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JAPAN POST BANK

## NOTICE OF CONVOCAION OF THE 12TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date and Time	Tuesday, June 19, 2018 at 10:00 a.m. Japan time (Reception starts at 9:00 a.m.)
Place	Ballroom B2 The Prince Park Tower Tokyo 8-1, Shibakoen 4-chome, Minato-ku, Tokyo, Japan (Please be advised that the location of the meeting has been changed from the previous year. Please refer to the map at the back of this notice for the location.)
For those who are unable to attend the meeting	
Voting Deadline	Monday, June 18, 2018 at 5:15 p.m. Japan time

(Please exercise your voting rights by returning the enclosed Voting Rights Exercise Form or via Internet.)

► For details, please refer to “Guidance on the Exercise of Voting Rights” on pages 5-7.

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JAPAN POST BANK Co., Ltd.

Securities Identification Code: 7182

## Management Philosophy

JAPAN POST BANK aims to become “the most accessible and trustworthy bank in Japan,” guided by the needs and expectations of our customers.

### “Trust”

We comply with laws, regulations, and other standards of behavior and value trusted relationships with customers, markets, shareholders, and employees and consistently serve as a responsible corporate citizen.

### “Innovation”

We work sincerely to improve our management and business operations in response to requests from customers and changes in the business environment.

### “Efficiency”

We pursue improvements in speed and efficiency of our management and business operations in order to provide customer-oriented financial instruments and services.

### “Expertise”

We continually strive to strengthen our expertise for the aim of services meeting the expectations of our customers.

## To Our Shareholders

I would like to express my sincere gratitude for your continued support.

Japan Post Bank formulated a new Medium-term Management Plan in May 2018 with the slogan “More services, and people will say, ‘Japan Post Bank, of course.’”

We are working on a variety of measures with the future goal of contributing to the Japanese economy by offering new convenience and reliability to our customers, promoting diversified investment in foreign and other assets through effective use of capital, providing risk money to domestic enterprises, and revitalizing regional economies.

Through the post office network, we will steadfastly support the life of each and every one of our wide range of customers across Japan, from small children to the elderly. Hand in hand, we will build the Japan Post Bank brand.

We at Japan Post Bank and Japan Post Group will work together to keep improving our corporate value, so I humbly request the continued understanding and support of you, our shareholders.

Norito Ikeda  
Director, President and Representative Executive Officer  
JAPAN POST BANK Co., Ltd.

May 31, 2018

Dear Shareholders:

Norito Ikeda  
Director, President and  
Representative Executive  
Officer  
JAPAN POST BANK Co., Ltd.  
Location of Headquarters:  
3-2, Kasumigaseki 1-chome,  
Chiyoda-ku, Tokyo, Japan  
(Location of Registered Head  
Office: 7-2, Marunouchi  
2-chome, Chiyoda-ku, Tokyo,  
Japan)

## NOTICE OF CONVOCAION OF THE 12TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 12th Ordinary General Meeting of Shareholders of JAPAN POST BANK Co., Ltd. ("Japan Post Bank"). The meeting will be held for the purposes described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via electromagnetic means (the Internet, etc.). Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by no later than 5:15 p.m., Monday, June 18, 2018 (Japan time) in accordance with the "Guidance on the Exercise of Voting Rights".

- 1. Date and Time:** Tuesday, June 19, 2018 at 10:00 a.m. Japan time (Reception starts at 9:00 a.m.)
- 2. Place:** Ballroom B2  
The Prince Park Tower Tokyo  
8-1, Shibakoen 4-chome, Minato-ku, Tokyo, Japan  
(Japan Post Bank held the 11th Ordinary General Meeting of Shareholders in Yokohama Arena in Yokohama-shi, Kanagawa. In order to accommodate as many shareholders as possible, we have decided to hold the meeting at the above venue this year. Please refer to the map at the back of this notice for the location.)
- 3. Meeting Agenda:**  
**Matters to be reported:** The Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements, and Audit Results of Consolidated Financial Statements by Independent Auditor and Audit Committee for the 12th fiscal year (from April 1, 2017 to March 31, 2018)  
**Matters to be resolved:**  
**Proposal No.1:** Reduction in the Amount of Legal Capital Surplus  
**Proposal No.2:** Election of Eleven (11) Directors

-End-

- Of the documents required to be provided in this notice of convocation, the Notes to the Non-consolidated Financial Statements and the Notes to the Consolidated Financial Statements have been posted on **our website** in accordance with relevant laws and regulations and Article 15 of the Articles of Incorporation of Japan Post Bank, and are therefore not included in the attachments of this notice of convocation. The Non-consolidated Financial Statements and the

Consolidated Financial Statements audited by the Independent Auditor and the Audit Committee include the Notes to the Non-consolidated Financial Statements and the Notes to the Consolidated Financial Statements posted on **our website**.

- Any updates to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements, and the Consolidated Financial Statements will be posted on **our website**.

Website of Japan Post Bank      [https://www.jp-bank.japanpost.jp/en\\_index.html](https://www.jp-bank.japanpost.jp/en_index.html)

# Guidance on the Exercise of Voting Rights

## For those attending the Ordinary General Meeting of Shareholders

Please submit your Voting Rights Exercise Form at the reception.



**Date and Time** **Tuesday, June 19, 2018 at 10:00 a.m. Japan time**  
(Reception starts at 9:00 a.m.)

**Place** **Ballroom B2**  
**The Prince Park Tower Tokyo**  
8-1, Shibakoen 4-chome, Minato-ku, Tokyo, Japan  
(The venue has been changed from the previous year.)

## For those unable to attend the Ordinary General Meeting of Shareholders



### Exercise of voting rights by mail

**Voting Deadline** **Votes shall arrive no later than Monday, June 18, 2018 at 5:15 p.m. Japan time**

Please indicate your approval or disapproval of each proposal on the enclosed Voting Rights Exercise Form and return it by post to reach us no later than the above voting deadline.

### How to fill out your Voting Rights Exercise Form

Please indicate your approval or disapproval of the proposal inside this box.

<b>Proposal No.1</b>	In case you approve →	Please circle the <b>“approval” “賛”</b> column
	In case you disapprove →	Please circle the <b>“disapproval” “否”</b> column
<b>Proposal No.2</b>	In case you approve all the candidates →	Please circle the <b>“approval” “賛”</b> column
	In case you disapprove all the candidates →	Please circle the <b>“disapproval” “否”</b> column
	In case you disapprove certain candidates →	Please circle the <b>“approval” “賛”</b> column and fill in the candidate number(s) of the candidate(s) you disapprove

If there is no indication of approval or disapproval for the proposal, it will be deemed as an indication of approval.



### Exercise of voting rights via the Internet

**Voting Deadline** **No later than Monday, June 18, 2018 at 5:15 p.m. Japan time**

Please access the **voting website** (<https://www.web54.net>), follow the on-screen guidance and indicate your approval or disapproval for the proposal by no later than the voting deadline. Please refer to the next page for details.

# Exercise of voting rights via the Internet



## Access procedures via the Internet

Please access the voting website using computers, smartphones or tablets, enter the “Voting Rights Exercise Code” and “Password” printed on the enclosed Voting Rights Exercise Form, then follow the on-screen guidance and indicate your approval or disapproval for the proposal.



You may also access the voting website by reading the QR code on the left using smartphones and other means with the function to read barcodes.

\*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

Voting Website

<https://www.web54.net>

1

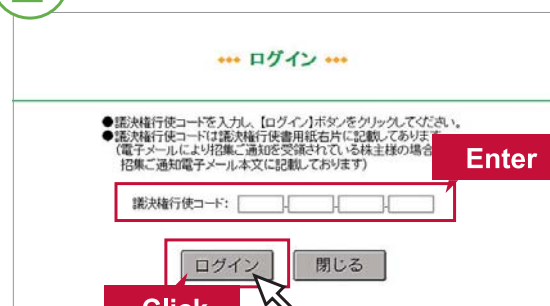
### Access the voting website



Click “Next.”

2

### Login



Enter the “Voting Rights Exercise Code” printed on the enclosed Voting Rights Exercise Form and click “Login.”

3

### Follow the on-screen guidance and enter information as necessary.

## Handling of multiple exercises of voting rights

- (1) If you vote both by mail and via the Internet, your vote via the Internet will be treated as effective.
- (2) If you vote more than once via the Internet, your last vote will be treated as effective.


### **i** NOTE

- Connection fees, broadband fees and other fees incurred in using the voting website shall be borne by shareholders.
- The voting website might not be accessible depending on the Internet environment, the service subscribed or the model used.

Should you have any questions, please contact the below.

**Inquiries regarding  
voting via the Internet**

**[Administrator of Shareholder Registry]  
Stock Transfer Agency Business Planning Department,  
Sumitomo Mitsui Trust Bank, Limited**

 **0120-652-031** (toll free in Japan)  
(Open from 9:00 a.m. to 9:00 p.m.)

### **For Institutional Investors**

The Electronic Voting Platform, operated by ICJ Co., Ltd., is available for institutional investors that have applied in advance to use the platform.



# Regarding Dividends

At the meeting of the Board of Directors held on May 15, 2018, we have resolved as follows.

**1 Annual dividends**  
**¥25 per share**

**2 Effective date (Payment start date)**  
**June 20, 2018**

Our general policy is to declare both interim dividends and annual dividends from our retained earnings.

At the meeting of the Board of Directors held on May 15, 2018, we have resolved to pay an annual dividend of ¥25 per share with an effective date (payment start date) of June 20, 2018.

Together with an interim dividend of ¥25 per share that has been paid out, the total dividends per share for the fiscal year ended March 31, 2018 is ¥50 per share.

“Annual Dividend Receipt” (“Dividend Calculation Sheet” and “Payment of Dividends via Bank Transfer” for shareholders who have requested dividend payment via bank transfer) will be enclosed and delivered with Notice of Resolution of the 12th Ordinary General Meeting of Shareholders to be held on June 19, 2018.

## Description of main procedures, queries and other matters

- Procedures for designating the method of receiving dividend payments
- Procedures for change of address, name and other details
- Procedures for requesting the buyback or additional purchase of shares constituting less than a full unit
- Inheritance procedures

## Contact


Securities companies and other entities where brokerage accounts are opened

## Description of main procedures, queries and other matters

- Queries about dividends after the payment period has passed
- Queries about the shipping and return of shipment
- Procedures for the issuance of various certifications
- General inquiries about other stock handling matters

## Contact

2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan  
Stock Transfer Agency Business Planning Department,  
Sumitomo Mitsui Trust Bank, Limited  
+81-3-3323-7111 (in English)

 **0120-581-841** (toll free in Japan)  
(Open weekdays except holidays from 9:00 a.m. to 5:00 p.m.)

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### **Proposal No.1:** Reduction in the Amount of Legal Capital Surplus

In order to ensure the flexibility and dynamism of future capital policy, Japan Post Bank intends to reduce the amount of legal capital surplus, and transfer the same amount to other capital surplus, pursuant to Article 448, Paragraph 1 of the Companies Act.

- (1) Items and amount of surplus to be reduced  
¥796,285,955,819 out of ¥4,296,285,955,819 of legal capital surplus
- (2) Items and amount of surplus to be increased  
Other capital surplus ¥796,285,955,819
- (3) Date on which the reduction in the amount of legal capital surplus will take effect  
July 31, 2018

## Proposals and References

### Proposal No.2: Election of Eleven (11) Directors

The term of office of all the thirteen (13) Directors will expire at the closing of this Ordinary General Meeting of Shareholders. It is therefore proposed to elect eleven (11) Directors based on the decision of the Nomination Committee. Candidates for Directors are as follows:

No.		Name	Current positions and responsibilities at Japan Post Bank	
1	Re-elected	Norito Ikeda	Director, President and Representative Executive Officer	
2	Re-elected	Susumu Tanaka	Director and Representative Executive Vice President	
3	Re-elected	Masatsugu Nagato	Director Chairman of the Nomination Committee Member of the Compensation Committee	
4	Re-elected	Ryoichi Nakazato	Director Full-time Member of the Audit Committee	
5	Re-elected	Tomoyoshi Arita	Director Chairman of the Audit Committee Member of the Nomination Committee	Outside Director Independent
6	Re-elected	Sawako Nohara	Director Member of the Audit Committee	Outside Director Independent
7	Re-elected	Tetsu Machida	Director Member of the Audit Committee	Outside Director Independent
8	Re-elected	Nobuko Akashi	Director	Outside Director Independent
9	Re-elected	Katsuaki Ikeda	Director Member of the Audit Committee Member of the Compensation Committee	Outside Director Independent
10	Re-elected	Hirofumi Nomoto	Director Member of the Nomination Committee Member of the Compensation Committee	Outside Director Independent
11	Newly elected	Ryoji Chubachi		Outside Director Independent

Outside Director: Outside Director candidate; Independent: Independent Director candidate

