Investment trust sales support locations	805	18,298 (+17,493)

(3) Conducting a campaign in a bid to expand our range of investment trust customers and increase the use of iDeCo

(4) From May 7, 2018, we added 4 new investment trust instruments across 7 funds

(5) Ran a “campaign for monthly investment-type NISA” (from Jan 2018 to Mar 2018) with 8 eligible products ahead of the launch of “monthly investment-type NISA” in Jan 2018

(6) iDeCo (Individual-type Defined Contribution Pension) “Yucho Plan A”

- Lowered administration fee
- (A) Expansion of product lineup
- (B) Lowered management fees
- (C) Consultation at post offices
- Launched face-to-face consulting service about iDeCo at some post offices

from Jul 1, 2017

from Oct 3, 2017

from May 14, 2018

Selected Business Results (1)

Non-consolidated

(1) Investment Trusts Sales (Contract Basis)

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2018 (A)	March 31, 2017 (B)	
Number of contracts (thousands)	1,544	1,251	293
Sales amount (millions of yen)	737,878	544,399	193,478

	As of March 31, 2018 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Number of investment trust accounts (thousands)	874	749	124
Net assets (millions of yen)	1,642,301	1,310,151	332,149

(2) Variable Annuities Policies

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2018 (A)	March 31, 2017 (B)	
Number of policies	10,053	17,731	(7,678)
Sales amount (millions of yen)	48,790	90,712	(41,922)

	As of March 31, 2018 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Number of policies (cumulative)	110,560	100,507	10,053
Sales amount (cumulative) (millions of yen)	577,225	528,434	48,790

Selected Business Results (2)

Non-consolidated

(3) Credit Cards

(Thousands)

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2018 (A)	March 31, 2017 (B)	
Number of cards issued	60	61	(1)

	As of March 31, 2018 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Number of cards issued (cumulative) (outstanding)	1,082	1,093	(10)

(4) Mortgage Loans (as Intermediary)

(Millions of yen)

	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2018 (A)	March 31, 2017 (B)	
Amount of new credit extended	35,673	39,908	(4,234)

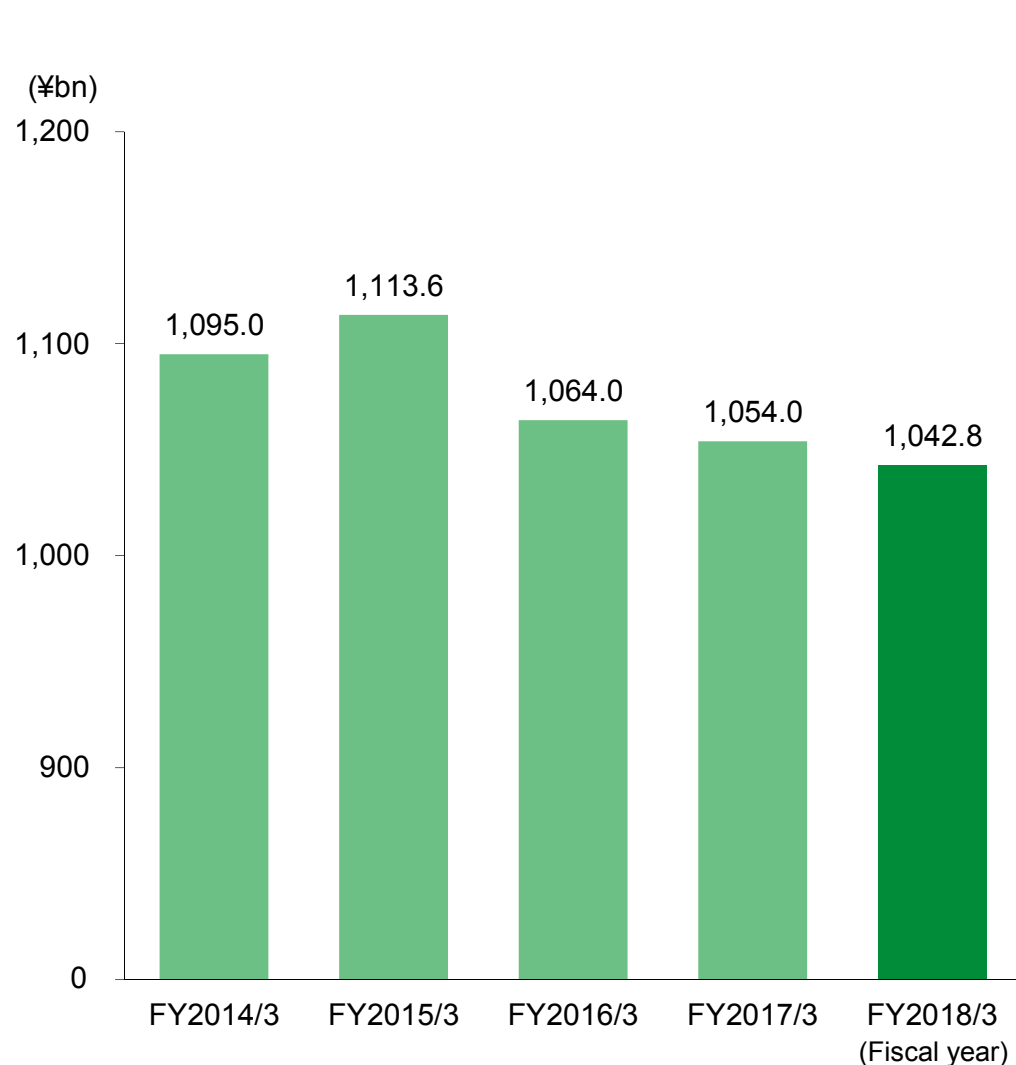
	As of March 31, 2018 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Amount of new credit extended (cumulative)	418,932	383,259	35,673

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

General and Administrative Expenses (1)

Non-consolidated

General and administrative expenses for the fiscal year ended March 31, 2018 decreased by ¥11.1bn year on year to ¥1,042.8bn



	For the fiscal year ended		Increase (Decrease) (A) – (B)
	March 31, 2018 (A)	March 31, 2017 (B)	
Personnel expenses (*)	126.4	123.2	3.2
Salaries and allowances	103.3	101.1	2.2
Non-personnel expenses	838.9	854.3	(15.4)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	598.1	612.4	(14.3)
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	5.6	8.3	(2.6)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	60.5	66.1	(5.6)
Taxes and dues	77.4	76.4	0.9
Total	1,042.8	1,054.0	(11.1)

* Personnel expenses include non-recurring losses.

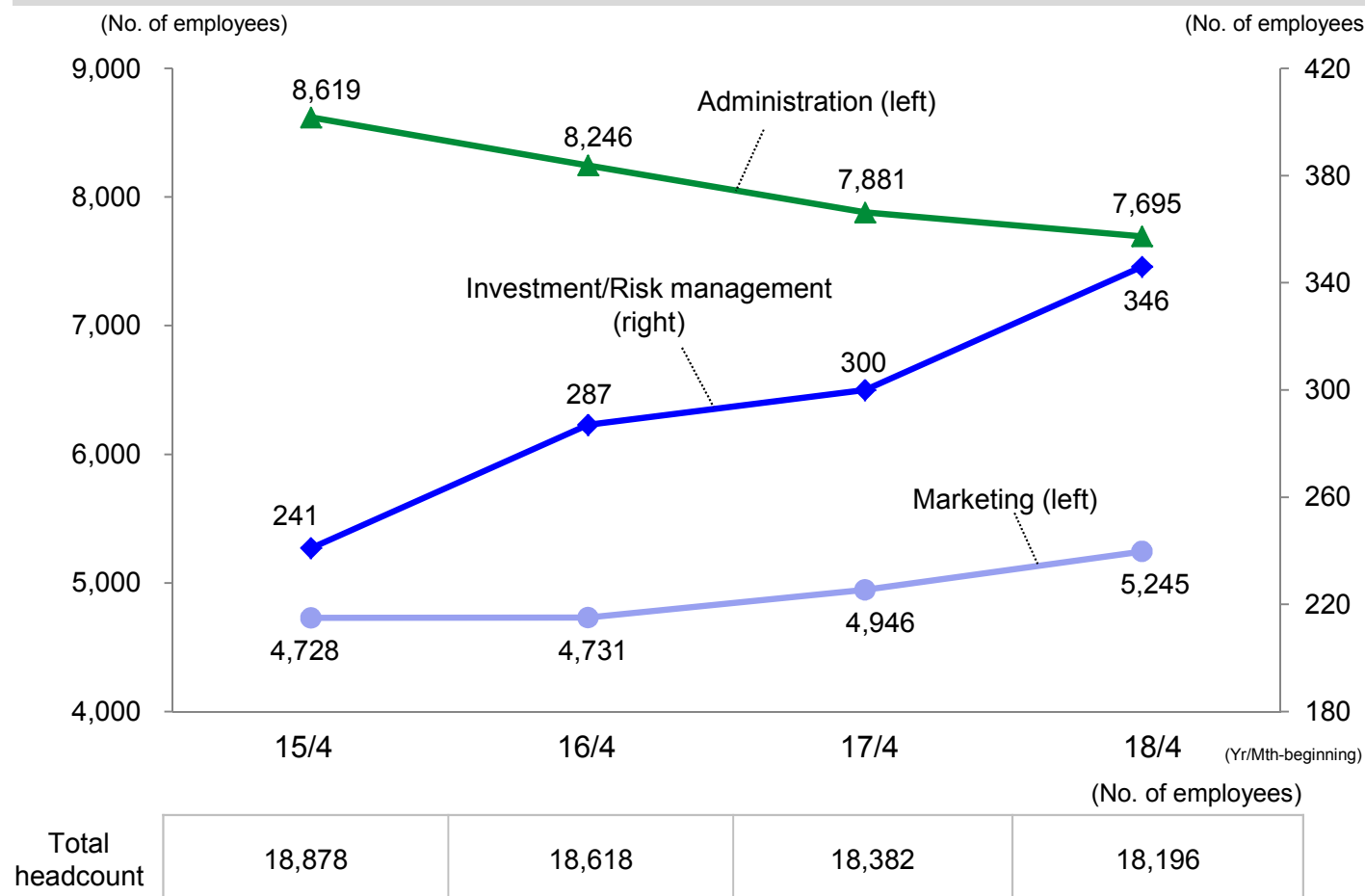
General and Administrative Expenses (2)

Non-consolidated

	For the fiscal year ended				(Millions of yen, %)
	March 31, 2018 (A)		March 31, 2017 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Personnel expenses	126,471	12.12	123,212	11.68	3,259
Salaries and allowances	103,370	9.91	101,128	9.59	2,242
Others	23,101	2.21	22,084	2.09	1,016
Non-personnel expenses	838,925	80.44	854,369	81.05	(15,444)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	598,116	57.35	612,465	58.10	(14,349)
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*)	5,679	0.54	8,371	0.79	(2,691)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	60,538	5.80	66,166	6.27	(5,627)
Rent for land, buildings and others	12,670	1.21	12,388	1.17	282
Expenses on consigned businesses	55,621	5.33	50,702	4.81	4,918
Depreciation and amortization	37,446	3.59	35,306	3.34	2,139
Communication and transportation expenses	19,088	1.83	19,124	1.81	(36)
Maintenance expenses	11,015	1.05	12,631	1.19	(1,616)
IT expenses	17,673	1.69	16,362	1.55	1,310
Others	21,074	2.02	20,848	1.97	225
Taxes and dues	77,462	7.42	76,470	7.25	991
Total	1,042,860	100.00	1,054,053	100.00	(11,193)

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

To keep reducing total headcount by streamlining administrative work and optimizing administrative staffing and reallocating human resources to growth and reinforced areas which are the Marketing and Investment divisions
To continue to reduce total headcount by streamlining administration work, decreasing the number of new hires (250 in 2019 (plan)), etc. during the Medium-term Management Plan period (from FY2018 to FY2020)



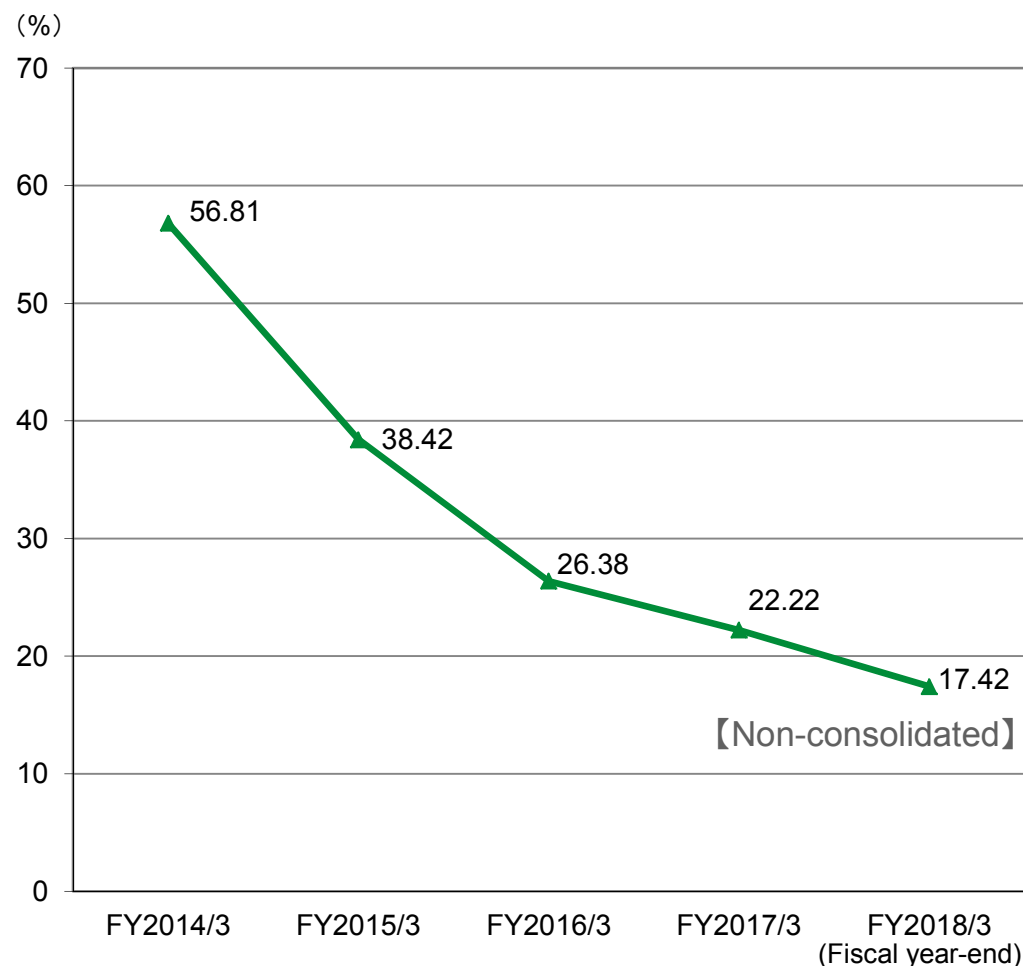
(No. of employees)	
	Change (4/1/2015 → 4/1/2018)
Total headcount	(682)
Administration	(924)
Investment/Risk management	+105
Marketing	+517

- Notes: 1. Includes non-regular employees. 2018 headcount for non-regular employees as of March 31.
2. Administration: HQ System Division + HQ Operation Division + Operation Support Centers etc.
Investment/Risk management: HQ Investment Division + HQ ALM Planning Office + HQ Risk management Division
Marketing: HQ Marketing Division + Branches (financial consulting department, corporate marketing department, loan marketing department) + Administration Service Centers
3. Administration Service Centers are organizations that support sales and administration activities for post offices. Operation Support Centers mainly perform back office functions.

Capital Adequacy Ratio

Non-consolidated
Consolidated

Capital adequacy ratio (non-consolidated, domestic standard) was 17.42% as of March 31, 2018



【Non-consolidated】		(¥bn, %)	
	As of March 31, 2018 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Total capital (a)	8,772.0	8,616.9	155.1
Total amount of risk-weighted assets (b)	50,343.5	38,779.8	11,563.7
Credit risk-weighted assets	47,574.7	35,906.5	11,668.1
Capital adequacy ratio (a) / (b)	17.42%	22.22%	(4.79)%

【Consolidated】		(¥bn, %)	
	As of March 31, 2018		
Total capital (a)	8,778.8		
Total amount of risk-weighted assets (b)	50,342.2		
Credit risk-weighted assets	47,573.4		
Capital adequacy ratio (consolidated)(a) / (b)	17.43%		

Detailed Information on Capital Adequacy (1)

Non-consolidated

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

	As of March 31, 2018 (A)	As of March 31, 2017 (B)	(Millions of yen, %) Increase (Decrease) (A) – (B)
Core Capital: instruments and reserves (a)	8,801,141	8,636,164	164,976
Core Capital: regulatory adjustments (b)	29,070	19,224	9,845
Total capital (a) - (b) = (c)	8,772,071	8,616,940	155,130
Total amount of risk-weighted assets (d)	50,343,515	38,779,806	11,563,708
Credit risk-weighted assets	47,574,709	35,906,558	11,668,151
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,768,805	2,873,248	(104,442)
Capital adequacy ratio (c) / (d)	17.42%	22.22%	(4.79)%

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

	As of March 31, 2018 (A)	As of March 31, 2017 (B)	(Billions of yen, %) Increase (Decrease) (A) – (B)
Amount of loss (a)	998.0	961.8	36.1
Japanese yen	162.3	238.0	(75.7)
U.S. dollars	721.9	654.4	67.5
Capital (b)	8,772.0	8,616.9	155.1
Loss-to-capital ratio (a) / (b)	11.37%	11.16%	0.21%

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.

Detailed Information on Capital Adequacy (2)

Consolidated

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

(Millions of yen, %)

	As of March 31, 2018
Core Capital: instruments and reserves (a)	8,807,898
Core Capital: regulatory adjustments (b)	29,075
Total capital (a) - (b) = (c)	8,778,822
Total amount of risk-weighted assets (d)	50,342,277
Credit risk-weighted assets	47,573,471
Market risk equivalent / 8%	—
Operational risk equivalent / 8%	2,768,805
Capital adequacy ratio (consolidated) (c) / (d)	17.43%

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

(Billions of yen, %)

	As of March 31, 2018
Amount of loss (a)	998.0
Japanese yen	162.3
U.S. dollars	721.9
Capital (b)	8,772.0
Loss-to-capital ratio (a) / (b)	11.37%

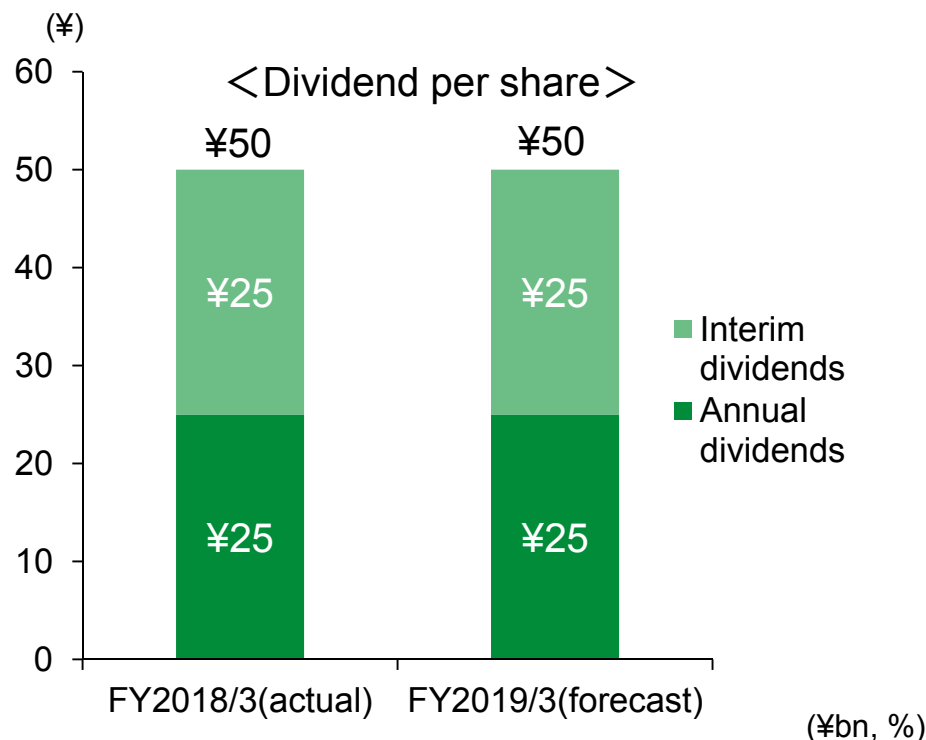
Notes: 1. The Bank adopts an interest rate shock scenario based on historical interest rate fluctuation data for a five-year observation period with a one-year holding period. Confidence levels of 1% and 99% for interest rate fluctuations are applied in this scenario.
 2. Figures shown above are non-consolidated amount because the amount of assets held by consolidated subsidiaries used for the calculation of loss-to-capital ratio under the outlier framework is small.

