



Results for the Six Months Ended September 2018

November 19, 2018

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Note: All figures are rounded down, unless otherwise noted.

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

Strategic Highlights

Note: See p.12 for notes mentioned on p.3-11.

Progress to Full-year Forecast

Consolidated

Although net interest income is expected to decrease due to factors such as a decline in revenue from JGBs, etc. as a result of the redemption of high-yield JGBs in which the Bank invested in the past, and an increase in foreign currency funding costs due to interest rate hikes in the US, the Bank aims to secure net income of ¥260.0bn or more in FY2019/3 and ¥280.0bn in FY2021/3 through (1) Diversification and sophistication of investment management, (2) Expansion of non-interest revenue and (3) Efficient allocation of management resources, etc.

FY2019/3 1H net income attributable to owners of parent represented steady progress of 61% toward the earnings forecasts (FY2019/3)

			(¥bn)	(Reference)	(¥bn)
	FY2018/3 (actual)	FY2019/3 1H (actual)	FY2019/3 (forecast)	FY2021/3 (forecast)	
Net interest income, etc.	1,384.8	686.1	1,320.0	1,300.0	
Net fees and commissions	96.4	52.9	100.0	130.0	
General and administrative expenses	1,042.9	521.2	1,060.0	1,040.0	
Net ordinary income	499.6	223.3	370.0	390.0	
Net income attributable to owners of parent	352.7	159.2	260.0	280.0	

[Progress to earnings forecasts (FY2019/3)]

[61.2%]

Progress to Income, Sales, Investments Targets

FY2019/3 1H net income attributable to owners of parent: ¥159.2bn (progress to earnings forecasts: 61%)

FY2019/3 1H sales and investments figures exceed FY2018/3 1H levels, marking steady progress to achieve medium-term management plan

Income Targets

(consolidated)		(¥bn)		(Reference)		(¥bn)	
	FY2018/3 1H ¹	FY2019/3 1H	Increase (Decrease)	Earnings Forecasts (FY2019/3)	Mid-term plan (FY2021/3)		
Net ordinary income	257.1	223.3	(33.8)	370.0	390.0		
Net income attributable to owners of parent	181.5	159.2	(22.2)	260.0	280.0		
[Progress to earnings forecasts (FY2019/3)]		[61.2%]					

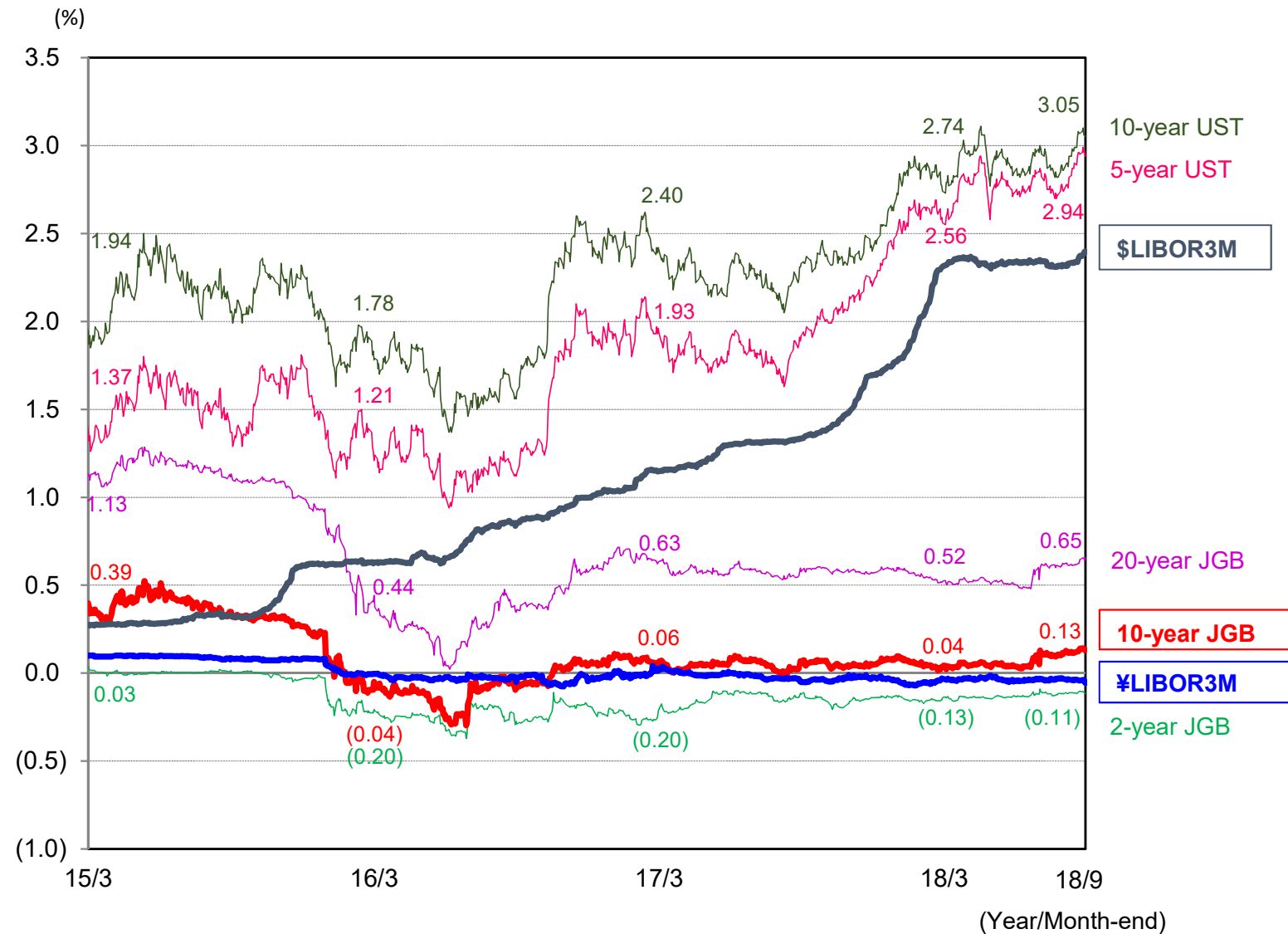
Sales Targets

	FY2018/3 1H ²	FY2019/3 1H ²	Increase (Decrease)	Mid-term plan (FY2021/3) ²
Net increase of assets under management	(78.3)	+522.0	+600.3	Around +¥1.8tn
Net increase of investment trusts balance ³	+212.1	+337.5	+125.3	Around +¥1.7tn
Net fees and commissions	47.1	52.9	+5.8	+30% (compared to FY2018/3) (at least ¥125.4bn)

Investments Targets

		(¥tn, figures are rounded)		Mid-term plan (End of FY2021/3)
	As of September 30, 2017	As of September 30, 2018	Increase (Decrease)	
Risk assets ⁴	74.0	80.0	+6.0	Around ¥87tn
Strategic investment area ⁵	0.9	2.5	+1.5	Around ¥8.5tn

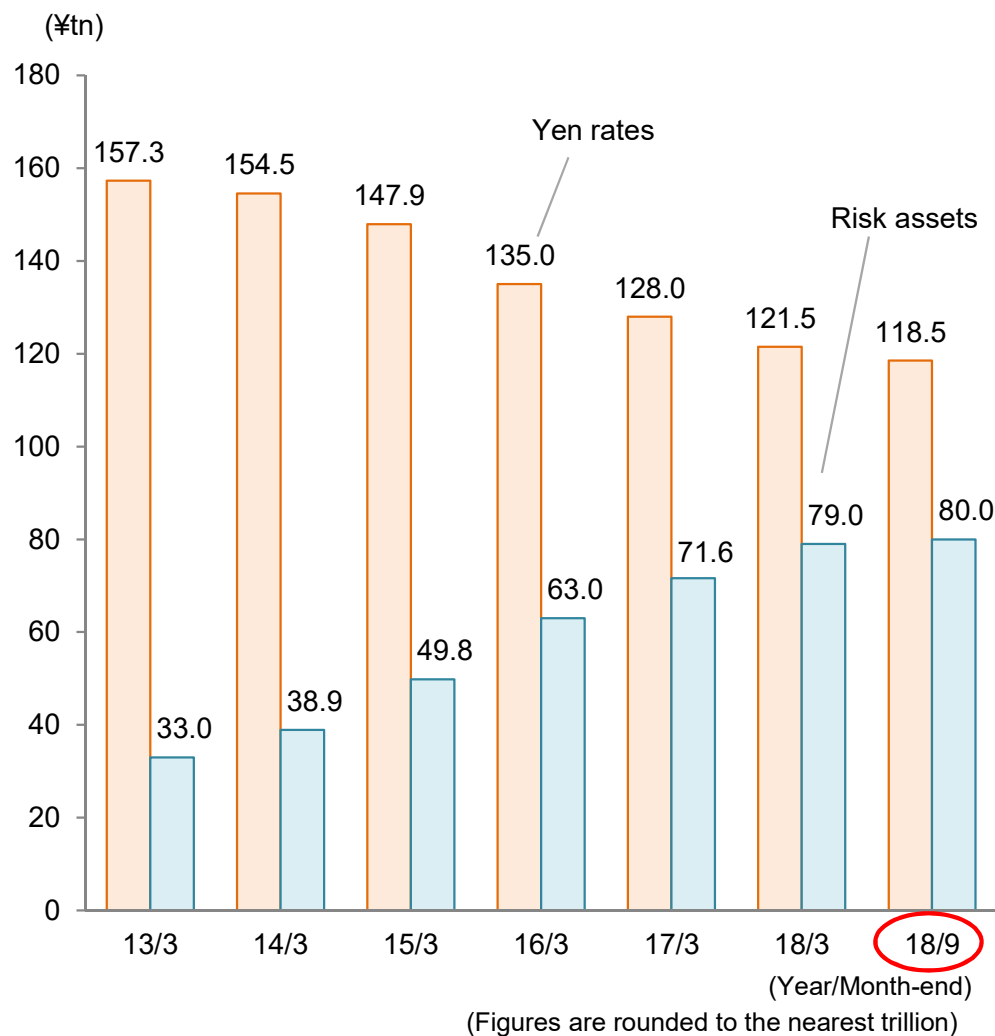
Interest Rates in Japan and US



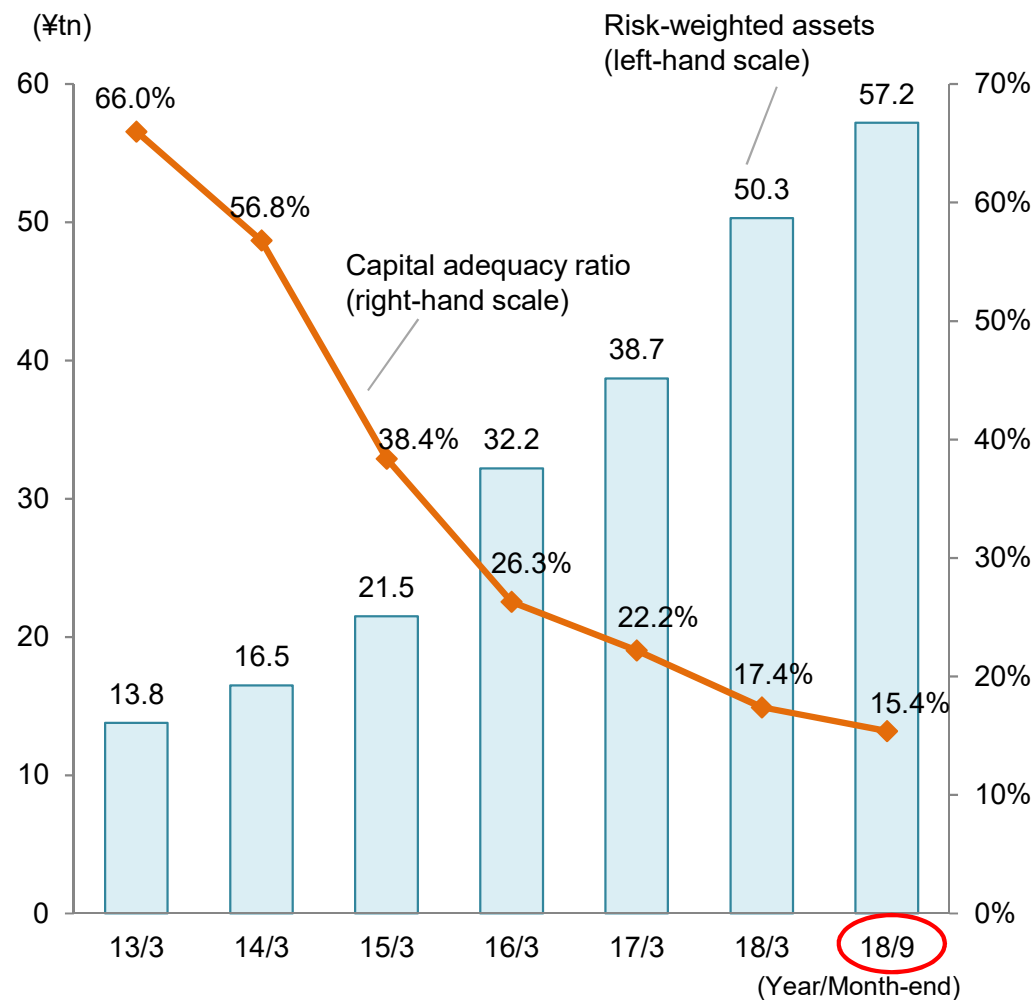
Capital Adequacy Ratio & Risk-Weighted Assets

Non-consolidated

Assets Under Management



Capital Adequacy Ratio & Risk-Weighted Assets



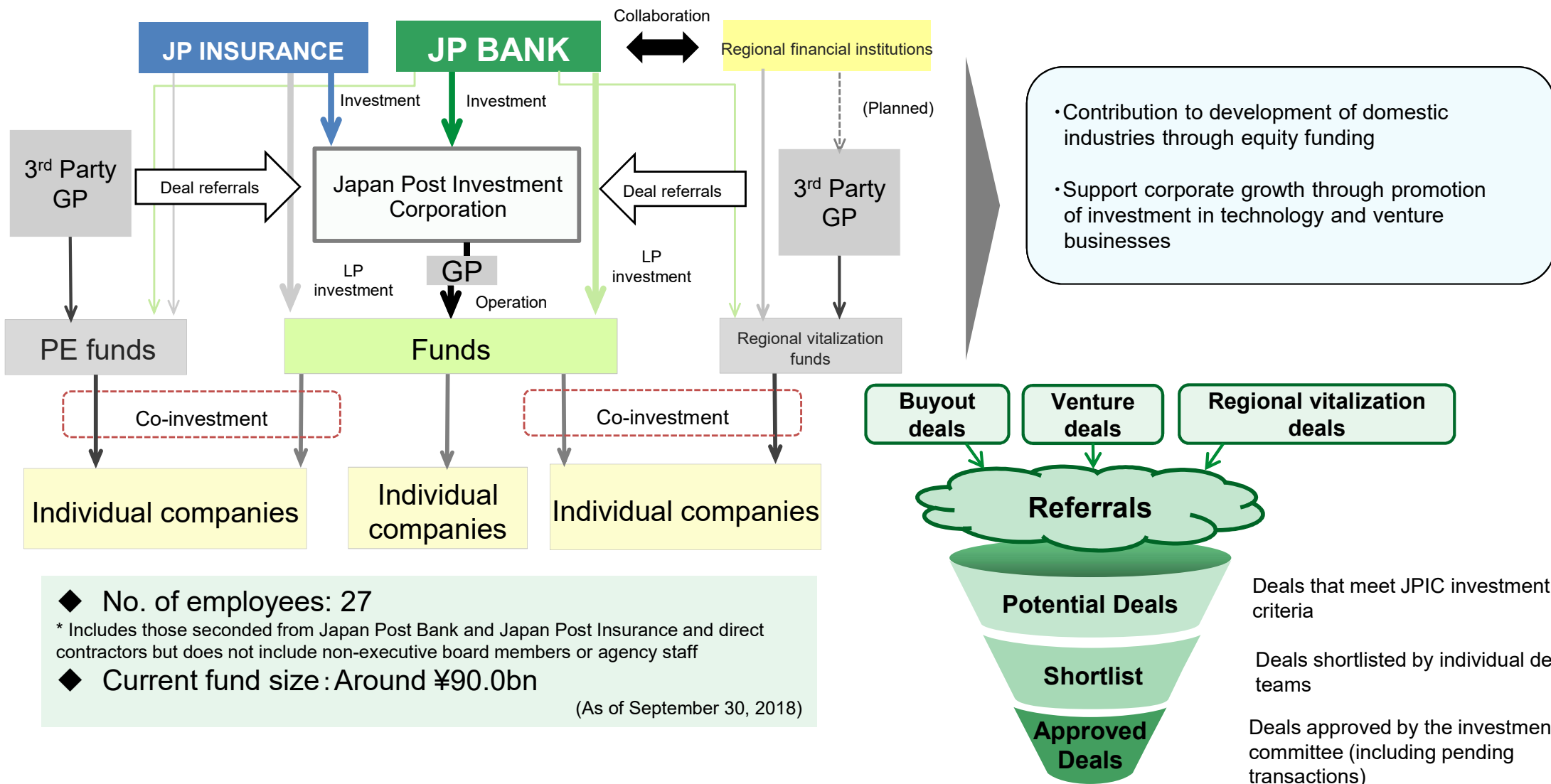
(¥tn, figures are rounded)

	As of September 30, 2017	As of March 31, 2018 (A)	As of September 30, 2018 (B)	Increase (Decrease) (B)-(A)
Foreign bonds investment trusts	32.6	37.4	36.1	(1.3)
Investment grade	25.3	28.2	24.4	(3.9)
Cross over	0.3	1.6	2.9	+1.2
Others	7.0	7.5	8.8	+1.3
Strategic investment area	0.9	1.6	2.5	+0.8
Private equity funds	0.3	0.5	0.8	+0.3
Hedge funds	0.5	0.9	1.3	+0.4
Real estate funds	0.1	0.3	0.5	+0.2
Others	—	—	0.0	+0.0
Equities, etc.	2.7	2.9	3.0	+0.2
Others	37.8	37.2	38.5	+1.3
<u>Total</u>	74.0	79.0	80.0	+1.0

PE Investments through Japan Post Investment Corporation

Aim to expand revenues by capturing private equity investment opportunities via Japan Post Investment Corporation funds

Support investee companies by providing equity capital



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 1H	FY2019/3 1H	Increase (Decrease)
Net fees and commissions	47.1	52.9	+5.8
Exchange and settlement transactions	29.6	30.2	+0.6
Zengin net fee	4.7	5.1	+0.4
ATM related commissions	3.8	6.9	+3.0
JGBs related commissions	0.9	0.9	(0.0)
Investment trust related commissions	9.3	11.1	+1.8
Credit cards	2.2	2.2	+0.0
Variable annuities	0.4	0.4	+0.0
Consumer loans	0.5	0.6	+0.0
Other	0.0	0.2	+0.2

(Remittance and settlement services)

- Revision to remittance and settlement services
 - (1) Launch of “Yucho Biz Direct” online banking service and payroll/bulk payments for corporate customers in order to enhance and improve corporate services (scheduled in April 2019)
 - (2) Revision of fees for existing services (scheduled in April 2019 (partially raised from October 2018))

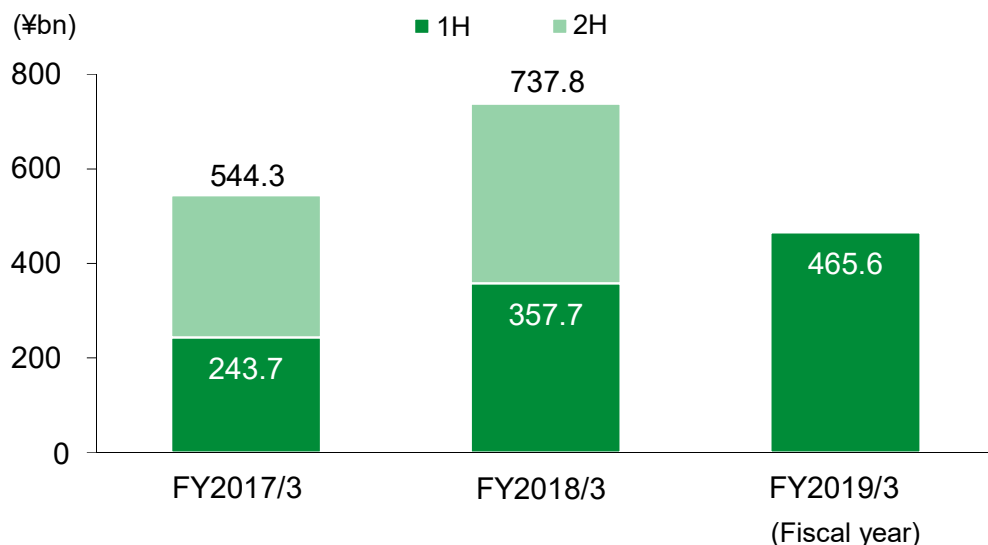
(ATM business)

