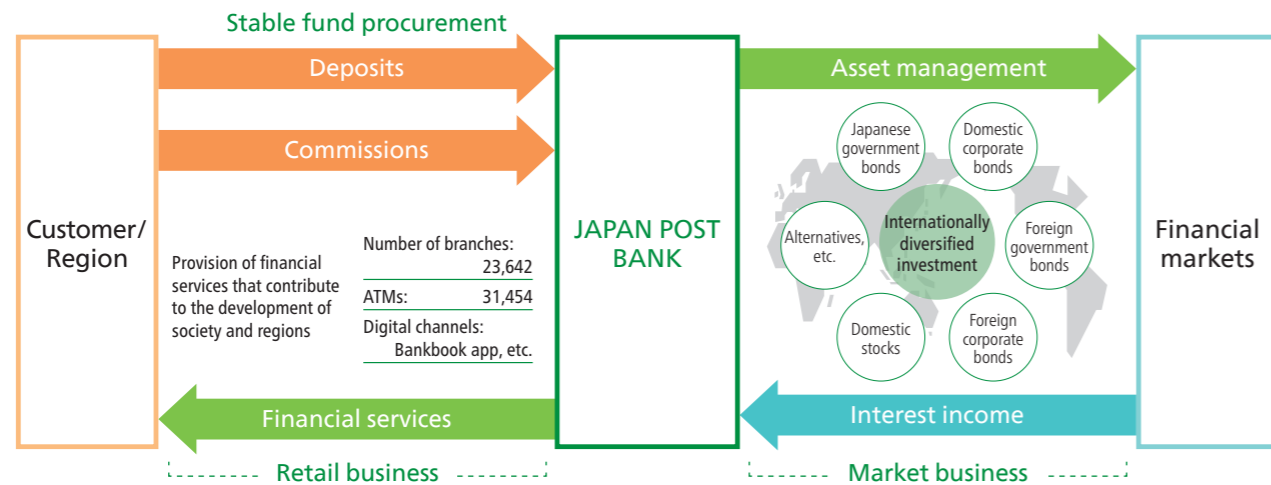


# Business Model

JAPAN POST BANK operates a retail business that provides deposits, remittance settlement, asset building support, and other services to its nationwide customer base of approximately 120 million individuals through its network of post offices and other facilities. We also operate a market business in which we invest the deposits received in securities and other investments into domestic and international financial markets.

In addition to the “retail and market businesses”, we will tackle the challenge of “new corporate banking business through investments with the launch of the Σ business” as a third new engine for growth.

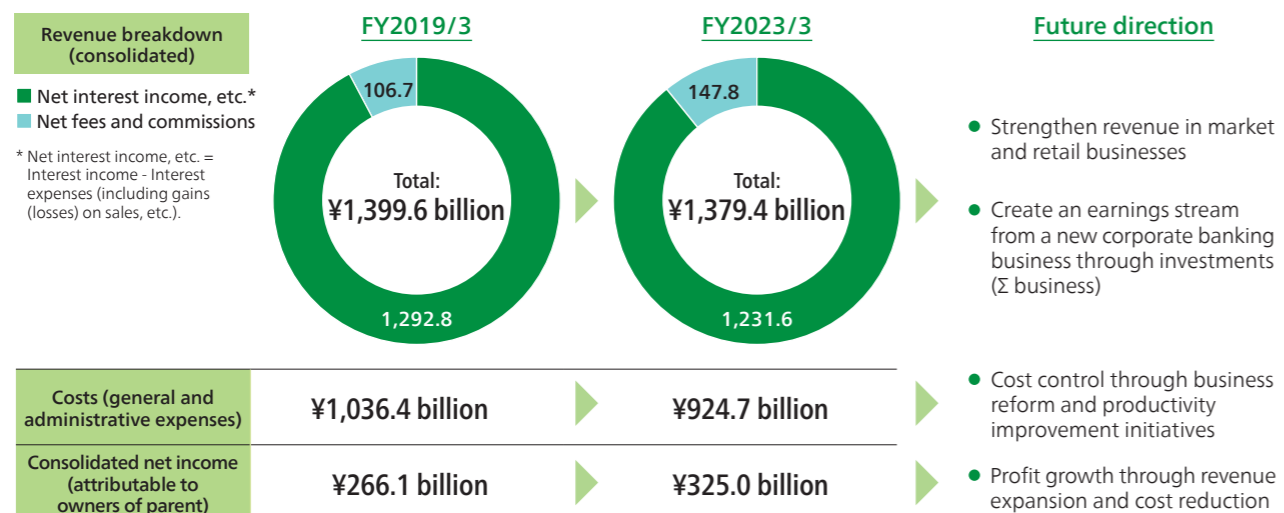
Due to legal restrictions, the Bank does not currently provide negotiated loans to corporations.