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
1	<p>Norito Ikeda (Dec. 9, 1947)</p> <p>Re-elected</p> <p>Director, President and Representative Executive Officer</p> <p>Number of years in office as Director 2 years</p> <p>Status of attendance at the meetings of: Board of Directors 100% (12/12 meetings)</p>	<p>Apr. 1970    Joined The Bank of Yokohama, Ltd.</p> <p>Jun. 1996    Director and General Manager, Credit Management Department of The Bank of Yokohama, Ltd.</p> <p>Jun. 1997    Director and General Manager, General Planning Department of The Bank of Yokohama, Ltd.</p> <p>Apr. 2001    Representative Director, Chief Financial Officer (CFO) of The Bank of Yokohama, Ltd.</p> <p>Apr. 2002    Representative Director, Chief Personnel Officer (CPO) of The Bank of Yokohama, Ltd.</p> <p>Jun. 2003    Director of The Bank of Yokohama, Ltd. Representative Director and Chairman of Yokohama Capital Co., Ltd.</p> <p>Dec. 2003    President and Representative Director of The Ashikaga Bank, Ltd.</p> <p>Jun. 2004    President and Chief Executive Officer (CEO) of The Ashikaga Bank, Ltd.</p> <p>Sept. 2008    Special Advisor of A.T. Kearney K.K.</p> <p>Feb. 2012    President &amp; CEO of The Corporation of Revitalizing Earthquake affected Business</p> <p>Apr. 2016    President and Representative Executive Officer of JAPAN POST BANK Co., Ltd.</p> <p>Jun. 2016    Director, President and Representative Executive Officer of JAPAN POST BANK Co., Ltd. (current position) Director of JAPAN POST HOLDINGS Co., Ltd. (current position)</p> <p>Significant concurrent positions: Director of JAPAN POST HOLDINGS Co., Ltd. Outside Director of FANCL CORPORATION</p> <p><u>Reasons for the election as candidate for Director</u> Mr. Norito Ikeda successively held various posts including Director of The Bank of Yokohama, Ltd. and President of The Ashikaga Bank, Ltd., and has been responsible for the management of Japan Post Bank as President and Representative Executive Officer, and as such Japan Post Bank expects that, with his abundant experience and achievements, he will sufficiently fulfill his role in enhancing the decision making function and supervision function of the Board of Directors.</p>	3,200 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
2	<p>Susumu Tanaka (Aug. 23, 1959)</p> <p>Re-elected</p> <p>Director and Representative Executive Vice President (Assistant to the President and matters concerning operations of Corporate Administration Division (excluding matters concerning Research Department, Financial Accounting Department, Investor Relations Department, Public Relations Department, Customer Satisfaction Department and General Affairs Department))</p> <p>Number of years in office as Director 5 years</p> <p>Status of attendance at the meetings of: Board of Directors 100% (12/12 meetings)</p>	<p>Apr. 1982    Joined the Ministry of Posts and Telecommunications</p> <p>Jul. 2000    General Manager of International Affairs Section, Postal Bureau of the Ministry of Posts and Telecommunications</p> <p>Jan. 2001    General Manager of International Planning Office, Postal Planning Section, Postal Services Planning Bureau of the Ministry of Internal Affairs and Communications</p> <p>Jul. 2001    General Manager of Savings and Management Planning Section, Postal Services Planning Bureau of the Ministry of Internal Affairs and Communications</p> <p>Jan. 2003    General Manager of Fund Management, Savings Department of Postal Services Agency</p> <p>Apr. 2003    General Manager of Business Planning Division, Postal Savings Business Headquarters of Japan Post Corporation</p> <p>Jun. 2004    Director of Preparatory Office for Privatization of Postal Services of the Cabinet Secretariat</p> <p>Sept. 2006    General Manager of Business Planning Division, Postal Savings Business Headquarters, Financial Business Headquarters of Japan Post Corporation</p> <p>Oct. 2007    Executive Officer of JAPAN POST BANK Co., Ltd.</p> <p>Jun. 2009    Managing Executive Officer of JAPAN POST BANK Co., Ltd.</p> <p>Oct. 2010    Managing Executive Officer of JAPAN POST HOLDINGS Co., Ltd. (current position)</p> <p>Apr. 2012    Senior Managing Executive Officer of JAPAN POST BANK Co., Ltd.</p> <p>Jun. 2013    Director and Executive Vice President of JAPAN POST BANK Co., Ltd.</p> <p>Mar. 2015    Director and Representative Executive Vice President of JAPAN POST BANK Co., Ltd. (current position)</p> <p>Significant concurrent positions: Managing Executive Officer of JAPAN POST HOLDINGS Co., Ltd.</p> <p><u>Reasons for the election as candidate for Director</u> Mr. Susumu Tanaka successively held various important posts at our Corporate Administration Division and others, and has been responsible for the management of Japan Post Bank as Representative Executive Vice President, and as such Japan Post Bank expects that, with his abundant experience and achievements, he will sufficiently fulfill his role in enhancing the decision making function and supervision function of the Board of Directors.</p>	2,500 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
3	<p>Masatsugu Nagato (Nov. 18, 1948)</p> <p>Re-elected</p> <p>Director Chairman of the Nomination Committee</p> <p>Member of the Compensation Committee</p> <p>Number of years in office as Director 3 years 1 month</p> <p>Status of attendance at the meetings of: Board of Directors 100% (12/12 meetings)</p> <p>Nomination Committee 100% (2/2 meetings)</p> <p>Compensation Committee 100% (2/2 meetings)</p>	<p>Apr. 1972    Joined The Industrial Bank of Japan, Limited</p> <p>Jun. 2000    Executive Officer of The Industrial Bank of Japan, Limited</p> <p>Jun. 2001    Managing Executive Officer of The Industrial Bank of Japan, Limited</p> <p>Apr. 2002    Managing Executive Officer of Mizuho Bank, Ltd.</p> <p>Apr. 2003    Managing Executive Officer of Mizuho Corporate Bank, Ltd</p> <p>Jun. 2006    Corporate Executive Vice President of Fuji Heavy Industries Ltd.</p> <p>Jun. 2007    Director of the Board, Corporate Executive Vice President of Fuji Heavy Industries Ltd.</p> <p>Jun. 2010    Representative Director of the Board &amp; Deputy President of Fuji Heavy Industries Ltd.</p> <p>Jun. 2011    Director and Vice Chairman of Citibank Japan Ltd.</p> <p>Jan. 2012    Director and Chairman of Citibank Japan Ltd.</p> <p>May 2015    Director, President and Representative Executive Officer of JAPAN POST BANK Co., Ltd.</p> <p>Jun. 2015    Director of JAPAN POST HOLDINGS Co., Ltd.</p> <p>Apr. 2016    Director of JAPAN POST BANK Co., Ltd. (current position)</p> <p>Director, Representative Executive Officer, President and CEO of JAPAN POST HOLDINGS Co., Ltd. (current position)</p> <p>Director of JAPAN POST Co., Ltd. (current position)</p> <p>Jun. 2016    Director of JAPAN POST INSURANCE Co., Ltd. (current position)</p> <p>Significant concurrent positions: Director and Representative Executive Officer, President &amp; CEO of JAPAN POST HOLDINGS Co., Ltd. Director of JAPAN POST Co., Ltd. Director of JAPAN POST INSURANCE Co., Ltd.</p> <p><u>Reasons for the election as candidate for Director</u> Mr. Masatsugu Nagato successively held various posts including Director and Chairman of Citibank Japan Ltd., and has been responsible for the management of overall Japan Post Group as Director and Representative Executive Officer, President &amp; CEO of the parent company, Japan Post Holdings Co., Ltd., and as such Japan Post Bank expects that, with his abundant experience and achievements, he will sufficiently fulfill his role in enhancing the decision making function and supervision function of the Board of Directors.</p>	1,900 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
4	<p>Ryoichi Nakazato (Aug. 19, 1954)</p> <p>Re-elected</p> <p>Director, Full-time Member of the Audit Committee</p> <p>Number of years in office as Director 1 year</p> <p>Status of attendance at the meetings of: Board of Directors 100% (10/10 meetings) Audit Committee 100% (10/10 meetings)</p>	<p>Apr. 1977 Joined Hitachi, Ltd.</p> <p>Feb. 1997 General Manager, Financial Information Systems 1st Division, Financial Information Systems Department, Information System Unit of Hitachi, Ltd.</p> <p>Apr. 2003 General Manager, Financial Information Business 1st Division, Information and Telecommunication Business Group of Hitachi, Ltd.</p> <p>Apr. 2008 General Manager, Financial Information Systems Business Division, Information and Telecommunication Business Group of Hitachi, Ltd.</p> <p>Oct. 2009 General Manager, Financial Information Systems Business Division, Information and Telecommunication Business Group, Information and Telecommunication Systems Telecompany of Hitachi, Ltd.</p> <p>Apr. 2010 Director, Executive Officer, Information and Telecommunication Systems Company and COO, Systems Solutions Unit of Hitachi, Ltd.</p> <p>Apr. 2012 Director, Executive Officer, Head of Engineering and CIO, Information and Telecommunication Systems Company, Information and Communication Systems Group of Hitachi, Ltd.</p> <p>Apr. 2013 Senior Vice President and Executive Officer of Hitachi Solutions, Ltd.</p> <p>Apr. 2014 Director, Executive Vice President and Executive Officer of Hitachi Solutions, Ltd.</p> <p>Apr. 2016 Executive Vice President of JAPAN POST BANK Co., Ltd.</p> <p>Jun. 2017 Director of JAPAN POST BANK Co., Ltd. (current position)</p> <p>Significant concurrent positions: None</p> <p><u>Reasons for the election as candidate for Director</u> Mr. Ryoichi Nakazato successively held various posts including Director, Executive Vice President and Executive Officer of Hitachi Solutions, Ltd., and has experience in the management of Japan Post Bank as Executive Vice President, and as such Japan Post Bank expects that, with his abundant experience and achievements, he will sufficiently fulfill his role in enhancing the decision making function and supervision function of the Board of Directors.</p>	1,900 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
5	<p>Tomoyoshi Arita (Feb. 1, 1948)</p> <p>Re-elected</p> <p>Outside Director Independent Director</p> <p>Director, Chairman of the Audit Committee, Member of the Nomination Committee</p> <p>Number of years in office as Director 8 years</p> <p>Status of attendance at the meetings of: Board of Directors 100% (12/12 meetings) Nomination Committee 100% (2/2 meetings) Audit Committee 100% (14/14 meetings)</p>	<p>Apr. 1974 Appointed as Public Prosecutor of Kobe District Prosecutors Office</p> <p>Jun. 2001 Chief Public Prosecutor of Akita District Prosecutors Office</p> <p>Aug. 2002 Public Prosecutor, Supreme Public Prosecutors Office</p> <p>Jun. 2004 Chief Public Prosecutor of Nagoya District Prosecutors Office</p> <p>Sept. 2005 General Manager of the Public Securities Department, Supreme Public Prosecutors Office</p> <p>Jul. 2007 Superintending Prosecutor of Takamatsu High Public Prosecutors Office</p> <p>Jul. 2008 Superintending Prosecutor of Sendai High Public Prosecutors Office</p> <p>Jan. 2009 Superintending Prosecutor of Fukuoka High Public Prosecutors Office</p> <p>Apr. 2010 Registered as Attorney-at-law (current)</p> <p>Jun. 2010 Director of JAPAN POST BANK Co., Ltd. (current position)</p> <p>Significant concurrent positions: Attorney-at-law External Statutory Auditor of WDB Holdings Co., Ltd. Outside Auditor of BROTHER INDUSTRIES, LTD. Outside Director of Fukuyama Transporting Co., Ltd.</p> <p><u>Reasons for the election as candidate for Outside Director</u> Mr. Tomoyoshi Arita has been in the legal profession for a long time, and Japan Post Bank expects him to fulfill his role in enhancing the decision making function and supervision function of the Board of Directors as an Outside Director, based on his abundant experience and insights as a legal professional gained through his career. Mr. Arita previously has not been involved in corporate management except as outside officer. However, we have determined that he has the capabilities to appropriately execute duties as Outside Director due to the above reasons.</p>	3,200 shares



No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
6	<p>Sawako Nohara (Jan. 16, 1958)</p> <p>Re-elected</p> <p>Outside Director Independent Director</p> <p>Director, Member of the Audit Committee</p> <p>Number of years in office as Director 4 years</p> <p>Status of attendance at the meetings of: Board of Directors 91% (11/12 meetings) Audit Committee 100% (14/14 meetings)</p>	<p>Dec. 1988 Joined LIFE SCIENCE LABORATORIES, LTD.</p> <p>Jul. 1995 Joined InfoCom Research, Inc.</p> <p>Jul. 1998 General Manager of EC Business Development Office of InfoCom Research, Inc.</p> <p>Dec. 2000 Director of IPSe Marketing, Y.K.</p> <p>Dec. 2001 President and CEO of IPSe Marketing, Inc. (current position)</p> <p>Jun. 2006 Outside Director of NEC Corporation</p> <p>Nov. 2009 Project professor at Keio University Graduate School of Media and Governance (current position)</p> <p>Jun. 2012 Outside Auditor of Sompo Japan Insurance Inc.</p> <p>Jun. 2013 Outside Director of NKSJ Holdings (current Sompo Holdings, Inc.) (current position)</p> <p>Jun. 2014 Director of JAPAN POST BANK Co., Ltd. (current position)</p> <p>Outside Director of Nissha Printing Co., Ltd. (current Nissha Co., Ltd.) (current position)</p> <p>Significant concurrent positions: President and CEO of IPSe Marketing, Inc. Project professor at Keio University Graduate School of Media and Governance Outside Director of Sompo Holdings, Inc. Outside Director of Nissha Co., Ltd.</p> <p><u>Reasons for the election as candidate for Outside Director</u> Ms. Sawako Nohara successively held various important posts at many research centers and others, successively served as many panels of experts of government meetings, and has deep insights on advanced business strategies at home and abroad. As such Japan Post Bank expects that, with her abundant experience and insights, she will sufficiently fulfill her role in enhancing the decision making function and supervision function of the Board of Directors.</p>	0 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
7	<p>Tetsu Machida (Jan. 16, 1960)</p> <p>Re-elected</p> <p>Outside Director Independent Director</p> <p>Director, Member of the Audit Committee</p> <p>Number of years in office as Director 4 years</p> <p>Status of attendance at the meetings of: Board of Directors 100% (12/12 meetings) Audit Committee 100% (14/14 meetings)</p>	<p>Apr. 1984    Joined Nikkei Inc.</p> <p>Jun. 2002    Joined Sentaku Shuppan K.K.</p> <p>Jan. 2004    Independent economic journalist (current position)</p> <p>Jun. 2014    Director of JAPAN POST BANK Co., Ltd. (current position)</p> <p>Significant concurrent positions: Independent economic journalist</p> <p><u>Reasons for the election as candidate for Outside Director</u></p> <p>Mr. Tetsu Machida has engaged as a journalist after successively holding various important posts at a major newspaper company, and has deep insights on wide events surrounding corporate management such as politics and economics. As such Japan Post Bank expects that with his abundant experience and insights, he will sufficiently fulfill his role in enhancing the decision making function and supervision function of the Board of Directors.</p> <p>Mr. Machida previously has not been involved in corporate management except as outside officer. However, we have determined that he has the capabilities to appropriately execute duties as Outside Director due to the above reasons.</p>	1,800 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
8	<p>Nobuko Akashi (Apr. 24, 1956)</p> <p>Re-elected</p> <p>Outside Director Independent Director</p> <p>Director</p> <p>Number of years in office as Director 3 years</p> <p>Status of attendance at the meetings of: Board of Directors 100% (12/12 meetings)</p>	<p>Aug. 1979    Joined Japan Airlines Co., Ltd.</p> <p>Apr. 1988    Joined Temporary Center Inc. (current Pasona Inc.)</p> <p>Dec. 1989    Joined Image Plan Co., Ltd.</p> <p>Nov. 1996    Representative Director of Buraiton Y.K. (current position)</p> <p>Mar. 2003    Chairman and Secretary General of a non-profit organization, Japan Manners &amp; Protocol Association</p> <p>Jun. 2006    Director of General Incorporated Foundations, Hotel Barmen's Association, Japan</p> <p>Jun. 2010    Board chairman of General Incorporated Foundations, Nippon Kyoiku Saisei Kiko</p> <p>Dec. 2012    Board chairman of a non-profit organization, Japan Manners &amp; Protocol Association (current position)</p> <p>Sept. 2013    Expert Member of Liaison Conference for the Promotion of Gender Equality, Cabinet Office, Government of Japan (current position)</p> <p>Jun. 2015    Director of JAPAN POST BANK Co., Ltd. (current position)</p> <p>Significant concurrent positions: Board chairman of a non-profit organization, Japan Manners &amp; Protocol Association</p> <p><u>Reasons for the election as candidate for Outside Director</u> Ms. Nobuko Akashi has worked as a board chairman of a non-profit organization and an expert member of government meetings, and has deep insights on events surrounding corporate management such as service improvement and gender equality. As such Japan Post Bank expects that with her abundant experience and insights, she will sufficiently fulfill her role in enhancing the decision making function and supervision function of the Board of Directors.</p>	600 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
9	<p>Katsuaki Ikeda (Sept. 8, 1951)</p> <p>Re-elected</p> <p>Outside Director Independent Director</p> <p>Director, Member of the Audit Committee, Member of the Compensation Committee</p> <p>Number of years in office as Director 2 years 10 months</p> <p>Status of attendance at the meetings of: Board of Directors 100% (12/12 meetings) Audit Committee 100% (14/14 meetings) Compensation Committee 100% (2/2 meetings)</p>	<p>Apr. 1974    Joined Taisho Marine &amp; Fire Insurance Co., Ltd.</p> <p>Jun. 1999    General Manager of Accounting Department of Mitsui Marine &amp; Fire Insurance Co., Ltd.</p> <p>Jun. 2003    Director, Executive Officer and General Manager of Accounting Department of Mitsui Sumitomo Insurance Company, Limited</p> <p>Apr. 2005    Director and Managing Executive Officer (Principal Accounting Officer) of Mitsui Sumitomo Insurance Company, Limited</p> <p>Apr. 2006    Director, Managing Executive Officer and General Manager of Financial Service Division (Principal Financial Officer and Principal Investment Officer) of Mitsui Sumitomo Insurance Company, Limited</p> <p>Apr. 2008    Director of Mitsui Sumitomo Insurance Group Holdings, Inc.</p> <p>Apr. 2010    Director and Senior Executive Officer of Mitsui Sumitomo Insurance Company, Limited Director and Executive Officer of MS&amp;AD Insurance Group Holdings, Inc.</p> <p>Jun. 2011    Corporate Auditor of MS&amp;AD Insurance Group Holdings, Inc.</p> <p>Aug. 2015    Director of JAPAN POST BANK Co., Ltd. (current position)</p> <p>Significant concurrent positions: None</p> <p><u>Reasons for the election as candidate for Outside Director</u> Mr. Katsuaki Ikeda has been involved in management of financial organizations for a long time, and has deep insights as a specialist of corporate management gained through his career as well as professional knowledge on finance and accounting. As such Japan Post Bank expects that with his abundant experience and insights, he will sufficiently fulfill his role in enhancing the decision making function and supervision function of the Board of Directors.</p>	1,300 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
10	<p>Hirofumi Nomoto (Sept. 27, 1947)</p> <p>Re-elected</p> <p>Outside Director Independent Director</p> <p>Director, Member of the Nomination Committee, Member of the Compensation Committee</p> <p>Number of years in office as Director 1 year</p> <p>Status of attendance at the meetings of: Board of Directors 100% (10/10 meetings) Nomination Committee 100% (1/1 meeting) Compensation Committee 100% (1/1 meeting)</p>	<p>Apr. 1971 Joined Tokyu Corporation</p> <p>Jun. 2007 Director of Tokyu Corporation</p> <p>Jan. 2008 Managing Executive Director of Tokyu Corporation</p> <p>Jun. 2008 Senior Managing Executive Director of Tokyu Corporation</p> <p>Jun. 2010 Representative Director and Senior Managing Executive Director of Tokyu Corporation</p> <p>Apr. 2011 President &amp; Representative Director of Tokyu Corporation</p> <p>Jun. 2015 President of Tokyu Corporation</p> <p>Jun. 2017 Director of JAPAN POST BANK Co., Ltd. (current position)</p> <p>Apr. 2018 Chairman of the Board &amp; Representative Director of Tokyu Corporation (current position)</p> <p>Significant concurrent positions: Chairman of the Board &amp; Representative Director of Tokyu Corporation Director of Tokyu Fudosan Holdings Corporation Director of TOKYU RECREATION CO., LTD. Outside Director of TOEI COMPANY, LTD. Outside Director of TOBU RAILWAY CO., LTD.</p> <p><u>Reasons for the election as candidate for Outside Director</u> Mr. Hirofumi Nomoto has been involved in corporate management of a publicly traded company for a long time, and Japan Post Bank expects him to fulfill his role in enhancing the decision making function and supervision function of the Board of Directors as an Outside Director, based on his abundant experience and insights as a specialist of corporate management gained through his career.</p>	4,600 shares

No.	Name (Date of birth)	Past experience, positions and responsibilities	Number of shares of Japan Post Bank held
11	Ryoji Chubachi (Sept. 4, 1947)  Newly elected  Outside Director Independent Director  –  Number of years in office as Director – year  Status of attendance at the meetings of: Board of Directors –% (–/– meetings)	Apr. 1977    Joined Sony Corporation Jun. 1999    Corporate Vice President of Sony Corporation Jun. 2002    Corporate Senior Vice President of Sony Corporation Jun. 2003    Executive Vice President, Executive Officer of Sony Corporation Jun. 2004    Executive Deputy President, Corporate Executive Officer and Chief Operation Officer of Sony Corporation Apr. 2005    Electronics Chief Executive Officer of Sony Corporation Jun. 2005    President and Representative Corporate Executive Officer, Member of the Board of Sony Corporation Apr. 2009    Member of the Board, Representative Corporate Executive Officer, Vice Chairman of Sony Corporation Apr. 2013    President of National Institute of Advanced Industrial Science and Technology (incorporated administrative agency) Apr. 2015    President of National Institute of Advanced Industrial Science and Technology (after changed legal status to a national research and development institution) (current position)  Significant concurrent positions: President of National Institute of Advanced Industrial Science and Technology <u>Reasons for the election as candidate for Outside Director</u> Mr. Ryoji Chubachi has been involved in corporate management of a publicly traded company for a long time, and Japan Post Bank expects him to fulfill his role in enhancing the decision making function and supervision function of the Board of Directors as an Outside Director, based on his abundant experience and insights as a specialist of corporate management gained through his career.	0 shares