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

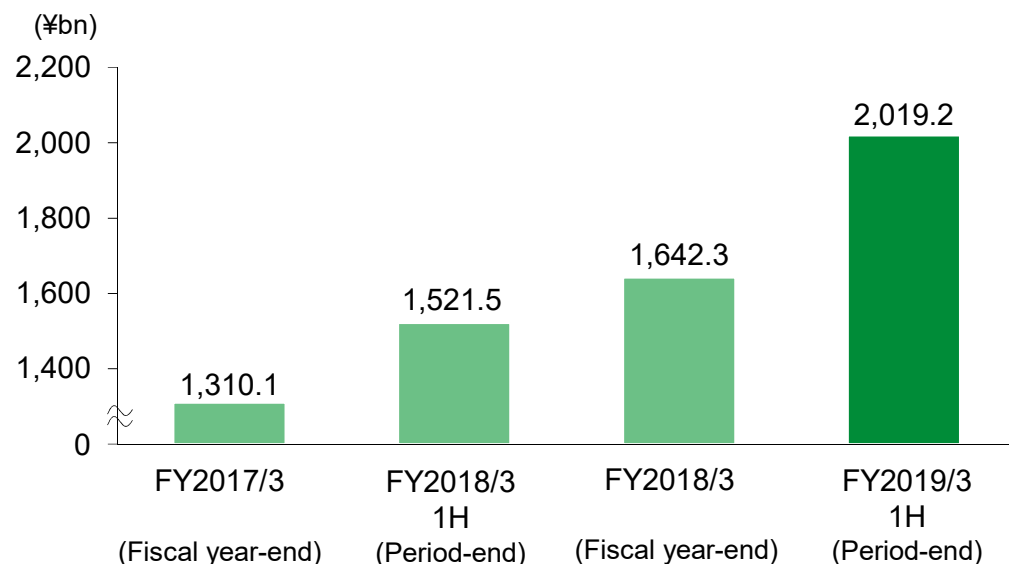
(Sales promotion of investment trust products)

- (Post offices)
Expanding investment trust sales locations and referral locations
Investment trust sales locations:1,432
(As of October 1, 2018)
Referral locations:18,329
(As of October 1, 2018)
- Conducting a campaign in a bid to expand our investment trust customer base and increase the use of iDeCo (April 2018 through March 2019)

Investment Trusts Sales



Net Assets of Investment Trusts



Enhancement of Consulting Marketing

- (1) Develop and increase personnel engaged in consulting marketing

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

As of October 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 referral locations (from July 10, 2017)

	June 30, 2017	March 31, 2018	October 1, 2018
Investment trust sales locations	1,315	1,416	1,432 (+117)
Referral locations	805	18,298	18,329 (+17,524)

*The amount in parentheses is the change from June 30, 2017

- (3) Conducting a campaign in a bid to expand our investment trust customer base and increase the use of iDeCo

- (4) 4 new investment trust instruments across 7 funds added from May 7, 2018

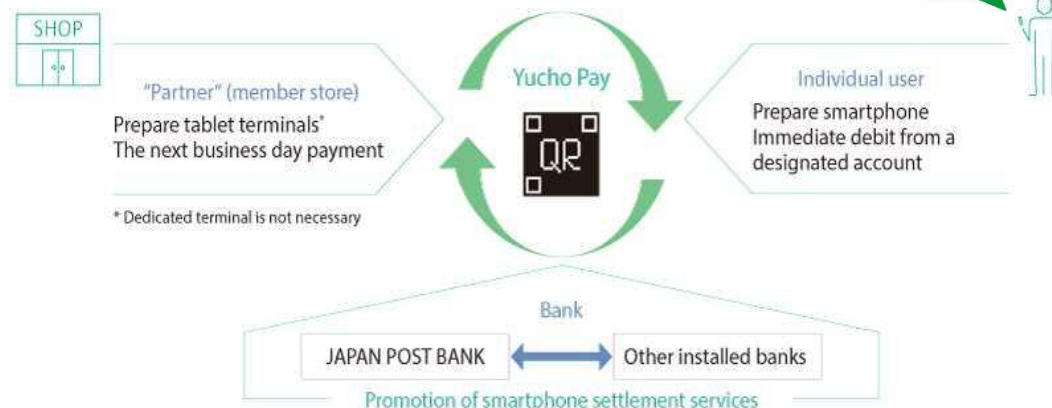
Customer-Oriented Financial Services

◆ Mobile payment application “Yucho Pay”

Application enabling mobile payment on a nationwide basis
QR code settlement system that draws directly from Japan Post Bank accounts

- Application launched in spring 2019
- Cash withdrawal from Tokyu Railways ticketing machines in spring 2019

How Yucho Pay Works



◆ Installment of compact ATMs

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

- Overseas issued cards accepted (Compatible with 16 languages)

Installation of compact JP Bank ATMs in stages at all 19 Aozora Bank branches (total of 19 machines from August 27, 2018)



◆ Remittance and settlement services

- Launch of “Yucho Biz Direct” online banking service and payroll/bulk payments for corporate customers in order to enhance and improve corporate services (scheduled in April 2019)
- Launch of international remittances via our online banking service “Japan Post Bank Direct” in January 2018
- Extended real-time transfers to other banks along with the launch of 24/7 operation of Zengin System from October 2018



(Notes)

Notes:

1. FY2018/3 1H figures are non-consolidated. FY2019/3 1H non-consolidated net ordinary income and net income are ¥223.4bn and ¥159.2bn, respectively.
2. FY2018/3 1H and FY2019/3 1H net increase of assets under management/investment trusts are the changes from March end. Figures for Medium-term management plan are the total for three years.
3. Net increase of investment trusts balance is cumulative total of “sales - cancellations” over three years (different from market value basis).
4. Assets other than yen interest rates (JGBs, etc.) (credit bonds, foreign government bonds, equities, alternatives)
5. Alternatives (PE, HF, real estate funds (equities)) + real estate funds (debt (non-recourse loans, CMBS)), direct lending funds

1. Overview of FY2019/3 1H Results

- In the adverse business environment with persistently low yen interest rates, net income decreased by 12.2% year on year to ¥159.2bn
- Net income attributable to owners of parent is ¥159.2bn with progression rate to full-year forecast of 61.2%

Note: See p.17 for notes mentioned on p.14-16.

Overview of Business Results

[Consolidated]

Net income attributable to owners of parent*	¥159.2bn	
		* Progression rate to forecast 61.2%
Net ordinary income*	¥223.3bn	
		* Progression rate to forecast 60.3%

[Non-consolidated]

Net income	¥159.2bn	[YoY (12.2%)]
Net ordinary income	¥223.4bn	[YoY (13.1%)] ●
Net interest income	¥549.1bn	[YoY (¥68.9bn)]
Net fees and commissions	¥52.9bn	[YoY +¥5.8bn] ●
Net other operating income (loss)	¥118.1bn	[YoY +¥25.5bn]
General and administrative expenses ¹	¥521.9bn	[YoY (¥0.2bn)]

Dividend per share (Interim) ¥25

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📖 p 16

Net unrealized gains (losses) on financial instruments (available-for-sale)
adjusted by gains (losses) on hedge transactions
¥3,332.5bn [vs FY18/3 end (¥441.9bn)]

📖 p 33

Capital adequacy ratio (consolidated)
(Domestic Standard) 15.46% [vs FY18/3 end (1.97%pt)]

📖 p 41

Leverage ratio (consolidated) (pro forma basis) 4.24%
[vs FY18/3 end +0.07%pt]

📖 p 26

	Average Balance	Net gains (losses)
Total portfolio (A)	¥198.3tn	¥218.0bn
Yen rates portfolio ²	¥118.8tn	(¥206.1bn)
Customer-based funding and marketing	—	(¥347.2bn)
Investment side, etc.	—	¥141.0bn
Risk assets ²	¥79.5tn	¥424.2bn
Net other ordinary income ³ (B)	—	¥5.4bn
Total (A)+(B)	—	¥223.4bn

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Strategic investment area	¥2,484.1bn	[vs FY18/3 end +¥846.5bn]
Private equity funds ⁴	¥753.5bn	[vs FY18/3 end +¥284.5bn]
Hedge funds	¥1,250.3bn	[vs FY18/3 end +¥359.2bn]
Real estate funds	¥471.7bn	[vs FY18/3 end +¥194.2bn]
Others	¥8.5bn	[vs FY18/3 end +¥8.5bn]

📖 p 20

Exchange and settlement transactions, ATM related commissions

¥37.2bn [YoY +¥3.7bn]

Sales of asset management products, etc.⁵

¥15.7bn [YoY +¥2.1bn]

📖 p 9

Development of Yen Rates Portfolio and Risk Assets

Non-consolidated

(management accounting basis)

Yen Rates Portfolio

¥119tn [vs FY2018/3 end (¥3tn)]
(JGB balance decreased, reflecting prolonged historically low interest rate environment)

(¥tn, figures are rounded)

	Mar 31, 2018	Sep 30, 2018	Increase (Decrease)
Short-term assets ⁶	55	54	(1)
Bonds held to maturity —JGBs, Government guaranteed bonds	31	29	(2)
Available-for-sale securities —JGBs, Government guaranteed bonds ⁷	35	35	(0)

Risk Assets

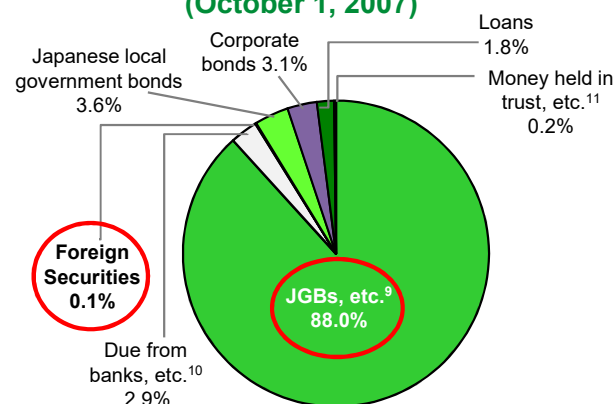
¥80tn [vs FY2018/3 end +¥1tn]
(Further expansion of risk assets with focus on strategic investment area)

(¥tn, figures are rounded)

	Mar 31, 2018	Sep 30, 2018	Increase (Decrease)
Available-for-sale securities — Japanese local government bonds — Corporate bonds, etc. — Foreign securities, etc. ⁸ [Investment trusts]	6 8 58 [38]	6 8 58 [36]	(0) (0) +0 [(1)]
Bonds held to maturity — Japanese local government bonds — Foreign securities, etc.	- 0	0 0	+0 -
Loans	2	2	(0)
Money held in trust, etc. (Stocks) ^{7,8}	3	3	+0
Strategic investment area	2	2	+1

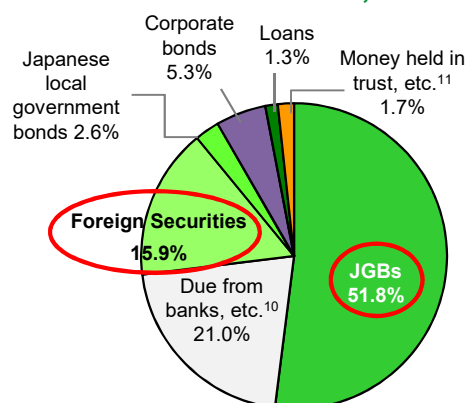
Change in Investment Portfolio

Upon Corporatization
(October 1, 2007)



Unrealized gains (losses)	Bonds held to maturity	—
	Available-for-sale securities	—

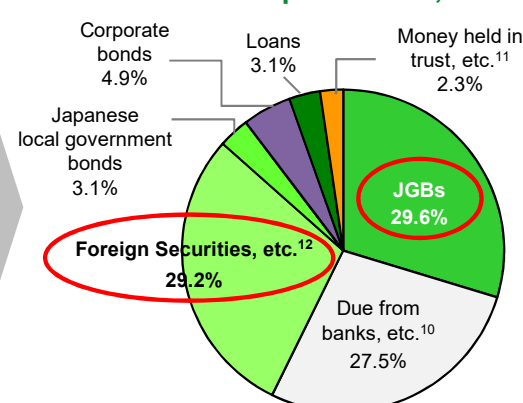
As of March 31, 2015



¥2,268.3bn

¥4,681.5bn

As of September 30, 2018



¥795.6bn

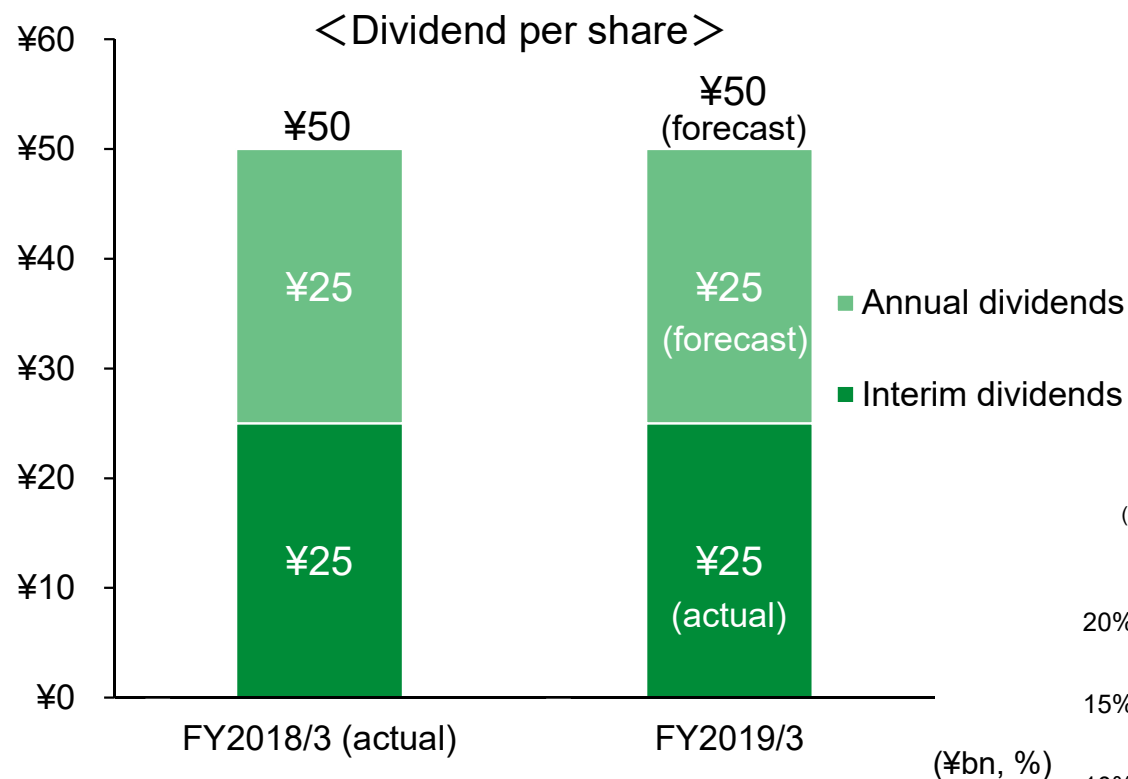
¥3,332.5bn

FY2019/3 Dividend Forecast

Consolidated

Interim dividend per share is ¥25. Dividend forecast for the fiscal year ending March 31, 2019 is unchanged i.e. ¥50

Actual result and forecast of dividends

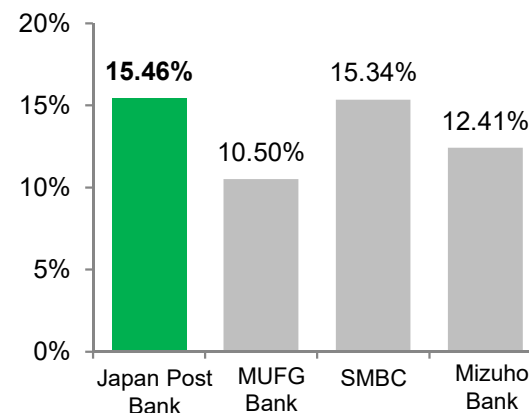


	For the fiscal year	
	ended March 31, 2018 (actual)	ending March 31, 2019 (forecast)
Total dividend payment	187.4	187.4
Dividend payout ratio	53.1%	72.0%

Dividend policy (until March 31, 2021)

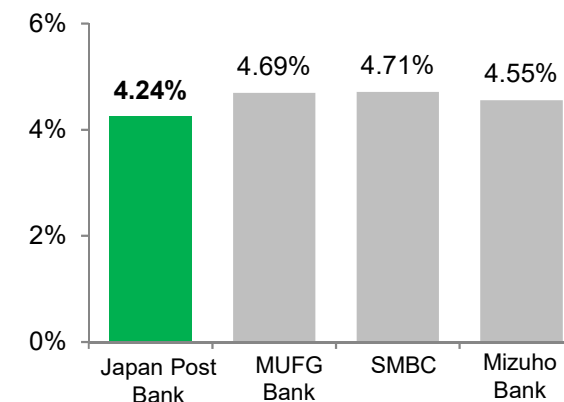
1. The Bank aims to secure dividends of ¥50 per share
2. The Bank aims to maintain stable dividends per share
3. The Bank shall also consider the implementation of additional shareholder returns according to conditions such as future regulatory trends, income growth and adequacy of internal reserves

(Reference 1) Capital Adequacy Ratio¹³
(consolidated (banking unit), Sep 30, 2018)



Source: Corporate disclosure materials

(Reference 2) Leverage Ratio¹⁴
(consolidated (banking unit), pro forma basis, Sep 30, 2018)



Source: Corporate disclosure materials

(Notes)

Notes:

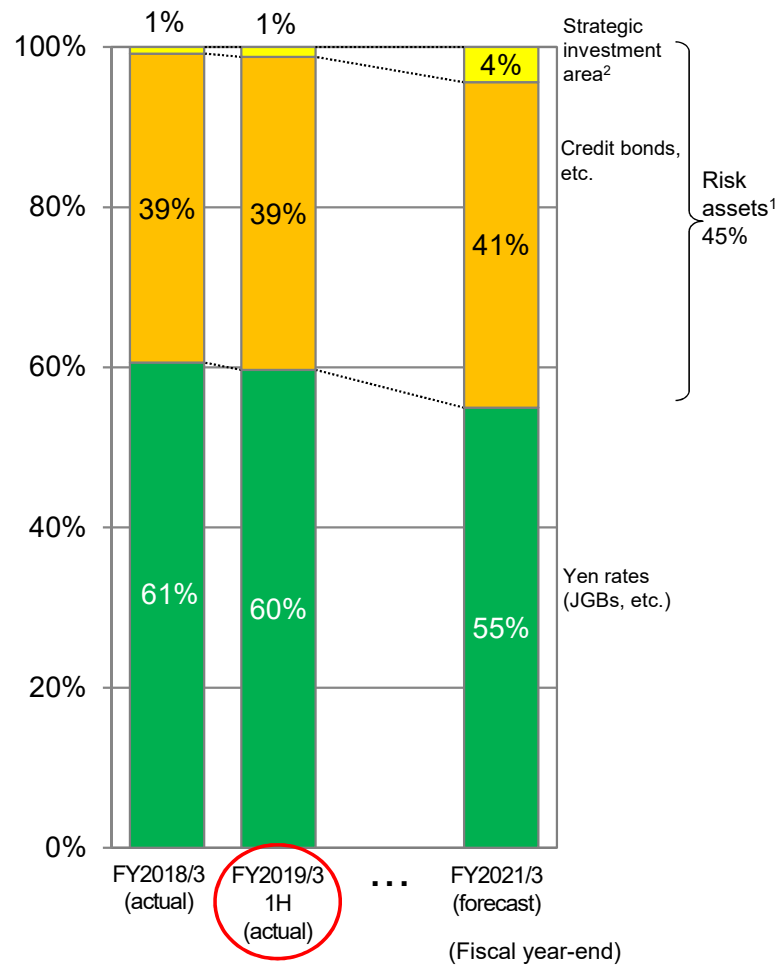
1. Exclude non-recurring items.
2. Risk assets = Assets other than yen rates (JGBs, etc.) (credit bonds, foreign government bonds, equities, alternative assets)
Yen rates portfolio and risk assets include net fees and commissions (yen rates: ¥51.0bn, risk assets: ¥1.9bn), general and administrative expenses (yen rates: ¥516.9bn, risk assets: ¥3.9bn)).
3. Increase/decrease in net other ordinary income, which are unrecognized under management accounting basis, are recoveries of written-off loans, rent for land, buildings and others, etc.
4. Include regional vitalization funds.
5. JGBs related commissions, investment trust related commissions, credit cards related commissions, variable annuities related commissions, consumer loans related commissions, other.
6. Short-term assets include cash and due from banks, call loans/receivables under securities borrowing transactions/T-bills (excl. those in trust), short-term corporate bonds, etc.
7. JGBs contained in money held in trust are included in the Yen rates portfolio.
8. Exclude foreign securities included in strategic investment area.
9. 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.
10. Due from banks, etc. includes negotiable certificates of deposits, BOJ deposits, monetary claims bought, call loans and receivables under securities borrowing transactions.
11. Money held in trust, etc. includes equity securities of affiliated companies, etc.
12. Foreign securities, etc. includes collective investment scheme, etc.
13. The Bank calculates capital adequacy ratio based on domestic standard (consolidated (banking unit)). MUFG Bank, SMBC, Mizuho Bank calculate common equity Tier 1 ratios based on uniform international standard (consolidated (banking unit)).
14. MUFG Bank, SMBC, Mizuho Bank are consolidated (banking unit). The Bank's leverage ratio (consolidated, pro forma basis) = Core capital/Total assets (as reported on B/S)

2. Progress to Medium-term Management Plan

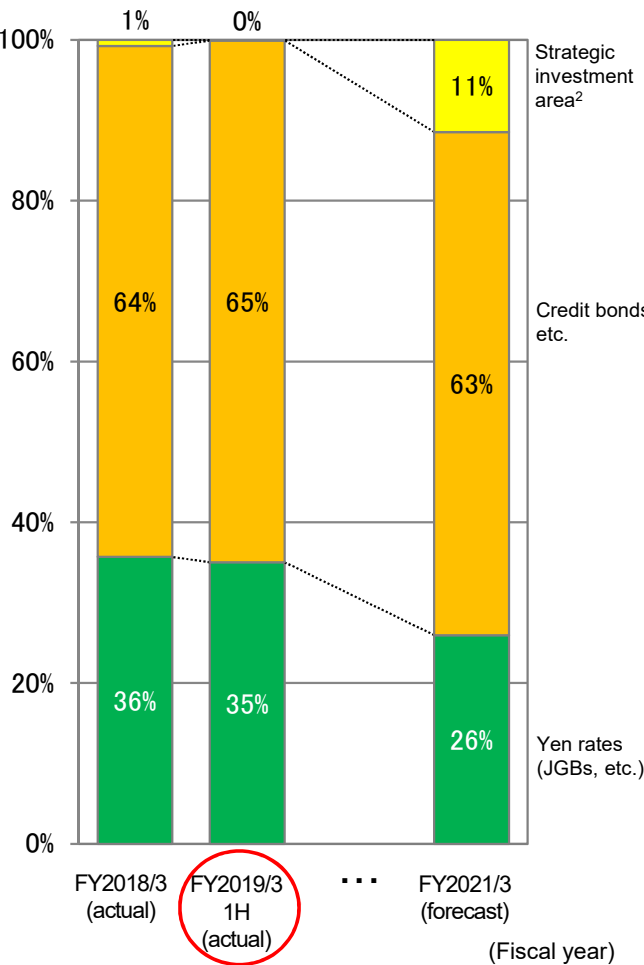
Note: See p.23 for notes mentioned on p.19-22.