Business	Primary businesses
Retail business	Financial services such as deposits, remittance/payment, salary/pension receipt, asset management, cashless services, and mortgage (intermediary)
Market business	Investment of deposits into securities and other investments in domestic and foreign financial markets
A new corporate banking business, in JPB-appropriate manner Σ business	Provision of capital funds to regional companies, deal sourcing for investee companies, marketing support for investee companies, etc.

## Profit structure for the Bank

The main driver of a majority of the revenues the Bank generates, including net interest income, etc., is the market business. In recent years, however, net fees and commissions which are income from fees have also expanded, primarily from the retail business. Looking ahead, we will continue our efforts to strengthen earnings in the market business, while also aiming for profit growth by expanding earnings in the retail and Σ businesses, which are less susceptible to the financial market environment, and by controlling costs through operational reforms and other measures.



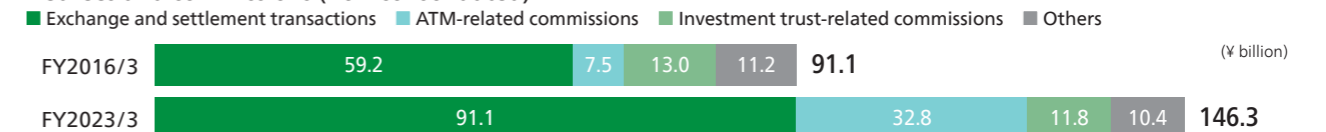
## The challenges of business model sophistication

### CHALLENGE 1 Strengthening the retail business

Details on P. 28

The transformation of our retail business is a challenge we are undertaking by leveraging our strong customer base and network, a forte of the Bank, and by taking a complementary approach to our physical and digital businesses. Steady progress is being made to improving profitability by expanding digital and cashless services and enhancing initiatives in the asset building support business and ATM business.