FY2019/3 Dividend Forecast

Consolidated

Dividend per share for the fiscal year ended March 31, 2018 is ¥50 (including interim dividends of ¥25)
Dividend per share for the fiscal year ending March 31, 2019 is expected to be ¥50 (including interim dividends of ¥25)

Actual result and forecast of dividends

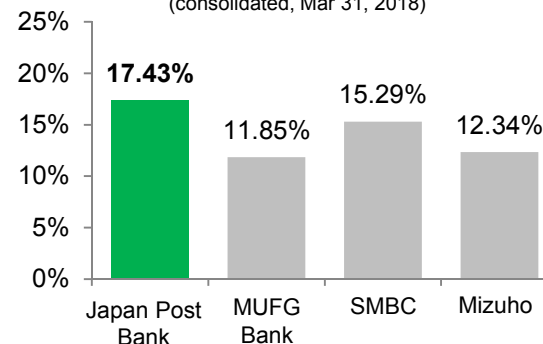


	For the fiscal year	
	ended March 31, 2018 (actual)	ending March 31, 2019 (forecast)
Total dividend payment	187.4	187.4
Dividend payout ratio	53.1%	72.0%

Dividend policy (until March 31, 2021)

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

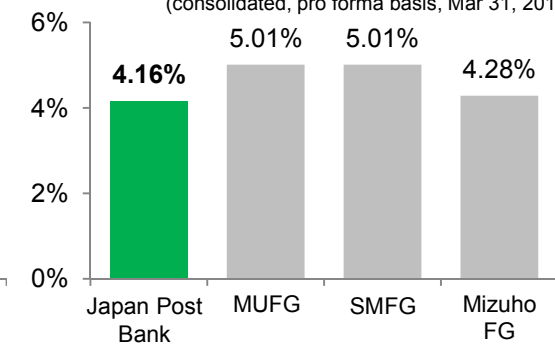
(Reference 1) Capital Adequacy Ratio (consolidated, Mar 31, 2018)



Source: Corporate disclosure materials

Note: The Bank calculates capital adequacy ratio based on domestic standard (consolidated). MUFG Bank, SMBC, Mizuho calculate common equity Tier 1 ratios based on uniform international standard (consolidated).

(Reference 2) Leverage Ratio (consolidated, pro forma basis, Mar 31, 2018)



Source: Corporate disclosure materials

Notes 1: MUFG, SMFG, Mizuho FG are consolidated group basis.
 2: The Bank's leverage ratio (consolidated, pro forma basis) = Core capital/ Total assets (as reported on B/S)

UNOFFICIAL TRANSLATION

Although the “Bank” pays close attention to provide English translation of the information disclosed in Japanese, the Japanese original prevails over its English translation in the case of any discrepancy.

3. Medium-term Management Plan (Fiscal Year 2019/3 to Fiscal Year 2021/3)

Numerical Targets

Income targets

- **Net ordinary income** (consolidated basis)
⇒【FY2021/3】 390 billion yen
- **Net income attributable to owners of parent**
(consolidated basis)
⇒【FY2021/3】 280 billion yen

Sales

- **Assets under management**
⇒【3 years】 Around +1.8 trillion yen
- **Investment trusts balance**
⇒【3 years】 Around +1.7 trillion yen
(【End of FY2028/3】balance: 10 trillion yen)
* Cumulative total of “sales - cancellations” over 3 years (different from market value basis)
- **Net fees and commissions**
⇒【FY2021/3】 +30% (compared to FY2018/3)

Investments

- **Balance of risk assets***
⇒【End of FY2021/3】 Around 87 trillion yen
* Balance other than interest-bearing yen assets (JGBs, etc.)
(Existing Satellite Portfolio (SP) +Base Portfolio (BP) loans)
- **Balance of strategic investment area***
⇒ 【End of FY2021/3】 Around 8.5 trillion yen
* Existing alternatives (PE, HF, real estate funds (equity))
+ real estate funds (debt (non-recourse loans, CMBS)),
direct lending funds

Expenses

- **Predetermined expenses**
⇒【FY2021/3】 ▲30 billion yen (compared to FY2018/3)
* Excluding expenses pertaining to the consumption tax rate increase and the allocation of resources to growth areas

The Bank aims to decrease general and administrative expenses as a whole compared to FY2017 while allocating resources to growth areas that contribute to the improvement of customer convenience and the increase of future income.
- **Improvement of operating efficiency**
⇒【3 years】 Equivalent to ▲2 thousand employees
* Equivalent to about ▲10% of the number of employees in FY2018/3 (including non-regular employees)

Shareholder returns

- **Dividends per share**
⇒【3 years】 Secure 50 yen per year
*considered the implementation of additional shareholder returns according to conditions such as future regulatory trends, income growth and adequacy of internal reserves

Capital adequacy ratio

- **Capital adequacy ratio**
⇒ Level to be kept set at around 10%
(after consideration of strengthening of financial regulations)

Build JP Bank’s brand even amid changes in the environment

Environment



Direction to take

Have more people say “JP Bank, of course”

The Bank will use the post office network to continue to stand by the side of its customers, and steadfastly support each of the wide range of individuals across Japan, spanning from small children to the elderly, throughout their long lives.

Providing “new convenience” and “peace of mind” to customers	Promotion of internationally diversified investments and supply of risk money to domestic industry through the effective utilization of capital	Contribution to development of the Japanese economy through vitalization of regional economies
<ul style="list-style-type: none">○ Supporting customers’ lives through the utilization of new technologies○ Contributing to high-quality asset building by customers through our engagement in consulting operations that match customers lifestyles and needs○ Realization of the enhancement and expansion of the national network (Building the “Consult JP Bank or the Post Office” brand)○ Enhancement of products and services that match customers diverse needs	<ul style="list-style-type: none">○ Fully utilizing capital to take risks centered on risk assets and promote the enhancement and diversification of investments	<ul style="list-style-type: none">○ Creation of a new circulation of capital for local enterprises in cooperation with regional financial institutions (Enriching the lives of customers throughout Japan)

Strengthening of business management stance

- Development of professional human resources able to meet the changing needs and expectations of customers
- Promoting the enhancement and diversification of market investment in addition to enhancement of risk governance to secure stable earnings in the medium term and soundness of finances
- Improvements in credibility through appropriate responses to external threats (such as cyber-attacks) and financial crime (such as money laundering and the financing of terrorists)

Growth strategy seeking to “always help individual customers to live securely” + “contribute to local communities”

[The Bank’s strengths]

- High recognition, branding power and credit worthiness
- Largest number of customers among Japanese banks

[The Bank’s operating base]

- Sense of security and trust from individual customers
- Tangible and intangible local community network

Goals

Aim to further enhance the corporate value of the Bank in three ways

Provision of High-quality Customer-oriented Financial Services	Diversification and Sophistication of Investment Management	Funds Flow to Regional Communities
<ul style="list-style-type: none">○ Support of asset building○ Enhancement of convenience of settlement services	<ul style="list-style-type: none">○ Alternative investments○ Utilization of derivatives	<ul style="list-style-type: none">○ Investment in regional vitalization funds○ Use of common administration with regional financial institutions

Consideration of capital policy and dividend policy from a medium-term perspective

Initiatives

Sales strategy

Support of asset building (consulting services)	Support of daily living (enhancement of settlement services)
<ul style="list-style-type: none">○ Expansion of assets under management (from savings to asset building)○ Customer-oriented asset building support○ Provision of new services such as account overdrafts	

Diversification and sophistication of investment management

- Promotion of internationally diversified investments
- **Expansion of alternative investments**
- Strengthening of risk management system

Regional vitalization funds

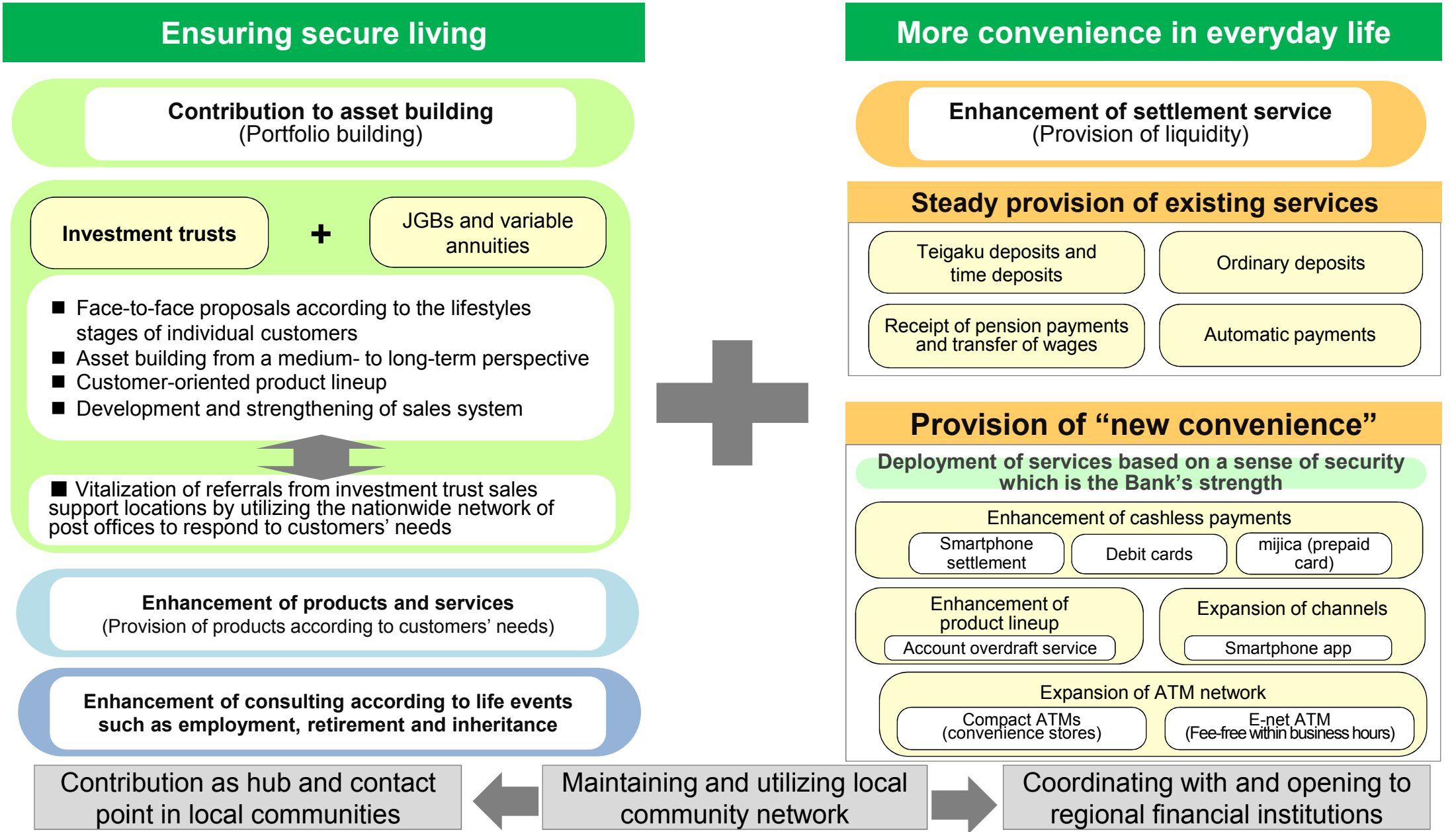
- Discovery of customer needs
- Expansion of LP investments, **entry into GP operations**
- Business partnerships with regional financial institutions

Strengthening Business Management System

Internal management stance	Governance and business management	Human resource strategy	Business process reform (BPR)	Utilization of Fintech	System
<ul style="list-style-type: none">○ Customer-oriented business operation○ Compliance	<ul style="list-style-type: none">○ Risk appetite framework(RAF)	<ul style="list-style-type: none">○ Diversity○ Human resource development○ Personnel strategy	<ul style="list-style-type: none">○ Improvement of administrative flow○ Cashless and paperless operation	<ul style="list-style-type: none">○ Payment business○ Opening of platform (API)	<ul style="list-style-type: none">○ Effective IT investment and utilization of AI○ Next-generation systems

4 Value Provided to Customers: Provision of High-quality Customer-oriented Financial Services

In addition to enhancement of settlement services, provide added value for customers by contributing to the building of high-quality portfolios for customers



Growth and expansion of Net fees and commissions in the medium to long term by providing added value to customers

Content of Initiatives

Further strengthening of revenue growth fields

Expansion of investment trust sales

- Promotion of consulting operations according to customers' lifestyle needs
- Increases of referrals from Investment trust sales support locations
- Improvement of marketing capability and increased operational efficiency through the utilization of tablets, robot advisors, etc.

- Investment trusts balance
FY2018/3: 1.6 trillion yen
⇒FY2021/3: 3.4 trillion yen
(FY2028/3: 10 trillion yen)

Provision of new transfer settlement services

- Deployment of services and channels according to customers' needs
- Collaboration with Fintech companies, etc.

- Enhancement of smartphone services
- Account overdraft service

Expansion of ATM network

- Expansion of installation of compact ATM
- Making E-net ATM fee-free within business hours
- No. 1 nationwide in terms of the number of ATMs

- Expansion of compact ATM installations in convenience stores
- Number of fee-free ATMs during business hours
⇒ 40,000 units or more

Review of existing transfer settlement services

- Introduction of corporate direct

- Enhancement and improvement of functions of corporate services
- Improvements in profitability of transfer settlement operations

Review of existing payment services

FY2021/3
Net fees and commissions
+30%
(Compared to FY2018/3)

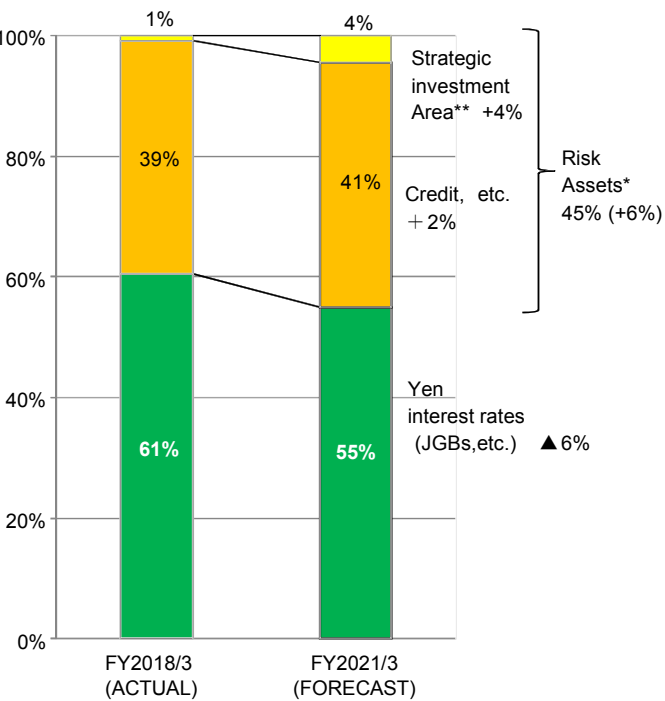
Enhancement of marketing for better understanding of customers

**Aim to secure stable earnings in the medium to long term
through promoting the diversification and sophistication of investment management**

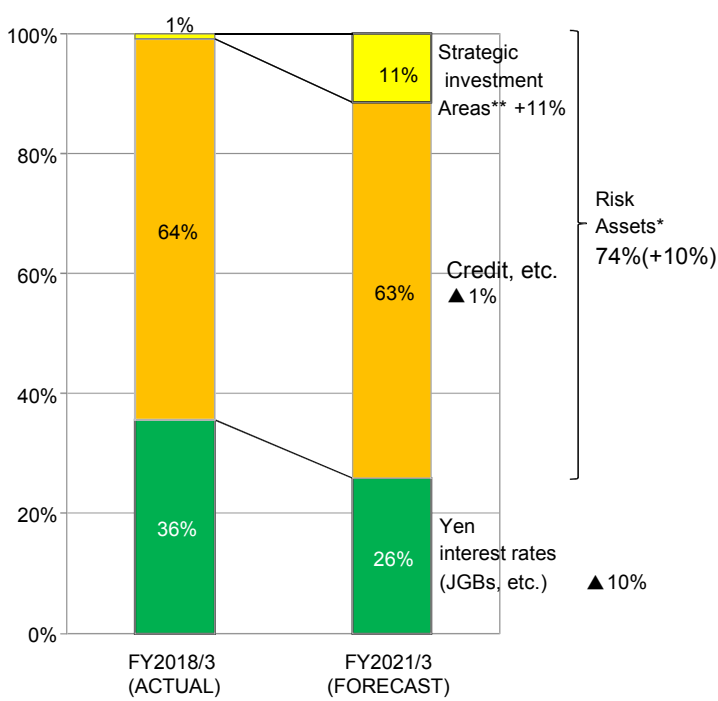
- The earnings from JGBs, etc. that accounted for a large portion of revenues initially after privatization are in significant decline due to the decrease in interest rates.
- Aim to secure stable earnings by fully utilizing capital to take risks centered on risk assets such as overseas credit and alternative investments.
- Although the capital adequacy ratio will decline with the increase in risk assets, the capital adequacy ratio will be maintained at a level that can reassure and obtain the trust of customers and shareholders.

Impact on various indicators, etc.

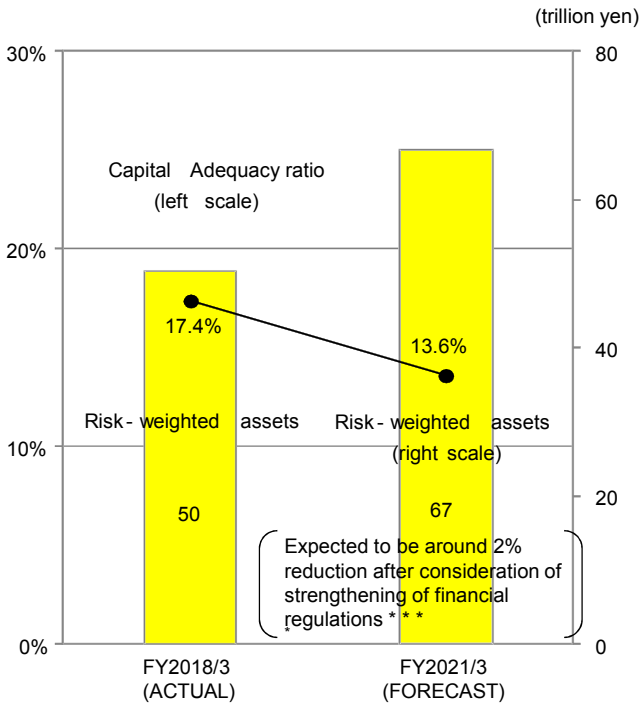
• Portfolio assets



• Net interest income, etc.