Yen Rates, Risk Assets, Capital Adequacy Ratio

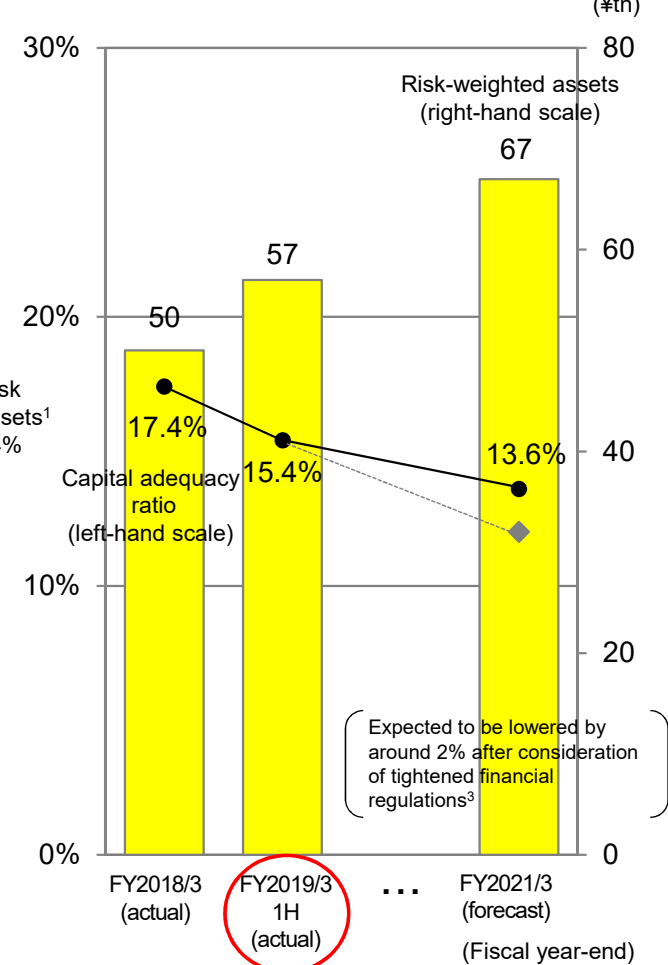
• Investment assets*



• Net interest income, etc.*



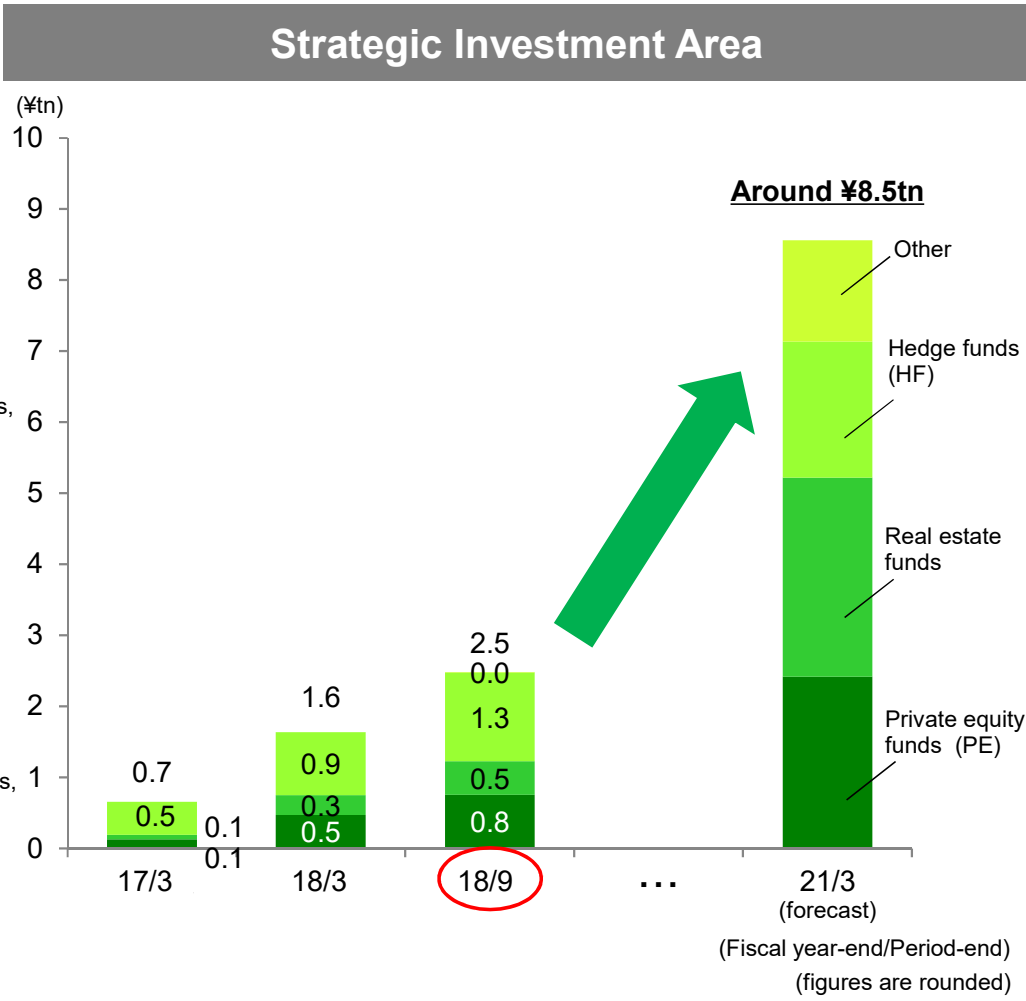
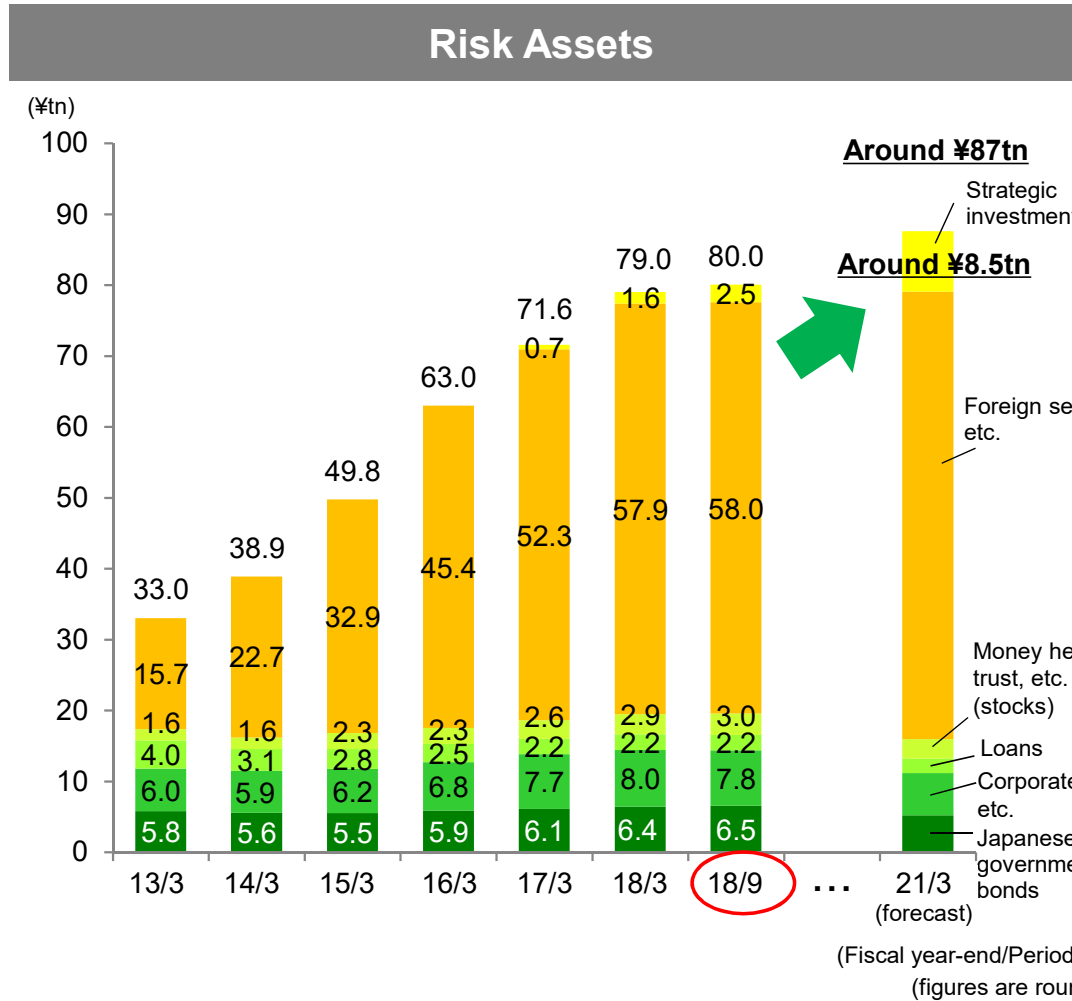
• Capital adequacy ratio (non-consolidated)



* Figures in percentage are rounded, figures in yen are rounded to the nearest trillion

Promotion of diversification and sophistication of investment management to respond to the reduction of interest income from JGBs, etc.

The balance of risk assets as of September 30, 2018 increased to 80.0 trillion yen, and the balance of strategic investment area increased to 2.5 trillion yen

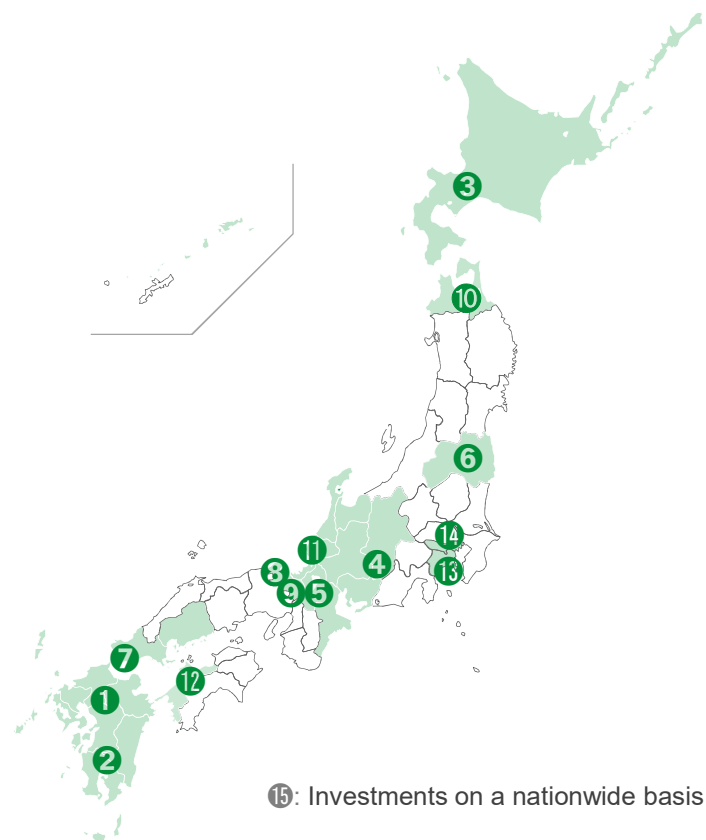


Funds Flow to Regional Communities

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

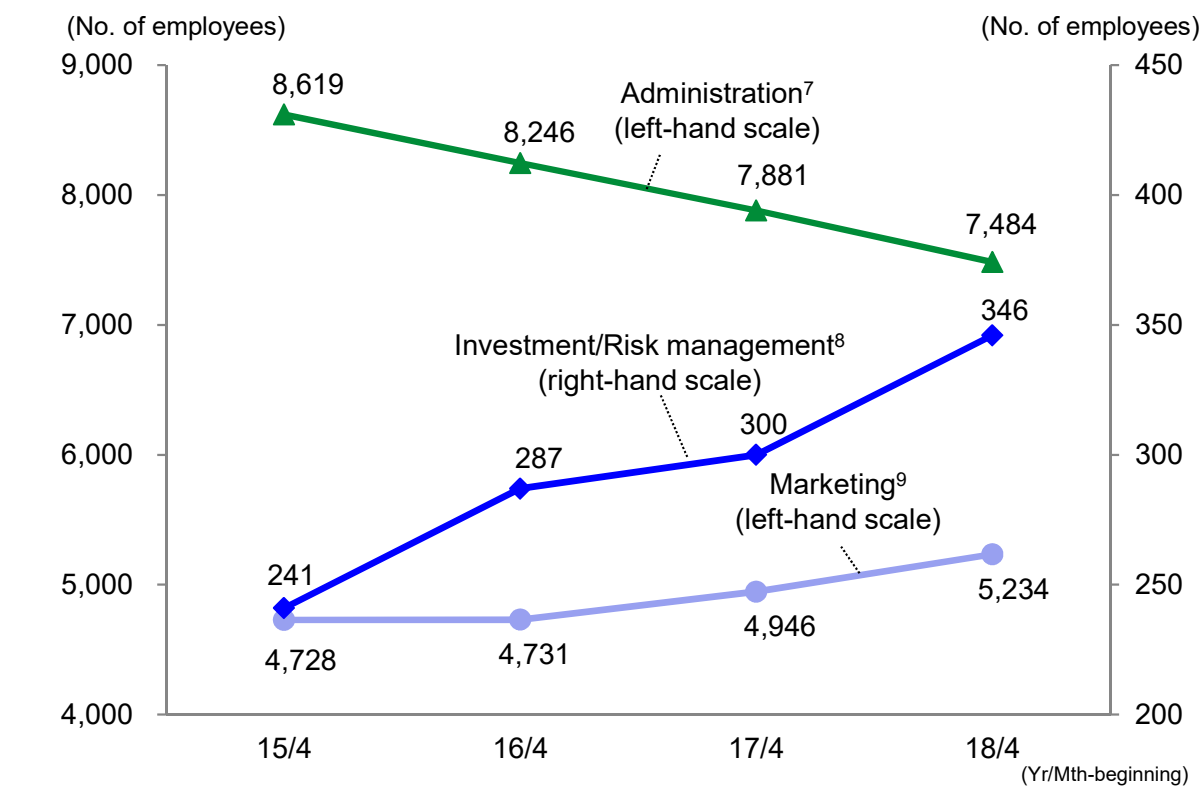
As of October 31, 2018, we are participating in 15 funds

(As of October 31, 2018)



	Name of Fund	Year/month of participation	Total fund amount
①	Kyushu Wide Area Reconstruction Assistance Investment LP	2016/ 7	Around ¥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
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 ⁴
⑧	MIYAKO Kyoto University Innovation LP	2017/11	Around ¥2.0bn ⁴
⑨	MBC Shisaku 1 LP	2017/12	Around ¥2.0bn ⁵
⑩	Michinoku Regional Vitalization Investment LP	2018/ 3	¥0.5bn
⑪	Fukui Future Business Support Investment LP	2018/ 3	Around ¥0.5bn ⁴
⑫	Ehime Regional Vitalization Investment LP	2018/ 3	¥0.3bn
⑬	Healthcare New Frontier Investment LP	2018/ 8	¥1.25bn
⑭	Tokyo SME Support 2 LP	2018/ 8	¥2.0bn
⑮	Succession Investment LP, I	2018/10	¥3.0bn

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



(No. of employees)				
Total headcount ⁶	18,878	18,618	18,382	17,937

(No. of employees)	
	Change (4/1/2017 → 4/1/2018)
Total headcount	(450)
Reduction of administrative staffing through efficiency and productivity improvement	(950)
Personnel reallocation to growth areas	+500

(Notes)

Notes:

1. Assets other than yen rates (JGBs, etc.) (credit bonds, foreign government bonds, equities, alternative assets)
2. Alternative investments (PE, HF, real estate funds (equities)) + real estate funds (debt (non-recourse loans, CMBS)), direct lending funds
3. Review of standard methods pertaining to credit risks, etc. (Planning for January 2022 and after)
4. As of establishment
5. Targeted investment amount
6. Includes non-regular employees
7. Administration: HQ System Division + HQ Operation Division + Operation Support Centers, etc. Operation Support Centers mainly perform back office functions.
8. Investment/Risk management: HQ Investment Division + HQ ALM Planning Office + HQ Risk management Division
9. Marketing: HQ Marketing Division + Branches (financial consulting department, corporate marketing department, loan marketing department) + Administration Service Centers. Administration Service Centers are organizations that support sales and administration activities for post offices.

Appendix

Overview of FY2019/3 1H Results

Non-consolidated

Results of Operations

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2017 (A)	September 30, 2018 (B)	
Gross operating profit	757.7	720.2	(37.4)
Net interest income	618.0	549.1	(68.9)
Net fees and commissions	47.1	52.9	5.8
Net other operating income (loss)	92.5	118.1	25.5
Gains (losses) on foreign exchanges	87.7	132.8	45.0
Gains (losses) on bonds	3.0	(17.5)	(20.6)
General and administrative expenses (*)	522.2	521.9	(0.2)
Provision for general reserve for possible loan losses	0.0	—	(0.0)
Net operating profit	235.4	198.3	(37.1)
Non-recurring gains (losses)	21.6	25.1	3.4
Gains (losses) on money held in trust	23.9	26.6	2.7
Net ordinary income	257.1	223.4	(33.7)
Net income	181.5	159.2	(22.2)

* General and administrative expenses exclude non-recurring losses.