Notes:

1. JAPAN POST HOLDINGS Co., Ltd. where Mr. Masatsugu Nagato serves as Director and Representative Executive Officer, President & CEO, is the parent company of Japan Post Bank holding 89% of its shares (excluding treasury stock). Japan Post Bank has concluded an agreement with Japan Post Holdings on group management and is paying a brand license fee thereto based on such agreement as well as has a transaction relationship on real estate leases, etc. There are no special conflicts of interest between the other candidates for Directors and Japan Post Bank.
2. Of the candidates for Directors, Mr. Tomoyoshi Arita, Ms. Sawako Nohara, Mr. Tetsu Machida, Ms. Nobuko Akashi, Mr. Katsuaki Ikeda, Mr. Hirofumi Nomoto and Mr. Ryoji Chubachi are candidates for Outside Directors as stipulated in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. Mr. Tomoyoshi Arita, Ms. Sawako Nohara, Mr. Tetsu Machida, Ms. Nobuko Akashi, Mr. Katsuaki Ikeda and Mr. Hirofumi Nomoto are Independent Directors which appointment is required by Tokyo Stock Exchange, Inc. for the purpose of protecting general shareholders. In addition, Mr. Ryoji Chubachi satisfies the requirements for Independent Director stipulated by Tokyo Stock Exchange, Inc., and the independent director appointment standards of Japan Post Bank. Therefore, upon approval of his election, Japan Post Bank intends to file him as Independent Director to the said Exchange.
4. The term of office of Mr. Tomoyoshi Arita as Outside Director of Japan Post Bank will be eight (8) years, that for Ms. Sawako Nohara and Mr. Tetsu Machida will be four (4) years, that for Ms. Nobuko Akashi will be three (3) years, that for Mr. Katsuaki Ikeda will be two (2) years and ten (10) months, and that for Mr. Hirofumi Nomoto will be one (1) year at the closing of this Ordinary General Meeting of Shareholders.
5. Japan Post Bank has entered into liability limitation agreements with Mr. Masatsugu Nagato, Mr. Ryoichi Nakazato, Mr. Tomoyoshi Arita, Ms. Sawako Nohara, Mr. Tetsu Machida, Ms. Nobuko Akashi, Mr. Katsuaki Ikeda and Mr. Hirofumi Nomoto to limit their liabilities to the minimum liability amount as

stipulated in Article 425, Paragraph 1 of the Companies Act. Subject to the approval of election of these candidates, Japan Post Bank will continue the above-mentioned liability limitation agreements with each of them. In addition, if the election of Mr. Ryoji Chubachi is approved, Japan Post Bank will enter into a similar liability limitation agreement with him.

## Criteria for Nomination of Director Candidates

### Article 1 (Purpose)

These criteria prescribe criteria when nominating candidates for the position of director in the Nomination Committee.

### Article 2 (Size and composition of director candidates)

- 1 The Nomination Committee shall nominate diverse director candidates with differing expert knowledge and experience while considering the balance of the Board of Directors as a whole.
- 2 The number of director candidates shall be an appropriate number of persons not exceeding 20, as prescribed by the Articles of Incorporation, and in principle at least one third shall comprise independent outside director candidates. In addition, at least one person with expertise regarding finance and accounting shall be included.

### Article 3 (Criteria for nomination of internal director candidates)

The Nomination Committee shall nominate persons that satisfy the following conditions as internal director candidates of the Bank.

- (1) Having expert knowledge regarding the Bank's business operations
- (2) Having excellent management judgment and management execution capability
- (3) Having excellent leadership ability, decision-making ability, foresight and planning capability
- (4) Having character and insight that is suitable as a director
- (5) Having no health impairment in executing duties as a director

### Article 4 (Criteria for nomination of external director candidates)

The Nomination Committee shall nominate persons that satisfy the following conditions as outside director candidates of the Bank.

- (1) Having expertise in specialist areas such as management, finance, accounting, law, government administration, and social and cultural affairs and have made suitable achievements in these specialist areas
- (2) Having character and insight that is suitable as a director
- (3) Having no health or business-related impairment in executing duties as an outside director

### Article 5 (Grounds for disqualification)

The Nomination Committee shall not nominate persons that fall under the following conditions as director candidates.

- (1) Persons who fall under the grounds for disqualification prescribed in Article 331, Paragraph 1 of the Companies Act
- (2) A person who has been adjudicated as bankrupt and whose rights have not yet been restored or a person who is treated in the same manner under the laws and regulations of a foreign state

### Article 6 (Revision or abolition)

Any revision or abolition of these criteria shall be by a resolution of the Nomination Committee.



Japan Post Bank shall appoint Independent Directors stipulated by the Tokyo Stock Exchange from Outside Directors who do not fall under any of the following.

1. Those who have served as an Executive of the Japan Post Group in the past
2. Those who have served as a Director who is not an Executive of the parent company of Japan Post Bank in the past
3. Entities which hold Japan Post Bank as major client or an Executive thereof, etc.
4. Entities which are major clients of Japan Post Bank or an Executive thereof, etc.
5. Consultant, accounting expert or legal expert who acquire, or have acquired substantial money or other property from Japan Post Bank other than officers' compensation (in case of an organization including corporation, association, etc., those who are, or have been affiliated to such organization in the past)
6. Major shareholder of Japan Post Bank (in case of a corporation, an Executive thereof, etc.)
7. Spouse or relative within the second degree of kinship of the following (excluding those without significance).
  - (1) Those listed in 1 to 6 above
  - (2) Executive of the Japan Post Group (excluding Japan Post Bank)
  - (3) Director who is not an Executive of the parent company of Japan Post Bank
8. Those who execute business in a company in which those who execute business, etc. of Japan Post Bank serve as outside officer
9. Those who receive a substantial amount of donation from Japan Post Bank (in case of an organization including corporation, association, etc., those who execute business, etc. thereof, or similar)

#### Appendix

1. The definitions of the terms in these Standards are as follows.

Japan Post Group	Japan Post Bank, its parent company, subsidiaries and fellow subsidiaries of the parent company
Executive	An executive stipulated in Article 2, Paragraph 3, Item 6 of the Ordinances for the Enforcement of the Companies Act
Executive, etc.	An Executive or those who have been an Executive in the past
Entities which hold Japan Post Bank as major client	An entity which the average annual cash amount paid from Japan Post Bank thereto in the past three fiscal years is over 2% of annual average consolidated total net sales thereof in the past three fiscal years
Entities which are major clients of Japan Post Bank	An entity which the average annual cash amount paid therefrom to Japan Post Bank in the past three fiscal years is over 2% of annual average consolidated ordinary income of Japan Post Bank in the past three fiscal years
Substantial money	Individuals: An average annual cash amount of over ¥10 million in the past three fiscal years Organizations: The average annual cash amount paid from Japan Post Bank to such entity in the past three fiscal years

	which is over 2% of annual average consolidated total net sales of such entity in the past three fiscal years
Major shareholders	Major shareholders stipulated in Article 163, Paragraph 1 of the Financial Instruments and Exchange Act
Substantial amount of donation	An average annual donation of over ¥10 million in the past three fiscal years

2. In case transactions or donations relating to the independent directors satisfy the following standards of immateriality, statement on the attribute information of independent directors will be omitted on the judgment that there are no effects on the independence of such independent directors.

(1) Transactions

- 1) The average annual amount paid from Japan Post Bank to such entity in the past three fiscal years is less than 1% of annual average consolidated total net sales of such entity in the past three fiscal years
- 2) The average annual amount paid from such entity to Japan Post Bank in the past three fiscal years is less than 1% of annual average consolidated ordinary income of Japan Post Bank in the past three fiscal years

(2) Donations

An annual average donation from Japan Post Bank is less than ¥5 million in the past three fiscal years

## I. Matters Concerning the Current Status of JAPAN POST BANK Co., Ltd.

### (1) Progress and Results of Business, etc.

#### 1) Details of main business

JAPAN POST BANK Co., Ltd. ("Japan Post Bank") is engaged in banking operations as a member of the Japan Post Group. The principal operations comprise deposit-taking, syndicated loans and other lending, securities investment, domestic and foreign exchange, retail sales of Japanese government bonds and investment trusts as well as insurance products, intermediary services including mortgages, and credit card operations.

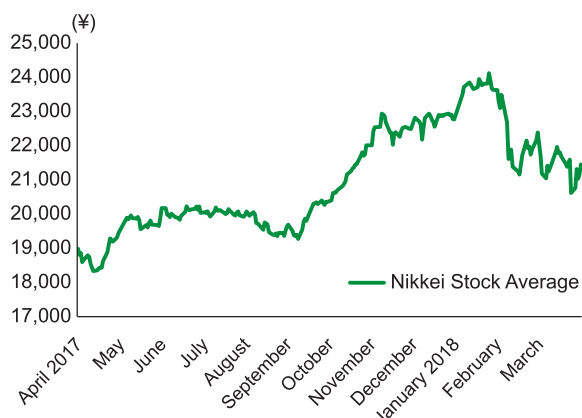
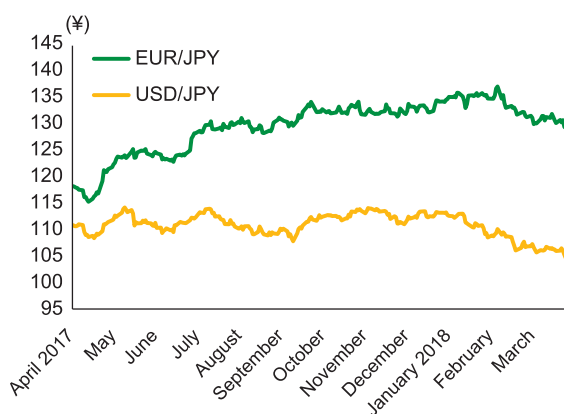
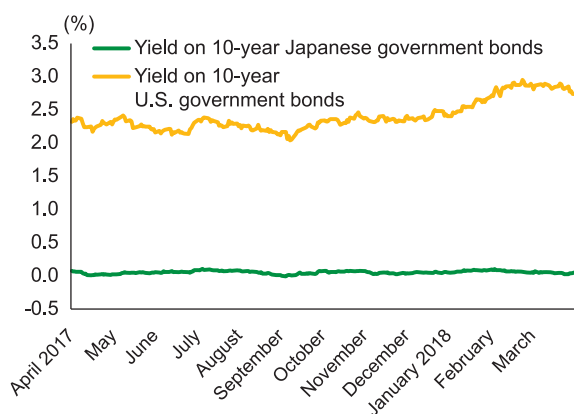
#### 2) Financial and economic environment

Looking back on the economic situation for the fiscal year ended March 31, 2018, the global economy is currently on a clear recovery track, despite risks of a downswing due to uncertain factors. Overseas, growth in the U.S. and European economies continued to exceed the potential growth rate, and the Chinese economy remained firm despite a moderate slowdown. The Japanese economy expanded steadily, having recorded positive growth since the first quarter of 2016.

In financial and capital markets, yield on 10-year Japanese government bonds remained mostly below the 0.1% level due to Quantitative and Qualitative Monetary Easing with Yield Curve Control. Yield on 10-year U.S. government bonds had been in the lower 2.0% range since the beginning of the fiscal year, but temporarily declined to around 2.0% as a result of rising geopolitical risks concerning Northeast Asia in September 2017 and other factors. The yield later started rising in response to factors including the decision by the U.S. Federal Reserve Board to reduce its balance sheet in September, a hike in the policy interest rate in December, and the passing of the U.S. tax reform legislation, and since late February 2018 has risen to the 3.0% range amid the combination of concerns about the accelerated pace of policy interest rate hikes due to increasing pressure from higher prices and the growing momentum of fiscal expansion.

In the foreign exchange market, the yen remained the range of ¥110 against the U.S. dollar from the beginning of the fiscal year. However, the yen began to strengthen starting in January 2018 due to a worldwide decline in stock prices and other factors triggered by uncertainty about the U.S. trade policies, and a rise in U.S. long-term interest rates, and temporarily reached the range of ¥104 in March. Against the Euro, the yen appreciated temporarily to the range of ¥114 in April 2017, but the trend shifted to a stronger Euro and weaker yen due to factors such as lessened uncertainties about the outlook in the European political situation and the reduction of monetary easing in Europe, and the yen fell temporarily to the ¥137 range in early February 2018.

The Nikkei Stock Average had stayed mostly around ¥20,000 since the beginning of the fiscal year, but began rising from October 2017 onward in response to the ruling party's victory in the Lower House election, robust corporate earnings, and strong overseas stock markets, reaching the ¥24,000 range for the first time in approximately 26 years in January 2018. The index later fell amid a global decline in stock prices and a rising yen, and remained mostly in the ¥21,000 range toward the end of the fiscal year.



### 3) Business progress and results

#### Results for the fiscal year ended March 31, 2018

Net ordinary income	Net income	Dividends per share	Dividend payout ratio
<b>¥499.6</b> billion	<b>¥352.7</b> billion	<b>¥50</b>	<b>53.1%</b>
(+¥57.5 billion year on year)	(+¥40.4 billion year on year)	(Annual dividends of ¥25)	

#### [Results of Operations]

For the fiscal year ended March 31, 2018, gross operating profit increased by ¥52.1 billion year on year to ¥1,462.3 billion. Of this, net interest income decreased by ¥47.8 billion year on year to ¥1,175.6 billion, mainly due to a decrease in interest on Japanese government bonds. Net fees and commissions increased by ¥9.8 billion year on year to ¥96.4 billion. Net other operating income increased by ¥90.1 billion year on year to ¥190.2 billion, due to an increase in gains (losses) on foreign exchanges, etc.

General and administrative expenses (excluding non-recurring losses) decreased by ¥11.1 billion year on year to ¥1,045.0 billion.

As a result, net operating profit increased by ¥63.2 billion year on year to ¥417.3 billion and net ordinary income increased by ¥57.5 billion year on year to ¥499.6 billion despite the adverse business environment with yen interest rates remained at a low level. Net income increased by ¥40.4 billion year on year to ¥352.7 billion, which equated to 100.7% of the earnings forecasts of ¥350.0 billion.

(Billions of yen)

	FY18/3	FY17/3	Increase (decrease)
Gross operating profit (1)	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
General and administrative expenses (excluding non-recurring losses) (2)	1,045.0	1,056.1	(11.1)
Personnel expenses	128.6	125.3	3.3
Non-personnel expenses	838.9	854.3	(15.4)
Taxes and dues	77.4	76.4	0.9
Provision for general reserve for possible loan losses (3)	0.0	(0.0)	0.0
Net operating profit (4) = (1) - (2) - (3)	417.3	354.0	63.2
Non-recurring gains (losses) (5)	82.3	87.9	(5.6)
Net ordinary income (6) = (4) + (5)	499.6	442.0	57.5
Net income	352.7	312.2	40.4

Selected ratios are shown in the chart below.

	FY18/3	FY17/3	Increase (decrease)
Net income to assets (ROA)	0.16%	0.14%	0.01 %
Net income to equity (ROE)	3.02%	2.68%	0.34 %
Overhead ratio (OHR)	71.46%	74.89%	(3.42)%

In addition, the Japan Post Bank has prepared consolidated financial statements starting from the fiscal year ended March 31, 2018. Consolidated net ordinary income was ¥499.6 billion and net income attributable to owners of parent was ¥352.7 billion.

#### [Financial Condition]

Total assets at the end of the fiscal year ended March 31, 2018, increased by ¥1,061.7 billion from the end of the previous fiscal year to ¥210,630.6 billion. Of investments, securities increased by ¥408.8 billion from the end of the previous fiscal year to ¥139,201.2 billion. Of these, while the balance of Japanese government bonds decreased due to persistent low yen interest rates, the balance of foreign securities, etc., increased as a result of promoting diversified investments in foreign assets.

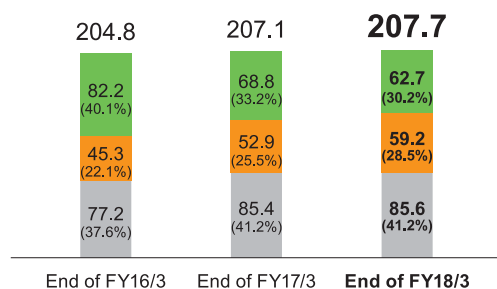
With respect to major interest-bearing liabilities, we maintained a stable balance of deposits, increased by ¥448.0 billion from the end of the previous fiscal year to ¥179,882.7 billion.

Shareholders' equity increased by ¥164.9 billion from the end of the previous fiscal year, valuation and translation adjustments decreased by ¥431.8 billion from the end of the previous fiscal year, and net assets amounted to ¥11,513.1 billion. Of shareholders' equity, retained earnings amounted to ¥2,399.0 billion.

#### Trend of Investments

(Trillions of yen)

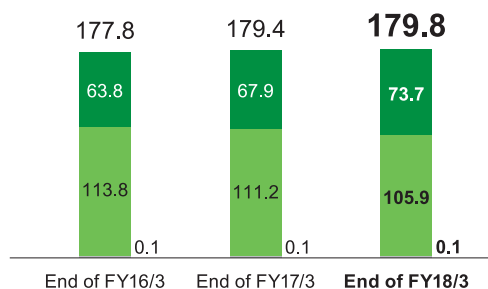
- Japanese government bonds
- Foreign securities, etc.
- Others



#### Trend of Deposit Balance

(Trillions of yen)

- Liquid deposits
- Fixed-term deposits
- Others



[Trend of Capital Adequacy Ratio]

Compared to March 31, 2017, the capital adequacy ratio (non-consolidated, domestic standard) declined 4.79 percentage points to 17.42% due to diversification and sophistication of investments. Nevertheless, the ratio maintained a higher level than the minimum requirement of 4% based on capital adequacy standards.