• Capital adequacy ratio

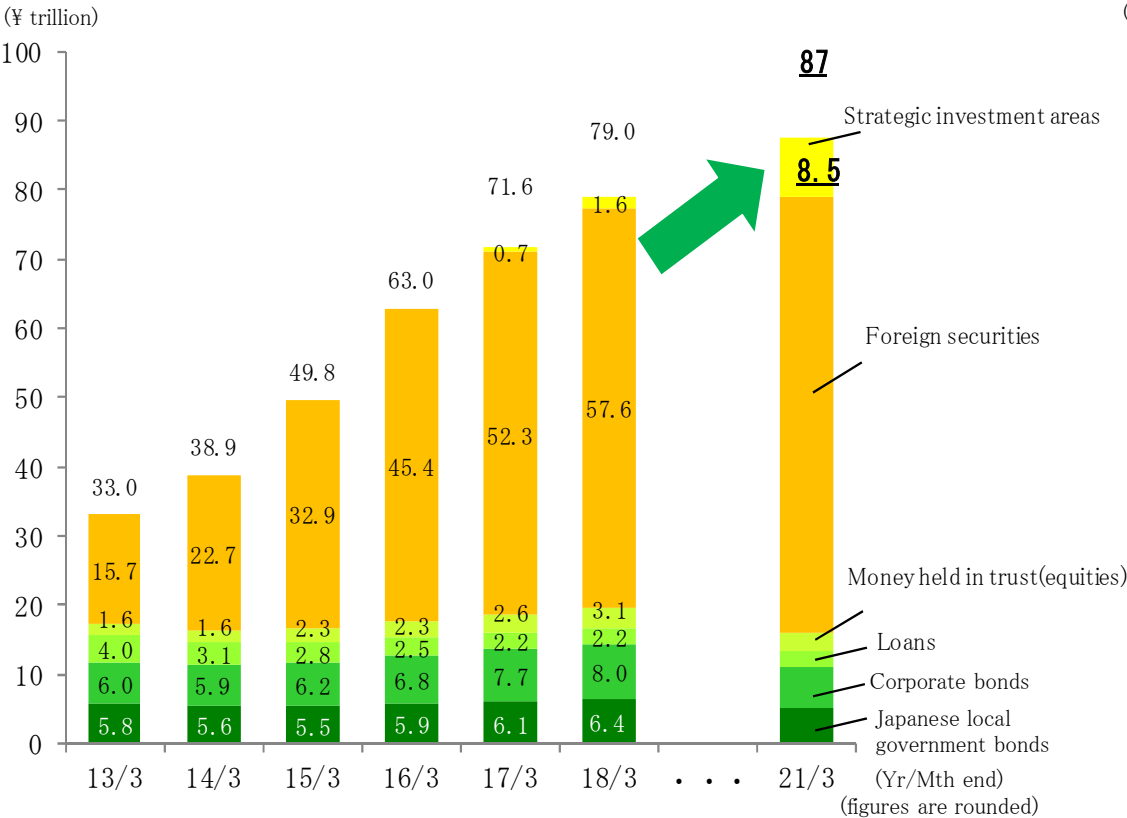


* Assets other than yen interest rates (JGBs, etc.)(existing SP+BP loans) (credit, foreign government bonds, equities, alternatives)
** Existing alternatives (PE, HF, real estate funds (equity))+ real estate funds (debt(non-recourse loans, CMBS)), direct lending funds

*** Review of standard methods pertaining to credit risks, etc.
(Planning for January 2022 and after)

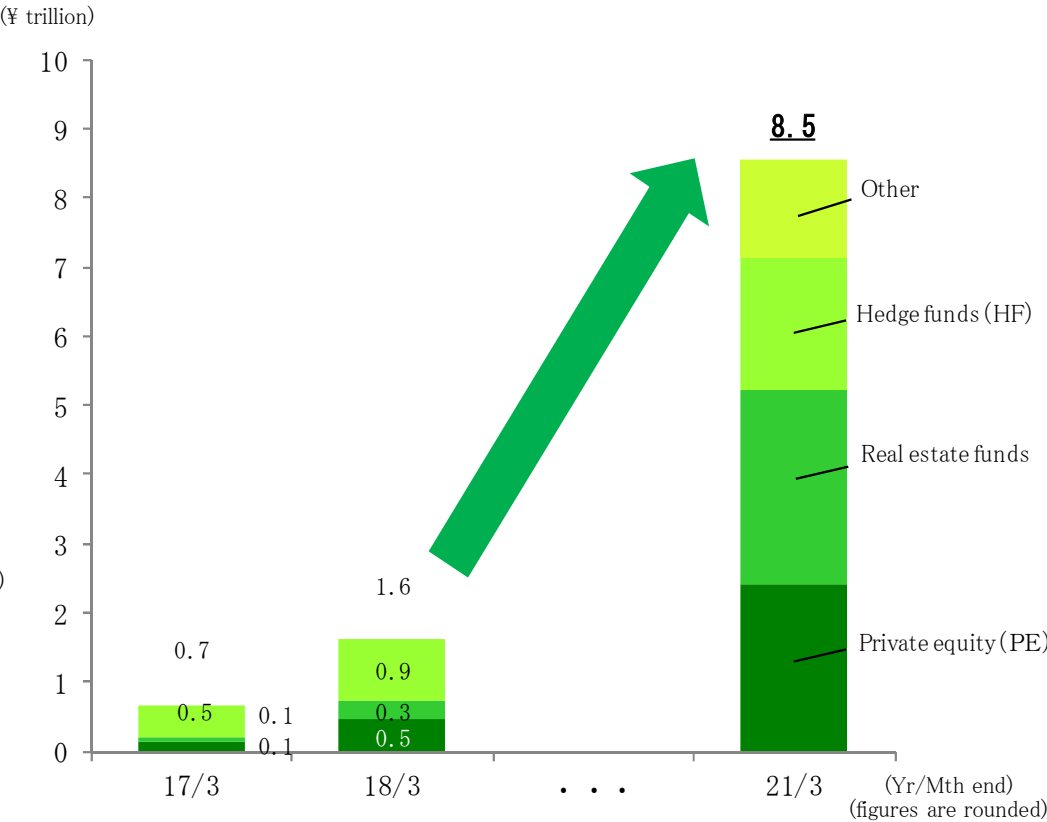
- Promotion of diversification and sophistication of investment management to respond to the reduction of interest income from JGBs, etc.
- The balance of risk assets will increase to around 87 trillion yen by the end of FY2021/3, and the balance of strategic investment area will increase to around 8.5 trillion yen by the end of FY2021/3.

Balance of risk assets



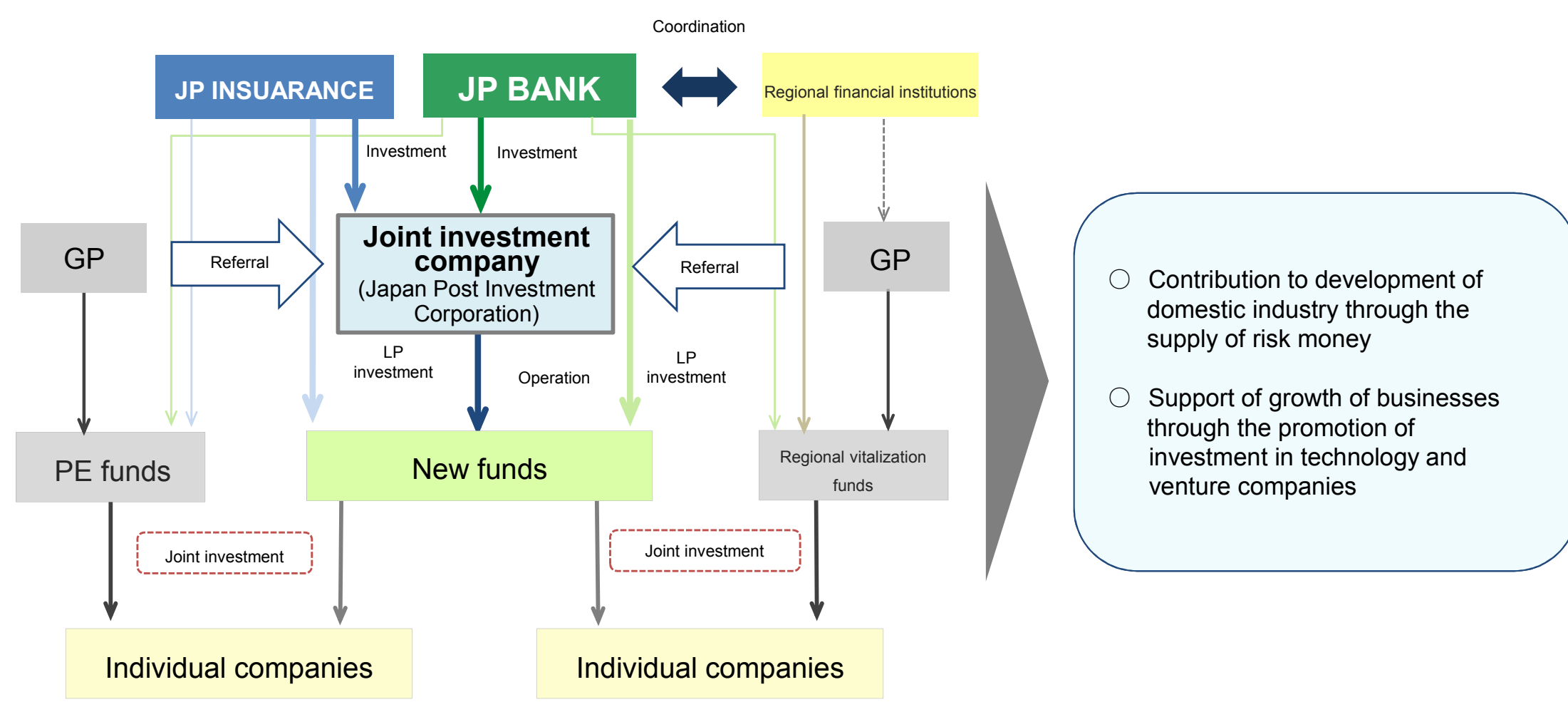
Risk assets: Assets other than interest-bearing yen assets (JGBs, etc.) (Existing SP +BP loans)

Balance of strategic investment areas



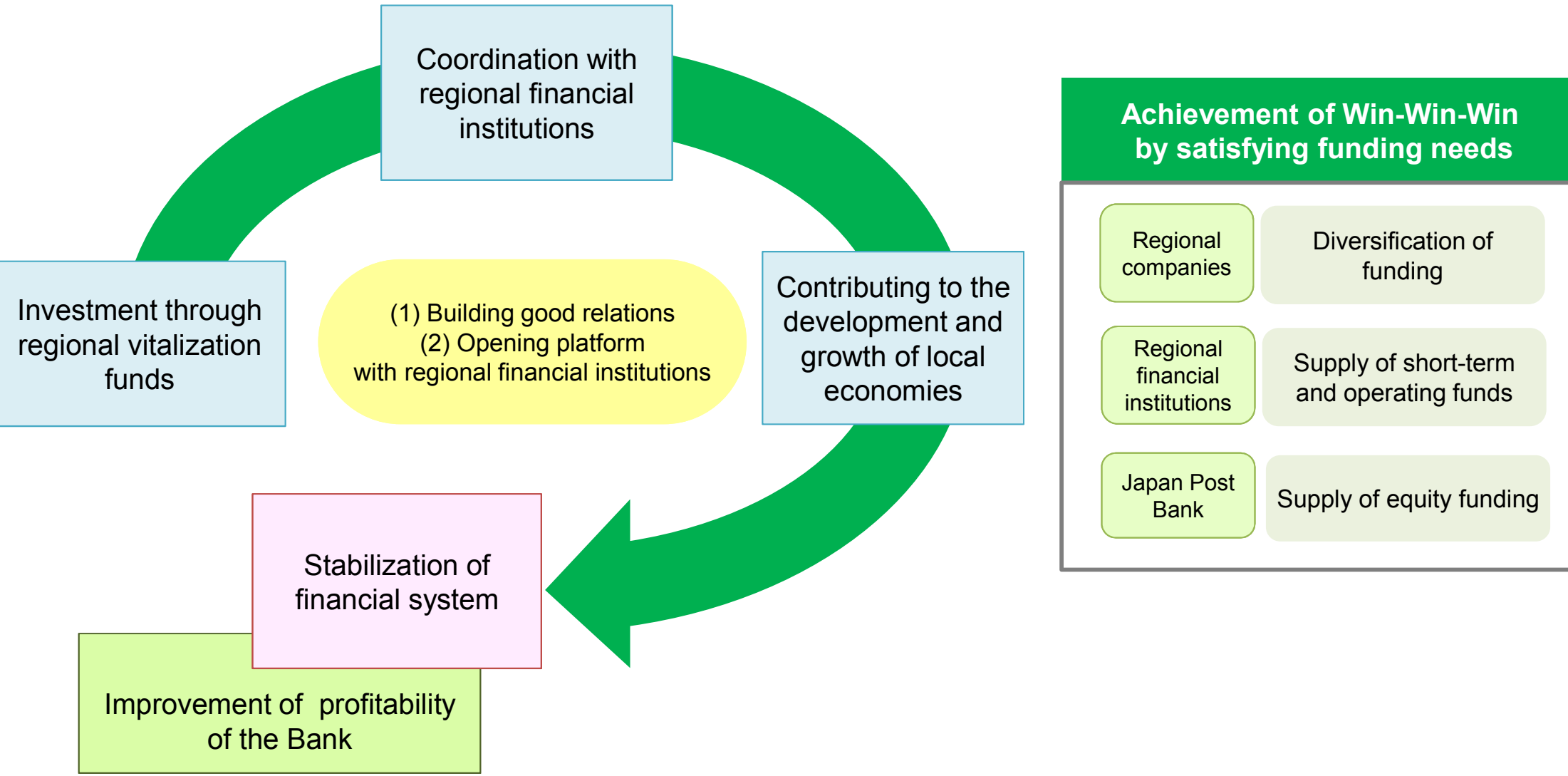
Strategic investment area: Existing alternatives (PE, HF, real estate funds (equity)) + real estate funds (non-recourse loans, CMBS), direct lending funds

- Aim to further expand earnings through the acquisition of private equity investment opportunities through a joint investment company
- Support the management of portfolio companies through the supply of equity funds

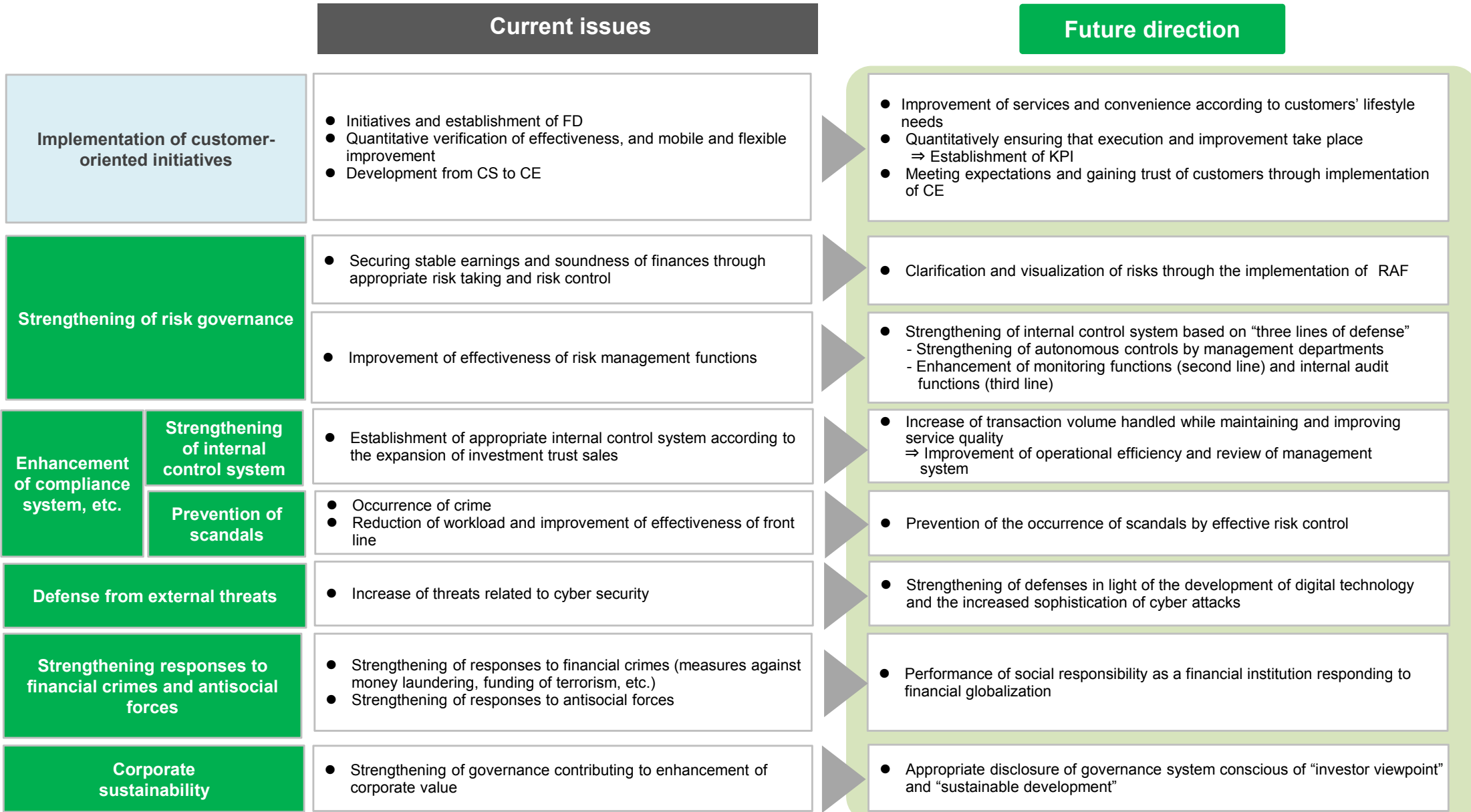


7 Funds Flow to Regional Communities

- **Coordinate and cooperate with regional institutions through regional vitalization funds**
- **Contribute to development and growth of regional economies through the supply of equity funding to regional companies**
- **Contribute to the stabilization of regional financial systems in the medium to long term through such initiatives**

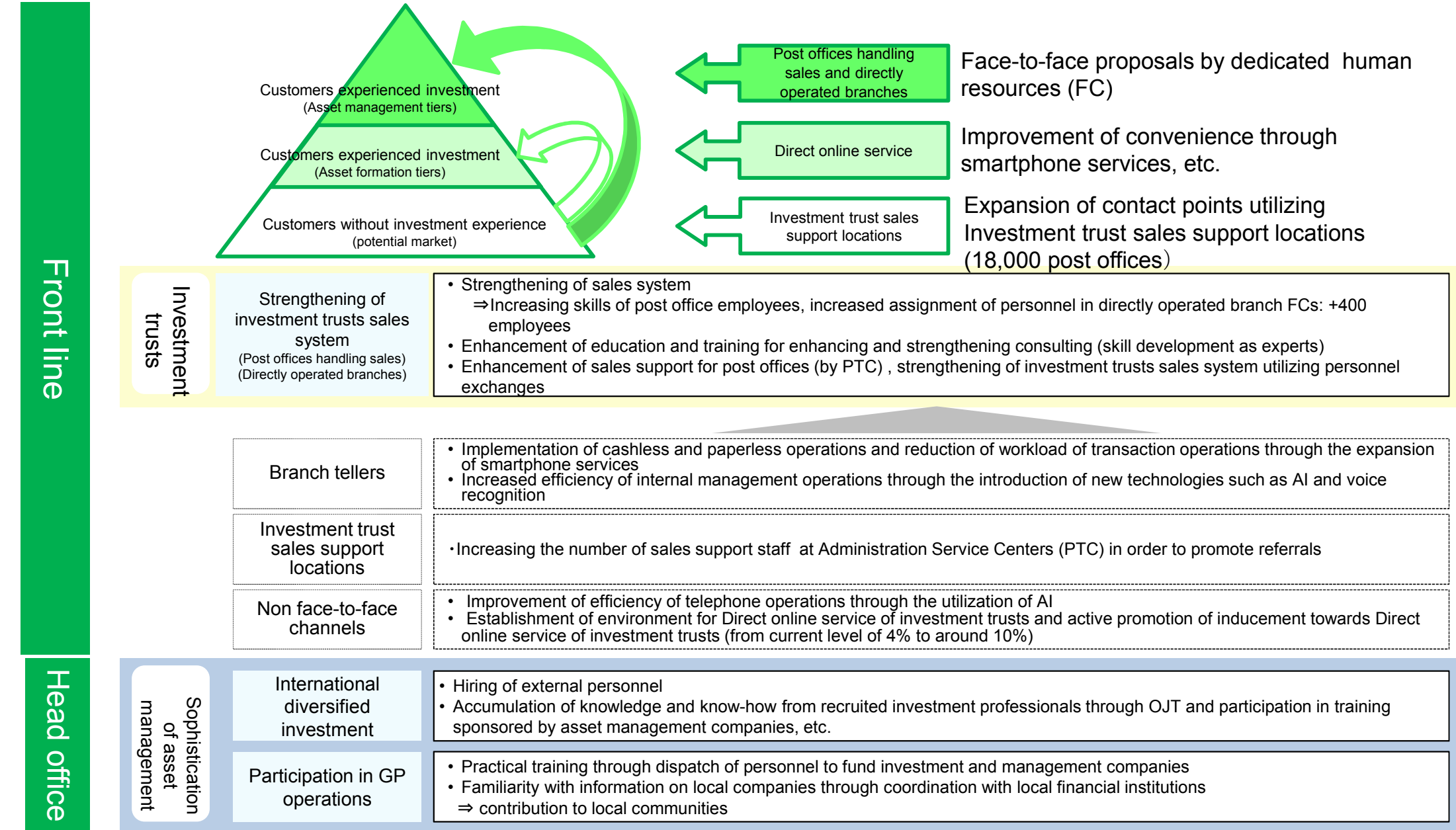


The Bank will work to maintain and improve the quality of services and to strengthen compliance system to secure the trust of customers and shareholders in the medium to long term