Financial Condition

	As of		Increase (Decrease) (B) – (A)
	March 31, 2018 (A)	September 30, 2018 (B)	
Assets	210,630.6	208,377.8	(2,252.7)
Cash and due from banks	49,288.3	48,464.7	(823.5)
Call loans	480.0	420.0	(60.0)
Receivables under securities borrowing transactions	8,224.1	7,719.1	(504.9)
Money held in trust	4,241.5	4,448.9	207.4
Securities	139,201.2	137,759.7	(1,441.4)
Loans	6,145.5	6,380.2	234.6
Liabilities	199,117.4	197,105.8	(2,011.5)
Deposits	179,882.7	180,374.9	492.2
Payables under securities lending transactions	13,812.1	11,164.0	(2,648.0)
Net assets	11,513.1	11,271.9	(241.2)
Total shareholders' equity	8,894.5	8,959.9	65.3
Total valuation and translation adjustments	2,618.5	2,311.9	(306.5)

Management Indicators

Non-consolidated

(¥bn)

	Mar 31, 2018	Sep 30, 2018	Increase (Decrease) (%pt)
Capital adequacy ratio (Domestic standards)	17.42%	15.44%	(1.98)
Total capital	8,772.0	8,838.0	
Total amount of risk-weighted assets	50,343.5	57,227.7	
Loss-to-capital ratio	11.37%	11.18%	(0.19)
Amount of loss	998.0	988.5	
Japanese yen	162.3	188.1	
US dollars	721.9	695.4	
Capital	8,772.0	8,838.0	
ROE (1H figure: annualized basis)	3.02%	2.78%	(0.23)
Net income (FY2019/3 1H)	352.7	159.2	
Average of the beginning and ending balances of net assets	11,646.5	11,392.5	
OHR	71.46%	72.46%	+1.00
General and administrative expenses	1,045.0	521.9	
Gross operating profit	1,462.3	720.2	
Yield on interest-earning assets (1H figure: annualized basis)	0.74%	0.71%	(0.03)
Net interest margin (1H figure: annualized basis)	0.57%	0.53%	(0.03)
Yield on interest-earning assets	0.74%	0.71%	
Interest rate on interest-bearing liabilities	0.17%	0.17%	

Consolidated

(¥bn)

	Mar 31, 2018	Sep 30, 2018	Increase (Decrease) (%pt)
Capital adequacy ratio (Domestic standards)	17.43%	15.46%	(1.97)
Total capital	8,778.8	8,846.7	
Total amount of risk-weighted assets	50,342.2	57,193.1	
Leverage ratio (pro forma basis)*	4.16%	4.24%	+0.07
Core capital	8,778.8	8,846.7	
Total assets	210,629.8	208,381.3	

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

Summarized Balance Sheets

Non-consolidated

(Millions of yen)

	As of March 31, 2018 (A)	As of September 30, 2018 (B)	Increase (Decrease) (B) – (A)
Total assets	210,630,601	208,377,817	(2,252,784)
Cash and due from banks	49,288,314	48,464,755	(823,558)
Call loans	480,000	420,000	(60,000)
Receivables under securities borrowing transactions	8,224,153	7,719,159	(504,993)
Monetary claims bought	278,566	257,978	(20,587)
Trading account securities	32	29	(2)
Money held in trust	4,241,524	4,448,964	207,439
Securities	139,201,254	137,759,782	(1,441,472)
Loans	6,145,537	6,380,233	234,696
Foreign exchanges	87,487	102,848	15,361
Other assets	2,442,328	2,574,362	132,033
Tangible fixed assets	190,098	199,471	9,373
Intangible fixed assets	52,372	51,219	(1,152)
Reserve for possible loan losses	(1,066)	(988)	77

	As of March 31, 2018 (A)	As of September 30, 2018 (B)	Increase (Decrease) (B) – (A)
Total liabilities and net assets	210,630,601	208,377,817	(2,252,784)
Total liabilities	199,117,450	197,105,890	(2,011,560)
Deposits	179,882,759	180,374,985	492,225
Payables under repurchase agreements	1,985,285	2,688,582	703,296
Payables under securities lending transactions	13,812,123	11,164,093	(2,648,030)
Commercial paper	191,481	74,100	(117,380)
Borrowed money	2,400	3,700	1,300
Foreign exchanges	309	454	144
Other liabilities	1,950,331	1,638,074	(312,256)
Reserve for bonuses	7,879	7,375	(504)
Reserve for employees' retirement benefits	147,095	147,702	607
Reserve for employee stock ownership plan trust	809	480	(329)
Reserve for management board benefit trust	144	159	15
Reserve for reimbursement of deposits	86,114	87,744	1,629
Deferred tax liabilities	1,050,715	918,437	(132,278)
Total net assets	11,513,151	11,271,927	(241,224)
Capital stock	3,500,000	3,500,000	—
Capital surplus	4,296,285	4,296,285	—
Retained earnings	2,399,031	2,464,586	65,555
Treasury stock	(1,300,717)	(1,300,926)	(209)
Total shareholders' equity	8,894,599	8,959,945	65,345
Net unrealized gains (losses) on available-for-sale securities	2,615,432	2,418,411	(197,020)
Net deferred gains (losses) on hedges	3,119	(106,430)	(109,549)
Total valuation and translation adjustments	2,618,551	2,311,981	(306,570)

Income Analysis

Non-consolidated

(Millions of yen)

	For the six months ended		(B) – (A)
	September 30, 2017 (A)	September 30, 2018 (B)	
Gross operating profit	757,756	720,278	(37,477)
Net interest income	618,062	549,135	(68,926)
Net fees and commissions	47,127	52,994	5,867
Net other operating income (loss)	92,566	118,148	25,581
Gains (losses) on foreign exchanges	87,779	132,846	45,066
Gains (losses) on bonds	3,042	(17,568)	(20,610)
General and administrative expenses	(522,253)	(521,976)	276
Personnel expenses	(64,056)	(63,158)	897
Non-personnel expenses	(419,629)	(422,213)	(2,584)
Taxes and dues	(38,568)	(36,604)	1,963
Operating profit (before provision for general reserve for possible loan losses)	235,503	198,301	(37,201)
Provision for general reserve for possible loan losses	(5)	—	5
Net operating profit	235,497	198,301	(37,195)
Non-recurring gains (losses)	21,686	25,176	3,489
Gains (losses) related to stocks	84	193	109
Gains (losses) on money held in trust	23,947	26,698	2,751
Net ordinary income	257,184	223,478	(33,705)

Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥1,082 million and ¥1,094 million recorded as profits for the six months ended September 30, 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.

	For the six months ended		(B) – (A)
	September 30, 2017 (A)	September 30, 2018 (B)	
Extraordinary income (loss)	(512)	(370)	142
Gains (losses) on sales and disposals of fixed assets	(511)	(347)	163
Losses on impairment of fixed assets	(1)	(22)	(20)
Income before income taxes	256,671	223,107	(33,563)
Income taxes – current	(75,143)	(60,763)	14,380
Income taxes – deferred	27	(3,052)	(3,080)
Total income taxes	(75,115)	(63,815)	11,300
Net income	181,555	159,291	(22,263)

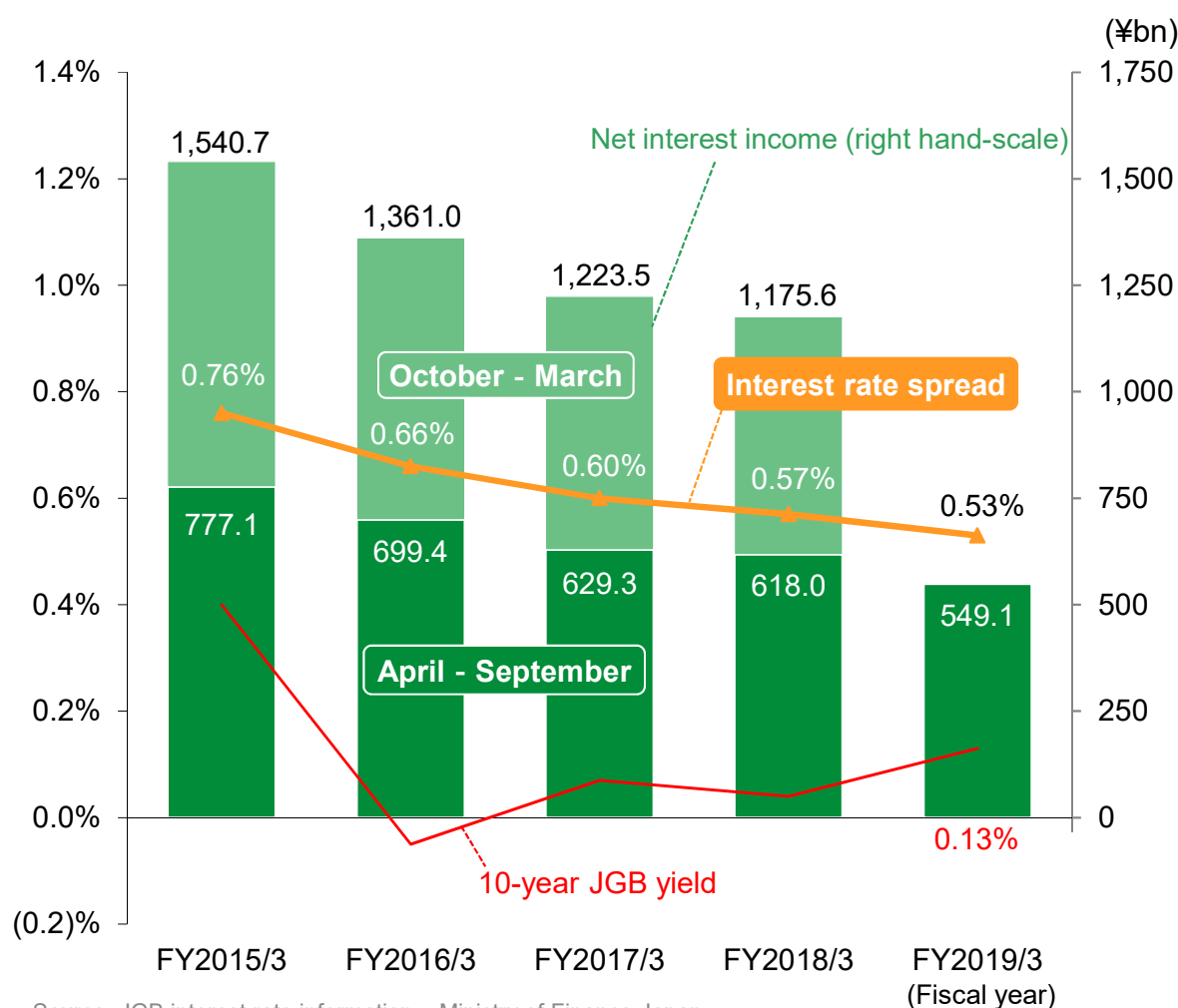
Gains (losses) on money held in trust	23,947	26,698	2,751
Dividends and interest income	27,859	33,754	5,895
Gains (losses) on sales of stocks	0	270	270
Unrealized gains (losses)	24	(825)	(849)
Impairment losses	(147)	(1,010)	(863)
Withholding income tax, etc.	(3,789)	(5,490)	(1,700)

Credit-related expenses	(5)	6	11
Provision for general reserve for possible loan losses	(5)	6	11
Write-off of loans	—	—	—
Provision for specific reserve for possible loan losses	—	—	—
Recoveries of written-off loans	—	—	—

Net Interest Income and Interest Rate Spread

Non-consolidated

Net interest income was ¥549.1bn and interest rate spread was 0.53% for the six months ended September 30, 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.

3. Interest rate spreads of FY2015/3 – FY2018/3 are the figures for the relevant fiscal years, while interest rate spread of FY2019/3 is the figure for the six months ended September 30, 2018. Interest rate spread of FY2019/3 is annualized.

Domestic

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2017 (A)	September 30, 2018 (B)	
Net interest income	382.3	370.5	(11.8)
Interest income	482.1	434.3	(47.7)
Interest income on Japanese government bonds	322.5	271.7	(50.7)
Interest expenses	99.7	63.8	(35.9)

Overseas

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2017 (A)	September 30, 2018 (B)	
Net interest income	235.6	178.5	(57.0)
Interest income	377.4	372.7	(4.6)
Interest income on foreign securities	376.5	372.0	(4.4)
Interest expenses	141.7	194.1	52.3

Total

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2017 (A)	September 30, 2018 (B)	
Net interest income	618.0	549.1	(68.9)
Interest income	781.2	716.1	(65.1)
Interest expenses	163.1	166.9	3.8

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

Non-consolidated

(1) Domestic (Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2017 (A)			September 30, 2018 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	194,888,309	482,155	0.49%	194,287,761	434,376	0.44%	(0.04)%
Loans	4,051,668	7,239	0.35	6,540,168	6,259	0.19	(0.16)
Securities	83,794,070	384,237	0.91	78,738,136	321,288	0.81	(0.10)
Receivables under securities borrowing transactions	8,484,357	732	0.01	7,562,691	640	0.01	(0.00)
Due from banks, etc.	53,043,130	11,552	0.04	49,858,459	15,124	0.06	0.01
Interest-bearing liabilities	186,230,810	99,762	0.10	186,503,726	63,836	0.06	(0.03)
Deposits	180,189,097	80,980	0.08	180,944,300	47,152	0.05	(0.03)
Payables under securities lending transactions	8,773,692	529	0.01	8,341,119	644	0.01	0.00

(2) Overseas (Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2017 (A)			September 30, 2018 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	51,892,842	377,452	1.45%	57,362,740	372,777	1.29%	(0.15)%
Loans	81	0	0.40	5,000	10	0.41	0.01
Securities	51,709,631	376,557	1.45	57,245,971	372,096	1.29	(0.15)
Due from banks, etc.	79,637	537	1.34	14,023	121	1.73	0.38
Interest-bearing liabilities	50,719,964	141,783	0.55	56,639,738	194,182	0.68	0.12
Payables under securities lending transactions	4,075,448	25,561	1.25	2,859,308	29,769	2.07	0.82

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

Non-consolidated

(3) Total

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2017 (A)			September 30, 2018 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	201,314,127	781,220	0.77%	200,097,163	716,116	0.71%	(0.06)%
Loans	4,051,750	7,239	0.35	6,545,168	6,269	0.19	(0.16)
Securities	135,503,701	760,795	1.11	135,984,108	693,384	1.01	(0.10)
Receivables under securities borrowing transactions	8,484,357	732	0.01	7,562,928	640	0.01	(0.00)
Due from banks, etc.	53,122,767	12,090	0.04	49,872,483	15,245	0.06	0.01
Interest-bearing liabilities	191,483,750	163,158	0.16	191,590,127	166,981	0.17	0.00
Deposits	180,189,097	80,980	0.08	180,944,300	47,152	0.05	(0.03)
Payables under securities lending transactions	12,849,140	26,090	0.40	11,200,427	30,414	0.54	0.13

- Notes: 1. "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").
2. Income and expenses for money held in trust are included in "other ordinary income" and "other ordinary expenses," respectively. Accordingly, the average balance of money held in trust (six months ended September 30, 2018, ¥3,005,541 million; six months ended September 30, 2017, ¥2,742,475 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (six months ended September 30, 2018, ¥3,005,541 million; six months ended September 30, 2017, ¥2,742,475 million) and the corresponding interest (six months ended September 30, 2018, ¥5,307 million; six months ended September 30, 2017, ¥4,728 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 ¥29,461 million for the six months ended September 30, 2018 (¥4,644 million for the six months ended September 30, 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.
6. Earnings yield is annualized.

Non-consolidated

Interest Rate Spread

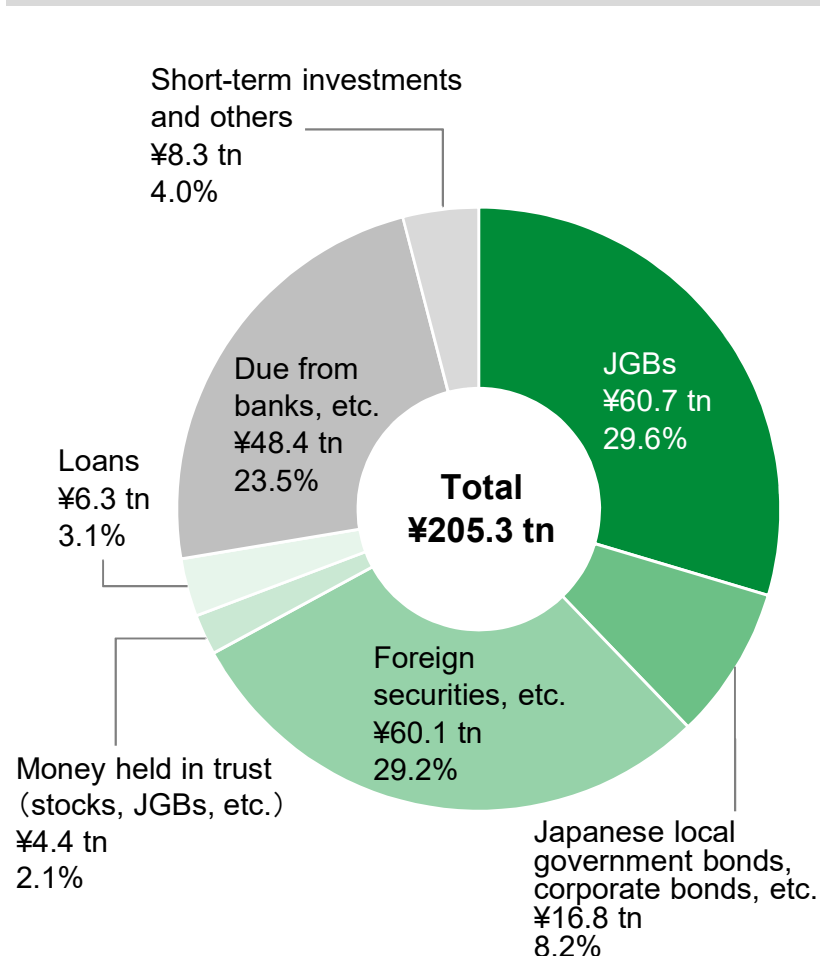
	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2017 (A)	September 30, 2018 (B)	
Yield on interest-earning assets (a)	0.77%	0.71%	(0.06)%
Total cost of funding (including general and administrative expenses) (b)	0.71	0.71	0.00
Interest rate on interest-bearing liabilities (c)	0.16	0.17	0.00
Overall interest rate spread (a) - (b)	0.06	(0.00)	(0.06)
Interest rate spread (a) - (c)	0.60	0.53	(0.06)

Note: All numbers are annualized.

Asset Management Status

Non-consolidated

Included in investment assets as of September 30, 2018, JGBs were ¥60.7tn and foreign securities, etc. were ¥60.1tn



(¥bn)					
Categories	As of March 31, 2018 (A)	%	As of September 30, 2018 (B)	%	Increase (Decrease) (B) – (A)
Securities	139,201.2	67.0	137,759.7	67.0	(1,441.4)
Japanese government bonds	62,749.7	30.2	60,799.9	29.6	(1,949.7)
Japanese local government bonds, corporate bonds, etc. (*)	17,152.6	8.2	16,853.8	8.2	(298.8)
Foreign securities, etc.	59,298.8	28.5	60,105.9	29.2	807.1
Foreign bonds	20,244.3	9.7	21,550.8	10.4	1,306.4
Investment trusts (**)	39,042.6	18.7	38,530.9	18.7	(511.6)
Money held in trust (stocks, JGBs, etc.)	4,241.5	2.0	4,448.9	2.1	207.4
Domestic stocks	2,286.1	1.1	2,335.1	1.1	48.9
Loans	6,145.5	2.9	6,380.2	3.1	234.6
Due from banks, etc. (***)	49,314.6	23.7	48,426.2	23.5	(888.3)
Short-term investments and others (****)	8,830.6	4.2	8,327.2	4.0	(503.3)
Total	207,733.5	100.0	205,342.5	100.0	(2,391.0)

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

** Investment trusts are mainly invested in foreign bonds.

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

**** “Short-term investments and others” consists of call loans and receivables under securities borrowing transactions, etc.