[Ratings]

We obtained the highest level rating among Japanese financial institutions from two rating agencies.

(As of March 31, 2018)		
Rating agency	Long-term rating	Short-term rating
Moody's	A1	P-1
S&P	A+	A-1

## Overview of Business

The Japan Post Bank formulated the Medium-term Management Plan for the period from the fiscal year ended March 31, 2016, to the fiscal year ending March 31, 2018, and strived to achieve the targets.

### Medium-term Management Plan (FY2016/3-2018/3)

Vision	
<ul style="list-style-type: none"> <li>■ The most accessible and trustworthy bank in Japan based on the network of approximately 24,000 post offices across Japan as our main channel to provide our customers with the highest level of service</li> </ul>	<ul style="list-style-type: none"> <li>■ One of the largest institutional investors in Japan, making efforts to sophisticate and diversify investments through appropriate risk management for maintaining stable profits</li> </ul>
Specific Strategies	
<ol style="list-style-type: none"> <li>Promote retail services that contribute to the livelihoods and asset development of a customer base on the scale of 100 million people <ul style="list-style-type: none"> <li>● Increase assets under management by securing stable client base</li> <li>● Increase fees and commissions</li> <li>● Leverage data through CRM</li> <li>● Build a structure and system that is capable of providing customer-oriented services</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>Promote global asset allocation for excess return under stable funding structure</li> <li>Under the rigorous policy "Compliance First," develop a strong management systems that is appropriate for a listed company</li> </ol>

During the fiscal year ended March 31, 2018, the final year of the Plan, Japan Post Bank sought to specialize in areas capitalizing on its strengths, based on the three pillars of “Provision of high-quality customer-oriented financial services,” “Funds flow to regional communities” and “Diversification and sophistication of investment management.” To that end, we implemented the following measures.

### **Securing the Customer Base and Strengthening Our Fee Businesses**

- Supporting customers in building their assets

Through the practice of “customer-oriented business operations,” we pursued consulting-based sales according to the lifestyles and needs of customers and engaged in sales of asset management products using the post office network.

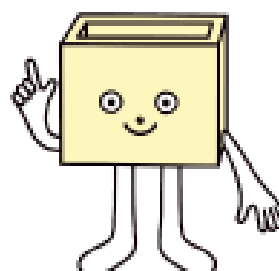
Specifically, in addition to efforts to foster financial consultants and increase their number, starting in July 2017, we expanded the “investment trust sales locations” that conduct sales of investment trusts, and “investment trust introductory locations,” that provide asset management consultations and introduce investment trusts.

We also continued working to expand our customer base through measures such as campaigns targeting new customers in addition to enhancing our iDeCo (individual-type Defined Contribution pension plan) product lineup and reducing fees such as trust fees in order to meet the various asset building needs of our customers.

In January 2018, we began offering installment-type NISA account products that can be purchased with peace of mind by customers who are looking to invest for the first time or make small installments.

	June 2017	July 10, 2017	March 31, 2018
Investment trust sales locations	1,315	1,328 (+13)	1,416 (+88)
	June 2017	July 10, 2017	March 31, 2018
Investment trust introductory locations	805	16,686 (+15,881)	18,298 (+1,612)

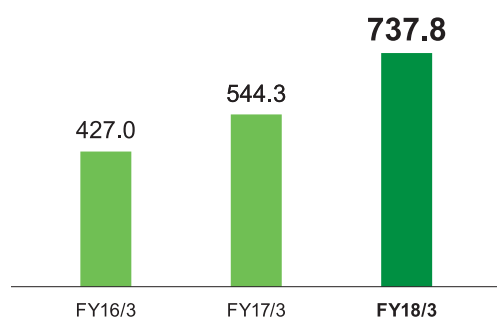
\* All branches of Japan Post Bank offer investment trusts.





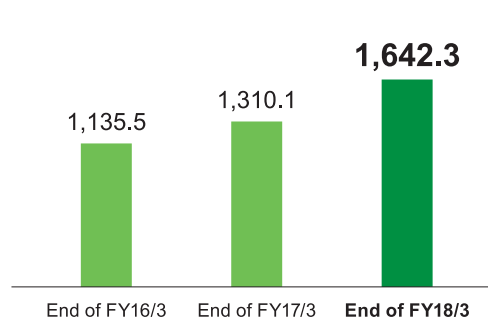
## Trend of investment trusts sales

(Billions of yen)



## Trend of net assets of investment trusts

(Billions of yen)



### - Enhancing the ATM network and services for smartphones

Continuing from the fiscal year ended March 31, 2017, we placed compact ATMs equipped to handle 16 languages at FamilyMart convenience stores nationwide.

In January 2018, we eliminated some fees when using our cash cards on E-net ATMs\*. This is the first time fees have been eliminated at ATMs other than those of Japan Post Bank, which we believe will further increase convenience for our customers.

\* E-net ATMs are ATMs installed and operated by E-net Co., Ltd. for shared use by banks. They are installed at approximately 13,000 locations nationwide at FamilyMart and other convenience stores, supermarkets, etc.

We have also begun offering apps for smartphones such as the JAPAN POST BANK ATM Finder and JAPAN POST BANK Direct Balance Inquiry App.



ATM location shown on map



Getting directions in AR (augmented reality) mode

JAPAN POST BANK ATM Finder  
(from September 2017)



JAPAN POST BANK Direct Balance Inquiry App  
(from January 2018)



### - Enhancing settlement services

We worked to enhance our settlement functions by enabling payment from Japan Post Bank accounts starting in July 2017 through the PayB smartphone settlement app provided by Billing System Corporation, and by initiatives such as expanding collaboration with securities firms, etc. through the use of immediate transfer services.

We increased the functions of “mijica,” a prepaid Visa card issued jointly by Japan Post Bank and JAPAN POST Corporation (“Japan Post Co.”), since the fiscal year ended March 31, 2017, and expanded the regions in which it is issued.

## Funds Flow to Regional Communities

### - Contribution to regional vitalization

In order to flow precious customer funds to regional communities, Japan Post Bank has been actively promoting participation in regional vitalization funds since the fiscal year ended March 31, 2017 in collaboration with regional financial institutions. In the fiscal year ended March 31, 2018, we decided to invest in a number of funds for the purpose of supporting business succession as well as the startups and the establishment of new enterprises, etc.



Fund name	Participated year/month
① Kyushu Wide Area Reconstruction Assistance Fund	July 2016
② KFG Regional Enterprise Support Fund	November 2016
③ Hokkaido Growth Companies Support Fund	November 2016
④ Chubu/Hokuriku Region Vitalization Fund	April 2017
⑤ Shiga Bank Core Business Support Fund	June 2017
⑥ Toho Business Succession Fund	August 2017
⑦ Kyushu Setouchi Potential Value Fund	October 2017
⑧ MIYAKO Kyoto University Innovation Fund	November 2017
⑨ MBC Shisaku 1 Fund	December 2017
⑩ Michinoku Regional Vitalization Fund	March 2018
⑪ Fukui Future Enterprise Support Fund	March 2018
⑫ Ehime Regional Vitalization Fund	March 2018

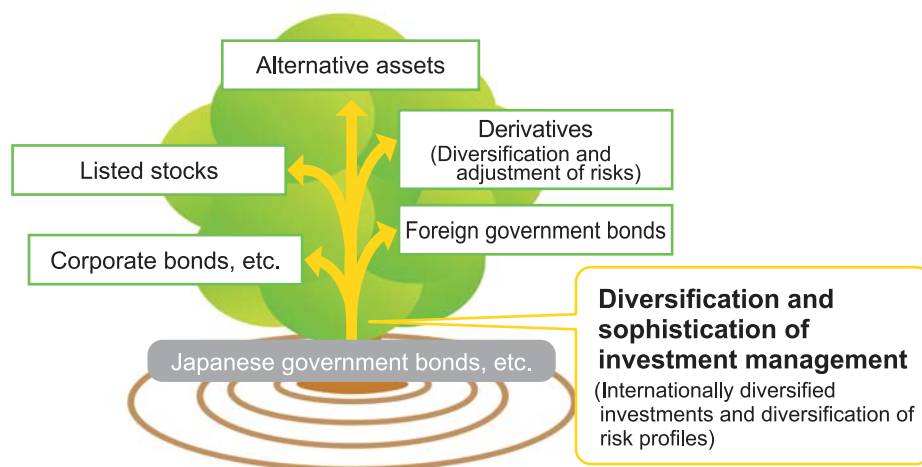
## Diversification and Sophistication of Investment Management

### - Diversification and sophistication of investments management

Amid the persistent low interest rates in Japan, we expanded investments in foreign securities mainly in investment grade bonds. We also steadily built up alternative investments such as private equity funds that invest in unlisted companies, etc. with growth potential, as well as real estate funds and hedge funds.

In order to further increase earnings through private equity investment, we established Japan Post Investment Corporation (“Japan Post Investment Co.”) in February 2018 in cooperation with JAPAN POST INSURANCE Co., Ltd. Focusing mainly on companies in Japan, Japan Post Investment Co. makes investment decisions based on assessments of commercial viability and provides management support to investee companies, and supplies funds through joint investment with other outstanding fund managers, etc.

### Directions for diversification and sophistication of investment management



### - Strengthening our investment system and risk management system

In addition to promoting diversification and sophistication of investments management, we worked to secure stable foreign currency funding while further strengthening our investment system by hiring investment professionals and fostering internal human resources.

We also made efforts to strengthen our risk management system mainly through enhanced monitoring functions to handle the expanded range of investment targets including alternative investments.

## Strengthening the Business Foundation

### - Developing the business infrastructure

In addition to improving our IR activities and IR structure and promoting diversity management (utilization of diverse human resources), we promoted response to Fintech (intersection of the financial services and technology sectors), developing human resources mainly in growth areas, improving administrative efficiency by system-based automation, and pursuing work-style reforms to raise employee productivity.

In the field of CSR (Corporate Social Responsibility), we leveraged the unique features of Japan Post Bank's operations to contribute to building the foundation of society, under the key themes of "reliable service," "environment," "diversity management," and "education."



The Diversity Forum



Financial education class (on demand) for schoolchildren

### - Expense efficiency

We invested proactively in areas that will enhance customer services and contribute to our growth, while making efforts to increase expense efficiency through measures such as reduction of default expenses and promotion of BPR (Business Process Re-engineering to improve productivity).

As a result, we reduced non-personnel expenses (compared to the fiscal year ended March 31, 2015) by ¥78.5 billion, outperforming the reduction target of ¥50.0 billion set under the Medium-term Management Plan for the period from the fiscal year ended March 31, 2016, to the fiscal year ended March 31, 2018.

- Enhancing internal control system

Based on our firm conviction that “companies cannot survive without compliance,” we worked to further strengthen our internal control system with the aim of enhancing corporate value through measures such as promoting greater awareness of compliance issues through various forms of training and increasing customer protection in sales of asset management products.

In June 2017, we officially announced “Policy of a Customer-Oriented Business,” for the first time. Furthermore, in March 2018, we updated the policy in order to make it widely established.

In light of growing international and social demands, we are also working to bolster our system to combat money laundering and terrorist financing.

**“Obtaining Regulatory Approval of New Services”**

Based on the three pillars of “Provision of high-quality customer-oriented financial services,” “Funds flow to regional communities,” and “Diversification and sophistication of investment management,” and in the interest of further enhancing the corporate value of Japan Post Bank, we obtained regulatory approval for the following new services as of June 19, 2017.

I. Account Overdraft Service

Services to provide automatic overdraft of the insufficient amount in cases such as an automatic transfer payment exceeding the account balance, as part of our settlement services

II. Operations Related to Cooperation with Regional Financial Institutions, Etc.

Services incidental to the operations Japan Post Bank is able to carry out under the Postal Service Privatization Act, such as sharing administrative work with regional financial institutions

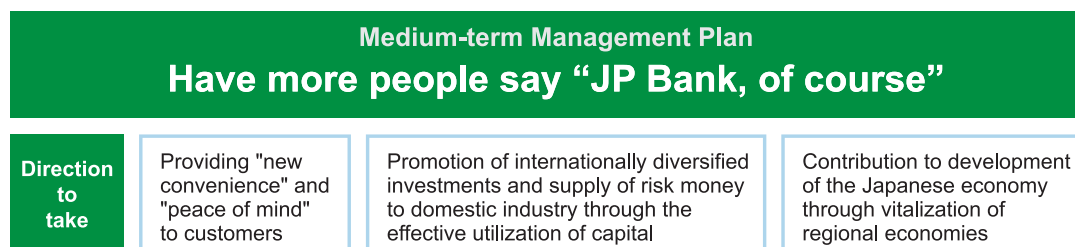
III. Market Investment-Related Business

Market investment-related business such as CDS (credit default swaps) in order to promote the diversification and sophistication of investments

#### 4) Issues to be addressed

Japan Post Bank has generated stable profits with stable funding supported by our retail marketing capabilities with the post office network as our main channel, our solid capital base, and our ALM (Asset Liability Management) and investment strategy that leverage those special features.

Amid a business environment that is expected to remain severe, Japan Post Bank considers it essential to make efforts to ensure stable profits and sustainable future growth. Based on this understanding, we have formulated our new Medium-term Management Plan covering the period from the fiscal year ending March 31, 2019, to the fiscal year ending March 31, 2021.



Japan Post Bank will pursue various company-wide initiatives to realize our vision based on the slogan of the new Medium-term Management Plan, “Have more people say ‘JP Bank, of course.’”

Through the post office network, we will steadfastly support the life of each and every one of our wide range of customers across Japan, from small children to the elderly. Hand in hand, we will build the Japan Post Bank brand.

At the same time, we will explore new ways of providing services by making use of cutting-edge technologies while taking into account changes in customer needs.

As a member of Team JP, we will support the stable and efficient operation of the post office network and contribute to secure the universal services.

## **Provision of High-Quality Customer-Oriented Financial Services**

We will provide “new convenience” and “peace of mind” to customers through the use of new technologies such as Fintech in addition to enhancing and expanding the nationwide network to facilitate customer consultations.

- Contributing to customers’ asset building

In order to help customers build their assets, we will provide asset management products such as investment trusts through product introduction in line with the needs and investment experience of our customers, based on “customer-oriented business operations.”

We will promote our consulting services by fostering and increasing the number of financial consultants, enhancing tablets and other tools used in sales activities, and expanding the number of investment trust sales locations. In addition, we will meet diverse asset-building needs through a product lineup tailored to customer needs and product introduction eligible for installment-type NISA accounts.

We will provide “peace of mind” to customers by enhancement of consulting according to life events such as employment, retirement and inheritance, etc., which will support them at every stage of their lives.

- Enhancing settlement services

We will provide “new convenience” that can be used anywhere, anytime, through efforts to expand the use of existing services such as immediate transfer services in addition to preparing for the introduction of new remittance and settlement services such as account overdraft services and smartphone settlement.

- Expanding the ATM network

We will continue to increase the installation of compact ATMs in highly convenient locations and to place ATMs effectively. We will also work to improve ATM functions including expanding alliance of the use of cash to recharge e-money cards.

## **Diversification and Sophistication of Investment Management**

- Ensuring earnings by diversification and sophistication of investment management

Under an extremely challenging investment environment due to prolonged low yen interest rates, we aim to ensure stable profits through the effective utilization of capital to promote internationally diversified investments, expansion of investment in risk assets, and improvement of profitability by making use of derivative transactions and others.

With regard to investment in risk assets, we will continue to pursue investment in foreign securities and alternative investments.

Regarding investment in private equity funds, an alternative investment method, we will take advantage of investment opportunities through Japan Post Investment Co., which will enable us to help nurture domestic industry by supplying risk money to the industry.

- Ensuring financial soundness

As we promote diversification and sophistication of investment management, international financial regulations are being ramped up and our capital adequacy ratio is expected to decline. However, we will ensure a necessary and sufficient capital adequacy ratio from the perspective of a balanced financial structure to achieve both stable profits and financial soundness. We will also enhance our management system by introducing a risk appetite framework\* in our ALM and investment operations.

\* A mechanism that strengthens risk governance by clarifying appropriate types and levels of risks in the light of both ensuring earnings and achieving financial soundness, and by increasing the accountability of executives (management) and effectiveness of the supervisory function (Board of Directors)

## **Funds Flow to Regional Communities**

We will continue to contribute to the development and growth of regional economies through partnerships and collaboration with regional financial institutions.

We will deepen our cooperative relationships with regional financial institutions by promoting investments in regional vitalization funds as well as through use of the ATM network and sharing of administrative work, etc.

With the aim of contributing further, we also seek to enter the field of fund management as a general partner (GP) that selects projects and makes investment decisions.

## **Strengthening the Business Management System**

### **- Strengthening risk governance**

In order to strengthen corporate governance, we will work to enhance our business management system by phasing in a risk appetite framework that will form the core of risk governance.

### **- Strengthening the compliance system**

In addition to our ongoing efforts to promote greater awareness of compliance issues and increase customer protection in sales of asset management products, we will fulfill our social responsibility by reinforcing our measures to combat money laundering and terrorist financing.

### **- Human Resource strategy**

We will promote diversity management through measures such as support for career formation including a rise in the ratio of female management employees, improvement of productivity by reforming work styles, and preparation of a comfortable workplace environment to accommodate employee diversity.

We will concentrate on development of human resources mainly in growth and focus areas, including expansion of investment trust sales and diversification and sophistication of investment management.