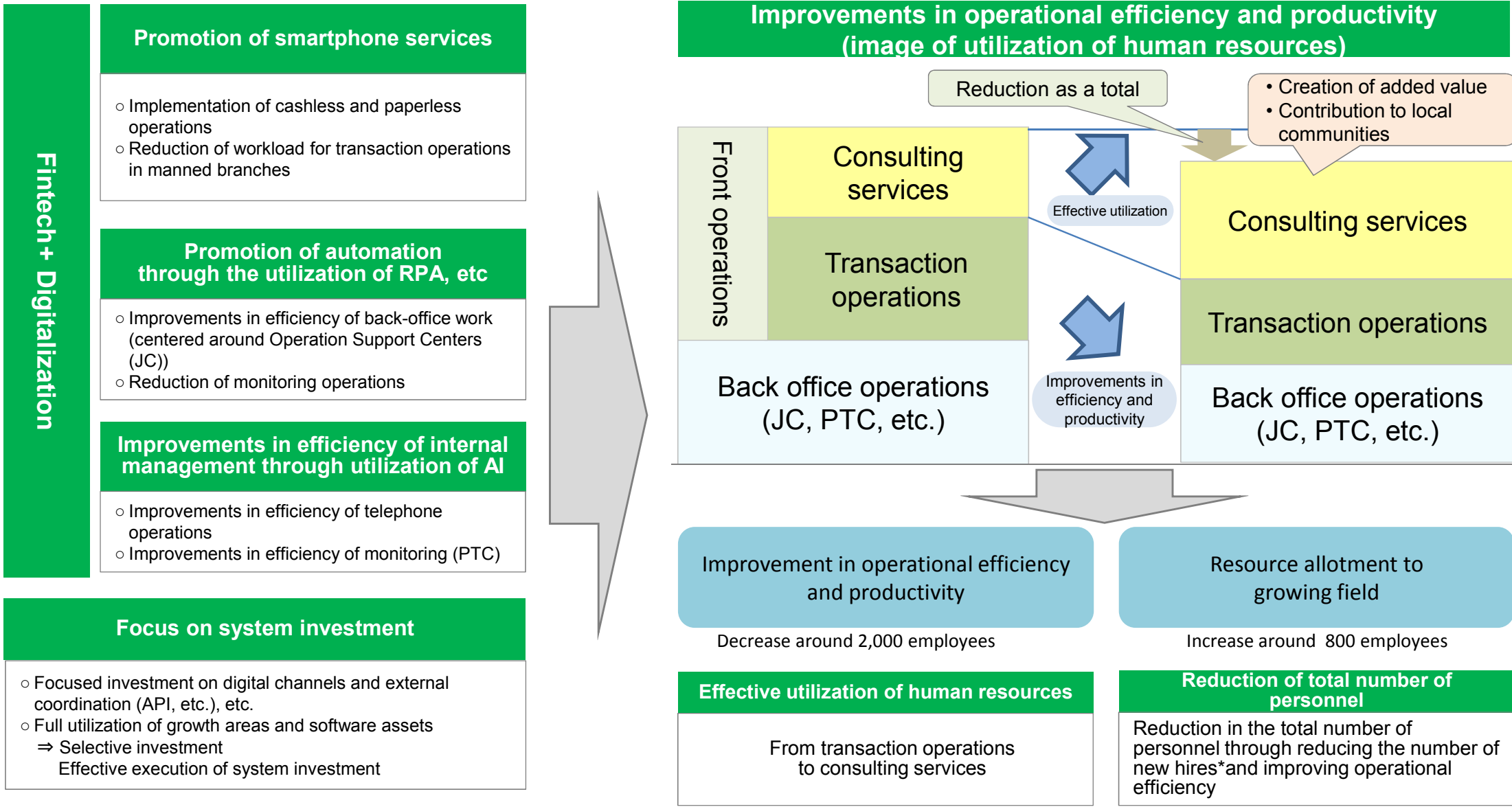


9 Human Resource Development as the Creation of a Foundation for Growth

- Develop human resources that achieve provision of added value for customers and contributions to local communities
- Support the growth of each employee through the enhancement of human resource development programs such as systematic training



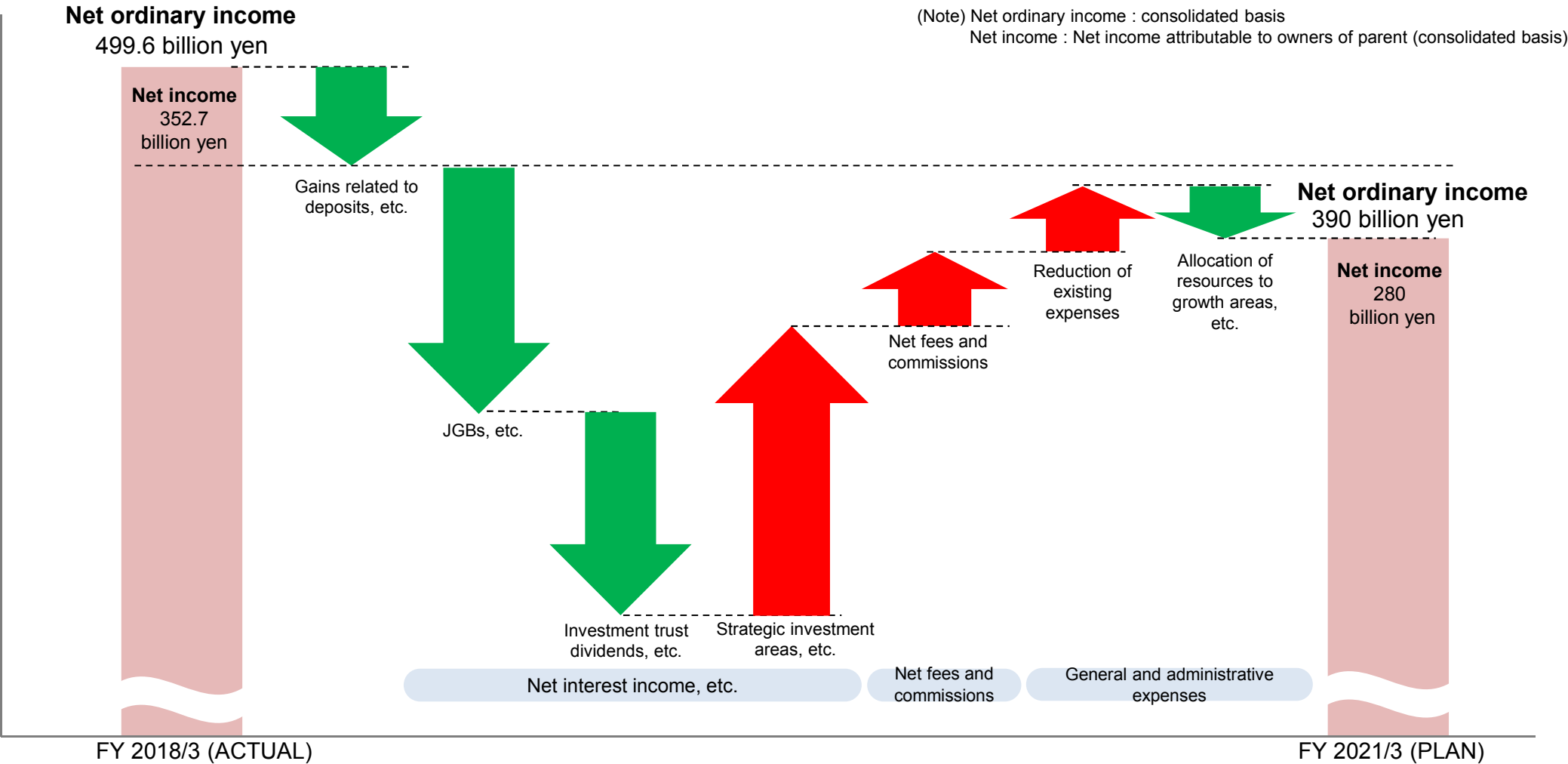
Reallocate management resources to create added value for customers and the Group and to strengthen the corporate structure



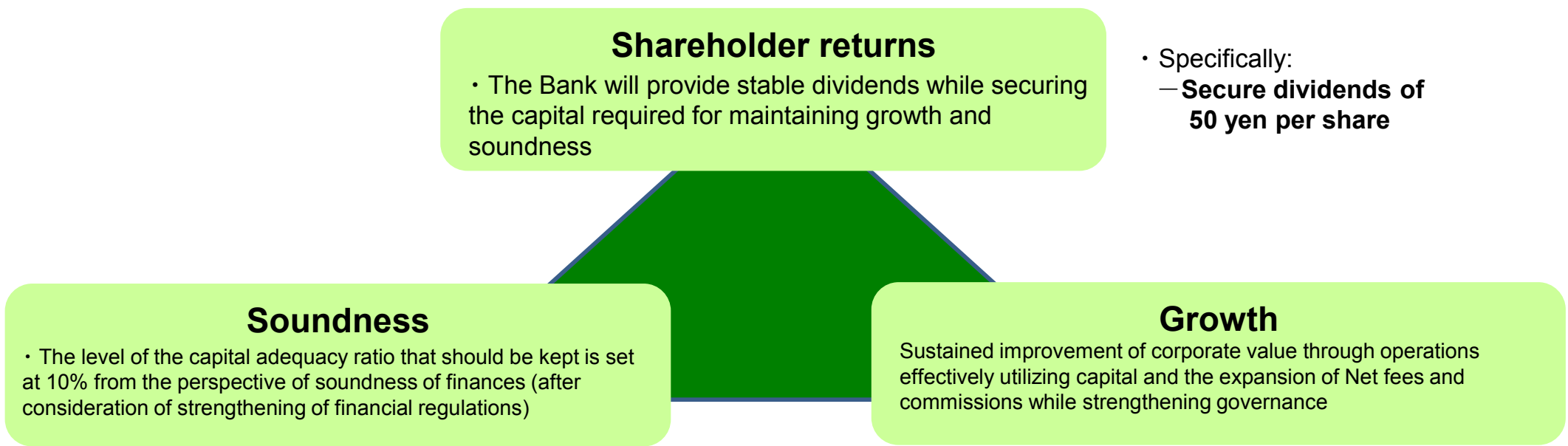
11 Changes in Net Ordinary Income (FY2021/3)

- In Net interest income, the reduction of interest income from JGBs, etc. is covered by risk assets.
- Aiming for +30% in Net fees and commissions compared to FY2018/3 through investment trusts and ATM alliances, etc.
- Aiming to achieve Net ordinary income 390 billion yen and Net income 280 billion yen.

Changes in Net Ordinary Income (FY2021/3)



- The Bank will maintain the current level of dividends (securing 50 yen dividend per share) throughout the duration of the Medium-term Management Plan.
- The dividend policy will be determined by considering factors such as the importance of returns for shareholders, implementation of stable dividends, enhancement of capital adequacy to promote diversification and sophistication of investment management, trends in international financial regulations, and the level of earnings.
- In order to secure enough dividend capital to maintain stable payment of dividend, and to ensure the flexibility and mobility of future capital policy, the Bank will reduce the amount of legal capital surplus and transfer the same amount to other capital surplus (Proposal submissions to the 12th General Meeting of Shareholders)



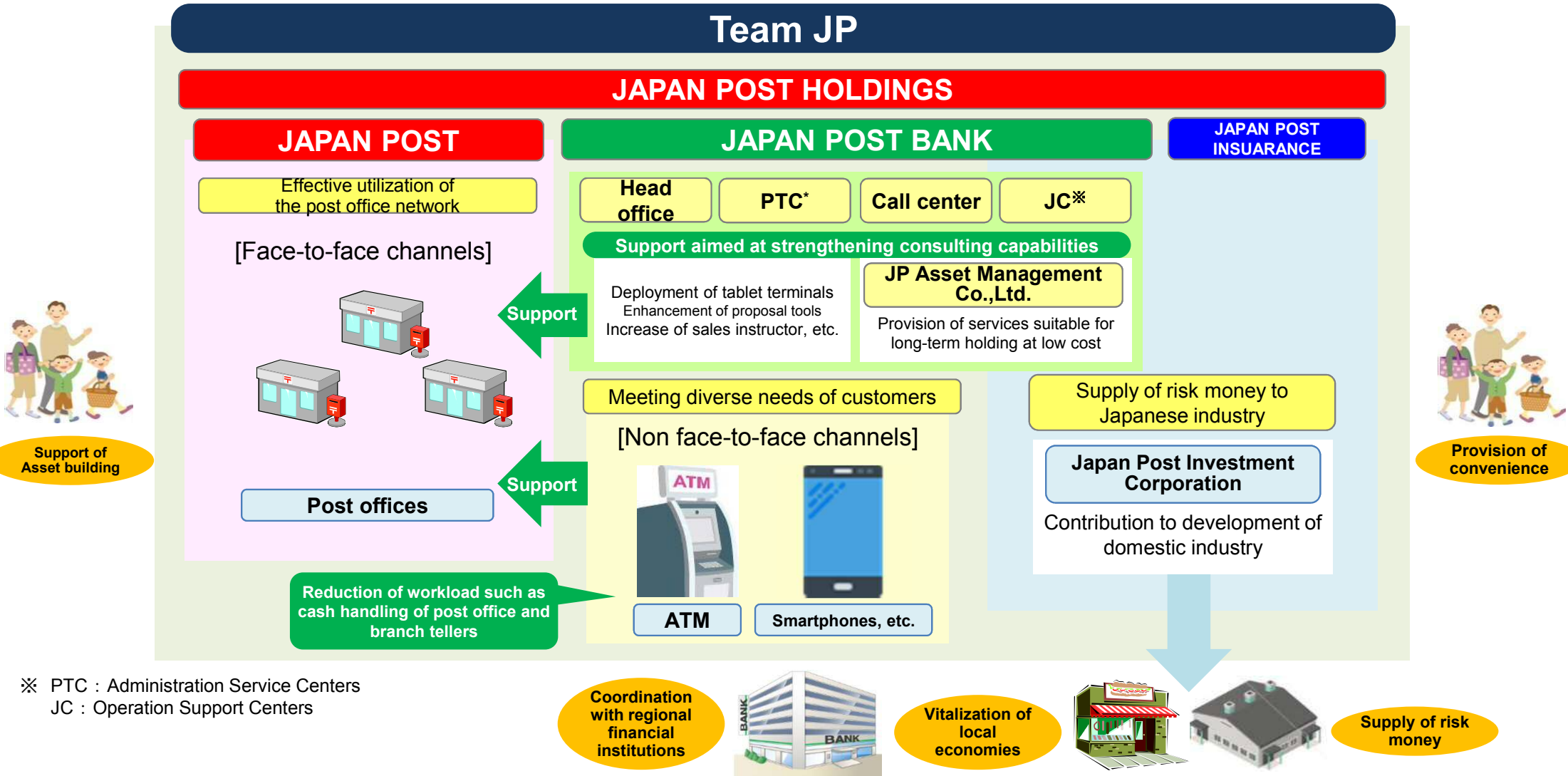
■ Shareholder return policy (Summary)

Current state	Medium-term Management Plan (FY2019/3 to FY2021/3)
During the period until FY2018/3, the Bank: <ul style="list-style-type: none">• aimed to make the payout ratio 50% or more of net income• aimed to maintain stable dividends per share• shall also consider the implementation of additional shareholder returns according to conditions such as future regulatory trends, income growth and adequacy of internal reserves	During the period until FY2021/3, the Bank : <ul style="list-style-type: none">• <u>aims to secure dividends of 50 yen per share</u>• aims to maintain stable dividends per share• shall also consider the implementation of additional shareholder returns according to conditions such as future regulatory trends, income growth and adequacy of internal reserves

(Reference) Contribution as a Member of Team JP

- As a Member of Team JP, the Bank will:
 - introduce and utilize new technology as much as possible,
 - provide “new convenience” and “peace of mind” to customers; and
 - implement support aimed at improving consulting capabilities and reducing administrative workload.

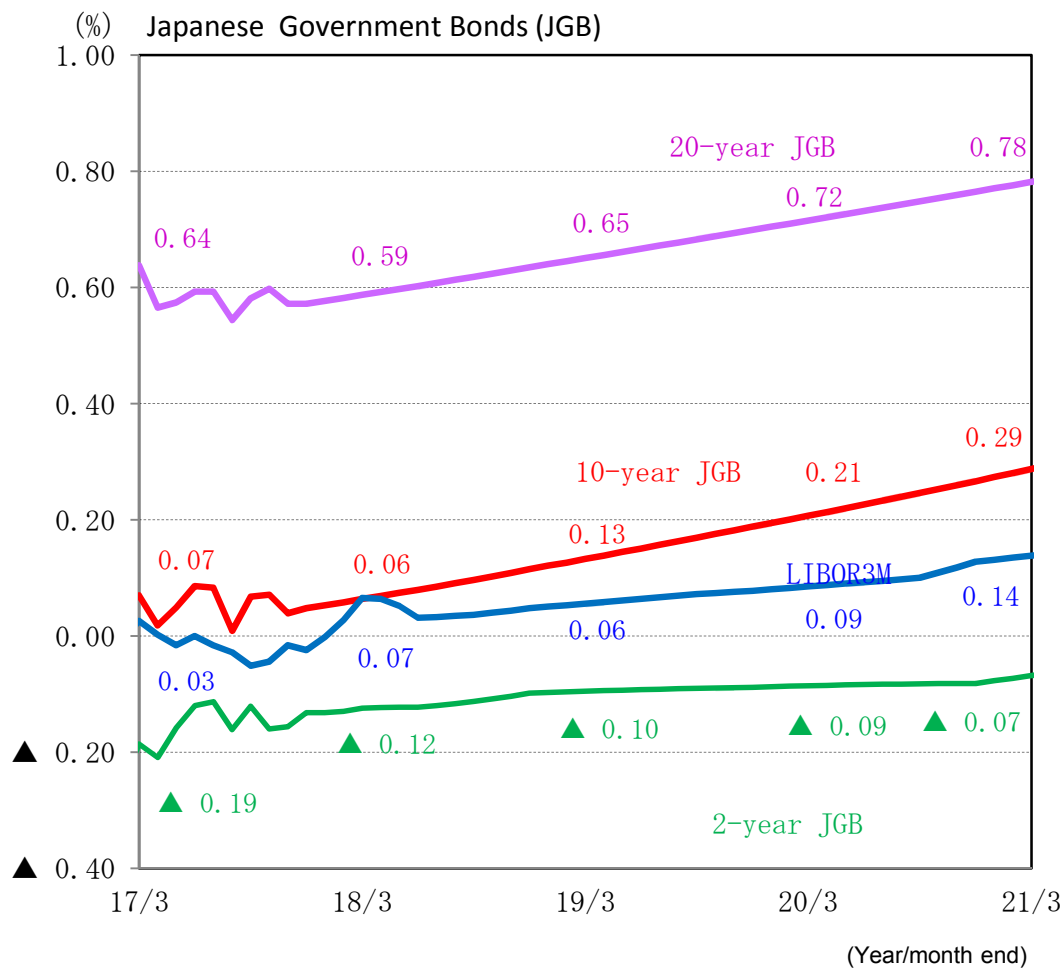
⇒Contribute to the ensuring of universal services by supporting the stable and efficient operations of the post office network