Unrealized Gains (Losses) on Financial Instruments

Non-consolidated

Net unrealized gains on financial instruments (available-for-sale) adjusted by gains (losses) on hedge transactions were ¥3,332.5bn as of September 30, 2018 (before application of tax effect accounting)

(¥bn)

	As of March 31, 2018		As of September 30, 2018	
	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	29,726.4	795.6

(¥bn)

	As of March 31, 2018		As of September 30, 2018	
	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	112,714.4	3,485.9
Securities (A)	108,083.5	1,912.0	108,345.2	2,107.6
Japanese government bonds	33,645.7	1,129.9	33,379.7	885.5
Foreign bonds	20,211.9	375.3	21,518.4	967.3
Investment trusts	39,042.6	265.8	38,530.9	147.7
Others	15,183.1	140.8	14,916.0	106.9
Effect of fair value hedge accounting (B)		568.7		46.0
Money held in trust (C)	4,162.2	1,289.2	4,369.2	1,332.2
Domestic stocks	2,286.1	1,262.0	2,335.1	1,312.0
Others	1,876.1	27.1	2,034.0	20.2
Derivatives for which deferred hedge accounting is applied (D)	11,326.5	4.4	13,835.0	(153.4)
Total (A) + (B) + (C) + (D)		3,774.4		3,332.5

Unrealized Gains (Losses) on Financial Instruments

Non-consolidated

(1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2018 (A)		As of September 30, 2018 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese government bonds	29,103,961	958,146	27,420,170	764,581	(1,683,790)	(193,565)
Japanese local government bonds	—	—	261,708	(763)	261,708	(763)
Japanese corporate bonds	2,322,529	37,283	2,012,169	23,864	(310,359)	(13,418)
Others	32,433	8,144	32,433	7,972	—	(171)
Foreign bonds	32,433	8,144	32,433	7,972	—	(171)
Total	31,458,923	1,003,574	29,726,482	795,654	(1,732,441)	(207,919)

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 September 30, 2018 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese stocks	28,790	396	82,933	2,566	54,142	2,170
Bonds	48,444,750	1,273,206	47,874,434	989,956	(570,315)	(283,250)
Japanese government bonds	33,645,763	1,129,996	33,379,768	885,553	(265,995)	(244,442)
Japanese local government bonds	6,405,190	62,426	6,281,953	45,669	(123,237)	(16,757)
Commercial paper	229,998	—	235,997	—	5,999	—
Japanese corporate bonds	8,163,797	80,783	7,976,715	58,733	(187,082)	(22,050)
Others	59,609,979	638,419	60,387,858	1,115,165	777,878	476,746
Foreign bonds	20,211,925	375,390	21,518,411	967,387	1,306,485	591,996
Investment trusts	39,042,659	265,830	38,530,991	147,776	(511,667)	(118,053)
Total	108,083,520	1,912,022	108,345,226	2,107,688	261,705	195,666

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, ¥46,013 million and ¥568,753 million losses were included in the statements of income for the six months ended September 30, 2018 and the fiscal year ended March 31 2018, 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 six months ended September 30, 2018 and the fiscal year ended March 31, 2018.

Unrealized Gains (Losses) on Financial Instruments

Non-consolidated

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

(Millions of yen)

	As of March 31, 2018 (A)		As of September 30, 2018 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Money held in trust classified as available-for-sale	4,162,251	1,289,201	4,369,202	1,332,273	206,950	43,071
Domestic stocks	2,286,148	1,262,041	2,335,114	1,312,021	48,966	49,979
Domestic bonds	1,256,039	27,061	1,247,417	21,040	(8,621)	(6,021)

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 six months ended September 30, 2018 and the fiscal year ended March 31, 2018 amounted to ¥1,010 million and ¥1,088 million, respectively.

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

(Millions of yen)

	As of March 31, 2018 (A)		As of September 30, 2018 (B)		Increase (Decrease) (B) – (A)	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	6,341,492	(110,021)	7,734,865	(38,533)	1,393,373	71,487
Currency swaps	4,925,816	117,531	5,984,731	(114,666)	1,058,915	(232,198)
Foreign exchange forward contracts	59,257	(3,014)	115,470	(211)	56,212	2,802
Total	11,326,565	4,495	13,835,067	(153,412)	2,508,501	(157,908)

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 September 30, 2018 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	3,774,473	3,332,563	(441,910)

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

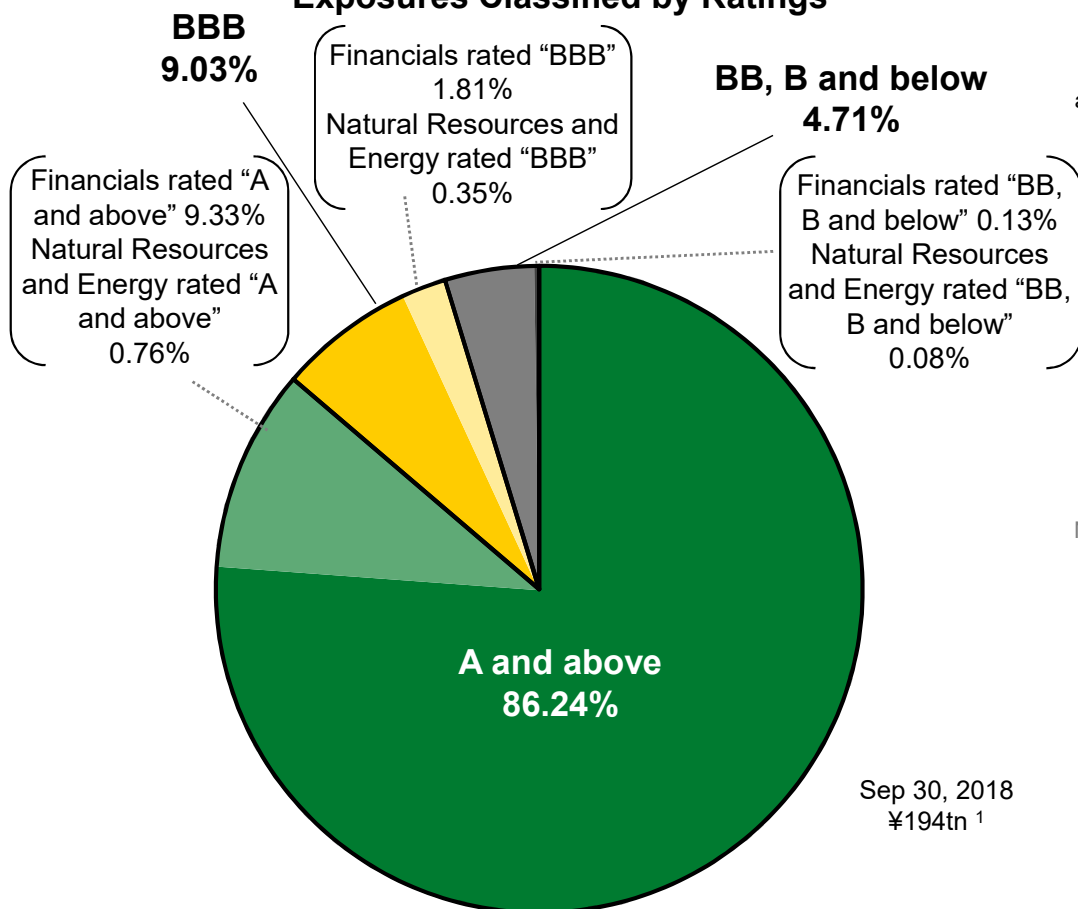
Breakdown of the Bank's investment assets,

By credit rating: 86% are rated A or above, and over 95% are rated IG (BBB or above)

By sector: around 69% are Sovereign, and around 11% are Financials

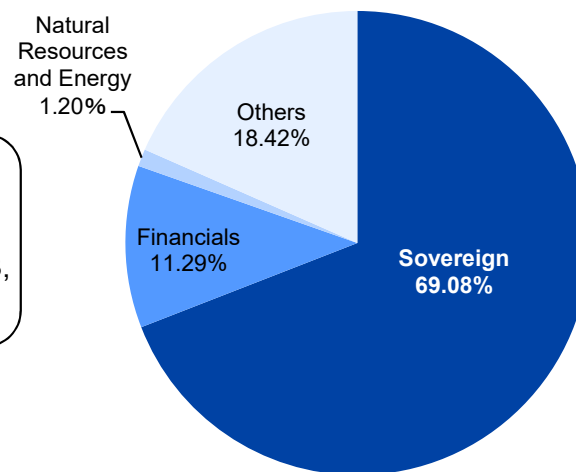
By region: around 71% are Japan, and around 16% are North America

Exposures Classified by Ratings



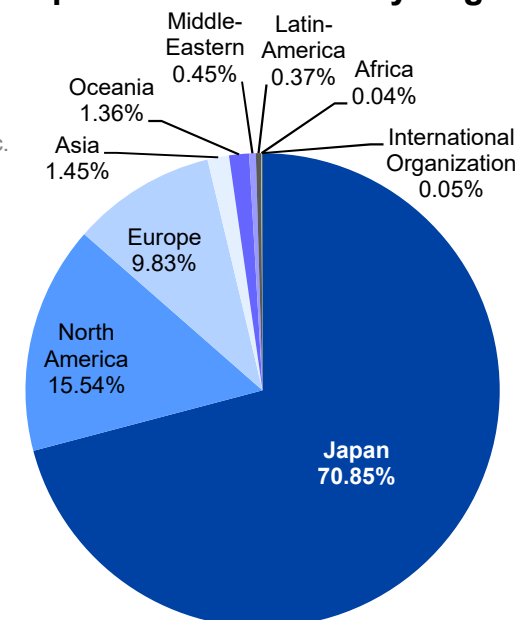
Sep 30, 2018
¥194tn¹

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, 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)

	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)
Total portfolio (BP + SP)	194.2	559.9	196.5	480.4	197.5	433.0	198.9	438.4
Base portfolio (BP)	151.7	94.7	141.7	(35.6)	131.5	(243.3)	124.6	(380.0)
BP customer-based funding and marketing	-	(222.4)	-	(250.4)	-	(399.6)	-	(571.8)
BP investment side, etc.	-	317.2	-	214.7	-	156.3	-	191.8
Satellite portfolio (SP)	42.4	465.1	54.8	516.0	66.0	676.4	74.2	818.5

	FY2019/3 1H	
	Average balance	Net gains (losses)
Total portfolio	198.3	218.0
Yen rates portfolio	118.8	(206.1)
Customer-based funding and marketing	-	(347.2)
Investment side, etc.	-	141.0
Risk assets	79.5	424.2

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

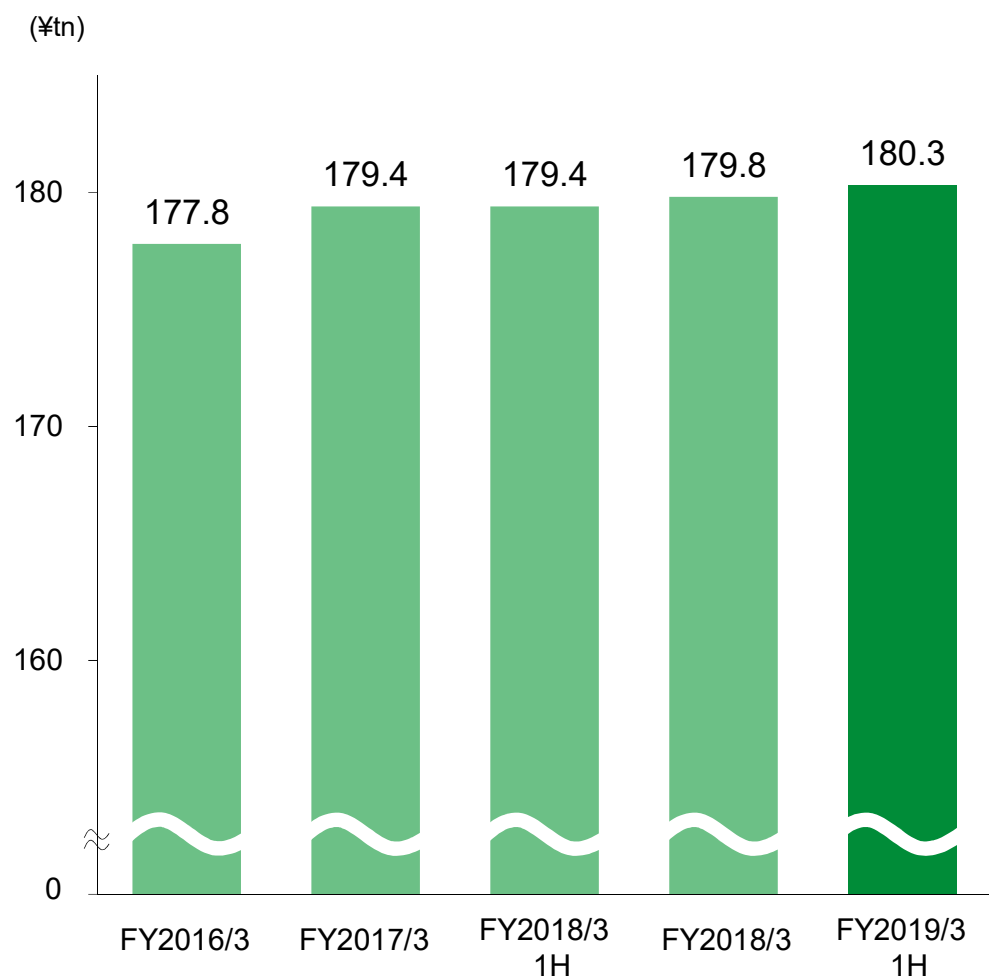
Net gains and losses are calculated by the below formula. Total of net gains and losses for each portfolio are largely equal to the Bank's net ordinary income.

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 September 30, 2018 was ¥180.3tn, which remained stable



(Fiscal year-end) (Period-end) (Fiscal year-end) (Period-end)

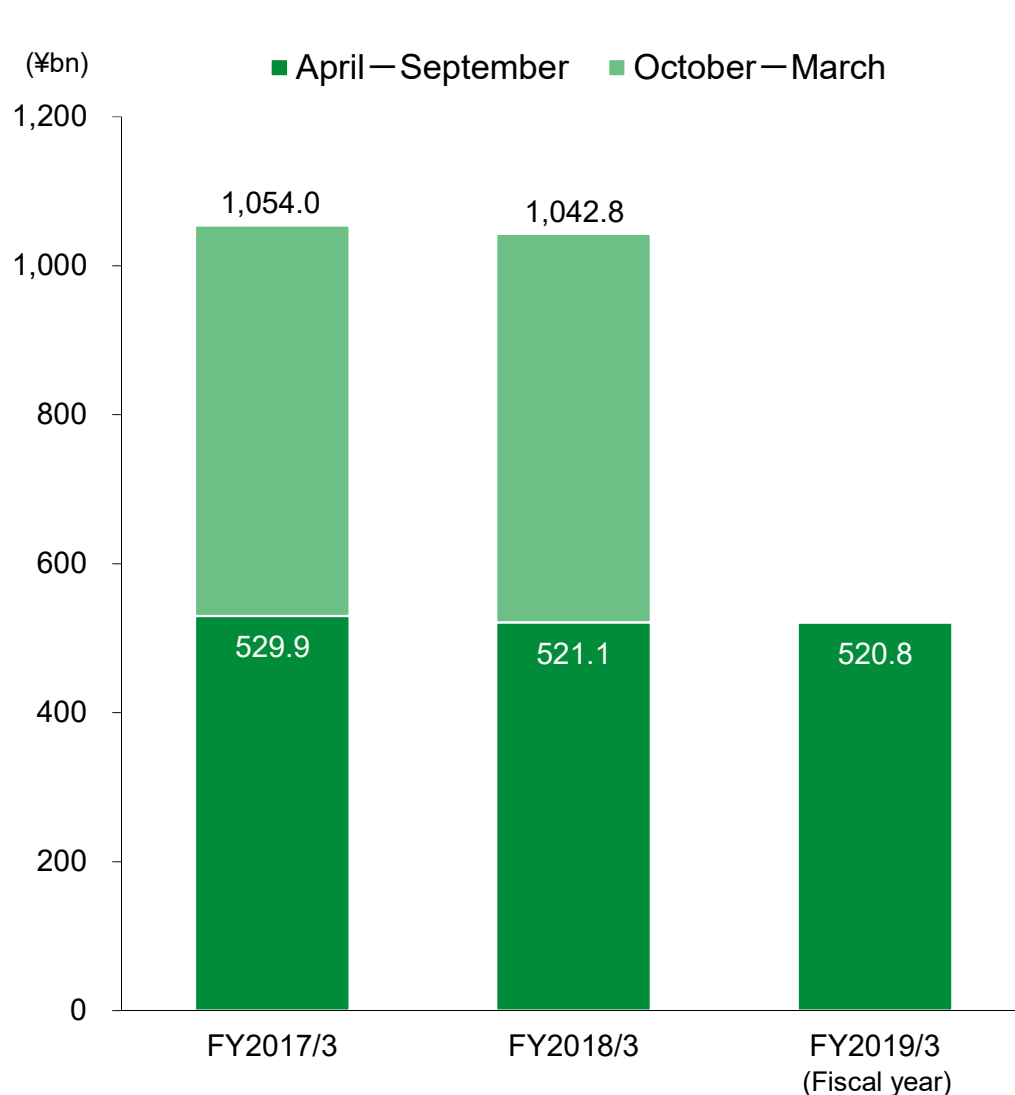
	As of March 31, 2018 (A)	As of September 30, 2018 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	73.7	77.0	3.2
Transfer deposits	14.4	15.4	0.9
Ordinary deposits, etc. (*)	58.9	61.2	2.2
Savings deposits	0.3	0.3	0.0
Fixed-term deposits	105.9	103.2	(2.7)
Time deposits	8.6	7.8	(0.8)
TEIGAKU deposits	97.2	95.3	(1.9)
Other deposits	0.1	0.1	(0.0)
Total	179.8	180.3	0.4

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

General and Administrative Expenses

Non-consolidated

General and administrative expenses for the six months ended September 30, 2018 decreased by ¥0.2bn year on year to ¥520.8bn



	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2017 (A)	September 30, 2018 (B)	
Personnel expenses (*)	62.9	62.0	(0.8)
Salaries and allowances	51.5	51.0	(0.5)
Non-personnel expenses	419.6	422.2	2.5
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	301.8	303.6	1.8
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	2.8	0.8	(2.0)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	30.2	29.8	(0.4)
Taxes and dues	38.5	36.6	(1.9)
Total	521.1	520.8	(0.2)

* Personnel expenses include non-recurring losses.

General and Administrative Expenses

Non-consolidated

	For the six months ended				(Millions of yen, %)
	September 30, 2017 (A)		September 30, 2018 (B)		Increase (Decrease) (B) – (A)
	Amount	%	Amount	%	Amount
Personnel expenses	62,961	12.08	62,076	11.91	(885)
Salaries and allowances	51,544	9.89	51,029	9.79	(514)
Others	11,417	2.19	11,046	2.12	(371)
Non-personnel expenses	419,629	80.51	422,213	81.05	2,584
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	301,824	57.91	303,689	58.30	1,865
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*)	2,839	0.54	809	0.15	(2,030)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	30,269	5.80	29,827	5.72	(442)
Rent for land, buildings and others	6,336	1.21	6,549	1.25	213
Expenses on consigned businesses	25,694	4.93	32,243	6.18	6,548
Depreciation and amortization	19,575	3.75	15,791	3.03	(3,784)
Communication and transportation expenses	9,212	1.76	9,484	1.82	272
Maintenance expenses	5,557	1.06	5,905	1.13	347
IT expenses	8,075	1.54	7,945	1.52	(130)
Others	10,243	1.96	9,967	1.91	(276)
Taxes and dues	38,568	7.40	36,604	7.02	(1,963)
Total	521,158	100.00	520,894	100.00	(263)

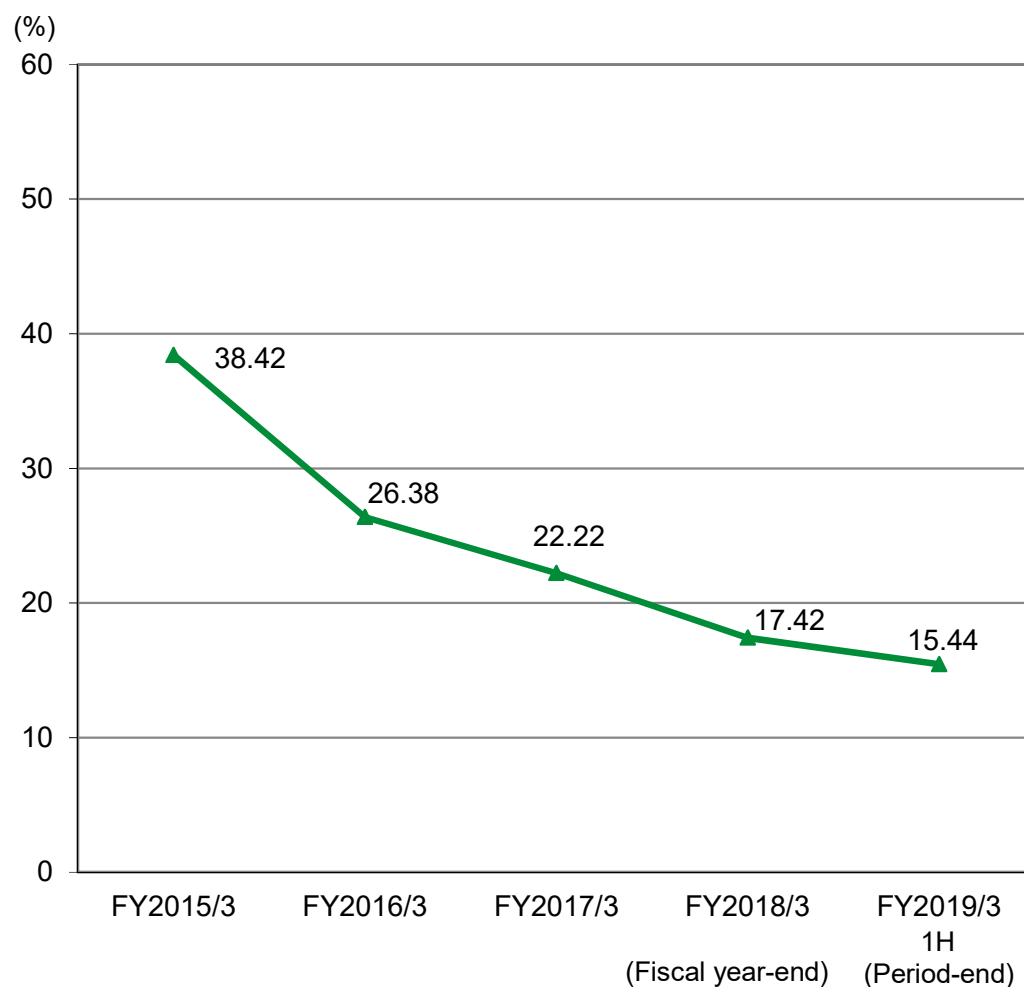
* The Bank makes subsidy payments to JAPAN POST HOLDINGS Co., Ltd. in accordance with Article 122 of the Postal Service Privatization Act.