#### Net fees and commissions (non-consolidated)

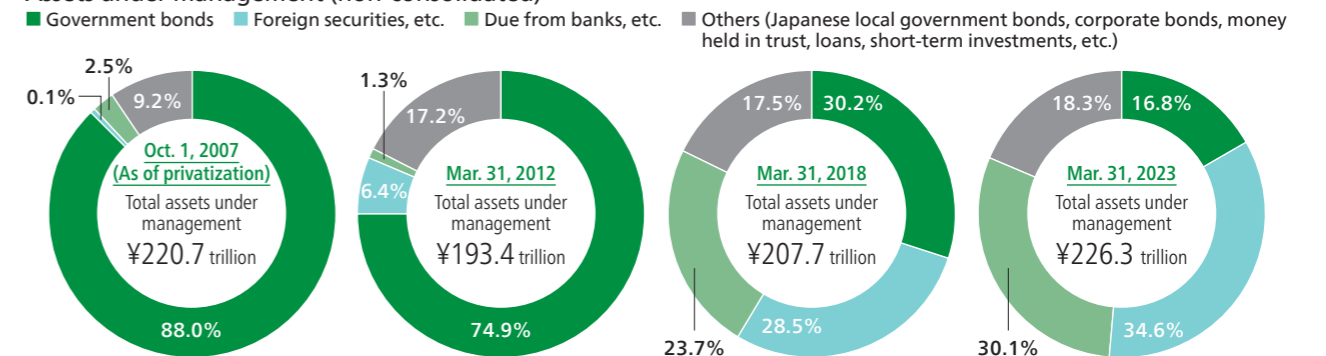


### CHALLENGE 2 Transformation of asset management portfolio

Details on P. 32

Prior to privatization, the Bank had invested mainly in government bonds. After privatization, however, we have been transforming our portfolio of assets under management by, for example, starting to invest in overseas credit assets.

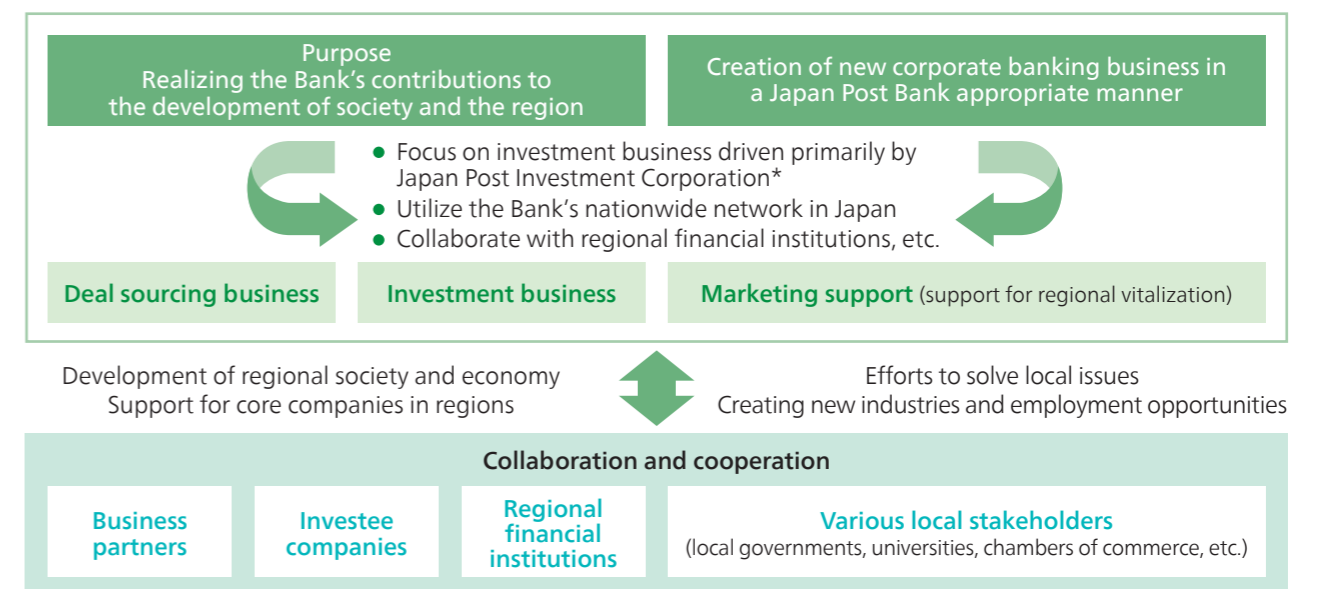
#### Assets under management (non-consolidated)



### CHALLENGE 3 Creation of new business —Σ business—

Details on P. 38

The Σ business is a new corporate banking business through investments (GP Business) in JPB appropriate manner. We will contribute to the development of society and Japan’s regional areas by providing equity funds to regional companies, and by using our unique network and other resources in deal sourcing and by offering marketing support.



\* A private equity fund management company established by JAPAN POST BANK and JAPAN POST INSURANCE in February 2018.