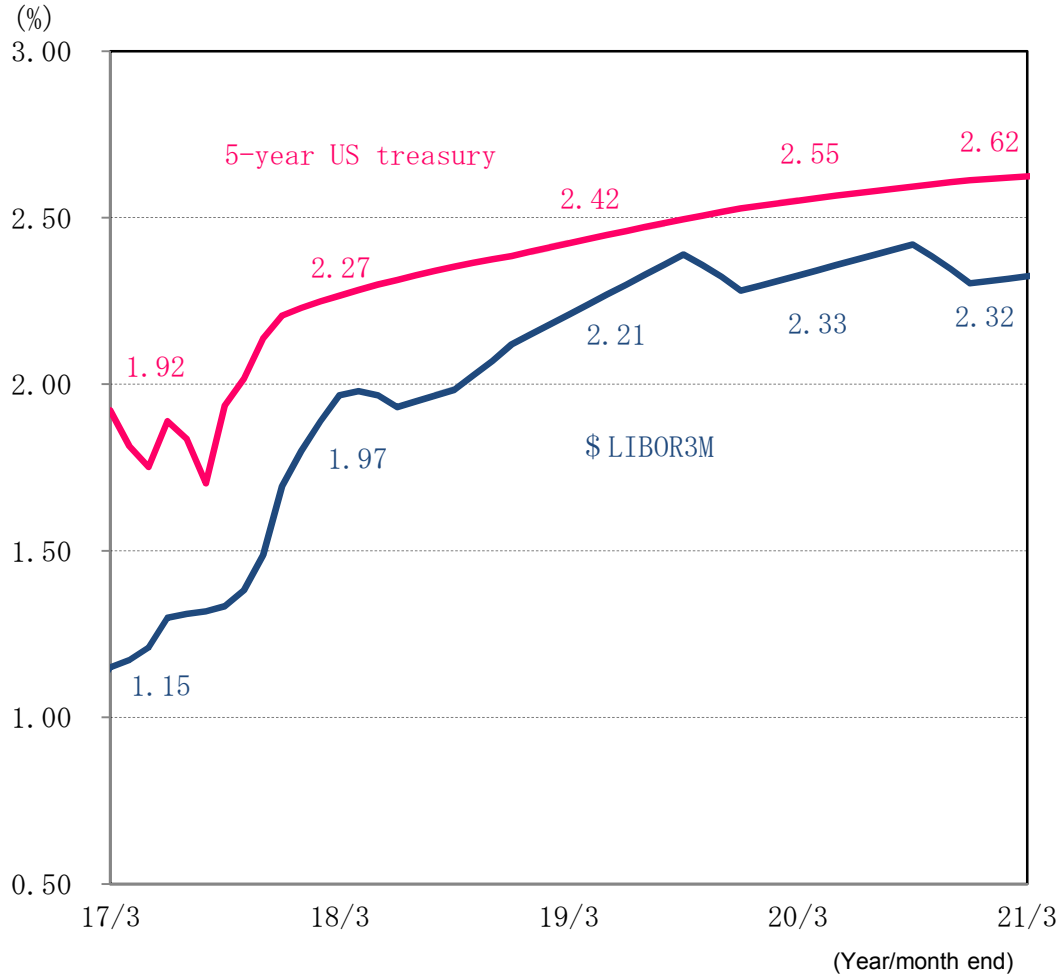
(Reference) Main Assumptions

- Interest rates shown for Japan and overseas are IFR (Implied Forward Rate) as of December 31, 2017
- The exchange rates and share prices are fixed as of December 31, 2017 (USD 1: JPY 113.00; EUR1: JPY134.94; TOPIX: 1,817.56 pts)
- The consumption tax rate to be raised from the current 8% to 10% in October 2019

Assumptions for Japanese interest rates



Assumptions for US interest rates



	Page	Term	Meaning
1	38, 43, 44	CMBS	Securitized products used as collateral for the bundling of loans taken out on commercial real estate (such as hotels and offices)
2	38, 43	Capital adequacy ratio (Domestic standard)	An important indicator of soundness of management using the ratio calculated with core capital as the numerator and a figure indicating the size of the risk of assets held, etc. (credit risk and operational risk in the Bank) as the denominator.
3	40	BPR	Abbreviation of Business Process Re-engineering. A corporate reform method for increasing the efficiency of business by fundamentally reviewing existing organizations and operations, and redesigning the duties, operational flow, etc. from the perspective of processes.
4	40, 45	LP	Abbreviation of Limited Partner. An investor in a fund (fund operation is delegated to the GP). The Bank obtains a variety of knowhow as a step leading to investment as a GP through observer participation, etc. in investment committees of funds.
5	40, 45, 48	GP	Abbreviation of General Partner. The entity operating a fund that selects deals and makes investment decisions. Has unlimited liability to creditors that is not restricted to the amount of its investment.
6	40, 47	RAF	Abbreviation of Risk Appetite Framework. The framework for management using risk appetite* as a common term within the bank in relation to general risk taking policies including the distribution of capital and the maximization of earnings. * Type and total amount of risk that should be accepted for the achievement of business plans based on the distinctiveness of the Bank's business model.
7	40, 48, 49	AI	Abbreviation of Artificial Intelligence. Using a computer to realize the intellectual activity of a human.
8	40, 49	API	Abbreviation of Application Programming Interface. A program enabling people outside the bank to connect to the bank's systems to use their functions. Of these, "open APIs" are those for which the bank provides an API to Fintech companies and allows access to the bank's systems based on customer consent.
9	47	FD	Abbreviation of Fiduciary Duty. Customer-oriented business operation. It refers to each employee seriously thinking "What can I do for the customer" and acting accordingly to provide the very best service for each customer in all operations.
10	47	CE	Abbreviation of Customer Experience. The expected level of customer satisfaction.
11	49	RPA	Abbreviation of Robotic Process Automation. Automation of formulaic tasks such as document preparation and data entry by utilizing artificial intelligence, etc.

Appendix

Customer-Oriented Financial Services

◆ Real-time money transfer service

Real-time money transfer to customer's accounts in the internet services of alliance partners

(Ichiyoshi Securities Co., Ltd.)



(Nomura Securities Co., Ltd.)

野村證券

(Monex, Inc.)



(NTT DOCOMO, INC.)



(Yahoo Japan Corporation)



(LINE Pay Corporation)



Etc.

◆ Issuance of regional prepaid VISA card "mijica"

【Web】



【Sapporo City】



【Chiba Pref.】



【Sendai City】



【Kumamoto City】



Functional additions, etc.

- Instant money transfers between "mijica" holders (Jan 2018)
 - Reloadable at ATMs (Jan 2018)
 - Start applications via website (Feb 2018)
 - Start issuance in Sapporo (Feb 2018)
 - Start issuance in Chiba pref. (Apr 2018)
- Etc.

◆ Installment of compact ATMs at FamilyMart convenience stores

Expanding the installation of compact ATMs at FamilyMart convenience stores on nationwide basis from Jan 2017

- Overseas issued cards accepted (Compatible with 16 languages)

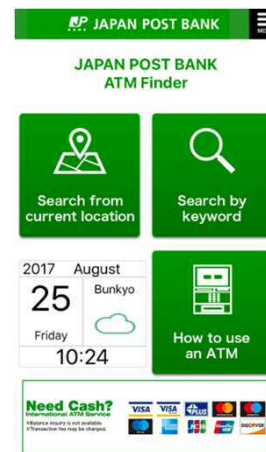


◆ Application development

**JAPAN POST BANK
ATM Finder
for smartphone**

Developed multilingual-enabled app aimed at foreigners visiting Japan

(Service launched on September 6, 2017)



**JAPAN POST BANK Direct
Balance Inquiry App
for smartphone**

Easy check of bank balances and transaction with fingerprint authentication or 4-digit passcode

(Service launched on January 29, 2018)



Funds Flow to Regional Communities

As an initiative to contribute to the vitalization of regional economies through collaboration with regional financial institutions, we have participated in regional funds as a fund investor (LP) since July 2016

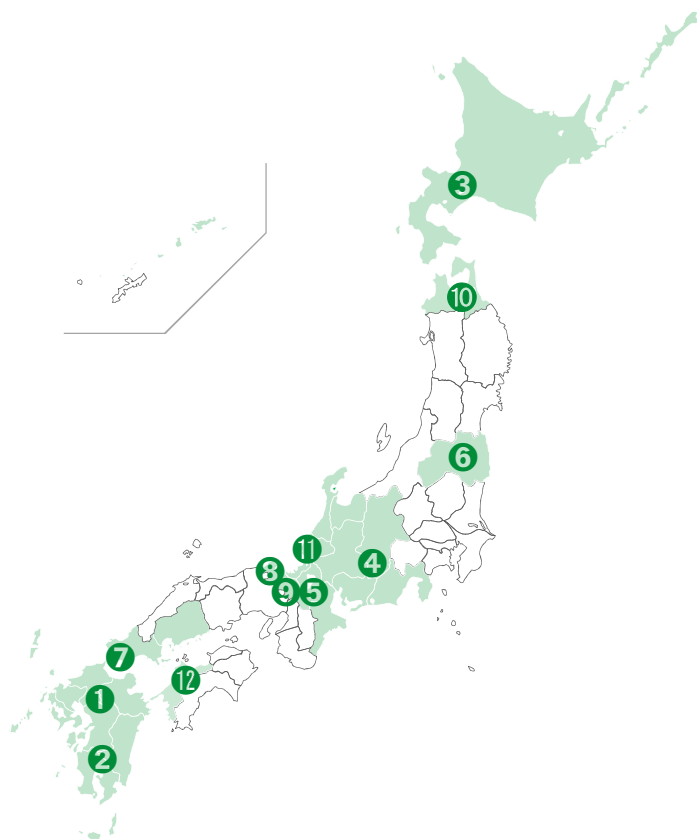
As of March 30, 2018, we are participating in 12 funds

(As of March 30, 2018)

	Name of Fund	Year/month of participation	Total fund amount
①	Kyushu Wide Area Reconstruction Assistance Investment LP	2016/ 7	About ¥ 11.7bn
②	KFG Regional Enterprise Support Investment LP	2016/11	¥ 2.5bn
③	Hokkaido Growth Companies Support Investment LP	2016/11	¥ 0.2bn
④	Chubu / Hokuriku Region Vitalization Investment LP	2017/ 4	¥ 5.0bn min.**
⑤	Shiga Bank Core Business Support Investment LP	2017/ 6	¥ 0.6bn
⑥	Toho Business Succession Investment LP	2017/ 8	¥ 0.5bn
⑦	Kyushu Setouchi Potential Value Investment LP	2017/10	¥ 2.3bn*
⑧	MIYAKO Kyoto University Innovation LP	2017/11	About ¥ 2.0bn*
⑨	MBC Shisaku 1 LP	2017/12	About ¥ 2.0bn**
⑩	Michinoku Regional Vitalization Investment LP	2018/ 3	¥ 0.5bn
⑪	Fukui Future Business Support Investment LP	2018/ 3	About ¥ 0.5bn*
⑫	Ehime Regional Vitalization Investment LP	2018/ 3	¥ 0.3bn

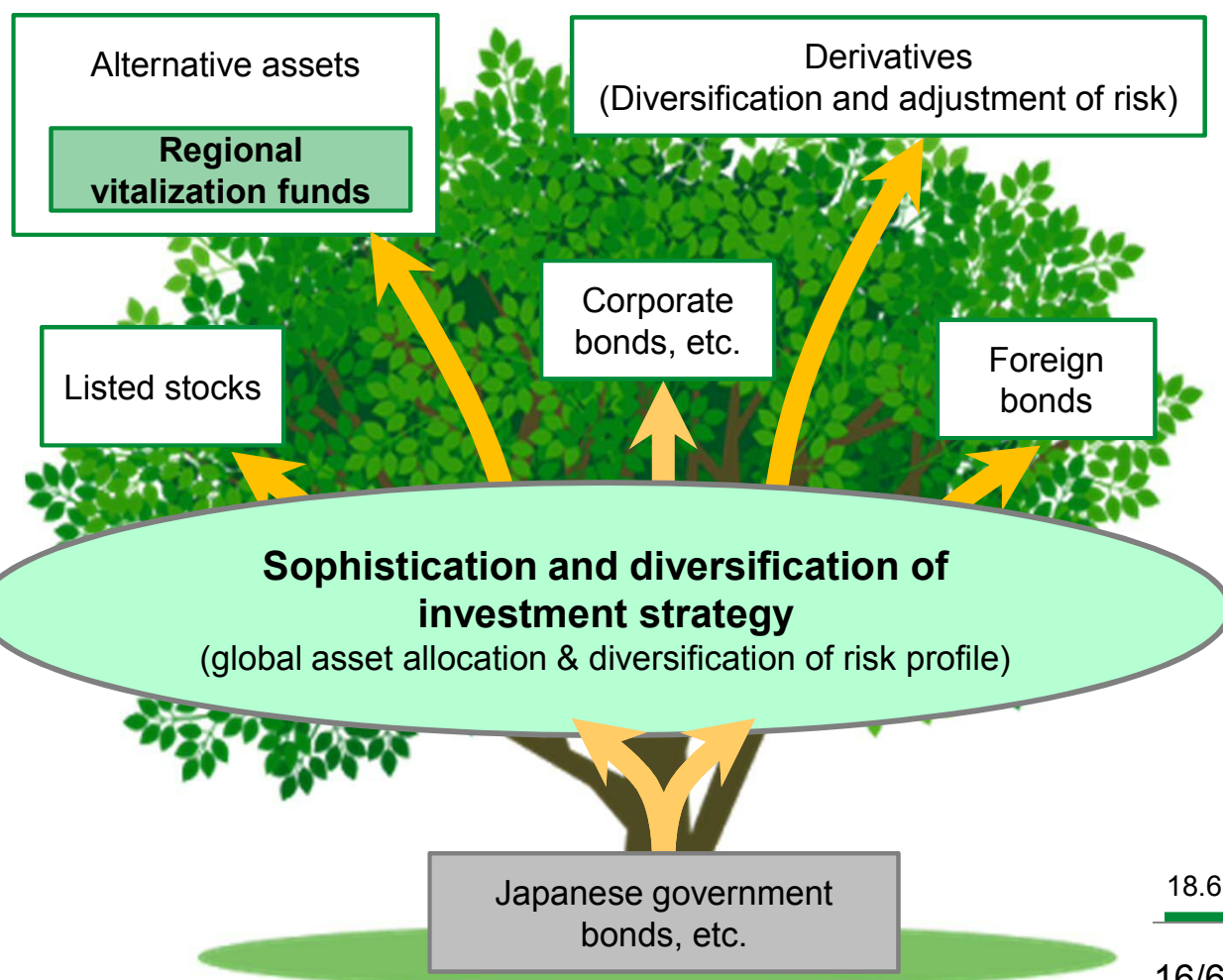
* As of establishment

** Targeted investment amount

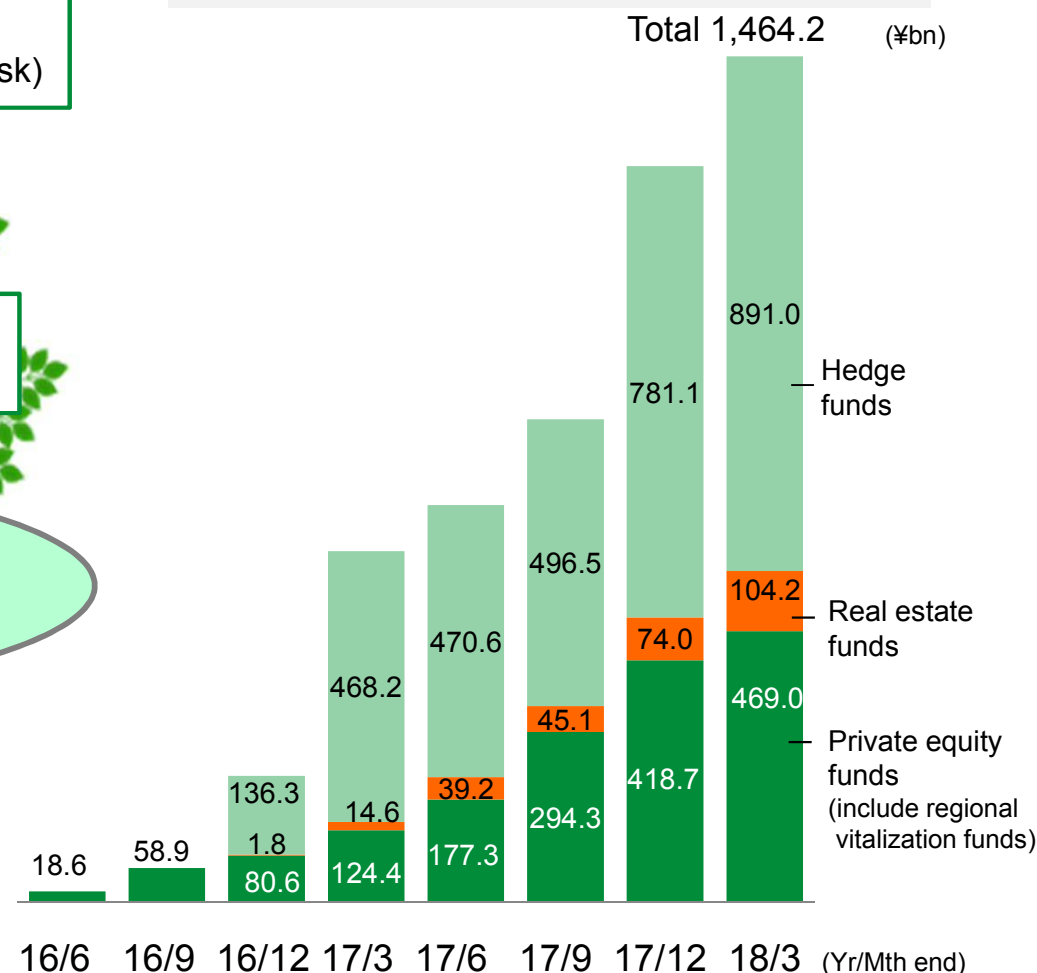


Diversification and Sophistication of Investment Management

Started investing in alternative assets (private equity funds, real estate funds and hedge funds) in FY2017/3



Alternative investments (Non-consolidated)

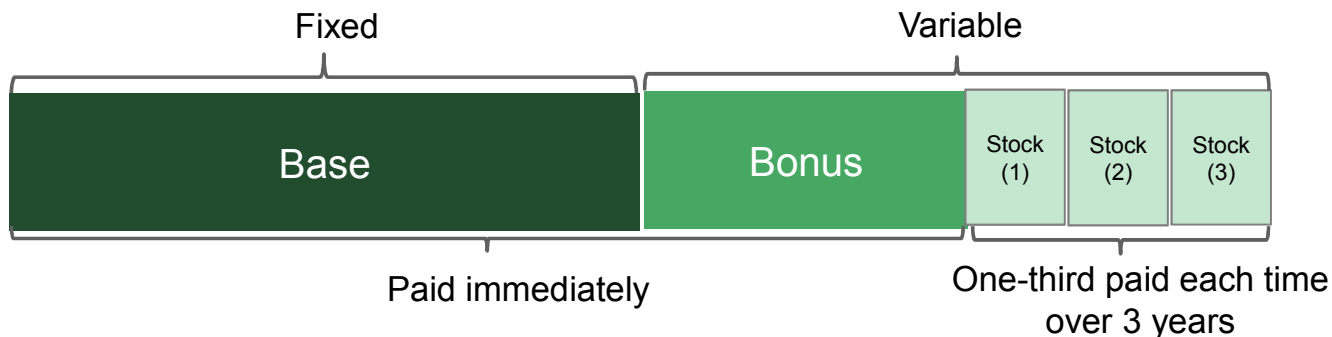


Employee stock ownership plan for management employees of the Bank's Investment Division

As part of our effort to promote diversification and sophistication of investment management, the Bank introduced employee stock ownership plan for management employees of the Bank's Investment Division in April 2016

Overview of employee stock ownership plan for management employees of the Bank's Investment Division

- The compensation of management employees of the Bank's Investment Division consists of fixed compensation and variable compensation (performance-linked portion)
- The variable compensation contains stock-based rewards, in addition to cash, as a compensation payment method that emphasizes the creation of longer-term corporate value
- In light of Japanese and overseas regulations and guidelines, the plan is implemented with a three-year deferral for granting the Bank's shares
- The Bank will be entitled to reduce or confiscate the deferred grant, depending on factors such as the earnings performance of the Bank or the employee