Capital Adequacy Ratio

Non-consolidated
Consolidated

Capital adequacy ratio (non-consolidated, domestic standard) was 15.44% as of September 30, 2018

【Non-consolidated】



【Non-consolidated】

	As of March 31, 2018 (A)	As of September 30, 2018 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,772.0	8,838.0	65.9
Total amount of risk-weighted assets (b)	50,343.5	57,227.7	6,884.2
Credit risk-weighted assets	47,574.7	54,469.0	6,894.3
Capital adequacy ratio (a) / (b)	17.42%	15.44%	(1.98)%

【Consolidated】

	As of March 31, 2018 (A)	As of September 30, 2018 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,778.8	8,846.7	67.9
Total amount of risk-weighted assets (b)	50,342.2	57,193.1	6,850.8
Credit risk-weighted assets	47,573.4	54,434.4	6,860.9
Capital adequacy ratio (consolidated) (a) / (b)	17.43%	15.46%	(1.97)%

Detailed Information on Capital Adequacy

Non-consolidated

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

	As of March 31, 2018 (A)	As of September 30, 2018 (B)	(Millions of yen, %) Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	8,801,141	8,866,463	65,322
Core Capital: regulatory adjustments (b)	29,070	28,431	(638)
Total capital (a) - (b) = (c)	8,772,071	8,838,032	65,960
Total amount of risk-weighted assets (d)	50,343,515	57,227,775	6,884,260
Credit risk-weighted assets	47,574,709	54,469,063	6,894,353
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,768,805	2,758,712	(10,093)
Capital adequacy ratio (c) / (d)	17.42%	15.44%	(1.98)%

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

	As of March 31, 2018 (A)	As of September 30, 2018 (B)	(Billions of yen, %) Increase (Decrease) (B) – (A)
Amount of loss (a)	998.0	988.5	(9.4)
Japanese yen	162.3	188.1	25.7
U.S. dollars	721.9	695.4	(26.5)
Capital (b)	8,772.0	8,838.0	65.9
Loss-to-capital ratio (a) / (b)	11.37%	11.18%	(0.19)%

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

Consolidated

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

	As of March 31, 2018 (A)	As of September 30, 2018 (B)	(Millions of yen, %) Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	8,807,898	8,875,209	67,311
Core Capital: regulatory adjustments (b)	29,075	28,437	(638)
Total capital (a) - (b) = (c)	8,778,822	8,846,771	67,949
Total amount of risk-weighted assets (d)	50,342,277	57,193,112	6,850,835
Credit risk-weighted assets	47,573,471	54,434,400	6,860,928
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,768,805	2,758,712	(10,093)
Capital adequacy ratio (consolidated) (c) / (d)	17.43%	15.46%	(1.97)%

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

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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.

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

(as of October 1, 2018)

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

Fixed

Variable

Base

Bonus

Stock
(1)

Stock
(2)

Stock
(3)

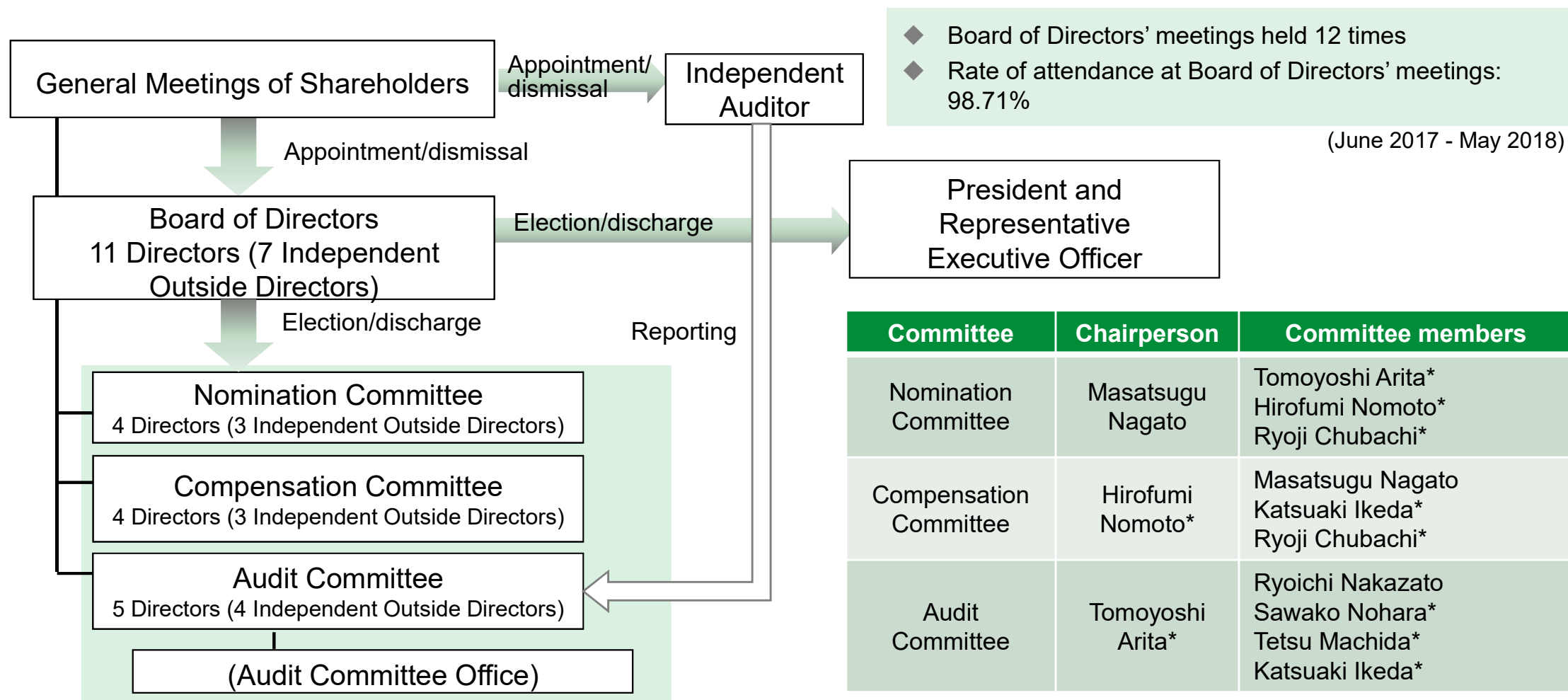
Paid immediately

One-third paid equally
each time over 3 years

Framework for Corporate Governance

- (1) Ensure management transparency with the adoption of a committees based system
- (2) Effective supervision by Outside Directors
(7 out of 11 Directors are Independent Outside Directors)*

* As of October 1, 2018



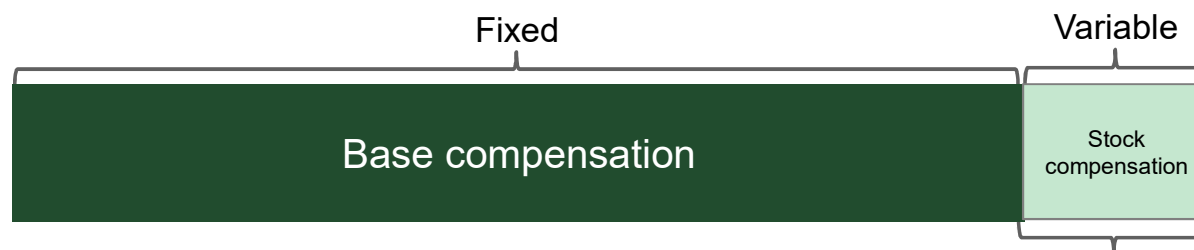
* Independent Outside Directors

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. However, a certain percentage of this shall be paid in the form of money obtained by converting the shares into cash
- 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

Initiatives for LGBT employees

We received the highest Gold rating in the PRIDE Index*, which evaluates initiatives related to LGBT, etc.

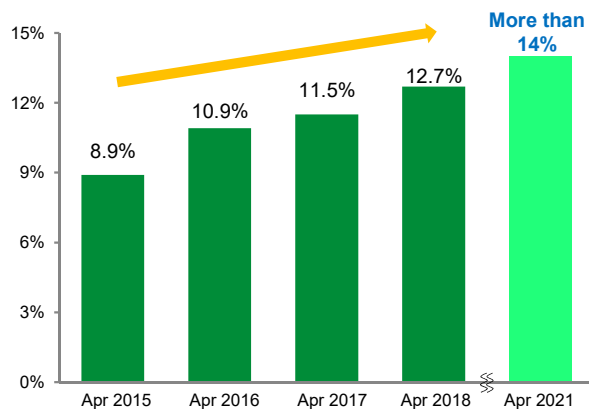
*PRIDE Index
The first indicator in Japan for the evaluation of initiatives for LGBT employees by companies and other employers, created by a voluntary working group called "work with Pride" that supports the promotion and establishment of diversity management. Started in 2016.



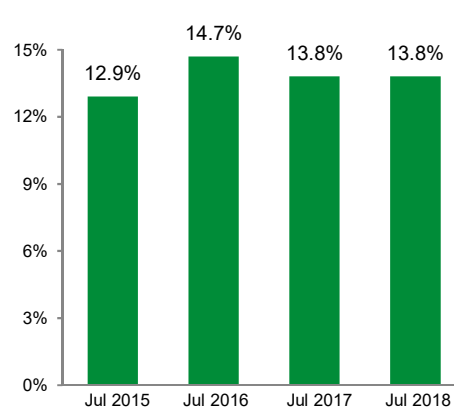
Empowerment of women

- 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 around 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)

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 men's childcare leave, etc.)

No. of employees taking childcare leave

	FY2016/3	FY2017/3	FY2018/3
Men	15	25	24
Women	337	364	385
Total	352	389	409

Supporting career development

Provision of opportunities for learning and encouraging career development

- Implementation of job level-based training
- Provision of self-development support
- Global human resource development (overseas dispatch and programs of studying in domestic and overseas universities, etc.)

Training system diagram



CSR Activities

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

External Evaluation

Japan Post Bank was selected as a constituent of the following SRI Indexes.

<MSCI Japan Empowering Women Index (WIN)>

<Euronext Vigeo Eiris World Index 120>



Environment

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

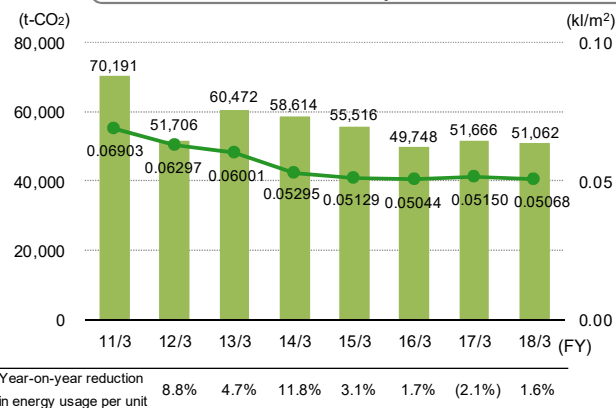
The Bank has reduced paper usage, etc. by expanding the use of this service and has donated the money saved to “Yucho (Japan Post Bank) Eco Communication” - an initiative composed of 13 groups across Japan that carries out environmental conservation activities in conjunction with local residents.

■ 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

The Bank achieved an annual average of 1.1% reduction over five years from FY2014/3 to FY2018/3



■ Carbon dioxide emissions from energy usage (t-CO₂) (*1) (left-hand scale)
 ■ Energy usage per unit (kl/m²) (*2) (right-hand scale)

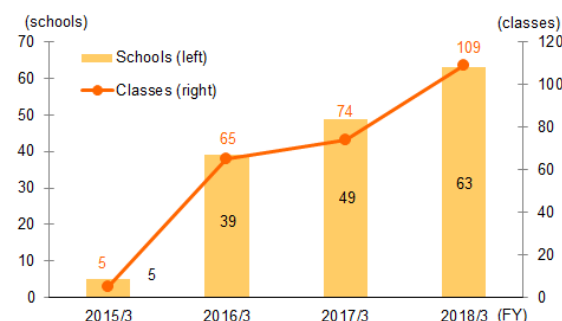
*1 Carbon dioxide emissions is the total sum of energy usage multiplied by a pre-determined emissions index for each class of energy.
 *2 Energy usage per unit is the total crude oil equivalent of energy used divided by the total floor area utilized by JAPAN POST BANK.
 *3 The scope of data compilation is the entire organization of JAPAN POST BANK. It is calculated in compliance with “Greenhouse Gas Emissions Calculated Under the GHG Emissions Accounting, Reporting, and Disclosure System” under the “Act on Promotion of Global Warming Countermeasures.”

Community

■ Financial education

The Bank conducts financial education classes at elementary and junior high schools. Utilizing proprietary teaching materials, the Bank strives to instill in 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>

- Participating in regional funds
- Prepaid VISA Card “mijica”
- Piggy bank design contest for children
- New year monetary gift and greeting cards for new born, 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 (passbook, 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)

Review

(¥bn)



Non-consolidated

	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2018/3 1H	FY2019/3 1H
Gross operating profit	1,568.7	1,634.7	1,452.0	1,410.2	1,462.3	757.7	720.2
Net interest income ¹	1,470.2	1,540.7	1,361.0	1,223.5	1,175.6	618.0	549.1
Net fees and commissions	92.6	89.2	91.1	86.6	96.4	47.1	52.9
General and administrative expenses ²	(1,096.0)	(1,114.7)	(1,066.1)	(1,056.1)	(1,045.0)	(522.2)	(521.9)
Provision for general reserve for possible loan losses	—	—	—	0.0	(0.0)	(0.0)	—
Net operating profit	472.6	519.9	385.8	354.0	417.3	235.4	198.3
Non-recurring gains (losses)	92.4	49.4	96.1	87.9	82.3	21.6	25.1
Net ordinary income	565.0	569.4	481.9	442.0	499.6	257.1	223.4
Extraordinary income (losses)	(0.6)	1.5	(1.1)	(1.4)	(0.7)	(0.5)	(0.3)
Net income	354.6	369.4	325.0	312.2	352.7	181.5	159.2
Total net assets	11,464.5	11,630.2	11,508.1	11,780.0	11,513.1	11,885.9	11,271.9
Total assets	202,512.8	208,179.3	207,056.0	209,568.8	210,630.6	209,801.0	208,377.8
Capital adequacy ratio ³ (Domestic standard)	56.81%	38.42%	26.38%	22.22%	17.42%	19.64%	15.44%
Number of employees ⁴	12,963	12,889	12,905	12,965	13,009	13,369	13,278
Average number of temporary employees ⁴	5,699	5,523	5,223	4,902	4,612	4,661	4,255
New employees ⁵	419	383	367	465	542	—	—
Net ordinary income	—	—	—	—	499.6	—	223.3
Net income attributable to owners of parent	—	—	—	—	352.7	—	159.2
Capital adequacy ratio (Domestic standard)	—	—	—	—	17.43%	—	15.46%

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.

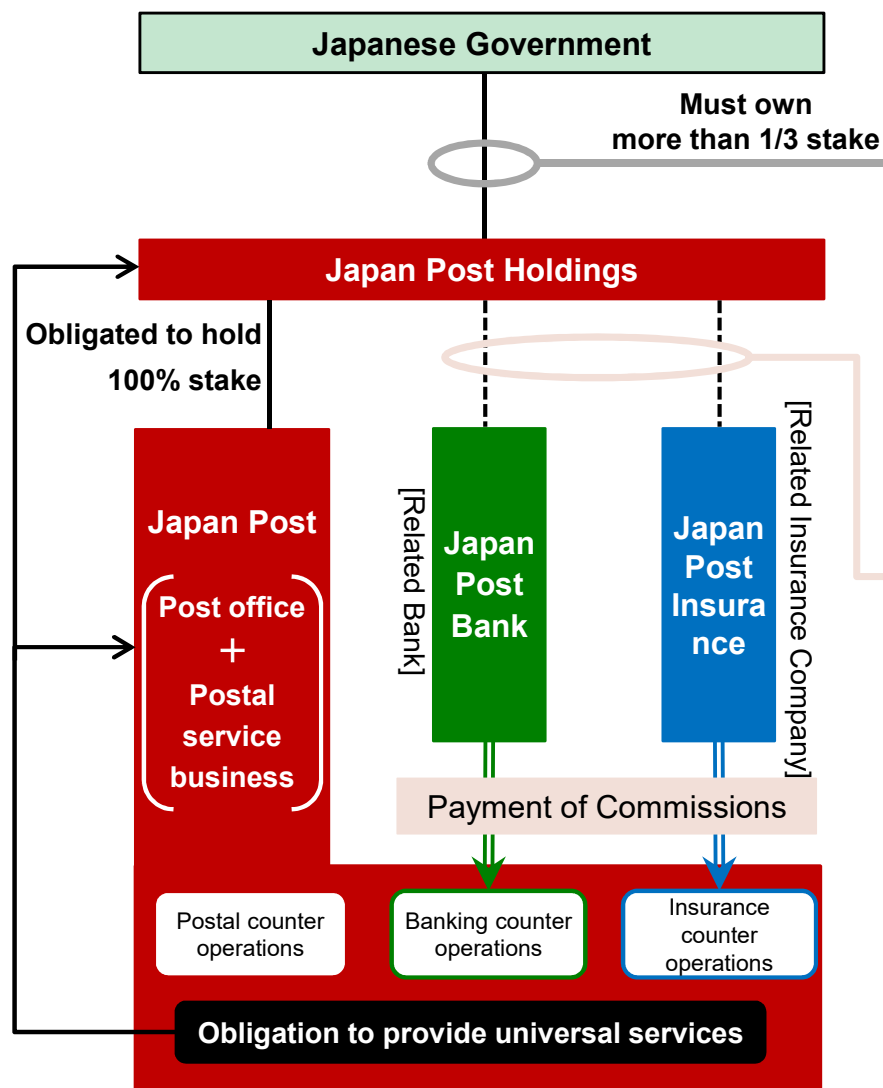
Consolidated

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”

- Around 120mn ordinary deposit accounts
- Deposit balance ¥180.3tn (as of September 30, 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