### **- Thorough implementation of cost management and effective use of IT**

We will thoroughly implement cost management by promoting greater operational efficiency and higher productivity through the use of Fintech and digital technology. We are working to enhance customer service by reallocating management resources from transaction services (routine services at bank counters, etc.) to consulting services, and promoting the effective use of human resources and other companies.

In addition, in order to increase convenience for customers, we are moving ahead with policies including the establishment and expansion of the system infrastructure (API: Application Programming Interface) needed to strengthen collaboration between our system and the systems of other companies.

### **- ESG (environmental, social, and governance)**

As an integral part of our CSR efforts, we will further promote measures to address the three elements of ESG (environmental, social, and governance) that contribute to the creation of a sustainable society.

Japan Post Bank will work to enhance corporate value through these initiatives. We ask for the continued understanding and support of all our shareholders.



## (2) Financial Condition and Results of Operations

(Billions of yen)

As of and for the fiscal year ended March 31	2015	2016	2017	2018
Deposits	177,710.7	177,871.9	179,434.6	<b>179,882.7</b>
Fixed-term deposits	116,453.0	113,852.8	111,280.7	<b>105,989.3</b>
Others	61,257.7	64,019.1	68,153.9	<b>73,893.4</b>
Loans	2,783.9	2,542.0	4,064.1	<b>6,145.5</b>
Loans to individuals	207.4	200.7	189.4	<b>172.6</b>
Loans to small and medium-size enterprises	—	—	—	—
Others	2,576.5	2,341.2	3,874.7	<b>5,972.8</b>
Trading account securities	0.1	0.1	0.0	<b>0.0</b>
Securities	156,169.7	144,076.8	138,792.4	<b>139,201.2</b>
Japanese government bonds	106,767.0	82,255.6	68,804.9	<b>62,749.7</b>
Others	49,402.7	61,821.1	69,987.4	<b>76,451.5</b>
Total assets	208,179.3	207,056.0	209,568.8	<b>210,630.6</b>
Domestic exchange transaction volume	37,184.4	41,212.1	42,314.9	<b>46,011.9</b>
Foreign exchange transaction volume	(Millions of U.S. dollars) 1,112	(Millions of U.S. dollars) 1,223	(Millions of U.S. dollars) 1,169	(Millions of U.S. dollars) <b>1,267</b>
Net ordinary income	(Millions of yen) 569,489	(Millions of yen) 481,998	(Millions of yen) 442,085	(Millions of yen) <b>499,669</b>
Net income	(Millions of yen) 369,434	(Millions of yen) 325,069	(Millions of yen) 312,264	(Millions of yen) <b>352,745</b>
Net income per share	(Yen) 89.58	(Yen) 86.69	(Yen) 83.28	(Yen) <b>94.09</b>

## Notes:

1. The figures are rounded down.
2. Deposits correspond to “deposits” recorded under liabilities pursuant to the Ordinance for the Enforcement of the Banking Act.
3. Loans as of March 31, 2018 increased compared to as of March 31, 2017 mainly because of increased lending of funds to the Japanese government.
4. Japan Post Bank conducted a stock split effective on August 1, 2015, under which each share of common stock was split into 30 shares. However, the Bank’s calculation of net income per share is based on the assumption that the stock split was effective at the beginning of the fiscal year ended March 31, 2015.
5. Net income per share is calculated by the following formula.

$$\text{Net income per share} = \frac{\text{Net income reported on statement of income}}{\frac{\text{The average number of common stock outstanding during the fiscal year} - \text{The average number of treasury stock during the fiscal year}}$$

## (Reference Financial Condition and Results of Operations of Japan Post Bank Group)

(Billions of yen)

As of and for the fiscal year ended March 31	2015	2016	2017	2018
Ordinary income	—	—	—	<b>2,044.9</b>
Net ordinary income	—	—	—	<b>499.6</b>
Net income attributable to owners of parent	—	—	—	<b>352.7</b>
Comprehensive income	—	—	—	<b>(80.4)</b>
Net assets	—	—	—	<b>11,521.6</b>
Total assets	—	—	—	<b>210,629.8</b>

Notes:

1. The figures are rounded down.
2. We have prepared consolidated financial statements beginning from the fiscal year ended March 31, 2018.

## (3) Employees

	As of March 31, 2018	As of March 31, 2017
Number of employees	<b>13,009</b>	12,965
Average age	<b>42 years, 7 months</b>	42 years, 7 months
Average years of service	<b>19 years, 1 month</b>	19 years, 2 months
Average monthly salary	<b>¥399 thousand</b>	¥402 thousand

Notes:

1. The number of employees does not include part-time employees (including those who have converted to indefinite term employment based on the system for conversion to indefinite term employment (associate employees)).
2. The figures for average age, average years of service and average monthly salary are rounded down.
3. Average years of service includes years of service prior to the establishment of Japan Post Bank (before privatization).
4. Average monthly salary is the average monthly salary for March, excluding bonuses but including overtime allowance, etc.

(4) Branches, etc.

1) Change in the number of branches

	As of March 31, 2018		As of March 31, 2017	
	Number of branches	[Number of sub branches]	Number of branches	[Number of sub branches]
Hokkaido	5	[4]	5	[4]
Tohoku	10	[9]	10	[9]
Kanto	70	[69]	70	[69]
Tokyo	41	[40]	41	[40]
Shinetsu	6	[5]	6	[5]
Hokuriku	4	[3]	4	[3]
Tokai	23	[22]	23	[22]
Kinki	44	[43]	44	[43]
Chugoku	11	[10]	11	[10]
Shikoku	6	[5]	6	[5]
Kyushu	13	[12]	13	[12]
Okinawa	1	[—]	1	[—]
Domestics total	234	[222]	234	[222]
Overseas total	—	[—]	—	[—]
Total	234	[222]	234	[222]

Notes:

1. The number of branches excludes the number of offices where bank agents, for which Japan Post Bank serves as a principal bank, operate bank agency services and unmanned sub branches of Japan Post Bank (4,091 places as of March 31, 2018).
2. In addition to the above, Japan Post Bank has two overseas representative offices as of March 31, 2018 (unchanged from the number as of March 31, 2017).

2) Newly-established branches during the fiscal year

Not applicable.

### 3) List of bank agent

Name	Location of a principal branch or office	Main business other than bank agency service
JAPAN POST Co., Ltd.	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo	Postal services, insurance counter services, sales of revenue stamps, contracted services from Japanese local governments, agency services of life insurance and nonlife insurance, domestic and international logistics business, logistics business, real estate business, sale of goods, and others.

### 4) Bank agency services, etc., operated by a bank

Trade name or name of financial institutions for which Japan Post Bank serves as a principal bank

Suruga Bank Ltd.

### (5) Capital Investment

#### 1) Total amount of capital investment

(Millions of yen)

Total amount of capital investment	58,818
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Note: The figure is rounded down.

#### 2) New installation, etc., of significant equipment

(Millions of yen)

Details	Amount
Development of Japan Post Bank Total Information System	26,610
Purchase of Automated Cashiers	10,586
Purchase of ATMs	4,654

Note: The figures are rounded down.

(6) Parent Company and Principal Subsidiaries, etc.

1) Parent company

Company name	Location	Main business	Date of establishment	Capital	Percentage of voting rights of Japan Post Bank held by the parent company	Others
JAPAN POST HOLDINGS Co., Ltd.	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo	A holding company	January 23, 2006	3,500,000 (Millions of yen)	89.00%	—

Note: The ratio of voting rights is rounded down to the second decimal place.

2) Subsidiaries, etc.

Company name	Location	Main business	Date of establishment	Capital	Percentage of voting rights of subsidiaries, etc., held by Japan Post Bank	Others
SDP CENTER Co., Ltd.	Triton Square Tower X 43F, 8-10, Harumi 1-chome, Chuo-ku, Tokyo	Banking administrative agency services	May 28, 1980	2,000 (Millions of yen)	45.00%	—
ATM Japan Business Service, Ltd.	30-5, Hamamatsu-cho 1-chome, Minato-ku, Tokyo	Management of ATMs, for example cash loading and withdrawal	August 30, 2012	100 (Millions of yen)	35.00%	—
JP Asset Management Co., Ltd.	5-11, Nihonbashi-honcho 1-chome, Chuo-ku, Tokyo	Invest management business, Type II Financial Instruments Business	August 18, 2015	500 (Millions of yen)	45.00%	—
Japan Post Investment Corporation	3-2, Kasumigaseki 1-chome, Chiyoda-ku, Tokyo	Investment management operations of securities	February 9, 2018	750 (Millions of yen)	50.00%	—

Note: The ratio of voting rights is rounded down to the second decimal place.

- Overview of Significant Business Alliances

1 Pursuant to the provisions of Article 98, Paragraph 2, Item 2 of the Postal Service Privatization Act, Japan Post Bank consigns bank agency services to Japan Post Co. In addition, Japan Post Bank has entered into a bank counter services agreement with Japan Post Co. to enable it to perform the duties as set forth in Article 5 of Japan Post Company Act.

2 Pursuant to the provisions of Article 15 of the Act on Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency, Japan Post Bank is entrusted with the management of postal savings deposits that were passed on to the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency, by Japan Post Co.

3 ATM/CD alliance services

Japan Post Bank has formed an alliance with the following financial institutions and provides services such as cash withdrawal using ATMs, etc.

City banks (5 banks), trust banks (3 banks), foreign banks (2 banks), regional banks (64 banks), second-tier regional banks (41 banks), other banks (13 banks), The Shoko Chukin Bank, Ltd. (1 bank), *shinkin* banks (261 banks), credit cooperatives (121 cooperatives), labor banks (13 banks), credit federations of agricultural cooperatives (32 cooperatives), agricultural cooperatives (652 cooperatives), credit federations of fishery cooperatives (28 cooperatives), fishery cooperatives (73 cooperatives), securities firms (12 firms), life insurance companies (9 companies), credit card companies (48 companies) and other companies (4 companies)

(7) Business Transfer, etc.

Date of business transfer, etc.	Details of business transfer, etc.
February 9, 2018	Japan Post Bank has acquired common stock and classified stock issued by Japan Post Investment Co. Japan Post Bank holds 99,167 shares (comprising 2,500 shares of common stock and 96,667 shares of classified stock), with the amount of investment of ¥991 million (comprising ¥25 million in common stock and ¥966 million in classified stock).

(8) Other Important Matters Concerning the Current Status of Japan Post Bank

Not applicable.

## II. Matters Concerning Directors and Executive Officers

### (1) Directors and Executive Officers

#### Directors

(As of March 31, 2018)

Name	Position and assignment	Significant concurrent positions	Others
Norito Ikeda	Director	Director of JAPAN POST HOLDINGS Co., Ltd. Outside Director of FANCL CORPORATION	—
Susumu Tanaka	Director	Managing Executive Officer of JAPAN POST HOLDINGS Co., Ltd.	—
Katsunori Sago	Director		—
Masatsugu Nagato	Director Member of the Nomination Committee (Chairman) Member of the Compensation Committee	Director, Representative Executive Officer, President and CEO of JAPAN POST HOLDINGS Co., Ltd. Director of JAPAN POST Co., Ltd. Director of JAPAN POST INSURANCE Co., Ltd.	—
Ryoichi Nakazato	Director Member of the Audit Committee		—
Tomoyoshi Arita	Director (Outside Director) Member of the Audit Committee (Chairman) Member of the Nomination Committee	Attorney-at-law External Statutory Auditor of WDB Holdings Co., Ltd. Outside Corporate Auditor of BROTHER INDUSTRIES, LTD. Outside Director of Fukuyama Transporting Co., Ltd.	—
Sawako Nohara	Director (Outside Director) Member of the Audit Committee	President and CEO of IPSe Marketing, Inc. Project professor at Keio University Graduate School of Media and Governance Outside Director of Sampo Holdings, Inc. Outside Director of Nissha Co., Ltd.	—

## Directors

(As of March 31, 2018)

Name	Position and assignment	Significant concurrent positions	Others
Tetsu Machida	Director (Outside Director) Member of the Audit Committee	Independent economic journalist	—
Nobuko Akashi	Director (Outside Director)	Board Chairman of a non-profit organization, Japan Manners & Protocol Association	—
Toshihiro Tsuboi	Director (Outside Director) Member of the Audit Committee		—
Katsuaki Ikeda	Director (Outside Director) Member of the Audit Committee Member of the Compensation Committee		Mr. Katsuaki Ikeda has a considerable amount of professional knowledge on finance and accounting through his long history of involvement in management of financial institutions.
Tsuyoshi Okamoto	Director (Outside Director) Member of the Compensation Committee (Chairman) Member of the Nomination Committee	Director and Chairman of the Board of TOKYO GAS CO., LTD.	—
Hirofumi Nomoto	Director (Outside Director) Member of the Nomination Committee Member of the Compensation Committee	President & Representative Director of Tokyu Corporation Director of Tokyu Fudosan Holdings Corporation Director of TOKYU RECREATION CO., LTD. Outside Director of TOEI COMPANY, LTD. Outside Director of TOBU Railway Co., LTD.	—

## Notes:

1. Mr. Norito Ikeda, Mr. Susumu Tanaka, and Mr. Katsunori Sago concurrently serve as Executive Officers.
2. Mr. Ryoichi Nakazato and Mr. Toshihiro Tsuboi are full-time members of the Audit Committee. Reasons for electing a full-time member of the Audit Committee is to enhance the effectiveness of audits performed by the Audit Committee by attending important meetings other than the meetings of the Board of Directors and having coordination with the Internal Control Division closely.
3. Seven of Outside Directors (Mr. Tomoyoshi Arita, Ms. Sawako Nohara, Mr. Tetsu Machida, Ms. Nobuko Akashi, Mr. Katsuaki Ikeda, Mr. Tsuyoshi Okamoto, and Mr. Hirofumi Nomoto) are Independent Directors as stipulated by Tokyo Stock Exchange, Inc.
4. Mr. Ryoichi Nakazato and Mr. Hirofumi Nomoto were newly appointed as Directors at the Ordinary General Meeting of Shareholders held on June 20, 2017, and assumed their positions on the same date.
5. As of the conclusion of the Ordinary General Meeting of Shareholders held on June 20, 2017, Mr. Yoshizumi Nezu resigned from his position of Director due to expiration of his term of office.



## Executive Officers

(As of March 31, 2018)

Name	Position and assignment	Significant concurrent positions	Others
Norito Ikeda	President and Representative Executive Officer	Director of JAPAN POST HOLDINGS Co., Ltd. Outside Director of FANCL CORPORATION	—
Susumu Tanaka	Representative Executive Vice President (Assistant to the President and matters concerning operations of Corporate Administration Division (excluding operations of Research Department, Financial Accounting Department, Investor Relations Department, Public Relations Department, Customer Satisfaction Department and General Affairs Department))	Managing Executive Officer of JAPAN POST HOLDINGS Co., Ltd.	—
Katsunori Sago	Representative Executive Vice President (Matters concerning operations of Investment Division)		—
Yoshinori Hagino	Executive Vice President (Matters concerning operations of System Division)	Director of JAPAN POST INFORMATION TECHNOLOGY Co., Ltd.	—
Masahiro Murashima	Senior Managing Executive Officer (Matters concerning operations of Marketing Division and supervision of operations of directly-operated branches and regional headquarters)	Outside Director of SDP CENTER Co., Ltd.	—
Shigeki Matsushima	Senior Managing Executive Officer (Matters concerning operations of Financial Accounting Department, Investor Relations Department and Public Relations Department, Corporate Administration Division and Assistant to the Representative Executive Vice President in charge of Corporate Administration Division (limited to supervision of operations related to IFRS Planning Office, Corporate Planning Department, Corporate Administration Division))		—
Hiroichi Shishimi	Senior Managing Executive Officer (Matters concerning operations of Risk Management Division)		—
Yasuyuki Hori	Managing Executive Officer (Matters concerning operations of Operation Division)		—
Masahiro Nishimori	Managing Executive Officer (Matters concerning operations of Internal Audit Division)		—
Masaya Aida	Managing Executive Officer (Matters concerning operations of Compliance Division)		—

## Executive Officers

(As of March 31, 2018)

Name	Position and assignment	Significant concurrent positions	Others
Harumi Yano	Managing Executive Officer (Assistant to the Representative Executive Vice President in charge of Corporate Administration Division (limited to supervision of operations related to ALM Planning Office, Corporate Planning Department, Corporate Administration Division))		—
Suzunori Hayashi	Managing Executive Officer (Assistant to the Representative Executive Vice President in charge of Corporate Administration Division (limited to supervision of operations related to Human Resources Department, Corporate Administration Division))	Director of JAPAN POST STAFF Co., Ltd.	—
Atsuko Onodera	Managing Executive Officer (Matters concerning operations of Research Department, Customer Satisfaction Department and General Affairs Department, Corporate Administration Division)		—
Yoko Makino	Executive Officer (Assistant to the Representative Executive Vice President in charge of Corporate Administration Division (limited to supervision of operations related to Diversity and Inclusion Department, Corporate Administration Division))		—
Kunihiko Amaha	Executive Officer (Assistant to the Representative Executive Vice President in charge of Investment Division (limited to supervision of operations related to Rates and FX Investment Department, Investment Division))		—
Makoto Shinmura	Executive Officer (Assistant to the Senior Managing Executive Officer in charge of Risk Management Division (limited to supervision of operations related to Credit Department, Risk Management Division))		—
Satoru Ogata	Executive Officer (Assistant to the Executive Vice President in charge of System Division)		—

## Executive Officers

(As of March 31, 2018)