Investment Division

CIO Office

CIO Office Quants Team

Global Fund Investment Department

Global Credit Investment Department

Rates and FX Investment Department

Equity Investment Department

Private Equity Investment Department

Real Estate Investment Department

Strategic Investment Department

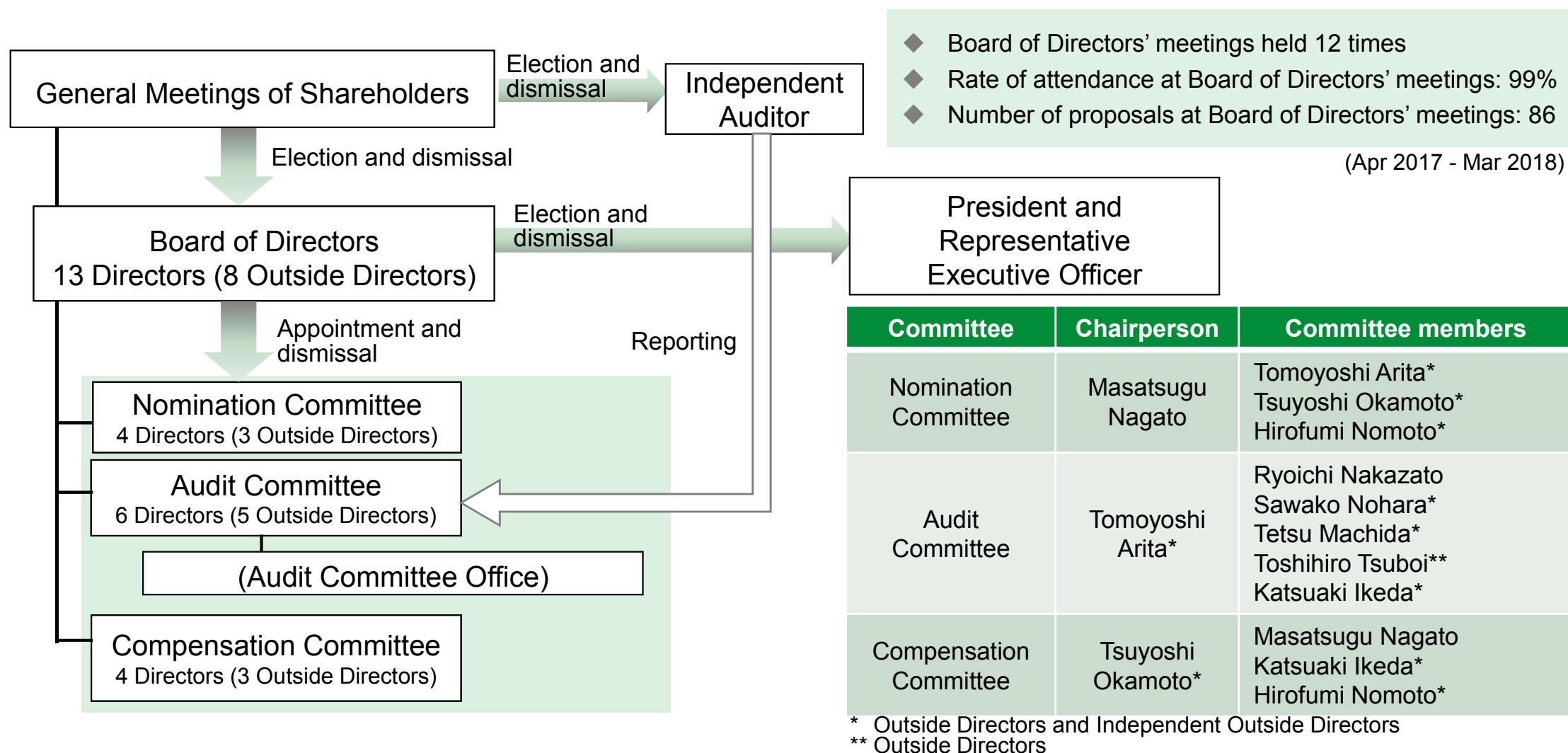
Treasury Department

Treasury Administration and IT Department

Framework for Corporate Governance

- (1) Ensure management transparency with the adoption of a committees based system
- (2) Effective supervision by Outside Directors
(8 out of 13 Directors are Outside Directors, including 7 Independent Outside Directors)*

* As of April 1, 2018

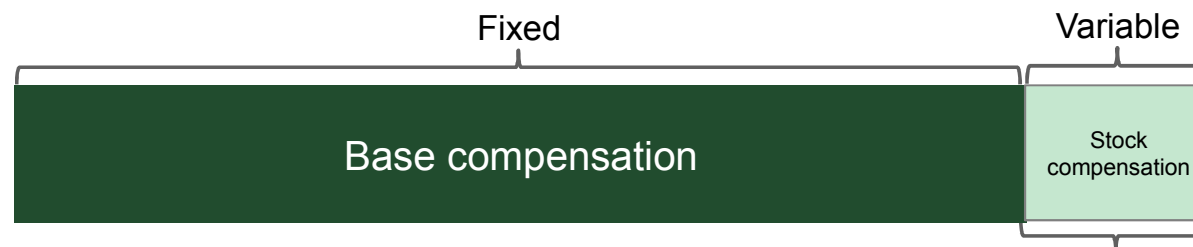


Performance-Linked Stock Compensation System for Executive Officers

Introduction of performance-linked stock compensation system for Executive Officers in May 2016

Overview of performance-linked stock compensation system for Executive Officers

- The compensation of the Executive Officers of the Bank shall consist of a “base compensation” component as fixed compensation, and a “performance-linked stock compensation” component as variable compensation
- The objectives of the system are to further enhance the awareness of Executive Officers regarding the importance of contributing to sustainable growth and enhancing the Bank’s corporate value over the medium and long terms
- Points that are calculated by multiplying the sum of basic points corresponding to separately prescribed duties and evaluation points based on individual evaluation by a coefficient that varies according to the state of achievement of management targets shall be granted every year, and shares corresponding to the points accumulated at the time of retirement from office shall be provided
- The system enables shares provided at the time of retirement to be reduced or not provided if the recipient has breached duties as an Executive Officer, etc.



Points are granted every year and shares are provided according to accumulated points at retirement

Diversity Management, Human Resource Management

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

Work-life balance management

Creation of system combining “work” and “life” in an actively and autonomously manner

- Implementation of various kinds of training and seminars related to work-life balance
- Support system exceeding the standards prescribed in the Child Care and Family Care Leave Act
- Promotion of men’s participation in childcare
(promote taking of childbirth leave of spouse, etc.)

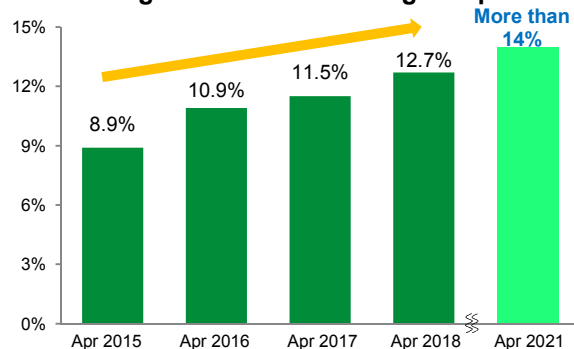
No. of employees taking childcare leave

	FY2016/3	FY2017/3	FY2018/3
Men	15	25	23
Women	337	364	390
Total	352	389	413

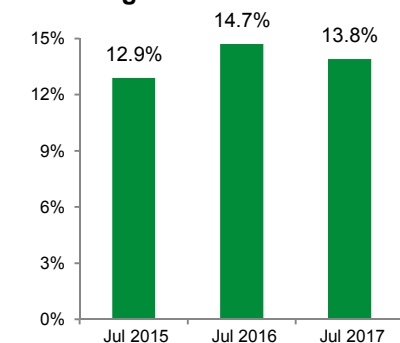
Empowerment of women

- Aiming to increase the percentage of women in managerial positions to 14% or more by April 1, 2021
- Aiming to increase the percentage of women to about 50% attendants of leadership training by introducing selective training

Percentage of women in managerial position



Percentage of women executives*



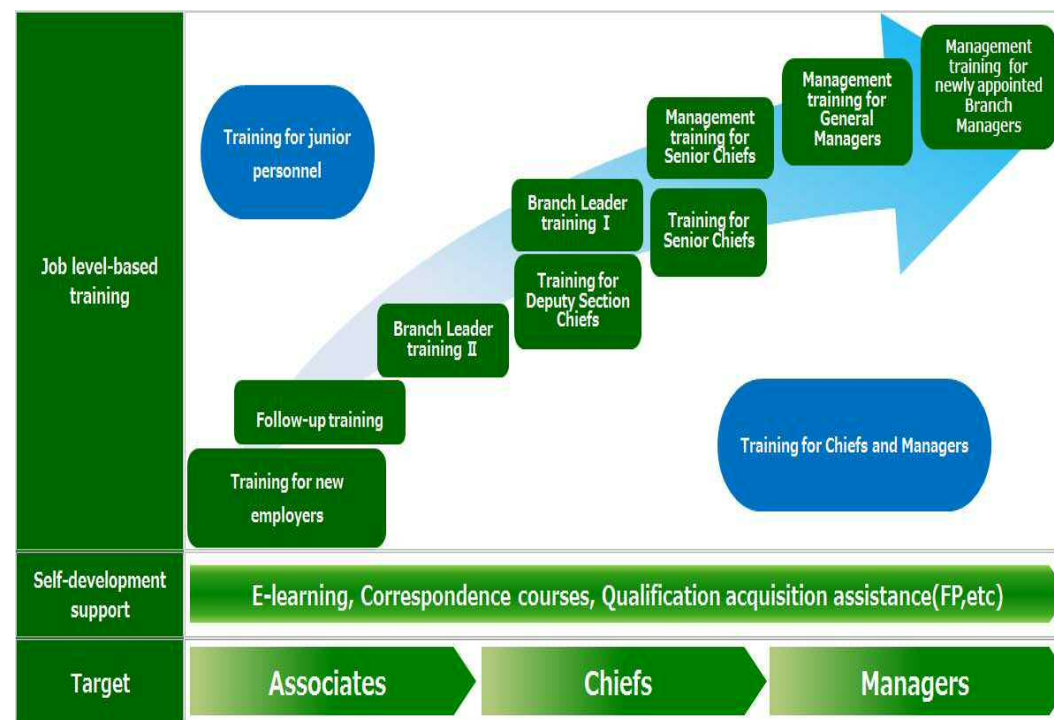
* Executives defined by the Companies Act of Japan (directors and executive officers)

Supporting career development

Provision of opportunities for learning and encouraging career development

- Implementation of job level-based training
- Provision of self-development training
- Global human resource development (overseas on-site training at financial institutions and opportunity to study in Japanese and overseas universities, etc.)

Training system diagram



CSR Activities

Achieving sustainable growth = **CSR activities through the Bank's operations**

Environment

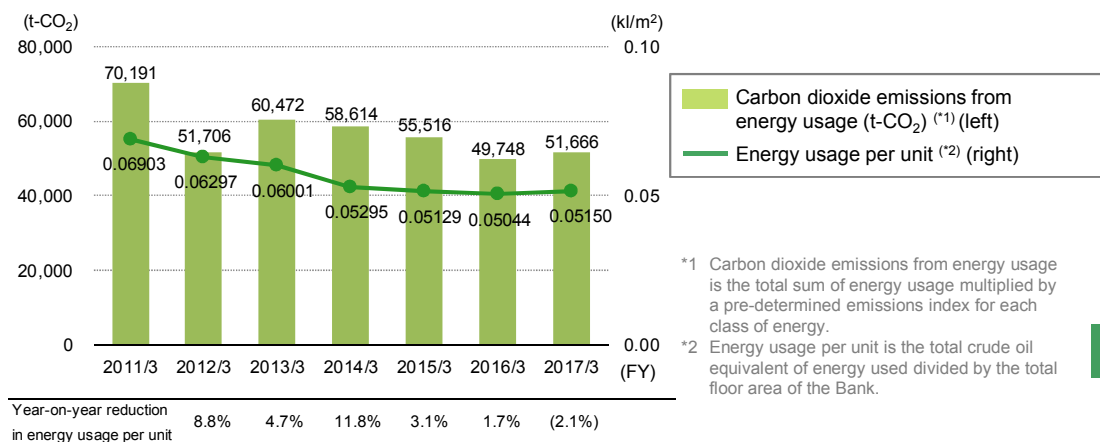
■ Reducing paper usage through online-based accounts that do not use bankbooks / Donating to environmental conservation groups

The Bank has reduced paper usage, etc. by expanding the use of this service and has decided to use the money saved for each account in donations to “Yucho (Japan Post Bank) Eco Communication” - an initiative composed of 13 groups across Japan that carries out environmental conservation activities in conjunction with local residents

■ Reduction of environmental impact through operations

Energy use data

Numerical targets (best effort targets): Reduce per-unit energy usage by an average of at least 1% annually over five years



Regional communication

■ Participation in regional vitalization funds

■ Trial with “mijica”, regional prepaid VISA card, etc.

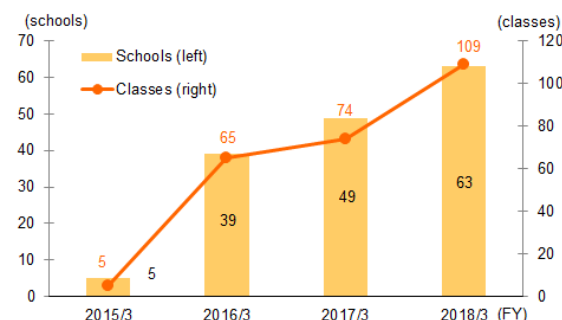
Education

■ Financial education

The Bank conducts financial education classes at elementary and junior high schools. Utilizing proprietary teaching materials, the Bank strives to instill in young children the importance of financial management by giving them a sense of the value of money

FY2018/3: 109 classes at 63 schools

Proprietary textbook for each grade



<Other activities>

■ Piggy bank design contest for children

■ Family day, etc.

Reliable services

■ Reliable services and facilities at branch

Visually impaired customers	<ul style="list-style-type: none"> • Audio guidance for ATM • Braille guidance and Braille displays (bankbook, cash card, etc.) • Adoption of Color Universal Design concepts
Aurally impaired customers	<ul style="list-style-type: none"> • Installment of devices for communication in writing
Physically challenged customers, Elderly customers	<ul style="list-style-type: none"> • Installment of cane and crutch holders and provision of wheelchairs • Barrier-free facilities (ramps and handrails)
Foreign customers	<ul style="list-style-type: none"> • Installment of compact ATMs (compatible with 16 languages)

7-year Review

								(¥bn)
JP BANK JAPAN POST BANK		FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Non-consolidated	Gross operating profit	1,670.0	1,624.3	1,568.7	1,634.7	1,452.0	1,410.2	1,462.3
	Net interest income ¹	1,677.3	1,532.1	1,470.2	1,540.7	1,361.0	1,223.5	1,175.6
	Net fees and commissions	88.4	88.1	92.6	89.2	91.1	86.6	96.4
	General and administrative expenses ²	(1,174.5)	(1,111.5)	(1,096.0)	(1,114.7)	(1,066.1)	(1,056.1)	(1,045.0)
	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	354.0	417.3
	Non-recurring gains (losses)	80.7	80.7	92.4	49.4	96.1	87.9	82.3
	Net ordinary income	576.2	593.5	565.0	569.4	481.9	442.0	499.6
	Extraordinary income (losses)	(2.4)	(1.9)	(0.6)	1.5	(1.1)	(1.4)	(0.7)
	Net income	334.8	373.9	354.6	369.4	325.0	312.2	352.7
	Total net assets	9,818.1	10,997.5	11,464.5	11,630.2	11,508.1	11,780.0	11,513.1
	Total assets	195,819.8	199,840.6	202,512.8	208,179.3	207,056.0	209,568.8	210,630.6
	Capital adequacy ratio ³ (Domestic standard)	68.39%	66.04%	56.81%	38.42%	26.38%	22.22%	17.42%
	Number of employees ⁴	12,796	12,922	12,963	12,889	12,905	12,965	13,009
Consolidated	Average number of temporary employees ⁴	6,006	5,818	5,699	5,523	5,223	4,902	4,612
	New employees ⁵	313	468	419	383	367	465	542
	Net ordinary income	—	—	—	—	—	—	499.6
	Net income attributable to owners of parent	—	—	—	—	—	—	352.7
Capital adequacy ratio (consolidated) (Domestic standard)		—	—	—	—	—	—	17.43%

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.

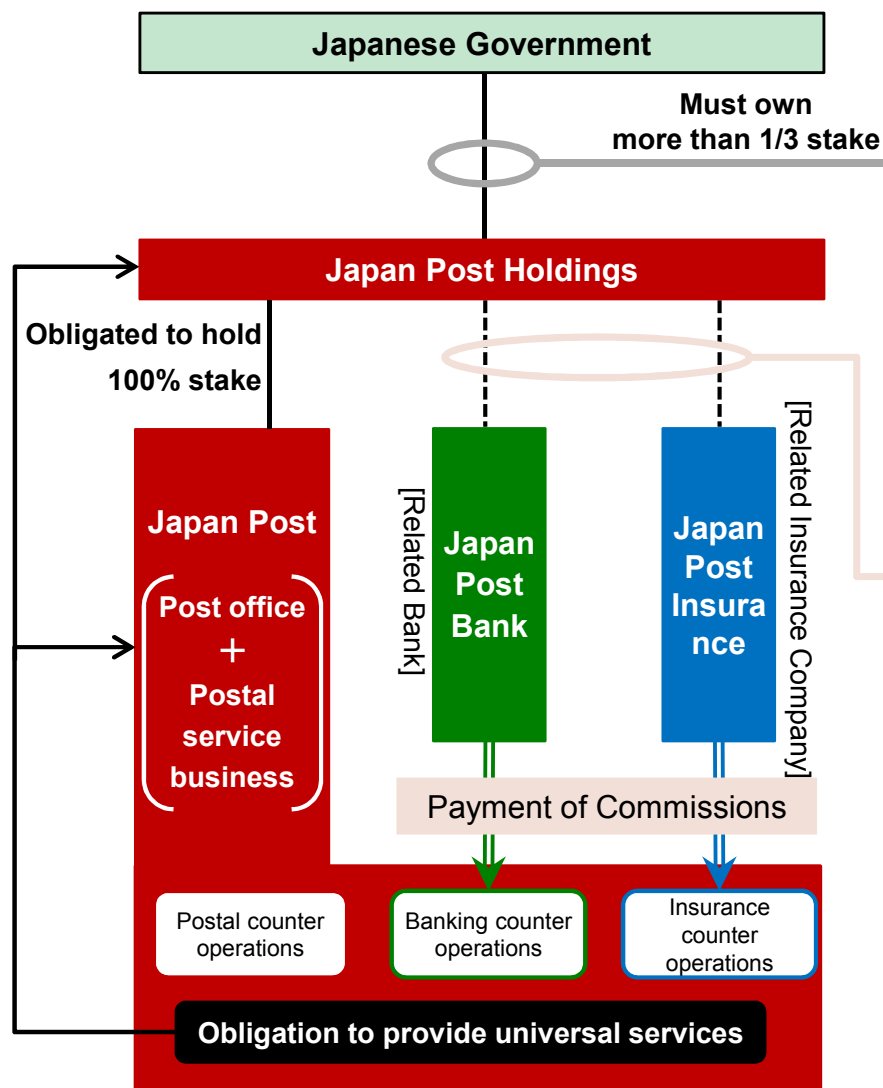
4. As of the end of each fiscal year. 5. As of the beginning of each fiscal year. The number of new employees in FY2019/3 is 404.