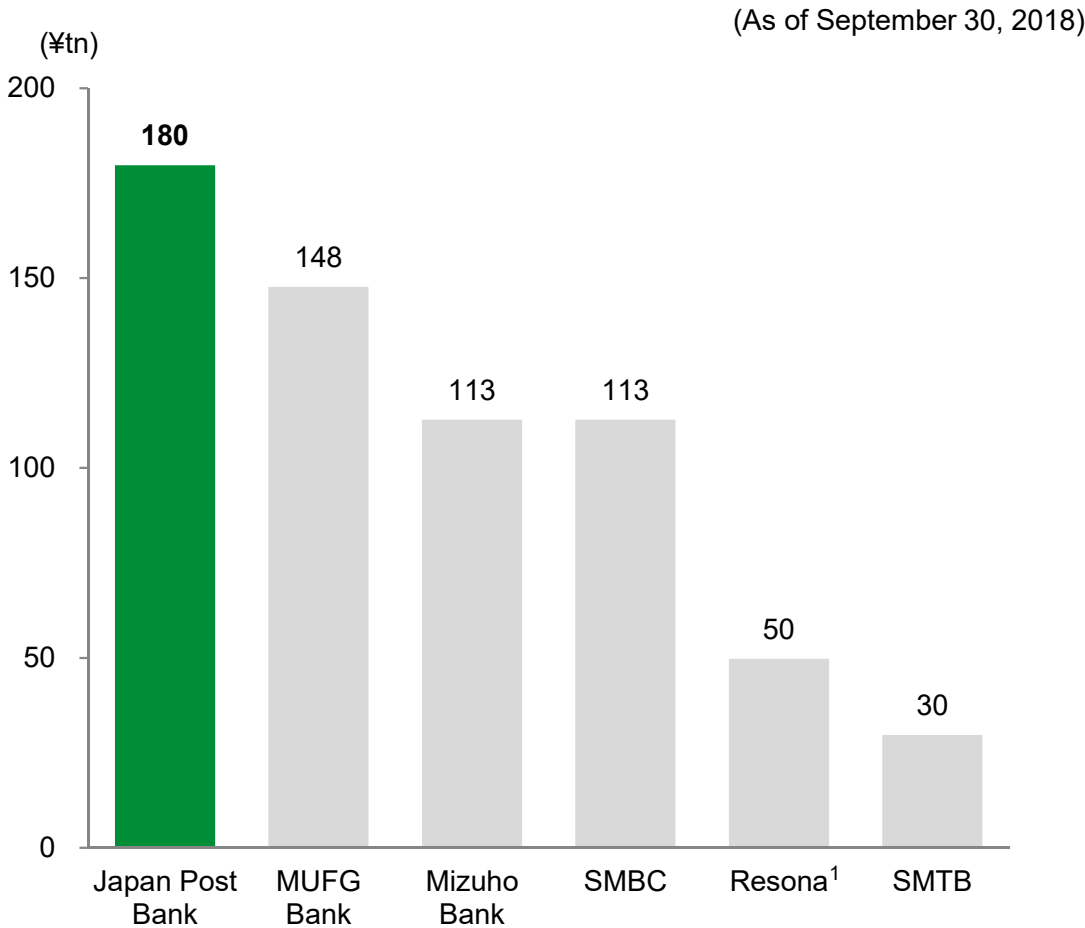
Diversification of investment portfolio while maintaining securities-centered portfolio

- 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



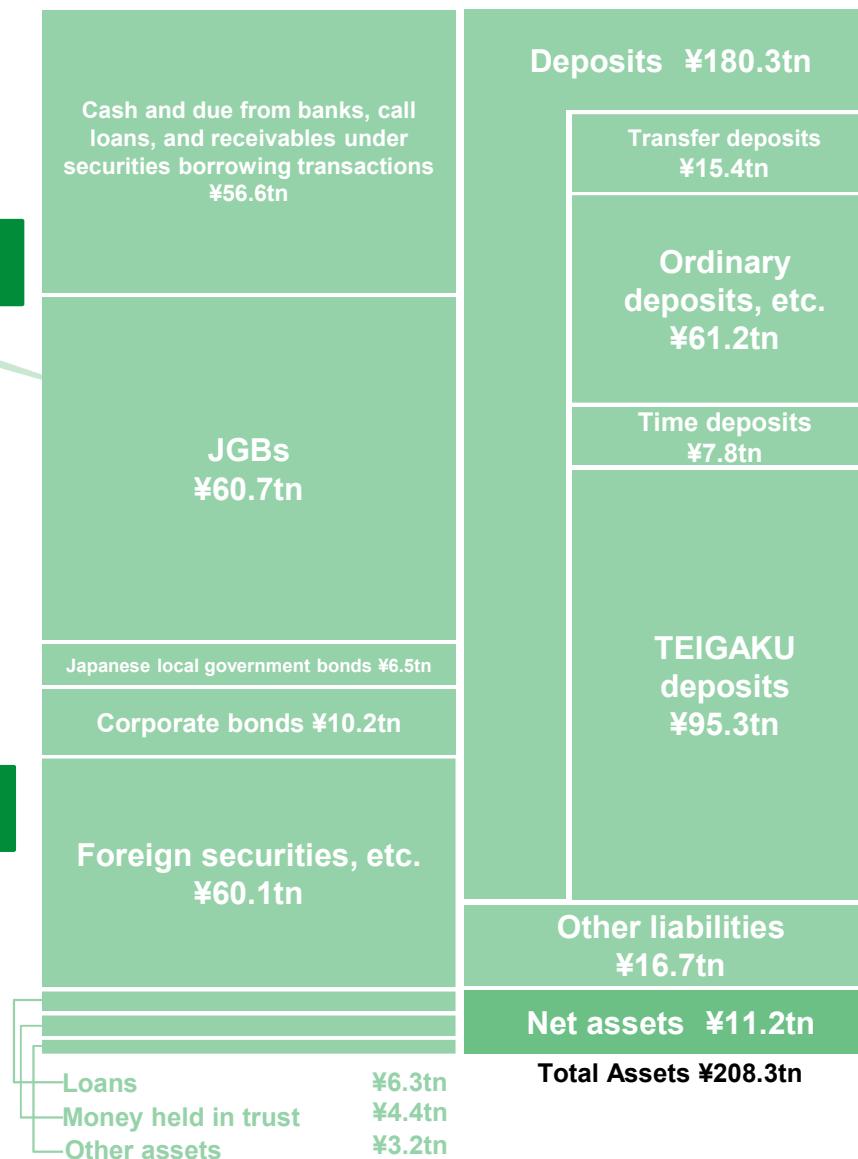
Source: Company disclosures, subsidiary bank non-consolidated basis
 Note: Excluding negotiable certificate of deposits.
 1. Aggregate deposit balance of Resona Bank, Saitama Resona Bank, Kansai Urban Banking Corporation, Kinki Osaka Bank and Minato Bank.

Note: Ordinary deposit accounts are as of March 31, 2018.

Strategic & Financial Highlights

1. Maintained Stable Profit under Economic Volatility

Condensed Balance Sheet (As of September 30, 2018)



4. Investment Strategy having Secured Stable Profits

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

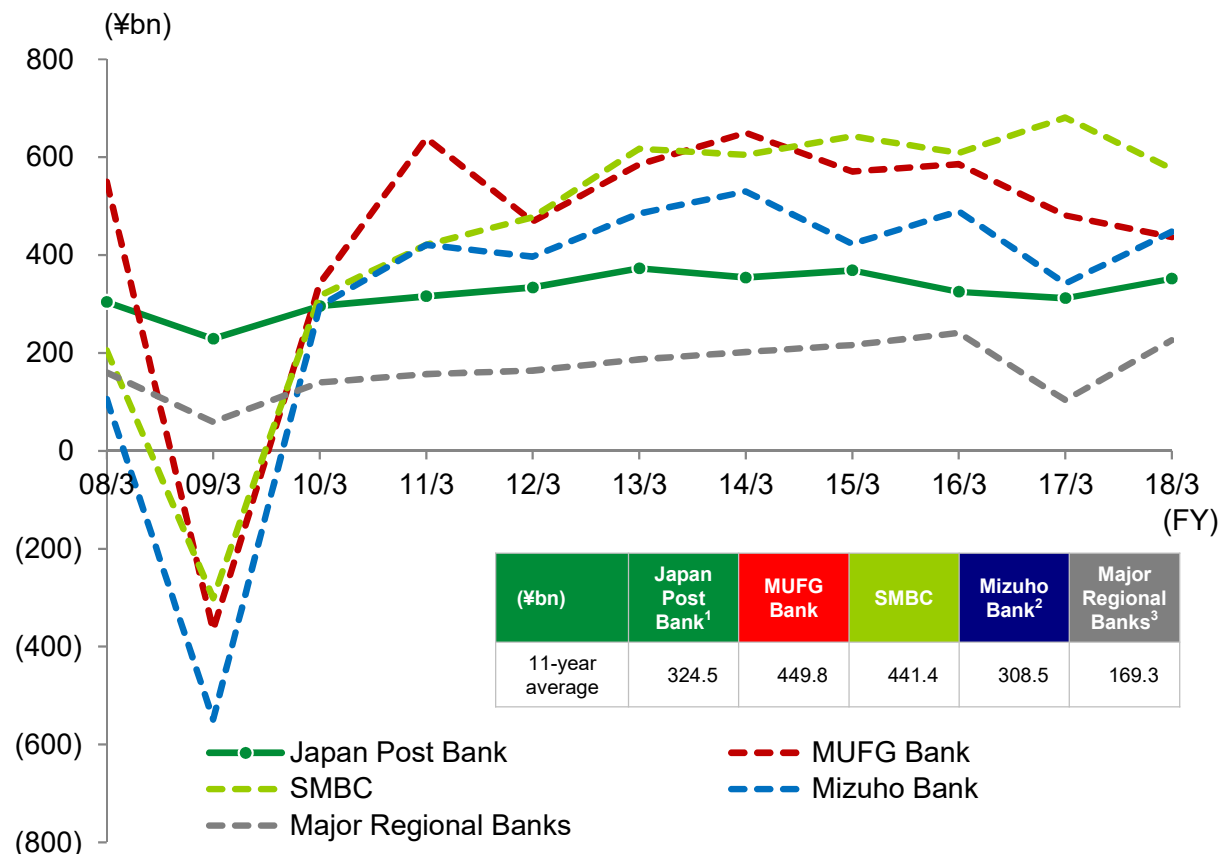
5. Growth Strategy and Compelling/Stable Shareholder Return

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 Bank is calculated by simply adding 1Q net income of "former" Mizuho Bank to the full year net income of "new" Mizuho Bank (ex. Mizuho Corporate Bank).
3. Major Regional Banks include The Bank of Yokohama, Shizuoka Bank, Chiba Bank, Joyo Bank (non-consolidated basis, a subsidiary of Mebuki FG) and Fukuoka FG (consolidated). Figures shown are the aggregate net income of these banks.

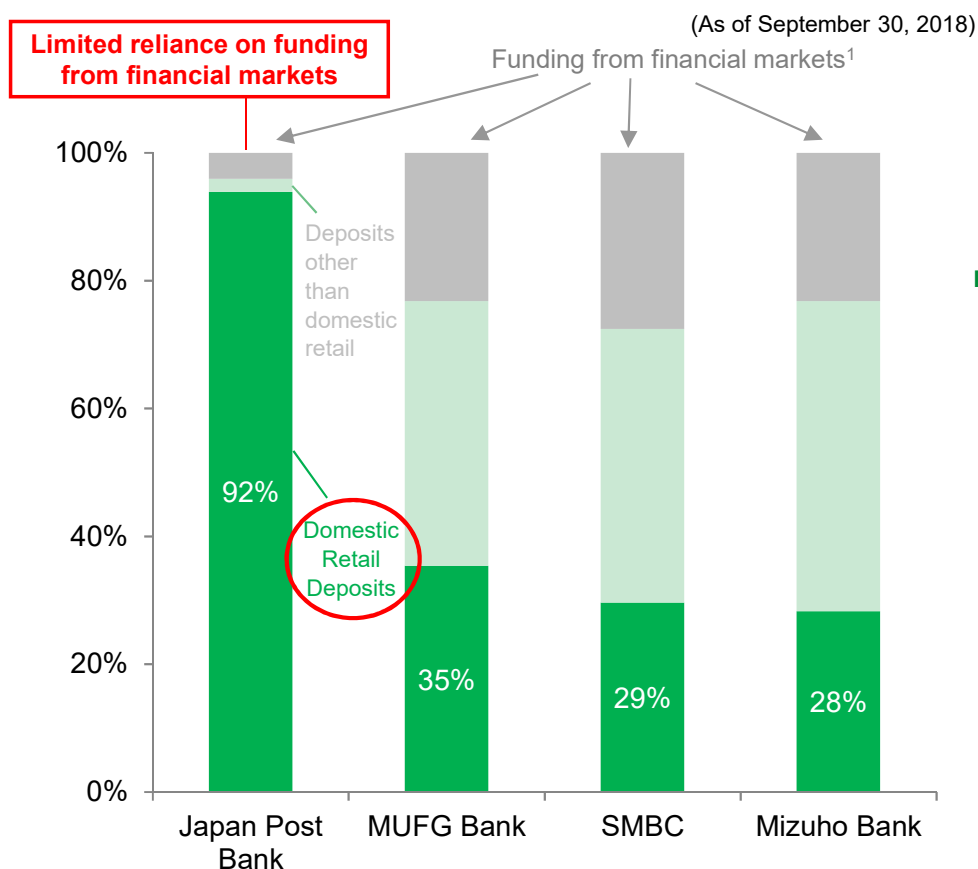
Stable/Low-cost Funding through Significant Network and Customer Base

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 around 20%

Breakdown of Funding Sources



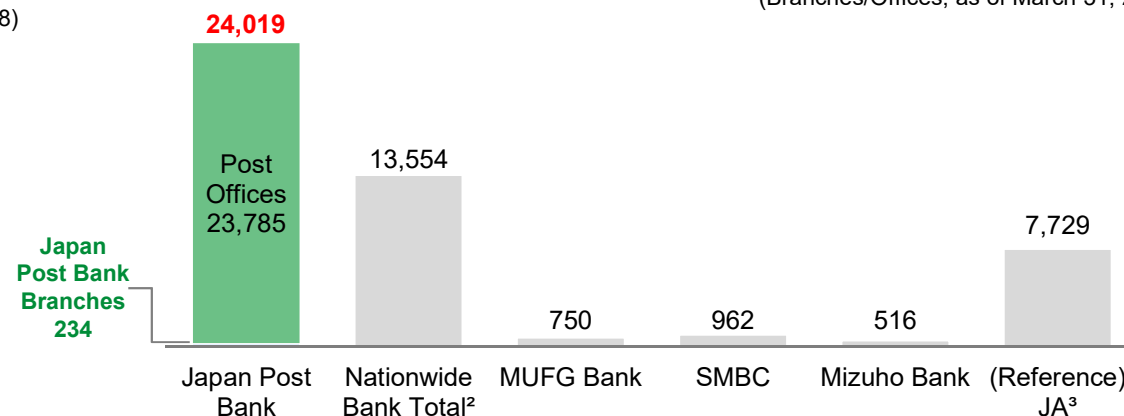
Source: Company disclosures

Note: Subsidiary bank non-consolidated basis.

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

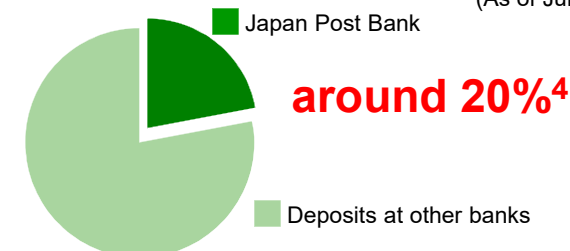
Domestic Branch Network

(Branches/Offices, as of March 31, 2018)



Estimated Share of Japan Post Bank Japanese Household Deposits

(As of June 30, 2018)



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 March 31, 2018.

3. Total of Japan Agricultural Cooperative and the Prefectural Credit Federations of Agricultural Cooperatives locations with exchange operations, as of March 31, 2018.

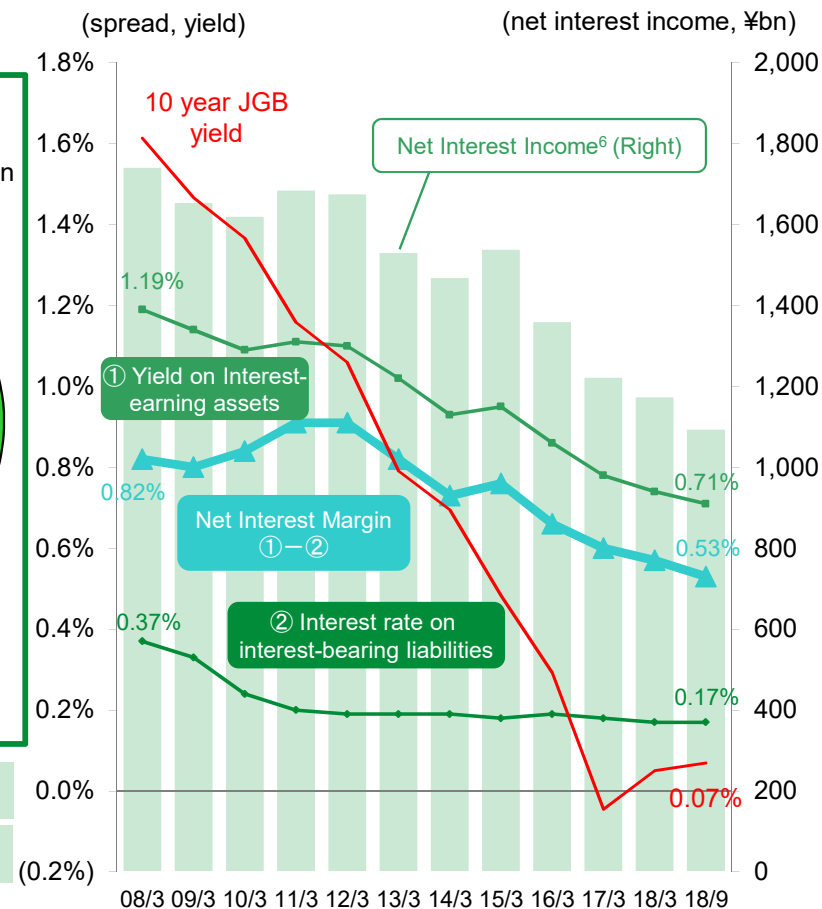
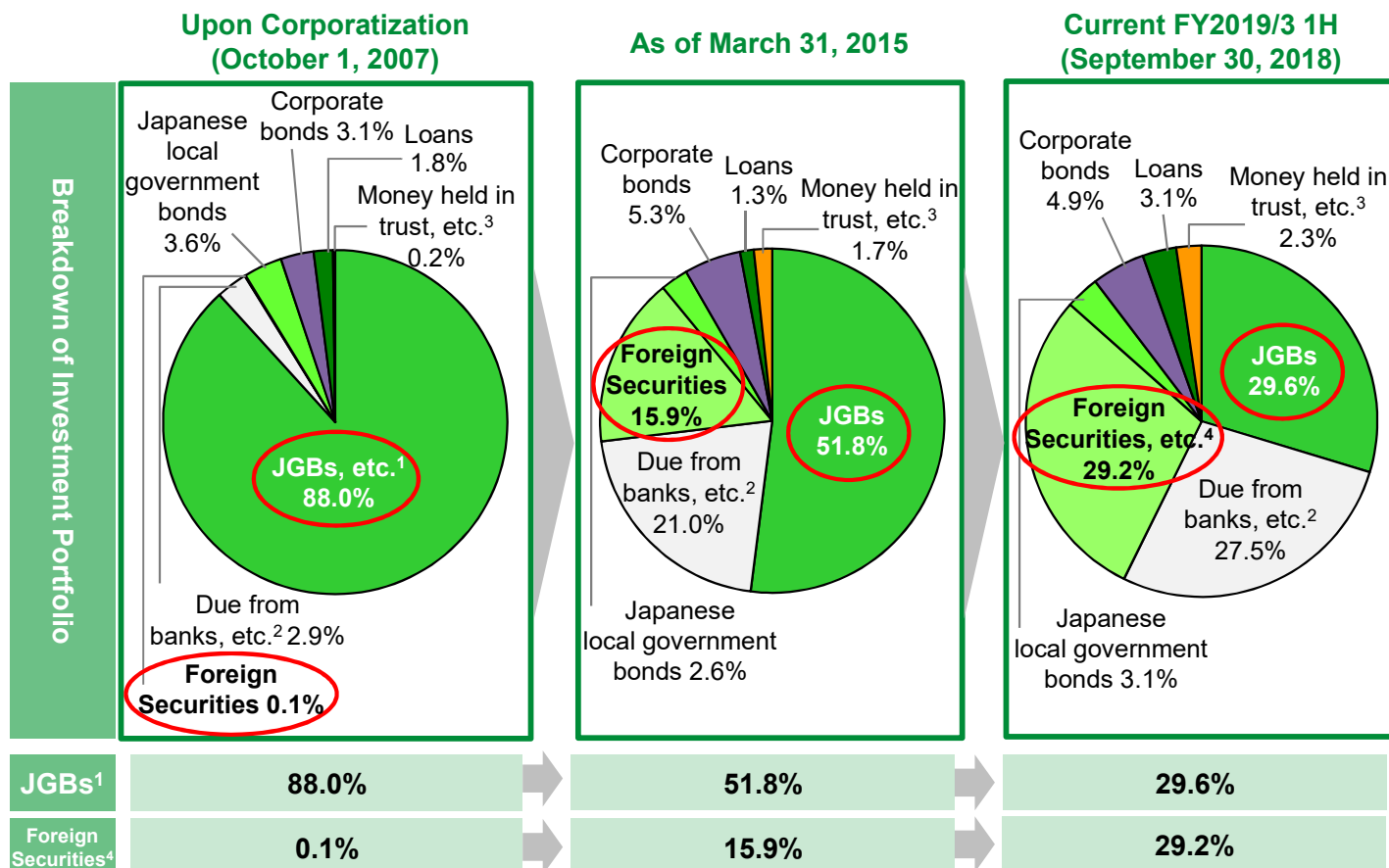
4. Retail deposits of Japan Post Bank as of June 30, 2018 / household deposits (from "Flow of Funds Accounts" released by Bank of Japan) as of June 2018.