Name	Position and assignment	Significant concurrent positions	Others
Minoru Kotouda	Executive Officer (Matters concerning Tokyo Regional Headquarters and assistant to the Senior Managing Executive Officer in charge of Marketing Division (limited to operations related to directly-operated branches and regional headquarters))		—
Toshiharu Ono	Executive Officer (Assistant to the Senior Managing Executive Officer in charge of Financial Accounting Department, Corporate Administration Division and assistant to the Senior Managing Executive Officer who assists Representative Executive Vice President in charge of Corporate Administration Division (limited to supervision of operations related to IFRS Planning Office, Corporate Planning Department, Corporate Administration Division))		—
Shigeyuki Sakurai	Executive Officer (Assistant to the Managing Executive Officer in charge of General Affairs Department, Corporate Administration Division, and assistant to the Executive Officer who assists Representative Executive Vice President in charge of Corporate Administration Division (limited to operations related to the General Meeting of Shareholders among operations related to Corporate Planning Department, Corporate Administration Division))		—
Masatoshi Ishii	Executive Officer (Assistant to the Executive Officer who assists the Executive Vice President in charge of System Division (limited to supervision of operations related to System Development Department 2, System Division))		—
Masato Tamaki	Executive Officer (Assistant to the Senior Managing Executive Officer in charge of Risk Management Division (limited to supervision of operations related to Risk Management Department, Risk Management Division))		—

## Executive Officers

(As of March 31, 2018)

Name	Position and assignment	Significant concurrent positions	Others
Takayuki Tanaka	Executive Officer (Assistant to the Senior Managing Executive Officer in charge of Marketing Division (limited to supervision of operations related to planning, and ATM Planning Department and Marketing Department 3, among operations related to Marketing Division))		—
Shinobu Nagura	Executive Officer (Assistant to the Representative Executive Vice President in charge of Corporate Administration Division (limited to supervision of operations related to Corporate Planning Department, Corporate Administration Division))		—
Kenichi Kozuka	Executive Officer (Assistant to the Managing Executive Officer in charge of Internal Audit Division)		—
Ikuyo Kondo	Executive Officer (Matters concerning Nagoya Operation Support Center)		—

## Notes:

1. Mr. Norito Ikeda, Mr. Susumu Tanaka, and Mr. Katsunori Sago concurrently serve as Directors.
2. Ms. Atsuko Onodera, Mr. Yoshinori Hagino, Mr. Kenichi Kozuka and Ms. Ikuyo Kondo were newly elected as Executive Officers at the first meeting of the Board of Directors convened after the conclusion of the Ordinary General Meeting of Shareholders held on June 20, 2017, and Ms. Atsuko Onodera assumed her position on June 23, 2017, Mr. Yoshinori Hagino, Mr. Kenichi Kozuka and Ms. Ikuyo Kondo assumed their positions on July 1, 2017.
3. Mr. Yoshinori Hagino was elected as Executive Vice President, and Ms. Atsuko Onodera was elected as Managing Executive Officer at the first meeting of the Board of Directors convened after the conclusion of the Ordinary General Meeting of Shareholders held on June 20, 2017.
4. As of the conclusion of the first meeting of the Board of Directors convened after the conclusion of the Ordinary General Meeting of Shareholders held on June 20, 2017, Mr. Ryoichi Nakazato, Mr. Riki Mukai, Ms. Fujie Kawasaki and Ms. Yoshiko Iwashita resigned from their positions of Executive Officers due to the expiration of their terms of office.
5. As the change of Executive Officer that occurred after the end of the fiscal year ended March 31, 2018, Mr. Kunio Tahara was newly elected as Executive Officer and was also elected as Senior Managing Executive Officer at the Board of Directors held on May 15, 2018, and assumed his positions on the same date.

(2) Compensation, etc., for Directors and Executive Officers

(Millions of yen)

Category	Number of persons compensated	Compensation, etc.
Directors	10 persons	105
Executive Officers	30 persons	761
Total	40 persons	867

Notes:

1. The figures for compensation, etc. are rounded down.
2. If a person holds concurrent positions as Director and Executive Officer, we do not pay compensation for services as Director to such person.
3. Number of Directors compensated excludes one Director without pay.
4. The amount of compensation, etc., for Executive Officers includes ¥13 million as expenses for the payment of retirement benefits to Executive Officers and ¥116 million reserved as a stock compensation during the fiscal year ended March 31, 2018. Although the retirement benefits program to Executive Officers was abolished in June 2013, retirement benefits will be paid upon retirement to Executive Officers who remain in their positions since then, for their term of service up to the day of abolishment of the program.

- Policy for Determining Amount or Calculation Method of Compensation, etc. for Directors and Executive Officers

In regard to compensation for directors and executive officers of Japan Post Bank, the Compensation Committee has prescribed the policy for determining the details of individual compensation for directors and executive officers as follows, and it determines the amount of compensation in accordance with this policy.

1 Compensation system

- (1) When serving concurrently as a director and executive officer, compensation shall be paid for the position of executive officer.
- (2) Compensation that directors of the Bank receive shall be paid in the form of a fixed amount of compensation corresponding to duties, in light of the scope and scale of responsibility relating to management, and the like.
- (3) Compensation that executive officers of the Bank receive shall be paid in the form of a base salary (a fixed amount of compensation) and performance-linked stock compensation, and shall function as a sound incentive for sustainable growth.

2 Compensation for directors

Compensation for directors shall be paid as a certain level of a fixed amount of compensation corresponding to duties, in light of the main role of supervision of management, and the level shall be an appropriate one that takes into account the scale of duties as a director and the current situation of the Bank.

3 Compensation for executive officers

Compensation for executive officers shall be paid in the form of a certain level of base salary (a fixed amount of compensation), in light of differences in responsibility that varies according to the job position, and performance-linked stock compensation that reflects the state of achievement of management targets, and the like.

The level of base salary shall be an appropriate one that takes into account the scale of duties of the executive officer and the current situation of the Bank. However, in the case of a person who is an executive officer in charge of an area that requires special knowledge and skills and,

based on the compensation corresponding to his/her duties, would receive a significantly lower level of compensation than what an officer in charge of such an area would generally receive at other companies, it shall be permitted to adopt a base salary that refers to the level of compensation at other companies instead of compensation corresponding to duties.

In regard to stock compensation, based on the viewpoint of a sound incentive for sustainable growth, 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.

### (3) Liability Limitation Agreement

Name	Overview of the contracts for limitation of liability
Masatsugu Nagato	<p>The overview of contracts for limitation of liability entered into with Directors (excluding Directors with executive functions) in accordance with provisions of Article 427, Paragraph 1 of the Companies Act and Articles of Incorporation, are as follows.</p> <p>For liabilities provided for in Article 423, Paragraph 1 of the Companies Act, when the Directors (excluding Directors with executive functions) performed their duties in good faith and without gross negligence, they shall be liable to the minimum liability amount prescribed under Article 425, Paragraph 1 of the Companies Act.</p>
Ryoichi Nakazato	
Tomoyoshi Arita	
Sawako Nohara	
Tetsu Machida	
Nobuko Akashi	
Toshihiro Tsuboi	
Katsuaki Ikeda	
Tsuyoshi Okamoto	
Hirofumi Nomoto	

### III. Matters Concerning Outside Directors

#### (1) Concurrent Positions and Other Details on Outside Directors

Name	Concurrent positions and other details
Tomoyoshi Arita	Attorney-at-law External Statutory Auditor of WDB Holdings Co., Ltd. Outside Corporate Auditor of BROTHER INDUSTRIES, LTD. Outside Director of Fukuyama Transporting Co., Ltd.
Sawako Nohara	President and CEO of IPSe Marketing, Inc. Project professor at Keio University Graduate School of Media and Governance Outside Director of Sompo Holdings, Inc. Outside Director of Nissha Co., Ltd.
Tetsu Machida	Independent economic journalist
Nobuko Akashi	Board Chairman of a non-profit organization, Japan Manners & Protocol Association
Tsuyoshi Okamoto	Director and Chairman of the Board of TOKYO GAS CO., LTD.
Hirofumi Nomoto	President & Representative Director of Tokyu Corporation Director of Tokyu Fudosan Holdings Corporation Director of TOKYU RECREATION CO., LTD. Outside Director of TOEI COMPANY, LTD. Outside Director of TOBU Railway Co., LTD.

Note: There are no significant relationships to be stated between Japan Post Bank and the concerned parties above.

(2) Main Activities of Outside Directors

Name	Term of office	Attendance at meetings of the Board of Directors	Remarks made at meetings of the Board of Directors and other activities
Tomoyoshi Arita	7 years, 9 months	<p>Attended 12 out of 12 meetings of the Board of Directors held during the fiscal year ended March 31, 2018 (100%)</p> <p>Attended 2 out of 2 meetings of the Nomination Committee held during the fiscal year ended March 31, 2018 (100%)</p> <p>Attended 14 out of 14 meetings of the Audit Committee held during the fiscal year ended March 31, 2018 (100%)</p>	He expresses opinions on management issues, etc., of Japan Post Bank from his professional perspectives as an attorney, etc. In addition, he hosts meetings of the Audit Committee as a chairman of said Committee.
Sawako Nohara	3 years, 9 months	<p>Attended 11 out of 12 meetings of the Board of Directors held during the fiscal year ended March 31, 2018 (91%)</p> <p>Attended 14 out of 14 meetings of the Audit Committee held during the fiscal year ended March 31, 2018 (100%)</p>	She expresses opinions on management issues, etc., of Japan Post Bank as needed from her professional perspectives as a management executive and a business strategy specialist.
Tetsu Machida	3 years, 9 months	<p>Attended 12 out of 12 meetings of the Board of Directors held during the fiscal year ended March 31, 2018 (100%)</p> <p>Attended 14 out of 14 meetings of the Audit Committee held during the fiscal year ended March 31, 2018 (100%)</p>	He expresses opinions on management issues, etc., of Japan Post Bank as needed from his professional perspective as an independent economic journalist.
Nobuko Akashi	2 years, 9 months	Attended 12 out of 12 meetings of the Board of Directors held during the fiscal year ended March 31, 2018 (100%)	She expresses necessary opinions on proposals and contents of deliberations, etc., as needed from her perspectives as a chair of a non-profit organization and an expert member of government meetings.
Toshihiro Tsuboi	2 years, 9 months	<p>Attended 12 out of 12 meetings of the Board of Directors held during the fiscal year ended March 31, 2018 (100%)</p> <p>Attended 14 out of 14 meetings of the Audit Committee held during the fiscal year ended March 31, 2018 (100%)</p>	He expresses opinions on management issues, etc., of Japan Post Bank as needed from his professional perspective as a management executive.



Name	Term of office	Attendance at meetings of the Board of Directors	Remarks made at meetings of the Board of Directors and other activities
Katsuaki Ikeda	2 years, 7 months	<p>Attended 12 out of 12 meetings of the Board of Directors held during the fiscal year ended March 31, 2018 (100%)</p> <p>Attended 2 out of 2 meetings of the Compensation Committee held during the fiscal year ended March 31, 2018 (100%)</p> <p>Attended 14 out of 14 meetings of the Audit Committee held during the fiscal year ended March 31, 2018 (100%)</p>	He expresses opinions on management issues, etc., of Japan Post Bank as needed from his professional perspective as a management executive.
Tsuyoshi Okamoto	1 year, 9 months	<p>Attended 12 out of 12 meetings of the Board of Directors held during the fiscal year ended March 31, 2018 (100%)</p> <p>Attended 2 out of 2 meetings of the Nomination Committee held during the fiscal year ended March 31, 2018 (100%)</p> <p>Attended 2 out of 2 meetings of the Compensation Committee held during the fiscal year ended March 31, 2018 (100%)</p>	He expresses necessary opinions on proposals and contents of deliberations, etc., as needed from his perspective as a management executive. In addition, he hosts meetings of the Compensation Committee as a chairman of said Committee.
Hirofumi Nomoto	9 months	<p>Attended 10 out of 10 meetings of the Board of Directors held during the fiscal year ended March 31, 2018, after his appointment (100%)</p> <p>Attended 1 out of 1 meeting of the Nomination Committee held during the fiscal year ended March 31, 2018, after his appointment (100%)</p> <p>Attended 1 out of 1 meeting of the Compensation Committee held during the fiscal year ended March 31, 2018, after his appointment (100%)</p>	He expresses necessary opinions on proposals and contents of deliberations, etc., as needed from his perspective as a management executive.

(3) Compensation, etc. for Outside Directors

(Millions of yen)

	Number of persons compensated	Compensation, etc. from Japan Post Bank	Compensations, etc. from the parent company, etc. of Japan Post Bank
Total amount of compensation, etc.	9 persons	84	—

Note: The figures for compensation, etc. are rounded down.

(4) Opinions of Outside Directors

Not applicable.

#### IV. Matters Concerning Shares

##### (1) Number of Shares

Total number of authorized shares 18,000,000 thousand shares

Total number of outstanding shares 3,749,475 thousand shares

(excluding 750,524 thousand shares of treasury stock)

Note: The treasury stock does not include the Bank's shares held by the stock benefit trust (544 thousand shares).

(2) Total Number of Shareholders as of March 31, 2018: 477,500

##### (3) Major Shareholders

Name of shareholder	Number of shares held and percentage of shares held	
	Number of shares held, etc.	Percentage of shares held
JAPAN POST HOLDINGS Co., Ltd.	3,337,032 thousand shares	88.99%
Japan Trustee Services Bank, Ltd. (Trust Account)	23,294 thousand shares	0.62%
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,563 thousand shares	0.52%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	10,680 thousand shares	0.28%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	8,342 thousand shares	0.22%
Japan Trustee Services Bank, Ltd. (Trust Account 1)	7,997 thousand shares	0.21%
Japan Trustee Services Bank, Ltd. (Trust Account 2)	7,901 thousand shares	0.21%
Japan Post Bank Employee Shareholding Association	7,196 thousand shares	0.19%
STATE STREET BANK WEST CLIENT-TREATY 505234	7,063 thousand shares	0.18%
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	6,301 thousand shares	0.16%

##### Notes:

1. The number of shares held, etc. is rounded down. The percentage of shares held is rounded down to the second decimal place.
2. The percentage of shares held is calculated excluding treasury stock (750,524 thousand shares). The treasury stock does not include the Bank's shares held by the stock benefit trust (544 thousand shares).

#### (4) Other Significant Matters Concerning Shares

##### - Performance-Linked Stock Compensation System for Executive Officers

Japan Post Bank introduced a performance-linked stock compensation system using a trust for its Executive Officers. The objectives of the system are to further enhance the awareness of the Executive Officers of Japan Post Bank regarding the importance of contributing to sustainable growth and enhancing the Bank's corporate value over the medium and long terms, by clarifying the link between the Executive Officers' compensation and the share value of the Bank.

##### - Stock Ownership Plan for Management Employees

Japan Post Bank introduced an employee stock ownership plan, using a trust, for management employees. It is intended for management employees in the Investment Division, particularly those utilizing sophisticated, expert knowledge to execute their business duties. The objective of the plan is to motivate the management employees to contribute further to the enhancement of Japan Post Bank's earnings performance and corporate value over the medium and long terms.

#### V. Matters Concerning Stock Acquisition Rights, etc. of Japan Post Bank

##### (1) Stock Acquisition Rights, etc., Held by Directors and Executive Officers of Japan Post Bank as of March 31, 2018

Not applicable.

##### (2) Stock Acquisition Rights, etc., of Japan Post Bank Granted to Employees, etc., during the Fiscal Year Ended March 31, 2018

Not applicable.

## VI. Matters Concerning Independent Auditor

### (1) Independent Auditor

(Millions of yen)

Name	Compensation, etc., for the fiscal year ended March 31, 2018	Others
KPMG AZSA LLC Yoichi Ozawa Designated Limited Liability Partner Hideyuki Kobayashi Designated Limited Liability Partner Takahiro Toyama Designated Limited Liability Partner	183	1) The Audit Committee gave consent to the amount of compensation, etc. for the Independent Auditor as provided in Article 399, Paragraph 1 of the Companies Act, considering the appropriateness of estimates for audit hours and compensation for the fiscal year ended March 31, 2018, after checking the content of the Independent Auditor's audit plan as well as the audit plan and actual audit performance for the previous fiscal year.  2) Japan Post Bank paid consideration to the Independent Auditor for consignment, etc., of capital adequacy assessment process based on procedures agreed on by Japan Post Bank and Independent Auditor, which are not included among the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

#### Notes:

1. The figure is rounded down.
2. The audit contract between Japan Post Bank and the Independent Auditor does not separate the compensation for the audit pursuant to the Companies Act from the compensation for the audit in accordance with Financial Instruments and Exchange Act. Moreover, it is practically impossible to separate the two. Accordingly, the above amount is total of such compensation.
3. The total amount of monetary and other property benefits that are to be paid by Japan Post Bank and its subsidiary corporations or entities is ¥197 million.

### (2) Liability Limitation Agreement

Not applicable.

(3) Other Matters Concerning Independent Auditor

1) Policy for Decision on Dismissal or Non-Reappointment of Independent Auditor

The Audit Committee has a policy to dismiss the Independent Auditor when it has judged that the Independent Auditor falls under each Item of Article 340, Paragraph 1 of the Companies Act.

In addition, the Audit Committee has a policy to determine the content of a proposal to be submitted to the General Meeting of Shareholders concerning the dismissal or non-reappointment of Independent Auditor when it is judged necessary upon comprehensive review of the status, etc., on the execution of duties of the Independent Auditor.

2) In the Case of a Large Company as Stipulated in Article 444, Paragraph 3 of the Companies Act, and Where an Audit (Limited to Those under the Provisions of the Companies Act or the Financial Instruments and Exchange Act, or Equivalent Laws in Foreign Jurisdictions) of Financial Statements (And Their Equivalents) of Important Subsidiary Corporations or Entities of a Bank is Conducted by the Audit Firm (Including a Body with an Equivalent Qualification in a Foreign Jurisdiction), or an Audit is Conducted by a Certified Public Accountant (Including a Foreign Certified Public Accountant as Provided in Article 16-2 Paragraph 5 of the Certified Public Accountants Act) Other than the Independent Auditor of the Bank, Details Thereof:

Not applicable.