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. 120mn ordinary deposit customers
- Deposit balance ¥179.8tn (as of March 2018)

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

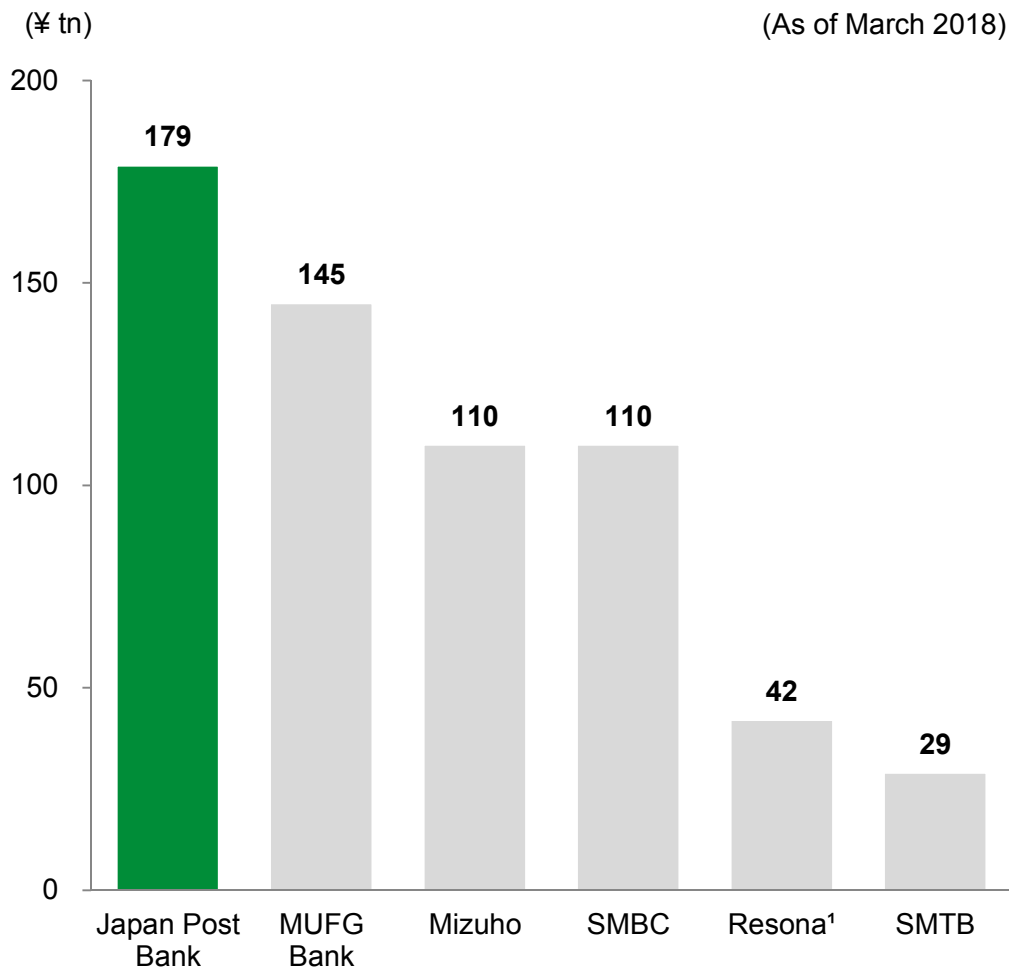
Diversification of investment portfolio while maintaining securities-centered portfolio

- 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



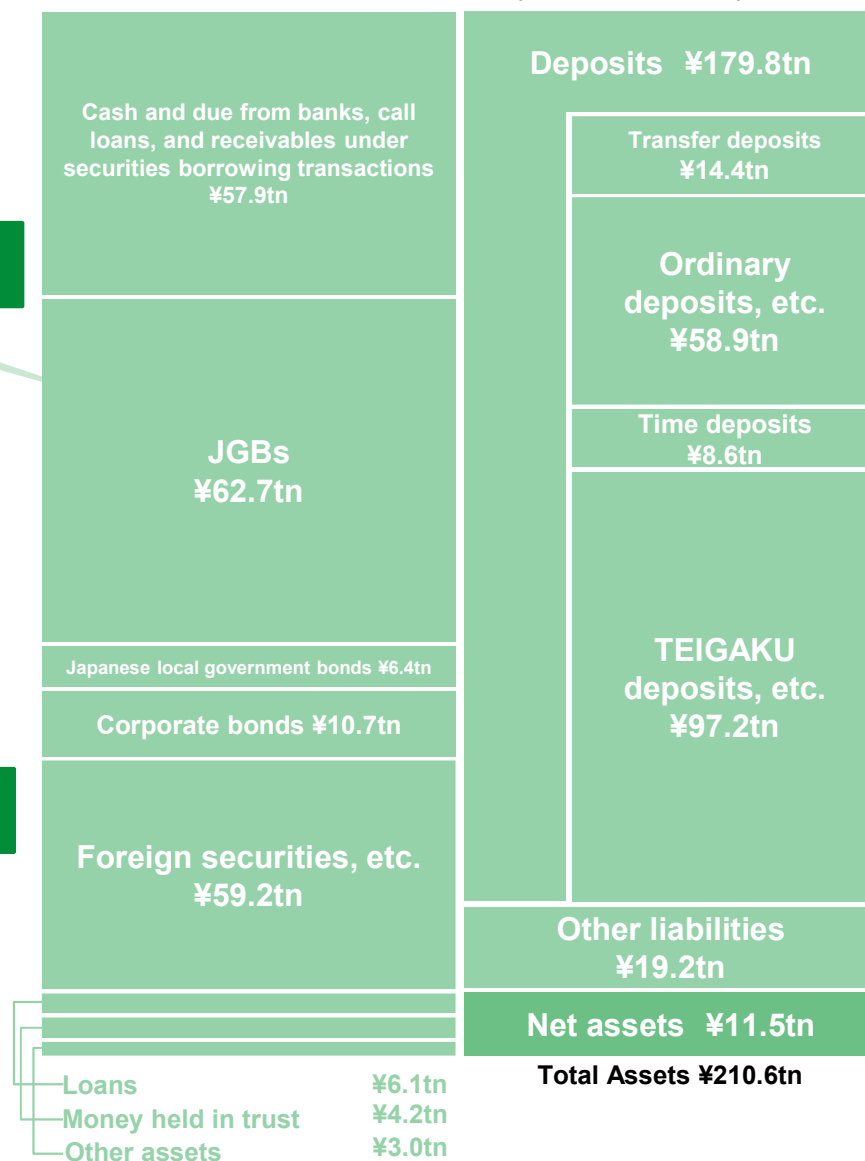
Source: Company disclosures, subsidiary bank non-consolidated basis
Note: Excluding negotiable certificate of deposits.
1. Aggregate deposit balance of Resona Bank, Saitama Resona Bank and Kinki Osaka Bank.

Note: Ordinary deposit customers are as of March 2018.

Strategic & Financial Highlights

1. Maintained Stable Profit under Economic Volatility

Condensed Balance Sheet (As of March 2018)



4. Investment Strategy having Secured Stable Profits

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

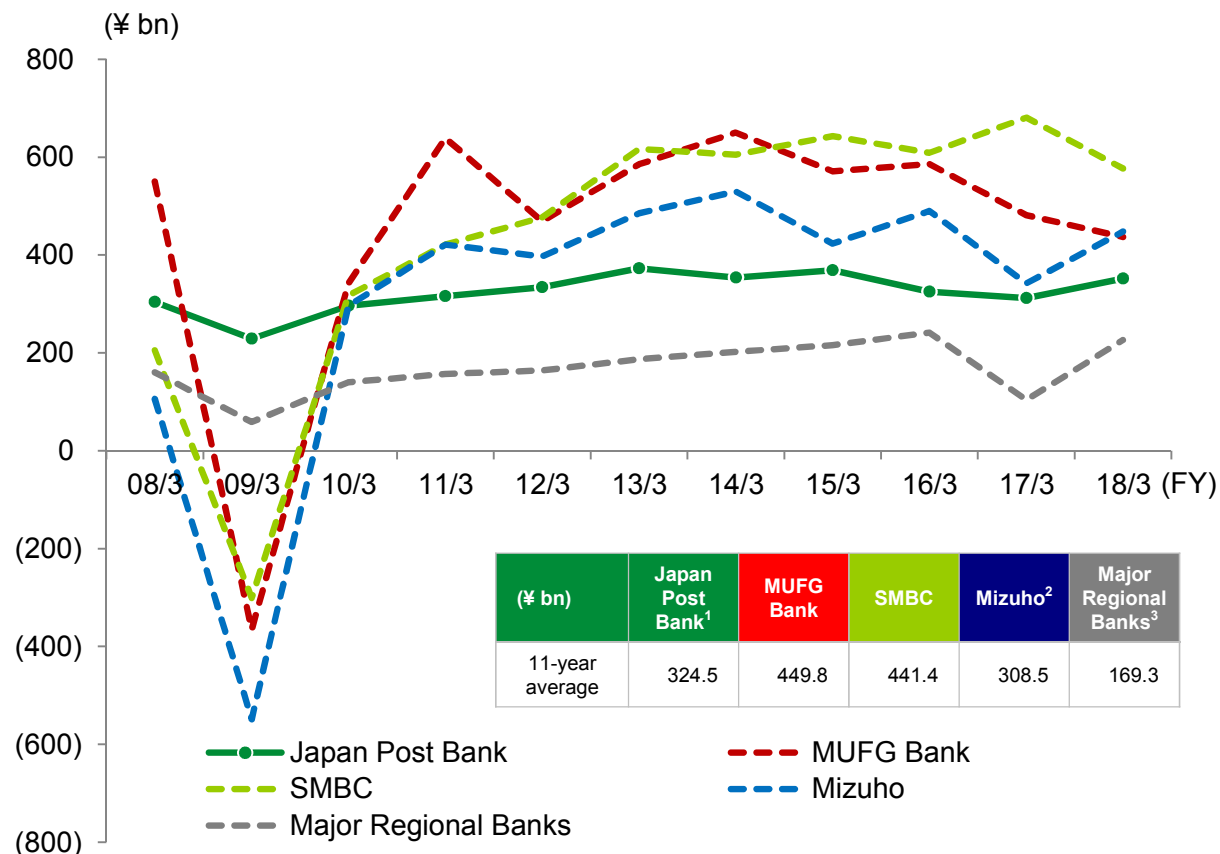
5. Growth Strategy and Compelling/Stable Shareholder Return

3. Solid Capital Base

Stable Profits through Retail Funding and Market Investment

Maintained stable profits up to FY2018/3 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

History 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.

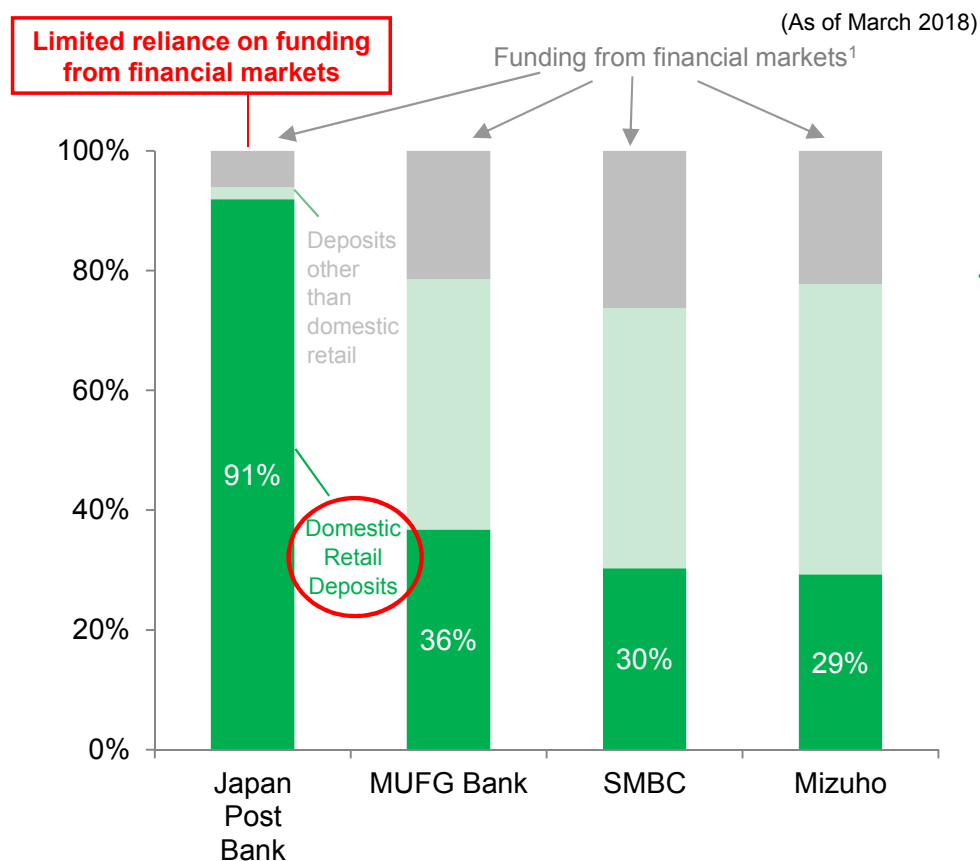
Stable/Low-cost Funding through Significant Network and Customer Base

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

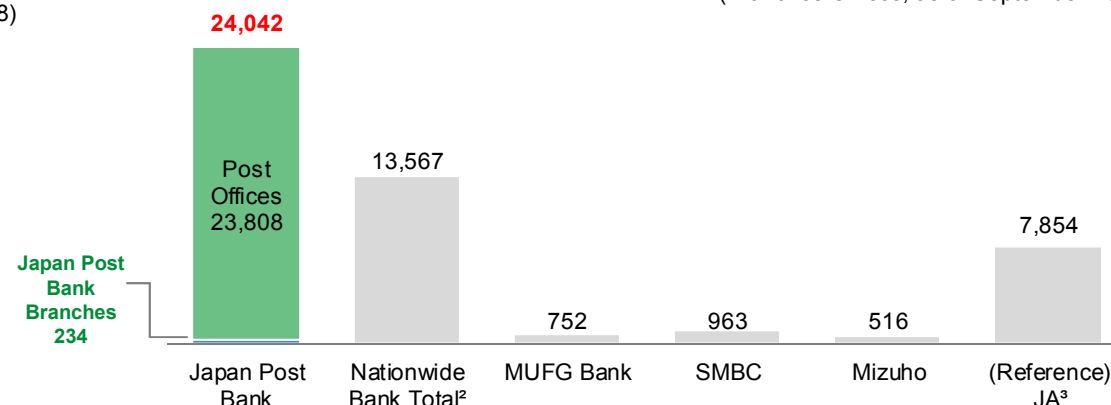
We hold a retail deposit market share of approx. 20%

Breakdown of Funding Sources



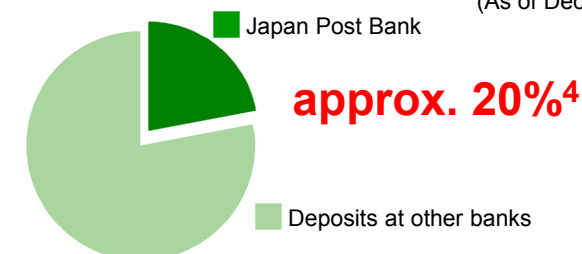
Domestic Branch Network

(Branches/Offices, as of September 2017)



Estimated Share of Japan Post Bank Japanese Household Deposits

(As of December 2017)



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

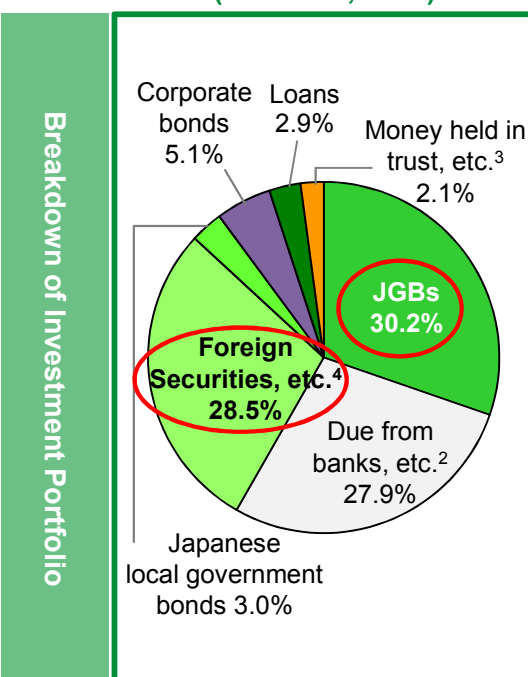
2. Nationwide bank total: domestic head office/branches and sub branches of 116 banks (excluding Japan Post Bank). Independent ATMs located outside of branches are not included in sub-branches, as of September 2017.
3. Total of Japan Agricultural Cooperative and the Prefectural Credit Federations of Agricultural Cooperatives locations with exchange operations, as of March 2017.
4. Retail deposits of Japan Post Bank as of December 2017 / household deposits (from "Flow of Funds Accounts" released by Bank of Japan) as of December 2017.

Secured Stable Yield Under Historically Low Interest Rate Environment

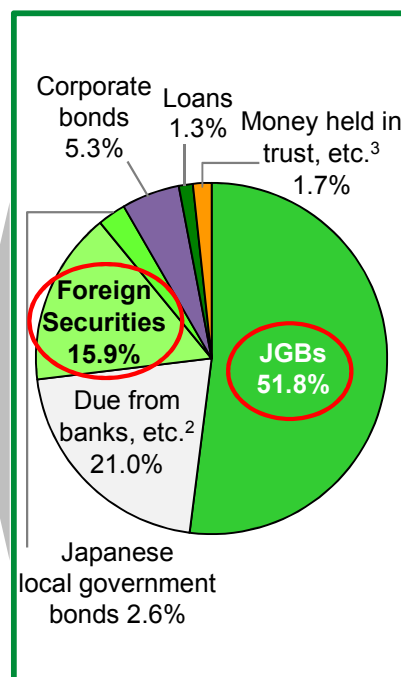
Diversified revenue source and risks by taking credit exposure through foreign securities, etc. and global asset allocation
Realized relatively stable net interest margin despite historically low-level interest rate environment after corporatization

Change in Investment Portfolio

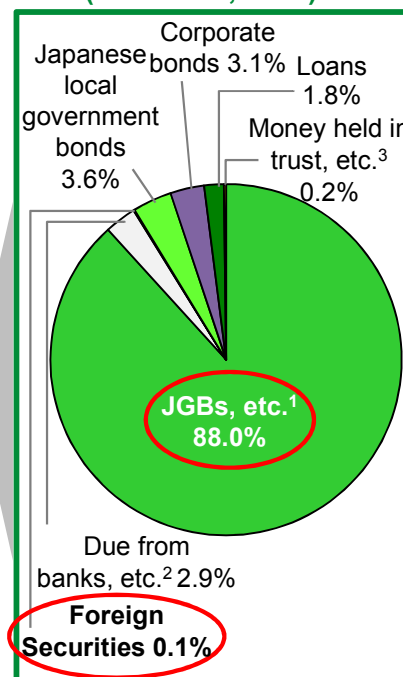
Current FY2018/3
(March 31, 2018)



As of March 31, 2015



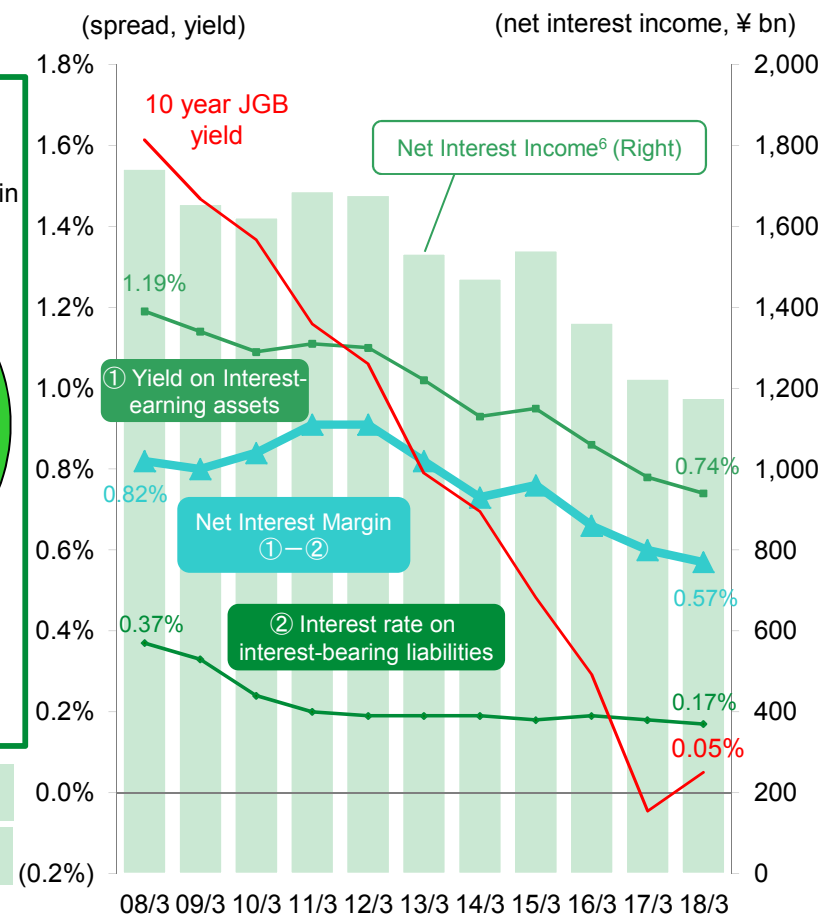
Upon Corporatization
(October 1, 2007)



JGBs ¹	30.2%	51.8%	88.0%
Foreign Securities ⁴	28.5%	15.9%	0.1%

- 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.
- 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.
- Foreign securities, etc. includes collective investment scheme, etc.