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

Historical Spread etc.⁵



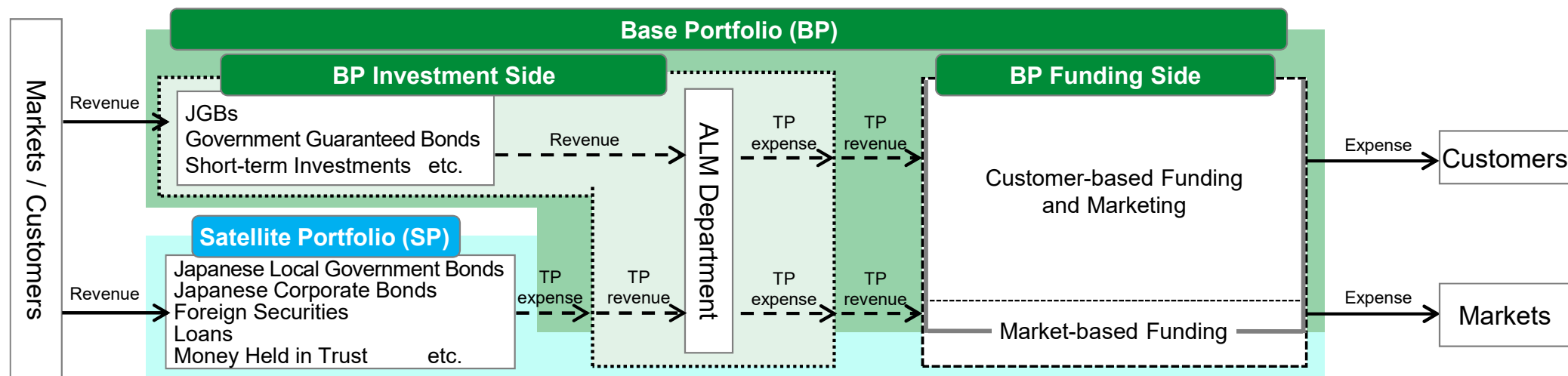
1. JGBs, etc. includes deposits to the Fiscal Loan Fund which were postal savings funds deposited with the Ministry of Finance Japan. All deposits to the Fiscal Loan Fund were redeemed through November, 2010.
2. Due from banks, etc. includes negotiable certificates of deposits, BOJ deposits, monetary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

Source: JGB interest rate information - Ministry of Finance Japan

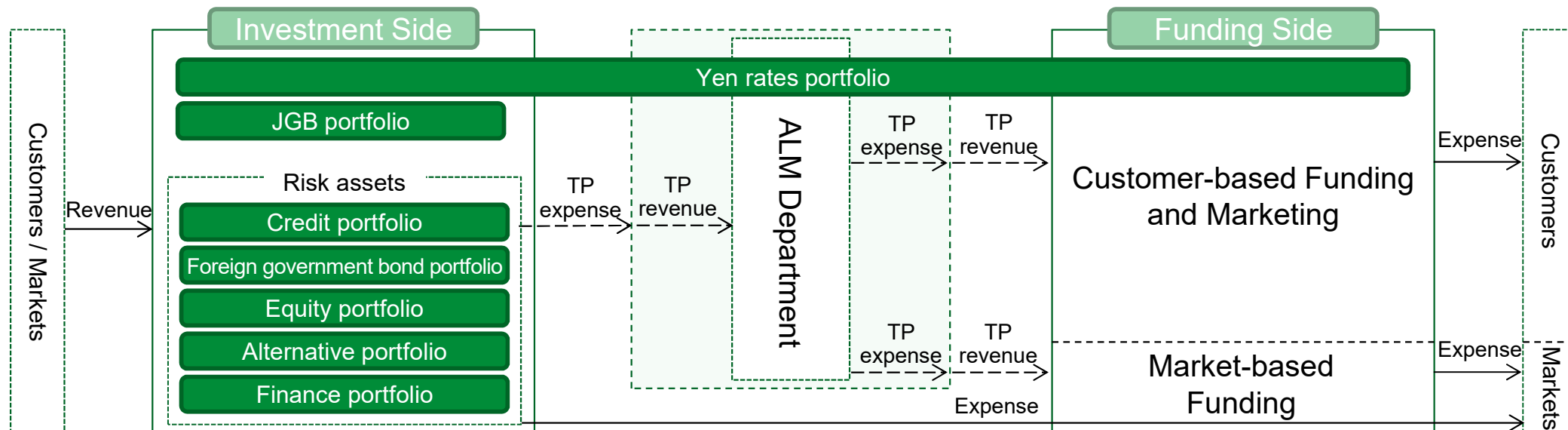
5. Historical spread is calculated by excluding the average balance and corresponding interest of money held in trust.
6. Net interest income for FY2008/3 is shown as double the net interest income from October 1, 2007 to March 31, 2008. Net interest income for FY2018/9 is annualized.

ALM/Investment Strategy to Generate Stable Income and Excess Return

<Up to March 2018>



<From April 2018>

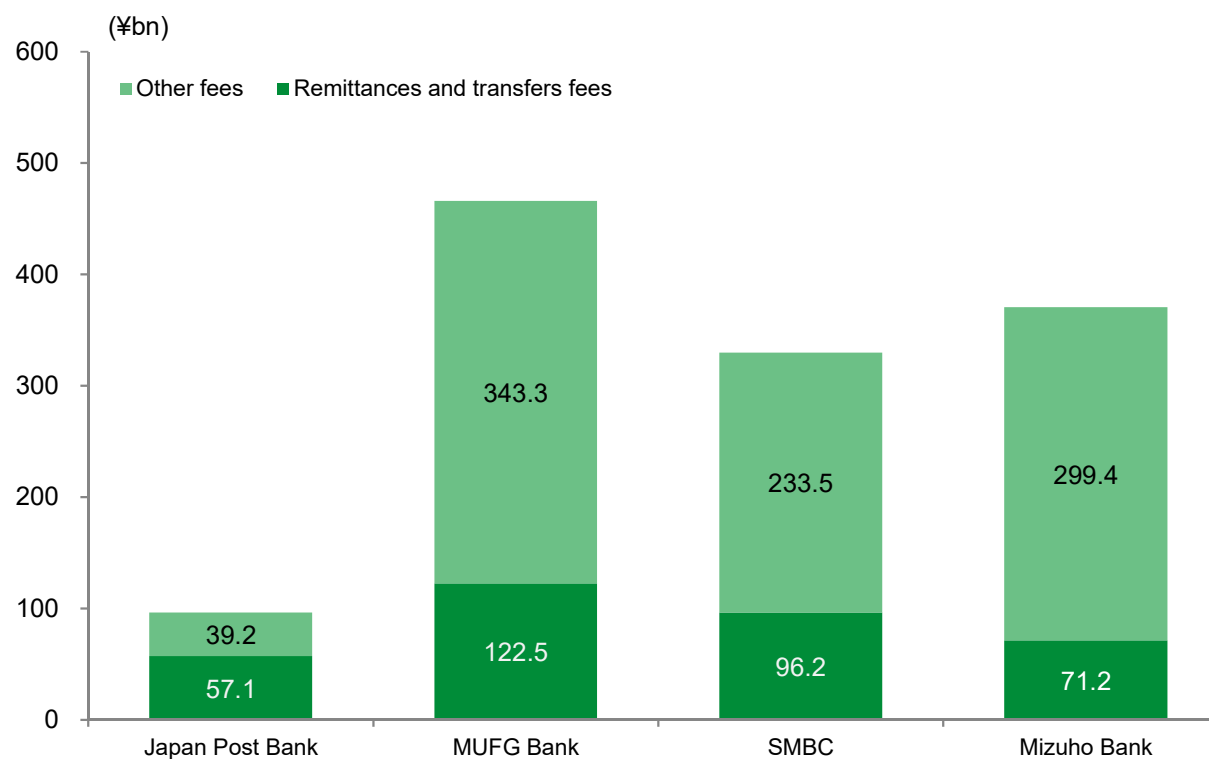


1. Transfer Price (TP): Transfer pricing was established for internal transactions using internal rates based on market interest rates.

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 (FY2018/3)



Source: Company disclosures

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

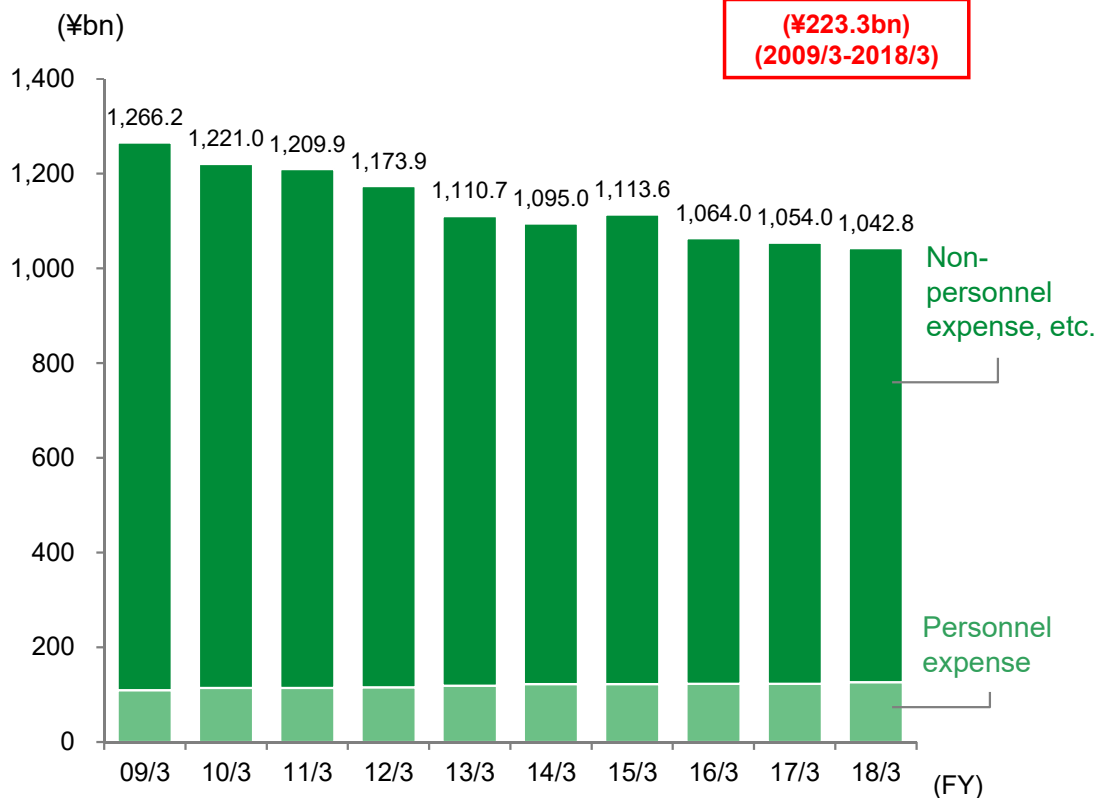
2. Subsidiary bank non-consolidated basis.

Expense Control through IT Expense Reduction

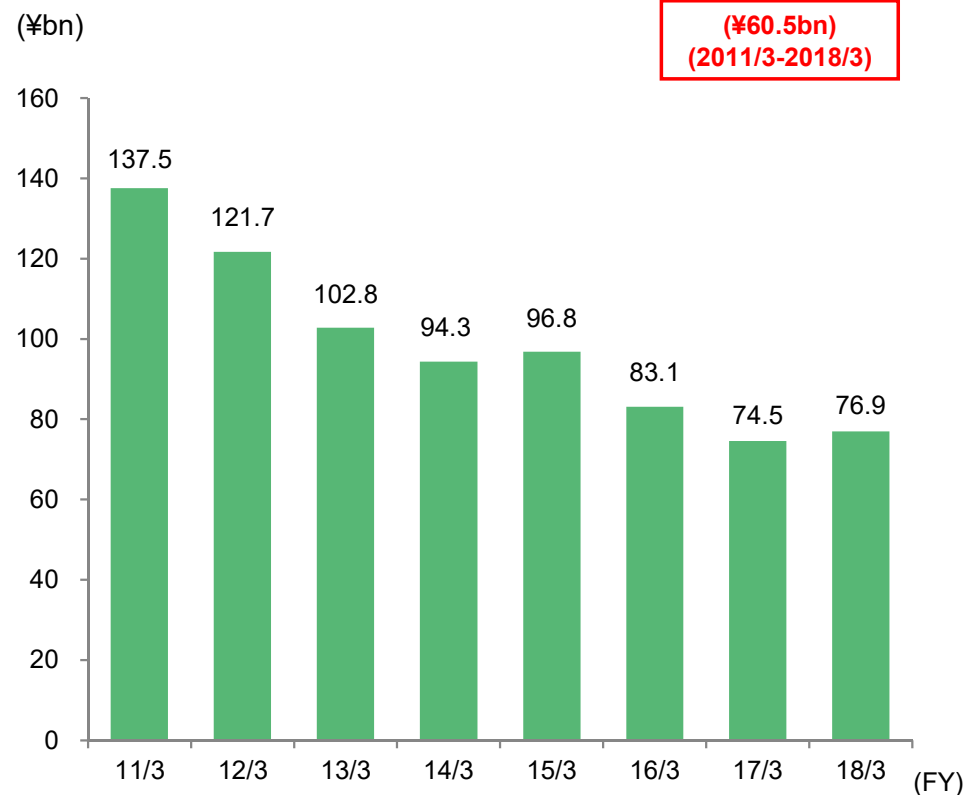
Seek to manage expenses by reducing costs through such initiatives as business process re-engineering, while maintaining the nationwide network of 24,000 post offices as our main channel

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

G&A Expense



IT Expense¹

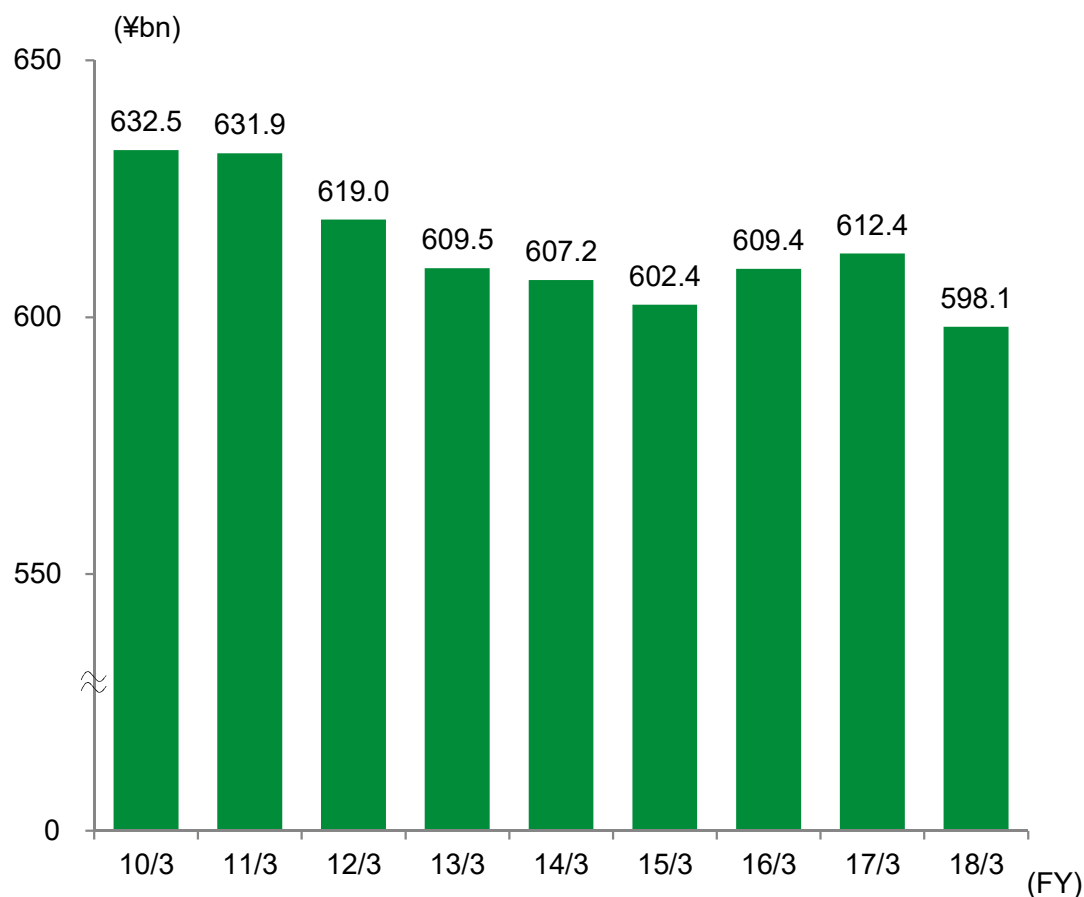


1. Management accounting basis.

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.
- 7 out of 11 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

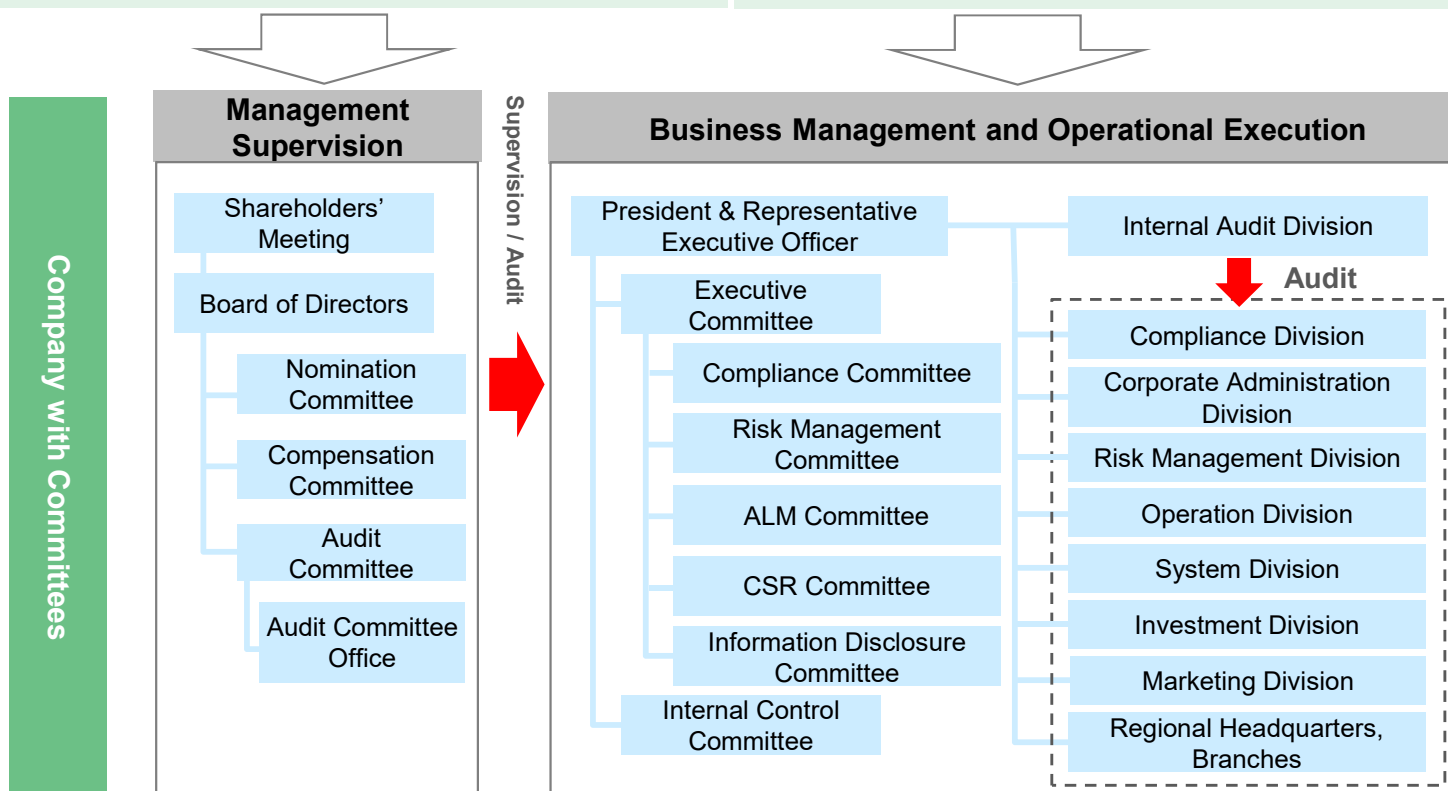
Independence from Parent Company

- 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 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】 Restrictions on the Maximum Amount of Deposit	<ul style="list-style-type: none">■ Maximum amount of deposits (¥13mn) are stipulated by the enforcement order of the Privatization Act		
<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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