VII. Basic Policy Concerning Persons Who Control the Decisions on Financial and Business Policies

Not applicable.

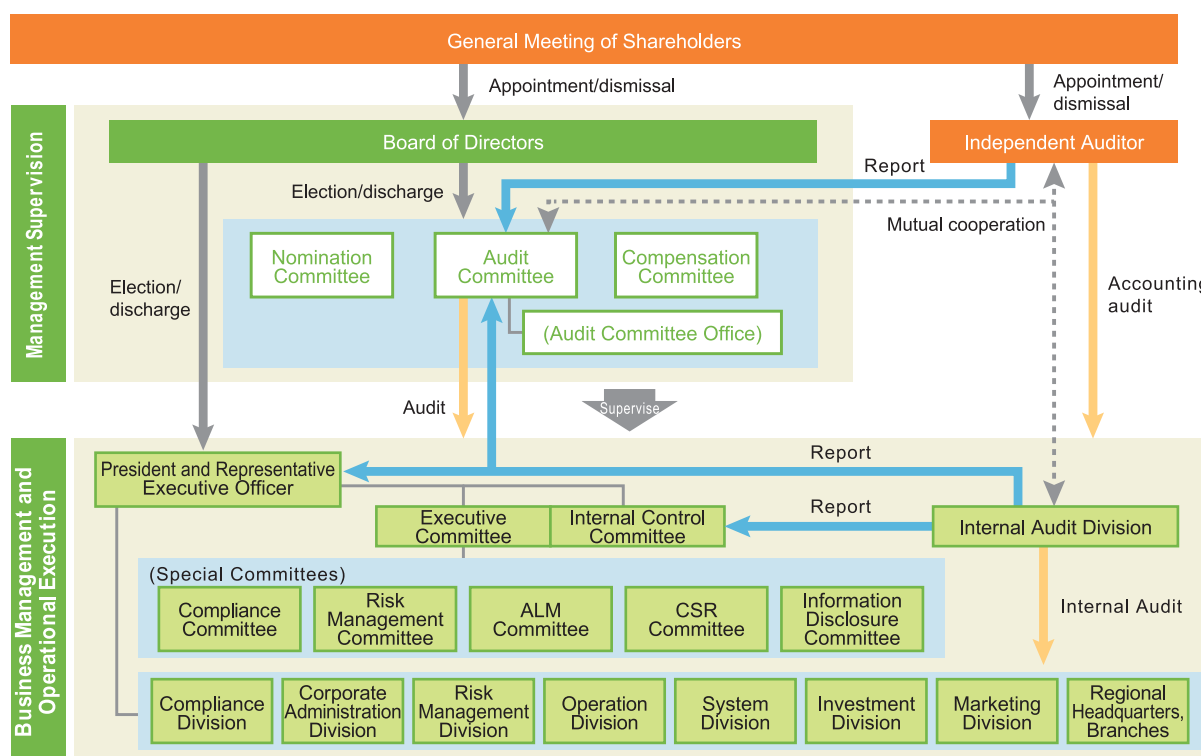
## VIII. Systems to Ensure the Appropriate Conduct of Operations

### [Basic Stance on Corporate Governance]

With a view to its sustainable growth along with improvement of its corporate value over the medium and long terms, Japan Post Bank establishes its corporate governance system based on the following stance.

- (1) We will engage in constant value creation by providing banking services through the distribution network based on the post office, while continuously creating new convenience for customers, in pursuit of providing higher quality of service.
- (2) Fully recognizing fiduciary responsibilities to shareholders, we will give consideration to ensure the rights and equality of shareholders in an appropriate manner.
- (3) We will value the dialogue with all stakeholders including shareholders, and seek appropriate collaboration and sustainable coexistence therewith. To this end, we will ensure management transparency and strive for disclosure and provision of adequate information.
- (4) In order to promptly adapt to changes in economic and social environment and meet the expectation of all stakeholders, we will make swift decision-making in a firm attitude and conduct businesses under the effective supervision by the Board of Directors.

### Corporate Governance System (Outline)



[Establishment of Systems to Ensure the Appropriate Conduct of Operations]

With regard to system to ensure the appropriate conduct of operations subject to a resolution of the Board of Directors of a corporation adopting a committee system such as the Nomination Committee in accordance with Article 416, Paragraph 1, Item 1 (b) and (e) of the Companies Act and Article 112, Paragraph 1 and 2 of the Ordinance for the Enforcement of the Companies Act, Japan Post Bank has established by a resolution of the Board of Directors “Basic Policies for the Internal Control System.”

The details for the fiscal year ended March 31, 2018 are as follows.

(1) System for Ensuring That the Execution of Duties by Executive Officers and Employees Complies with Laws and Regulations and Our Articles of Incorporation

We are required to do the following:

- a. Establish basic policies regarding the management, such as our management philosophy and management plans, to ensure that our Executive Officers and employees are thoroughly informed of and will comply with laws and regulations in all areas of our business activities. Furthermore, we must establish rules regarding compliance and maintain a compliance framework.
- b. Periodically hold meetings of the Internal Control Committee, comprised of Executive Officers appointed by the President and Representative Executive Officer, to discuss the most important matters relating to internal controls, such as compliance with laws and regulations.
- c. Promote compliance through means such as establishing a department that manages compliance, formulating compliance programs each year as specific plans for ensuring compliance and periodically reviewing developments of such programs, and establish a committee for compliance to discuss specific practices and address various issues regarding compliance and to report the results to the Internal Control Committee, the Executive Committee and Audit Committee.
- d. Ensure compliance through (i) formulating a compliance manual which states specific guidelines of the matters with which Executive Officers and employees must comply and the explanations for laws and regulations relating to our corporate activities and (ii) conducting training regarding laws and regulations as well as internal rules with which Executive Officers and employees must comply.
- e. Take measures necessary to guide and manage Japan Post Co., which is our authorized agent, in order to ensure that its compliance system and operational management are sound, through means such as (a) establishing liaison conferences with Japan Post Co., comprised of officers such as the President and Representative Executive Officer, to discuss matters relating to strengthening and enhancing the internal control system with respect to compliance, (b) providing operational instructions and conducting training to promote compliance and (c) monitoring the operations of Japan Post Co.
- f. With respect to anti-social forces that pose a threat to the social order and sound corporate activities, (a) establish our corporate policy on the relationship with them through “rules regarding anti-social forces” and other internal rules and manuals and (b) avoid involvement at all times with illegal and anti-social activities through close cooperation with external specialists, such as the police, to cut any ties and prevent any interaction with any anti-social forces.
- g. Formulate rules regarding internal control over financial reporting and maintain a framework for valuation and reporting of internal controls over financial reporting, to ensure the appropriateness of the documents regarding our financial, accounting and other information.
- h. Create a whistle-blowing rule for reporting violations or suspected violations of laws and regulations or internal rules, establish contact offices for whistle-blowing, inside and outside the company, and ensure that our Executive Officers and employees are thoroughly informed of it.
- i. Establish our internal audit system by formulating rules regarding internal audits and others.



Further, an Internal Audit Division, which is independent from the divisions that it audits, conducts effective internal audit regarding the appropriateness of general corporate activities including compliance with laws and regulations and reports the status of internal audit and the internal audit system to the Internal Control Committee, the Executive Committee and Audit Committee.

(2) System for Storing and Managing Information Relating to the Execution of the Duties of Our Executive Officers

We establish rules relating to document management that clarify the system and methods for storing and managing information relating to the execution of the duties of Executive Officers, such as minutes of the Executive Committee and circulated draft approvals. In addition, we allow the Audit Committee and Internal Audit Division to inspect or copy requested documents.

(3) Rules and System Related to the Risk Management of Losses

- a. We manage risks by establishing risk management rules and by creating a risk management system.
- b. We establish a department to supervise risk management and to understand, analyze and manage risks, as well as to review and revise our corrective actions and risk-handling methods. We also establish a Risk Management Committee, whose role is to discuss our operational and organizational risk management system and procedures and to report any important issues to the Executive Committee and Audit Committee.
- c. We establish a crisis management system and countermeasures against crises, including internal rules for crisis management, so that we can take quick and appropriate action and corrective measures in the event that a risk that could seriously impact our business is actualized.

(4) System for Ensuring That the Duties of Executive Officers are Executed Effectively

- a. We establish an Executive Committee, comprised of Executive Officers appointed by the President and Representative Executive Officer, that meets regularly and discusses matters to be resolved by the Board of Directors, matters to be resolved by the President and Representative Executive Officer or other matters deemed necessary by the President and Representative Executive Officer. Also, if necessary, a specialized subcommittee is established to act as an advisory body to the Executive Committee.
- b. By establishing rules relating to organizational structure and professional duties, we clarify the division of duties, administrative authority and responsibilities of Executive Officers in order to increase the efficiency of the execution of their duties.

(5) System for Ensuring Appropriate Operations among the Japan Post Group

- a. We have entered into the Japan Post Group agreement with Japan Post Holdings, Japan Post Co. and Japan Post Insurance, as well as the contract concerning the operation of the Japan Post Group and the memorandum of understanding on rules concerning the operation of the Japan Post Group with Japan Post Holdings, thereby we discuss in advance and report any matters necessary for appropriate and smooth operations.
- b. We establish rules that govern the management of our subsidiaries, and create a system for correctly managing the business operations.
- c. We establish internal rules that govern intragroup transactions, and engage in these transactions appropriately.

(6) Matters Regarding Employees that Support the Duties of the Audit Committee

We establish an Audit Committee Office, which supports the Audit Committee in performing its duties, and is staffed with employees with the requisite knowledge and skills to provide such

support.

(7) Matters Regarding the Independence of Employees that Support the Duties of the Audit Committee from Our Executive Officers

The hiring, transferring, evaluating and disciplining of employees of the Audit Committee Office must first be approved by the Audit Committee or its member(s) appointed by the Audit Committee.

(8) Matters Regarding the Ensuring of Effective Instructions to the Employees that Support the Duties of the Audit Committee

When an employee of the Audit Committee Office is supporting the duties of the Audit Committee, he or she must work only at the direction or order of the Audit Committee.

(9) System of Reporting to the Audit Committee

- a. Our Executive Officers report to the Audit Committee, on a regular basis, the status of the execution of our Executive Officers' duties.
- b. Directors (excluding Directors who concurrently serve as the member of the Audit Committee), Executive Officers and employees must promptly report to the members of the Audit Committee any important matters that could have a material impact on the management of our business.
- c. The Internal Audit Division must regularly report to the Audit Committee the status and results of internal audits, and promptly report to the members of the Audit Committee any important matters that could have a material impact on the management of our business.
- d. At the request of the Audit Committee, Executive Officers and employees, along with the Directors, Corporate Auditors and employees of subsidiaries, must report to it the status of the execution of their duties.
- e. Anyone who reports to the Audit Committee cannot be treated unfavorably because of such reporting.

(10) Matters Regarding the Procedures Relating to the Pre-payment and Compensation of Costs that Arise during the Execution of the Audit Committee's Duties and Policies Related to Settlement of Other Costs and Liabilities that Arise during the Execution of these Duties

If a member of the Audit Committee requests payment for costs necessary to execute his or her duties, then such request cannot be denied unless it is found that such cost was not necessary.

(11) Other Steps to Ensure That the Audit Committee's Audit is Performed Effectively

- a. The President and Representative Executive Officer makes an effort to deepen mutual understanding between him or her and the Audit Committee, by having regular informational sessions with the committee about matters important to management, such as basic management policies, issues to be addressed, the status of functions of the internal control system and other matters.
- b. The Audit Committee receives an explanation from the independent auditor in advance of the financial audit plan and regularly receives status updates of the financial audits, as well as communicates with the independent auditor as necessary, so that they are aware of all important issues regarding financial audit at all times.
- c. When performing its duties, the Audit Committee strives to coordinate with the audit committee of Japan Post Holdings, such as through regularly exchanging opinions and ideas.

[Implementation of Systems to Ensure the Appropriate Conduct of Operations]

(1) System for Ensuring That the Execution of Duties by Executive Officers and Employees Complies with Laws and Regulations and Our Articles of Incorporation

Legal compliance is clearly stated in our management philosophy and management plans and basic rules on compliance are stipulated, in order to convey the importance of compliance, including customer protection structure, to employees through messages from the top management on a regular basis, as well as various trainings, etc.

On the other hand, we formulate the compliance program each fiscal year while holding the Compliance Committee to verify the progress and discuss tasks on the subject. In addition, the Internal Control Committee discusses the most important matters relating to internal controls, such as compliance with laws and regulations.

Furthermore, through trainings and other measures, we thoroughly convey the duty of reporting along the Compliance Line in case of potential or actual violations of compliance, as well as the use of the contact office for whistleblowing.

With respect to anti-social forces, we regularly discuss among concerned departments and collaborate with external specialists, to cut any ties and prevent any interaction with any anti-social forces. With regard to measures to prevent money laundering and terrorist financing, we are working to prepare for a system to ensure that the products and services we provide are not used for such purposes.

In addition, in order to further instill and firmly establish our customer-oriented efforts, we adopted the Principles for Customer-Oriented Business Conduct announced by the Financial Services Agency, and established and published the basic policy of a customer-oriented business.

(2) System for Storing and Managing Information Relating to the Execution of the Duties of Our Executive Officers

We established Documentation Management Rules, etc. to clarify the system and methods for the safekeeping, storing and management of documents, while verifying more than once a year the status of management of such documents.

(3) Rules and System Related to the Risk Management of Losses

We formulate Policies for Handling Risk Management each fiscal year, under which important matters related to risk management are discussed or reported at the Risk Management Committee, etc.

During the fiscal year ended March 31, 2018, the independent Risk Management Division established a system to examine the appropriateness of management plans, etc., from the standpoint of management sustainability.

While we review the Crisis Management Rules and Business Continuity Plan (BCP) as needed, we organize a training at least once a year in accordance with the Crisis Management Rules and Business Continuity Plan (BCP).

(4) System for Ensuring That the Duties of Executive Officers are Executed Effectively

We discuss issues such as matters to be resolved by the Board of Directors and scope of authority of the President and Representative Executive Officer at the Executive Committee held weekly, while organizing various specialized subcommittees as advisory bodies to the Executive Committee.

Rules relating to professional duties stipulate that Executive Officers shall supervise the execution of operation of which they are in charge, in accordance with the division of duties. Resolutions of the Board of Directors are required for any changes to the division of duties of Executive Officers that clarifies the responsibilities of Executive Officers.

(5) System for Ensuring Appropriate Operations among the Japan Post Group

We have entered into the Japan Post Group agreement based on which we discuss in advance and report any matters necessary for appropriate and smooth operations. Meanwhile, for management matters of subsidiaries and affiliates required to be approved by Japan Post Bank under the Rules for Managing the Business of Subsidiaries, including the formulation of business plans, convocation of General Meetings of Shareholders and resolutions for proposals, we give approval based on verification of the appropriateness of such matters.

(6) System for Ensuring That the Audit Committee's Audit is Performed Effectively

The Audit Committee receives monthly reports from Executive Officers on the status of business execution in order to ensure effective implementation of audits, while having regular informational sessions with the President and Representative Executive Officer, the Internal Audit Division and the Independent Auditor, respectively, on the matters such as basic management policies and the status of functions of the internal control system.

Employees of the Audit Committee Office carry out operations by solely following the instructions from the Audit Committee, and expenses required for the duties for the Committee are duly provided for.

IX Matters Concerning Specified Wholly-Owned Subsidiaries

Not applicable.

X Matters Concerning Transactions with Parent Companies and Others

1) Matters to Avoid Compromising Our Own Interest in Such Transactions

We have concluded agreements, and are conducting transactions with members of Japan Post Group which is comprised of the parent company, Japan Post Holdings, and its subsidiaries and affiliates.

At the time of conclusion and revision of the agreements, we check their purpose and necessity, appropriateness of the transaction terms (in accordance with arm's-length rule set out under the Banking Act).

2) Determination at the Board of Directors Regarding Whether or Not Such Transactions Compromise Our Own Interest and Reasons Thereof

We have set out internal rules that govern intragroup transactions to establish a framework whereby the contracting departments confirm the purpose and necessity of transactions and appropriateness of the transaction terms in advance, which when necessary undergo an examination by Legal Affairs Department, Corporate Planning Department and other departments, and moreover, receive a resolution by the Board of Directors.

The Board of Directors confirmed that the transactions with Japan Post Holdings is duly appropriate based on its confirmation that the Bank's framework for managing intragroup transactions is operating appropriately, as described above.

While we maintain close relationship with Japan Post Holdings including personal and capital relations, we make decisions at our own responsibility, and independently manage and operate our business.

3) Opinions of the Board of Directors If They Differ from Those of Outside Directors

Not applicable.

XI Matters Concerning Accounting Advisors  
Not applicable.

XII Others

Where specified in the Articles of Incorporation in accordance with provisions in Article 459, Paragraph 1 of the Companies Act, Japan Post Bank's policies for the exercise of authorities granted to the Board of Directors under the said provisions of the Articles of Incorporation (Policy for Determining Distribution of Surplus, etc.)

Article 39, Paragraph 1 of the Articles of Incorporation of Japan Post Bank stipulates that "Japan Post Bank shall prescribe rules on each Item provided for in Article 459, Paragraph 1 of the Companies Act by resolution of the Board of Directors, unless otherwise stipulated by laws and regulations."