Historical Spread etc.⁵



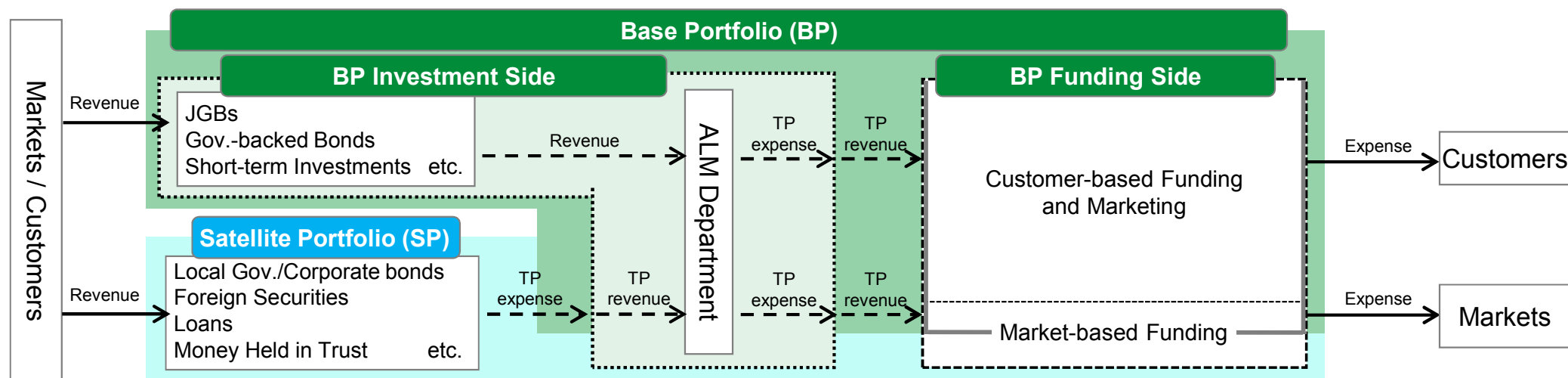
Source: JGB interest rate information - Ministry of Finance Japan

5. Historical spread is calculated by excluding the average balance and corresponding interest of money held in trust.

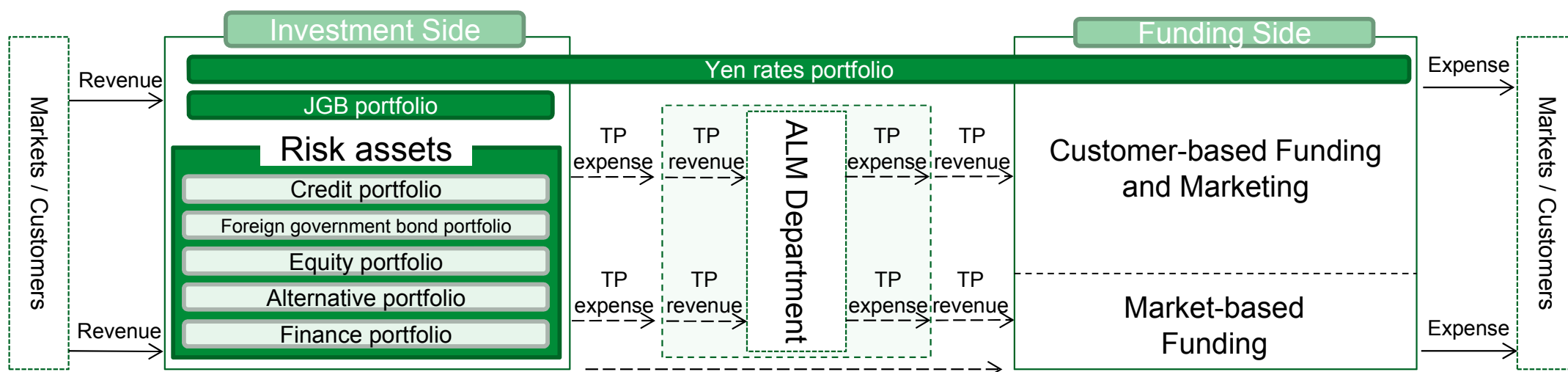
6. Net interest income for FY2008/3 is shown as double the net interest income from October 1, 2007 to March 31, 2008.

ALM/Investment Strategy to Generate Stable Income and Excess Return

<Up to March 2018>



<From April 2018>

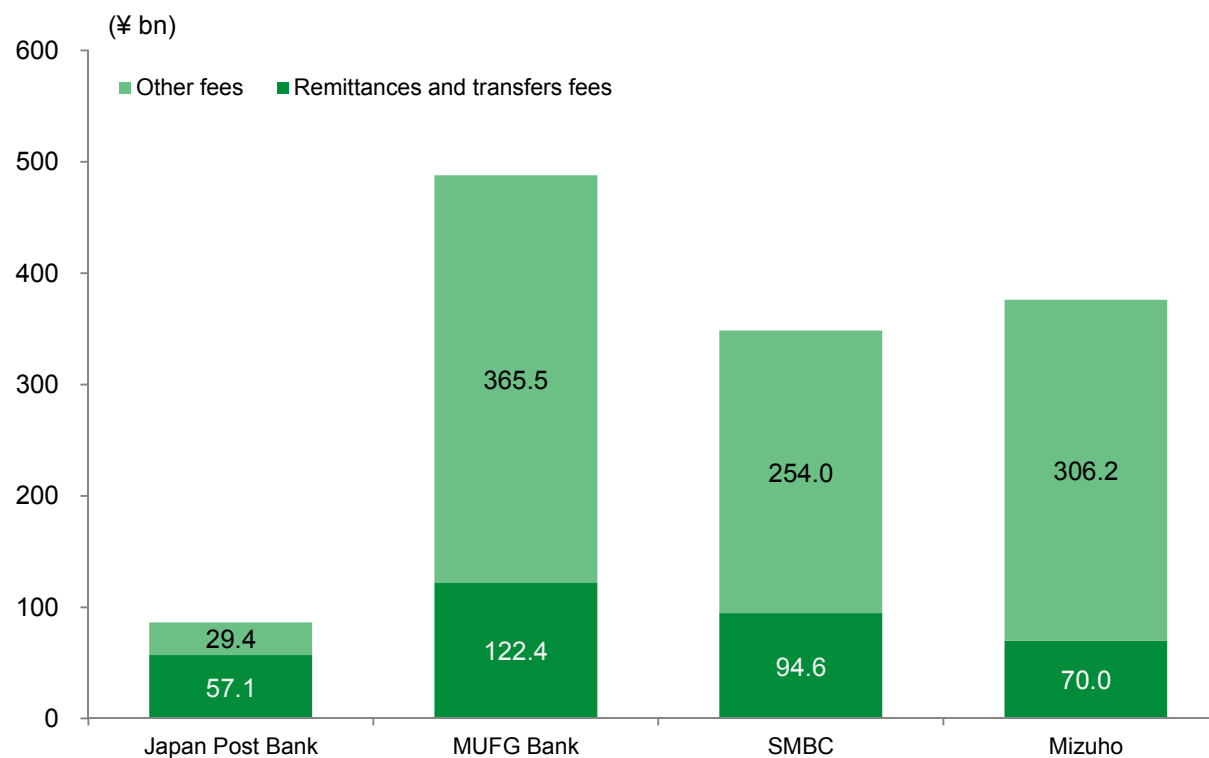


1. Transfer Price (TP): Transfer pricing was established for internal transactions using internal rates based on market interest rates.

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 (FY2017/3)



Source: Company disclosures

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

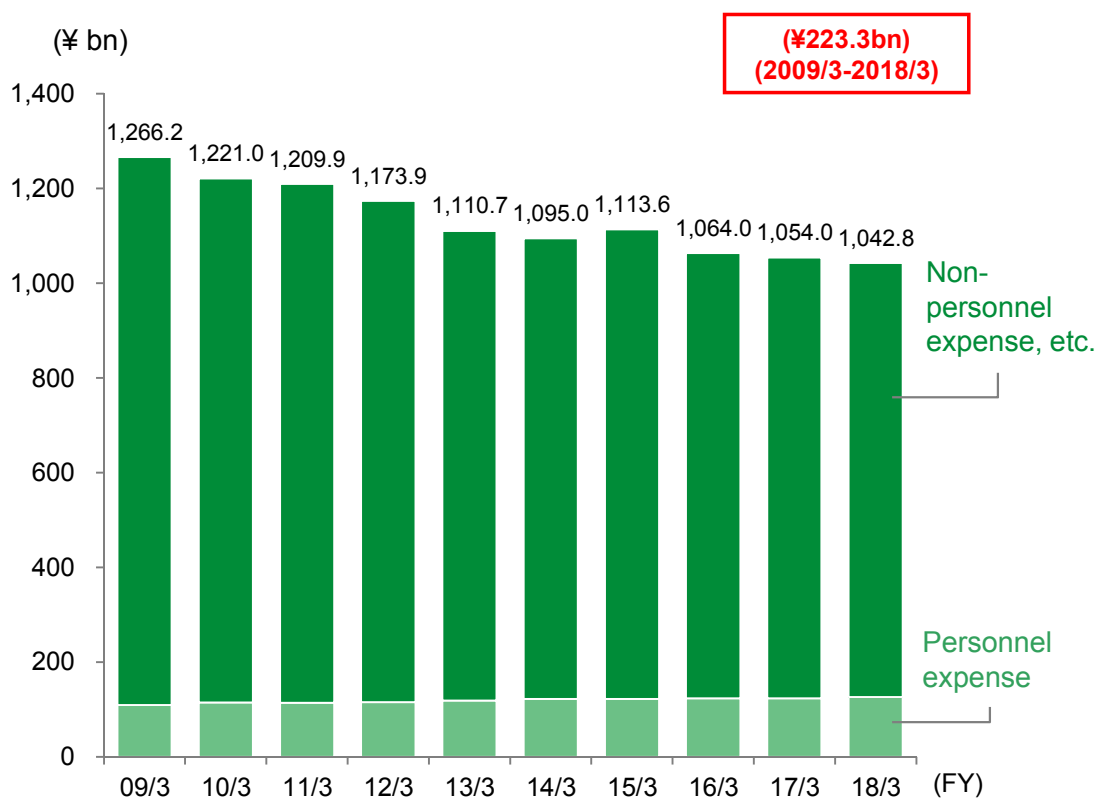
2. Subsidiary bank non-consolidated basis.

Expense Control through IT Expense Reduction

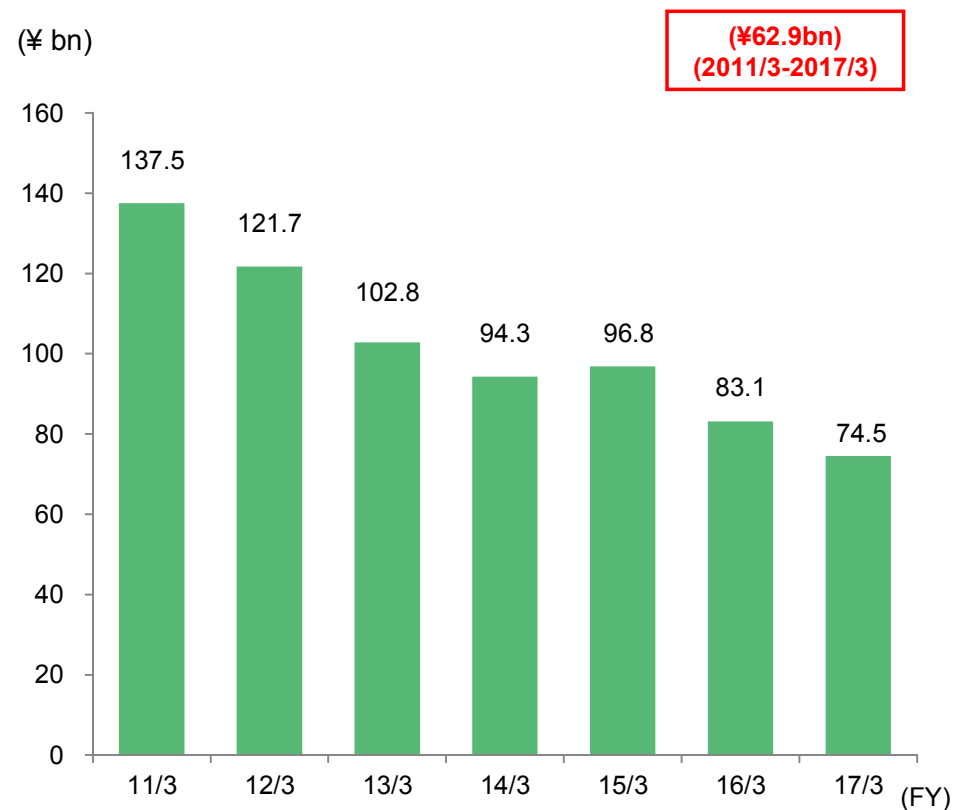
Seek to manage expenses by reducing costs through such initiatives as business process re-engineering, while maintaining the nationwide network of 24,000 post offices as our main channel

Have significantly reduced IT costs through integration, restructuring, and internalization of system development and operations

G&A Expense



IT Expense¹

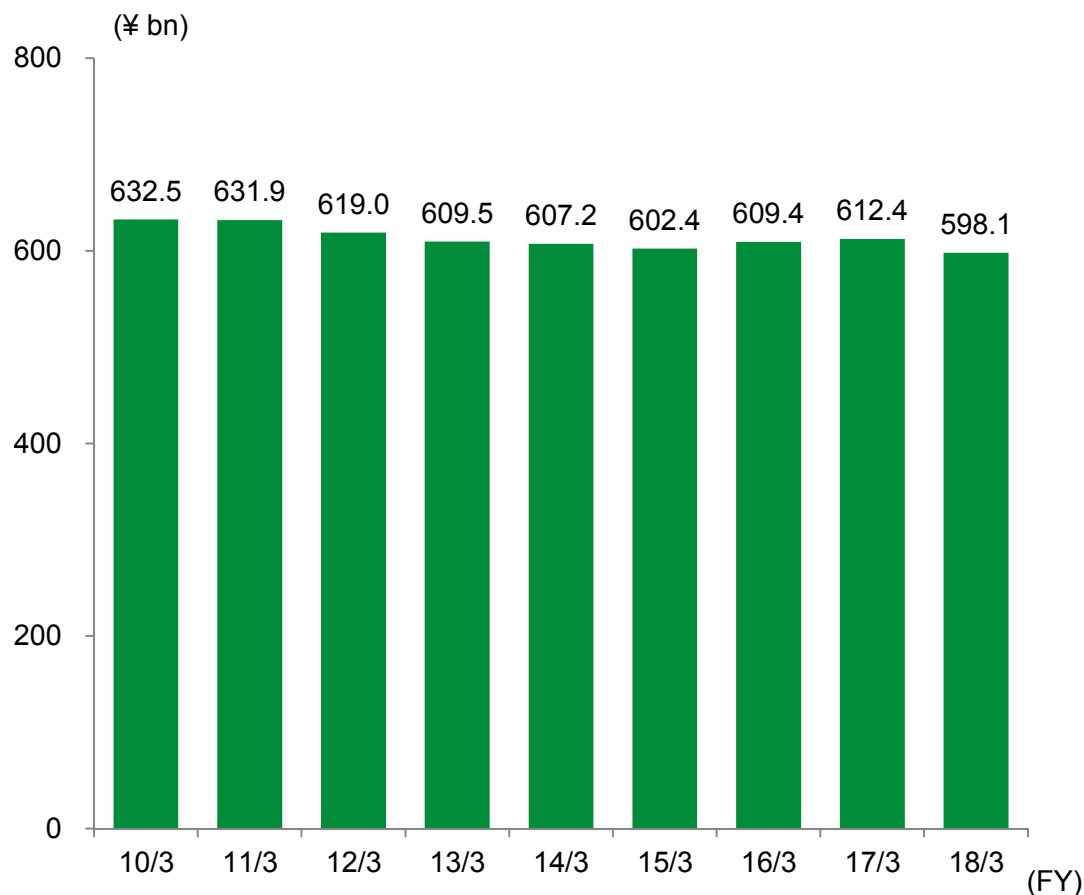


1. Management accounting basis.

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 Component¹

Deposit Component

Remittance Component

Financial Product Sales Component



Payable based on marketing targets and service quality

Incentive component

The breakdown of commissions for FY2018/3 (¥598.1bn):
banking counter services component of ¥261.4bn, deposit component of ¥195.7bn, remittance component of ¥91.8bn, financial product sales component of ¥8.8bn and incentive component of ¥40.2bn

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 13 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

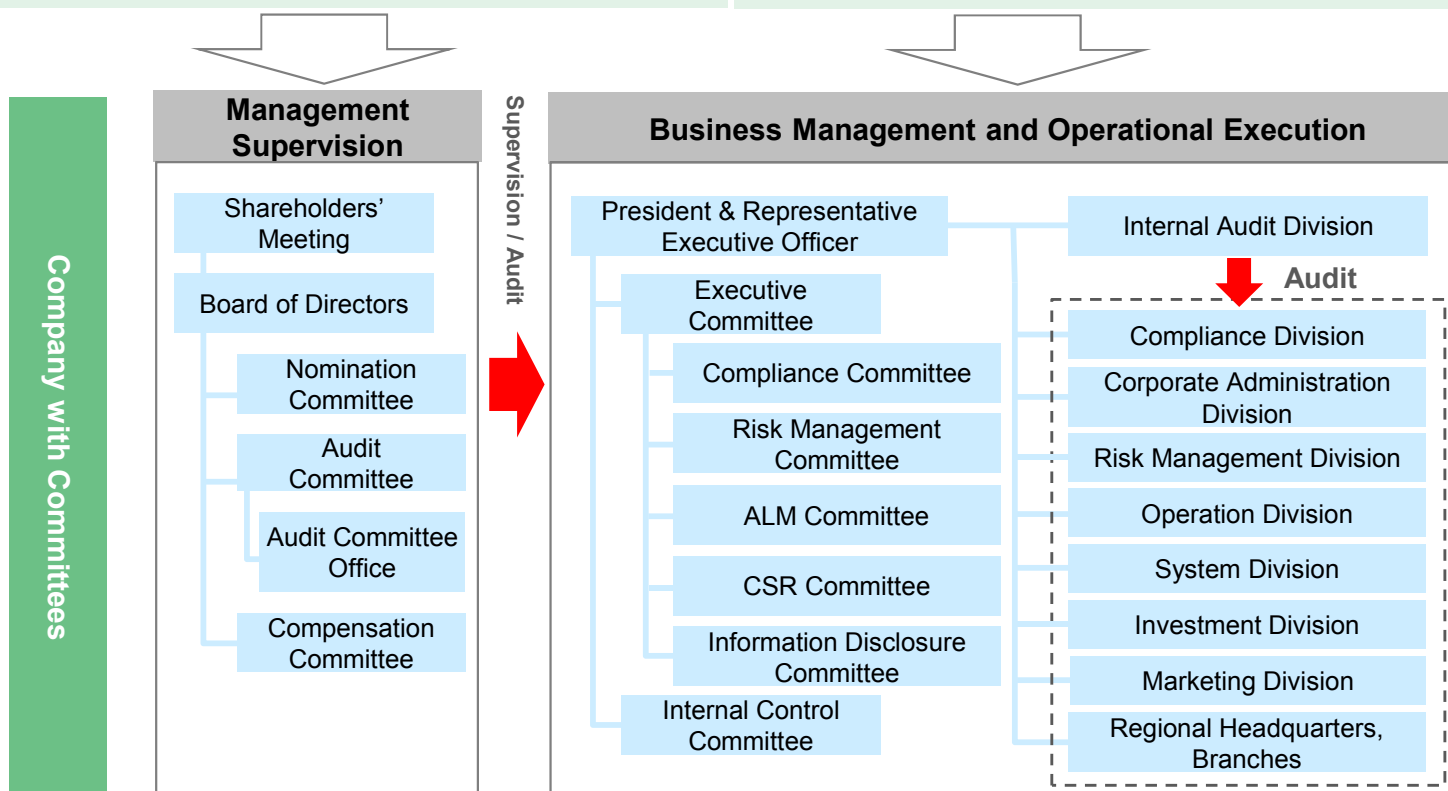
Independence from Parent Company

- 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】	Current	Approval from the Ministers in charge (consultation with the Postal Privatization Committee)	No additional regulations imposed ¹ after “Specified Date” ²
	Restrictions on Scope of Business	After Japan Post Holdings disposes of 50% or more	Notification to the Ministers in charge (Obligation to care for fair competition + notice to Postal Privatization Committee + Supervision)	
	【Additional】	<ul style="list-style-type: none">■ Maximum amount of deposits (¥13mn) are stipulated by the enforcement order of the Privatization Act		
	Restrictions on the Maximum Amount of Deposit			
<div><div></div><div>1. Our banking license is subject to the following conditions: (1) obtain approval from the Prime Minister in order to conduct new types of businesses, (2) continue outsourcing our business operations to an authorized banking agent, in order to maintain a sound, appropriate and stable foundation of our business. (Condition (2) is effective until the Specified Date)</div><div>2. “Specified Date” means the earlier of the following:<div><div>(1) The date when Japan Post Holdings disposes of all its interest in Japan Post Bank</div><div>(2) The date when Japan Post Holdings disposes of 50% or more of its interest in Japan Post Bank and both the Prime Minister and the Minister of Internal Affairs and Communications decide to acknowledge lifting of additional regulations will not negatively affect fair competition with other financial institutions, etc. nor provision of appropriate services to customers</div></div></div></div>				
New Business requiring approvals (Example)		<div><div><ul style="list-style-type: none">■ Bi-lateral loans to corporations■ Loans to individuals</div><div><ul style="list-style-type: none">■ Establishment/acquisition of subsidiaries with certain businesses■ Merger, transfer of business, etc.</div></div>		

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