Providing returns to our shareholders is one of our most important management goals. Our basic dividend policy is to provide stable dividends to shareholders while maintaining sufficient retained earnings for sound operations in light of the public nature of the banking business.

Specifically, through the fiscal year ended March 31, 2018, we aimed to pay a stable per-share dividend by maintaining a dividend payout ratio of approximately 50% or more of our net income for the relevant fiscal year.

Going forward, we aim to pay a stable per-share dividend ensuring dividends per share of ¥50 through the end of the fiscal year ending March 31, 2021. We shall also consider additional shareholder return, while taking into account developments on regulations, earnings growth and accumulation of retained earnings, etc.

We plan to use retained earnings to continue improving shareholder value and further strengthen our financial condition.

Our general policy is to declare both annual dividends and interim dividends from our retained earnings.

Under these policies, we declared dividends per share of ¥50 for the fiscal year ended March 31, 2018 (interim dividends of ¥25, dividend payout ratio of 53.1%).

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-Consolidated Balance Sheet (As of March 31, 2018)

(Millions of yen)	
Account	Amount
Assets:	
Cash and due from banks	49,288,314
Cash	189,868
Due from banks	49,098,445
Call loans	480,000
Receivables under securities borrowing transactions	8,224,153
Monetary claims bought	278,566
Trading account securities	32
Trading Japanese government bonds	32
Money held in trust	4,241,524
Securities	139,201,254
Japanese government bonds	62,749,725
Japanese local government bonds	6,405,190
Commercial paper	229,998
Japanese corporate bonds	10,486,327
Japanese stocks	31,167
Other securities	59,298,846
Loans	6,145,537
Loans on deeds	5,972,878
Overdrafts	172,658
Foreign exchanges	87,487
Due from foreign banks	87,487
Other assets	2,442,328
Domestic exchange settlement accounts - debit	8,603
Prepaid expenses	2,319
Accrued income	222,555
Margins for future transactions	139,092
Derivatives other than trading	438,152
Cash collateral paid for financial instruments	38,953
Other	1,592,651
Tangible fixed assets	190,098
Buildings	67,270
Land	67,628
Construction in progress	9,410
Other	45,789
Intangible fixed assets	52,372
Software	35,764
Other	16,608
Reserve for possible loan losses	(1,066)
Total assets	210,630,601

(Millions of yen)	
Account	Amount
Liabilities:	
Deposits	179,882,759
Transfer deposits	14,437,576
Ordinary deposits	56,961,382
Savings deposits	396,265
Time deposits	8,696,122
Special deposits	1,970,182
TEIGAKU deposits	97,293,213
Other deposits	128,017
Payables under repurchase agreements	1,985,285
Payables under securities lending transactions	13,812,123
Commercial paper	191,481
Borrowed money	2,400
Borrowings	2,400
Foreign exchanges	309
Foreign bills payable	309
Other liabilities	1,950,331
Domestic exchange settlement accounts - credit	15,757
Income taxes payable	70,108
Accrued expenses	938,741
Unearned income	60
Variation margins for future transactions	141
Derivatives other than trading	452,620
Cash collateral received for financial instruments	227,686
Asset retirement obligations	416
Other	244,799
Reserve for bonuses	7,879
Reserve for employees' retirement benefits	147,095
Reserve for employee stock ownership plan trust	809
Reserve for management board benefit trust	144
Reserve for reimbursement of deposits	86,114
Deferred tax liabilities	1,050,715
<b>Total liabilities</b>	<b>199,117,450</b>
Net assets:	
Capital stock	3,500,000
Capital surplus	4,296,285
Legal capital surplus	4,296,285
Retained earnings	2,399,031
Other retained earnings	2,399,031
Retained earnings brought forward	2,399,031
Treasury stock	(1,300,717)
<b>Total shareholders' equity</b>	<b>8,894,599</b>

(Millions of yen)	
Account	Amount
Net unrealized gains (losses) on available-for-sale securities	2,615,432
Net deferred gains (losses) on hedges	3,119
Total valuation and translation adjustments	2,618,551
Total net assets	11,513,151
Total liabilities and net assets	210,630,601



Non-Consolidated Statement of Income (For the fiscal year ended March 31, 2018)

(Millions of yen)

Account	Amount
Ordinary income	2,044,845
Interest income	1,502,747
Interest on loans	14,019
Interest and dividends on securities	1,460,377
Interest on call loans	624
Interest on receivables under securities borrowing transactions	1,417
Interest on deposits with banks	24,094
Other interest income	2,214
Fees and commissions	130,041
Fees and commissions on domestic and foreign exchanges	61,289
Other fees and commissions	68,752
Other operating income	211,627
Gains on foreign exchanges	194,930
Gains on sales of bonds	14,926
Income from derivatives other than for trading or hedging	1,771
Other ordinary income	200,427
Recoveries of written-off claims	21
Gains on sales of stocks and other securities	469
Gains on money held in trust	51,882
Other	148,053
Ordinary expenses	1,545,176
Interest expenses	331,781
Interest on deposits	145,129
Interest on call money	124
Interest on payables under repurchase agreements	17,027
Interest on payables under securities lending transactions	55,272
Interest on commercial paper	3,791
Interest on interest rate swaps	107,907
Other interest expenses	2,529
Fees and commissions	33,593
Fees and commissions on domestic and foreign exchanges	4,098
Other fees and commissions	29,494
Other operating expenses	21,400
Losses on sales of bonds	21,400
General and administrative expenses	1,042,860
Other ordinary expenses	115,540
Provision for reserve for possible loan losses	19
Losses on sales of stocks and other securities	21,735
Losses on money held in trust	949
Other	92,835
Net ordinary income	499,669

(Millions of yen)	
Account	Amount
Extraordinary loss	731
Losses on sales and disposals of fixed assets	713
Losses on impairment of fixed assets	17
Income before income taxes	498,937
Income taxes: Current	174,218
Income taxes: Deferred	(28,025)
Total income taxes	146,192
Net income	352,745

# Non-Consolidated Statement of Changes in Net Assets (For the fiscal year ended March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other retained earnings Retained earnings brought forward		
Balance at the beginning of the fiscal year	3,500,000	4,296,285	2,233,759	(1,300,411)	8,729,634
Changes during the fiscal year					
Cash dividends			(187,473)		(187,473)
Net income			352,745		352,745
Repurchase of treasury stock				(449)	(449)
Disposal of treasury stock				143	143
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	—	165,271	(306)	164,965
Balance at the end of the fiscal year	3,500,000	4,296,285	2,399,031	(1,300,717)	8,894,599

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	3,166,980	(116,577)	3,050,403	11,780,037
Changes during the fiscal year				
Cash dividends				(187,473)
Net income				352,745
Repurchase of treasury stock				(449)
Disposal of treasury stock				143
Net changes in items other than shareholders' equity	(551,548)	119,696	(431,851)	(431,851)
Total changes during the fiscal year	(551,548)	119,696	(431,851)	(266,886)
Balance at the end of the fiscal year	2,615,432	3,119	2,618,551	11,513,151

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet (As of March 31, 2018)

(Millions of yen)	
Account	Amount
Assets:	
Cash and due from banks	49,288,314
Call loans	480,000
Receivables under securities borrowing transactions	8,224,153
Monetary claims bought	278,566
Trading account securities	32
Money held in trust	4,241,524
Securities	139,200,459
Loans	6,145,537
Foreign exchanges	87,487
Other assets	2,442,327
Tangible fixed assets	190,104
Buildings	67,270
Land	67,628
Construction in progress	9,410
Other	45,796
Intangible fixed assets	52,382
Software	35,774
Other	16,608
Reserve for possible loan losses	(1,066)
Total assets	210,629,821

(Millions of yen)	
Account	Amount
Liabilities:	
Deposits	179,881,329
Payables under repurchase agreements	1,985,285
Payables under securities lending transactions	13,812,123
Commercial paper	191,481
Borrowed money	2,400
Foreign exchanges	309
Other liabilities	1,950,360
Reserve for bonuses	7,907
Liability for retirement benefits	135,655
Reserve for employee stock ownership plan trust	809
Reserve for management board benefit trust	144
Reserve for reimbursement of deposits	86,114
Deferred tax liabilities	1,054,220
Total liabilities	199,108,141
Net assets:	
Capital stock	3,500,000
Capital surplus	4,296,285
Retained earnings	2,399,162
Treasury stock	(1,300,717)
Total shareholders' equity	8,894,730
Net unrealized gains (losses) on available-for-sale securities	2,615,432
Net deferred gains (losses) on hedges	3,119
Accumulated adjustments for retirement benefits	7,934
Total accumulated other comprehensive income	2,626,485
Non-controlling interests	463
Total net assets	11,521,680
Total liabilities and net assets	210,629,821

Consolidated Statement of Income (For the fiscal year ended March 31, 2018)

(Millions of yen)

Account	Amount
Ordinary income	2,044,940
Interest income	1,502,747
Interest on loans	14,019
Interest and dividends on securities	1,460,377
Interest on call loans	624
Interest on receivables under securities borrowing transactions	1,417
Interest on deposits with banks	24,094
Other interest income	2,214
Fees and commissions	130,041
Other operating income	211,627
Other ordinary income	200,523
Recoveries of written-off claims	21
Other	200,501
Ordinary expenses	1,545,286
Interest expenses	331,781
Interest on deposits	145,129
Interest on call money	124
Interest on payables under repurchase agreements	17,027
Interest on payables under securities lending transactions	55,272
Interest on commercial paper	3,791
Other interest expenses	110,436
Fees and commissions	33,593
Other operating expenses	21,400
General and administrative expenses	1,042,970
Other ordinary expenses	115,540
Provision for reserve for possible loan losses	19
Other	115,520
Net ordinary income	499,654
Extraordinary loss	731
Losses on sales and disposals of fixed assets	713
Losses on impairment of fixed assets	17
Income before income taxes	498,922
Income taxes: Current	174,218
Income taxes: Deferred	(28,025)
Total income taxes	146,192
Net income	352,730
Net loss attributable to non-controlling interests	(45)
Net income attributable to owners of parent	352,775

# Consolidated Statement of Changes in Net Assets (For the fiscal year ended March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,296,285	2,233,759	(1,300,411)	8,729,634
Changes during the fiscal year					
Cash dividends			(187,473)		(187,473)
Net income attributable to owners of parent			352,775		352,775
Repurchase of treasury stock				(449)	(449)
Disposal of treasury stock				143	143
Increase due to adoption of equity method to affiliates			100		100
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	—	165,402	(306)	165,096
Balance at the end of the fiscal year	3,500,000	4,296,285	2,399,162	(1,300,717)	8,894,730

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	3,166,980	(116,577)	9,239	3,059,643	—	11,789,277
Changes during the fiscal year						
Cash dividends						(187,473)
Net income attributable to owners of parent						352,775
Repurchase of treasury stock						(449)
Disposal of treasury stock						143
Increase due to adoption of equity method to affiliates						100
Net changes in items other than shareholders' equity	(551,548)	119,696	(1,305)	(433,157)	463	(432,693)
Total changes during the fiscal year	(551,548)	119,696	(1,305)	(433,157)	463	(267,597)
Balance at the end of the fiscal year	2,615,432	3,119	7,934	2,626,485	463	11,521,680

[The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report (issued in the Japanese language) as required by the Companies Act.]

**Independent Auditor's Report**

May 10, 2018

The Board of Directors  
JAPAN POST BANK Co., Ltd.

**KPMG AZSA LLC**  
Yoichi Ozawa (seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Hideyuki Kobayashi (seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Takahiro Toyama (seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, the non-consolidated statement of income and the non-consolidated statement of changes in net assets, the related notes, and the supplementary schedules of JAPAN POST BANK Co., Ltd. for the 12th fiscal year from April 1, 2017 to March 31, 2018 in accordance with Article 436(2)(i) of the Companies Act.

**Management's Responsibility for the Non-consolidated Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the non-consolidated financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an independent opinion on the non-consolidated financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the non-consolidated financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial condition and the results of operations of JAPAN POST BANK Co., Ltd. for the period, for which the non-consolidated financial statements and supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

**Conflicts of Interest**

Our firm and engagement partners have no interest in JAPAN POST BANK Co., Ltd. which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



## **Independent Auditor's Report**

May 10, 2018

The Board of Directors  
JAPAN POST BANK Co., Ltd.

**KPMG AZSA LLC**  
Yoichi Ozawa (seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Hideyuki Kobayashi (seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant  
  
Takahiro Toyama (seal)  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income and the consolidated statement of changes in net assets, and the related notes of JAPAN POST BANK Co., Ltd. for the consolidated fiscal year from April 1, 2017 to March 31, 2018 in accordance with Article 444(4) of the Companies Act.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an independent opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial condition and the results of operations of JAPAN POST BANK Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

### **Conflicts of Interest**

Our firm and engagement partners have no interest in JAPAN POST BANK Co., Ltd. which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

## Audit Report

The Audit Committee audited the execution of the duties of the Directors and the Executive Officers of JAPAN POST BANK Co., Ltd. ("Japan Post Bank") during the 12th fiscal year from April 1, 2017 to March 31, 2018 and hereby reports the auditing method and the results thereof as follows:

## 1. Auditing Method and Details Thereof

The Audit Committee received reports regularly from Directors, Executive Officers and employees, etc. regarding the contents of resolutions made by the Board of Directors on matters set forth in Article 416, Paragraph 1, Item 1 (b) and (e) of the Companies Act and the status of the systems established and operated based on such resolutions (internal control systems), requested explanations when necessary, and expressed its opinions regarding such reports. In addition, the Audit Committee conducted an audit according to the following methods.

- 1) The Audit Committee established audit plans for the fiscal year ended March 31, 2018 in accordance with Audit Committee Regulations, Audit Rules of the Audit Committee, assignment of duties based on the resolution of the Audit Committee, etc. Also, having coordination with the Internal Control Division, etc., the Audit Committee attended important meetings, received reports from Directors and Executive Officers, etc. regarding the matters related to the execution of duties, requested explanations when necessary, reviewed important documents for approval, etc., and examined the business and financial condition at the Head Office, etc. With respect to the subsidiaries, the Audit Committee endeavored to facilitate a mutual understanding and exchanged information with Directors and Corporate Auditors of each subsidiary.
- 2) Regarding the matters that were considered in Article 118, Item 5 (a) of the Ordinance for Enforcement of the Companies Act and the judgment and the reason of (b) of the same Item described in the Business Report, the Audit Committee considered the contents based on the status of deliberations at the Board of Directors and others.
- 3) The Audit Committee monitored and verified as to whether the independent auditor conducted audits in an appropriate manner while maintaining an independent positioning, received reports from the independent auditor on the execution status of its duties, and, when necessary, requested explanations regarding those reports from the independent auditor. The Audit Committee also received notification from the independent auditor regarding the "system for ensuring appropriate execution of duties of the independent auditor" (as set forth in each Item of Article 131 of the Company Accounting Regulation Ordinance) in accordance with the "Quality Control Standards for Auditing" (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and, when necessary, requested explanations.

Based on the above-described methods, the Audit Committee examined the business report and the supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes) and the supplementary schedules thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes), for the fiscal year ended March 31, 2018.

## 2. Audit Results

## (1) Audit Results on the Business Report, etc.

- 1) In our opinion, the business report and the supplementary schedules present fairly the condition of Japan Post Bank in conformity with the applicable laws and regulations of Japan as well as the Articles of Incorporation of Japan Post Bank.
- 2) With regard to the execution of duties by Directors and Executive Officers, we have found no evidence of misconduct or material facts in violation of the applicable laws and regulations of Japan or the Articles of Incorporation of Japan Post Bank.
- 3) In our opinion, the content of the resolutions of the Board of Directors regarding the internal control system is appropriate. In addition, we have found no matters to be pointed out regarding the contents described in the Business Report about such internal control system and the execution of duties by Directors and Executive Officers.
- 4) Regarding transactions with the parent company as described in the Business Report, we found no matters to be pointed out on the matters that were considered not to harm interests of Japan Post Bank for implementing such transactions and on the judgment and the reason of the Board of Directors concerning whether such transactions will harm interests of Japan Post Bank or not.

(2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the method and the results of the audit conducted by KPMG AZSA LLC, the independent auditor, are appropriate.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the method and the results of the audit conducted by KPMG AZSA LLC, the independent auditor, are appropriate.

May 14, 2018

Audit Committee of JAPAN POST BANK Co., Ltd.

Member of the Audit Committee	Tomoyoshi Arita (seal)
Member of the Audit Committee	Sawako Nohara (seal)
Member of the Audit Committee	Tetsu Machida (seal)
Member of the Audit Committee	Toshihiro Tsuboi (seal)
Member of the Audit Committee	Katsuaki Ikeda (seal)
Member of the Audit Committee	Ryoichi Nakazato (seal)

(Note) Members of the Audit Committee, Mr. Tomoyoshi Arita, Ms. Sawako Nohara, Mr. Tetsu Machida, Mr. Toshihiro Tsuboi and Mr. Katsuaki Ikeda are Outside Directors as provided in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

# Information Map of the General Meeting of Shareholders

(The venue has been changed from the previous year.)

**Venue** Ballroom B2  
The Prince Park Tower Tokyo  
8-1, Shibakoen 4-chome, Minato-ku, Tokyo, Japan

\* Please be careful not to confuse the venue with the Tokyo Prince Hotel.

**Date and Time** Tuesday, June 19,  
2018 at 10:00 a.m. Japan time  
**Reception starts at 9:00 a.m.**

\* The reception may open earlier depending on the state of congestion, etc.



- Souvenirs will not be offered at this Ordinary General Meeting of Shareholders.
- For shareholders attending the meeting, please submit your Voting Right Exercise Form at the reception.
- Please bring this convocation notice to conserve paper resources.