

2022

ANNUAL REPORT  
Year ended March 31, 2022

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- International Integrated Reporting Framework, Value Reporting Foundation (IIRC, now VRF)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation, Ministry of Economy, Trade and Industry

### Editorial Policy

To foster a deeper understanding of JAPAN POST BANK's corporate value among shareholders, investors and stakeholders, for this Annual Report we produced an integrated report that offers extensive information on management strategy and environmental, social and governance (ESG) as well as financial information.

### Target Period

Operating performance for the fiscal period from April 1, 2021 to March 31, 2022. The report also includes some activities outside this period.

This report is not a solicitation for the shares or other securities of the JAPAN POST GROUP. Furthermore, this report contains forward-looking statements, such as the Bank's forecasts and targets. These statements were written according to the Bank's judgment based on information available, forecasts, and assumptions made at the time when the report was created; they therefore encompass risks and uncertainties, and are not a guarantee of future results. You should bear in mind that actual business results may differ from those described in this report, because they are subject to a wide range of risks and factors such as changes in the assumed conditions relating to the business environment, economic and business trends, changes in laws and regulations, the occurrence of major disasters, fluctuations in the value of assets held by the Bank, and the impact of rumor and hearsay. The Bank undertakes no obligation to publicly update or revise any forward-looking statements in light of new information or future events. All finance-related figures and percentages in this report are rounded down for presentation, and therefore the totals may not be equal to the sum of the presented figures. The figures and percentages are information as of March 31, 2022, unless separately noted. Unless the context states otherwise, references in this report to "we," "us," "our," the "Bank" or similar terms are to JAPAN POST BANK. Unless otherwise individually noted, this integrated report contains non-consolidated numerical values.

### Disclosure document

	Financial information	Financial x Non-financial information	Non-financial information
Legal disclosure	Composition of Capital Disclosure	Securities Report Annual Report	—
Exchange system disclosure	Summary of Financial Results (Kessan Tanshin)	Timely disclosure	Corporate Governance Report
Voluntary disclosure	Selected Financial Information	IR information website	Sustainability website

## Purpose of JAPAN POST BANK (raison d'être)

**We aim for the happiness of customers and employees, and will contribute to the development of society and the region.**

(The Management Philosophy of JAPAN POST GROUP)

## The Management Philosophy of JAPAN POST BANK

**We aim to become "the most accessible and trustworthy bank in Japan," guided by the needs and expectations of our customers.**

- |   |  |   |  |
|---|--|---|--|
| <p><b>TRUST</b><br/>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.</p> | <p><b>INNOVATION</b><br/>We work sincerely to improve our management and business operations in response to requests from customers and changes in the business environment.</p> | <p><b>EFFICIENCY</b><br/>We pursue improvements in speed and efficiency of our management and business operations in order to provide customer-oriented financial instruments and services.</p> | <p><b>EXPERTISE</b><br/>We continually strive to strengthen our expertise for the aim of services meeting the expectations of our customers.</p> |
|---|--|---|--|

## The Mission of JAPAN POST BANK

**Providing "reliable and thorough" financial services "safely and securely" to anyone and everyone throughout Japan.**

**Contributing to the development of regional community economies by enhancing funds flow to, and relationships with, communities using various frameworks.**

**As one of the largest institutional investors in Japan, JAPAN POST BANK will work to both realize sound and profitable operations, and contribute to the realization of a sustainable society.**

**Realizing both the enhancement of corporate value, and contributing to the solution of social issues such as SDGs (ESG management)**

## Purpose of JAPAN POST BANK

We aim for the happiness of customers and employees, and will contribute to the development of society and the region.

Since launching its postal money order service and postal savings service in 1875, JAPAN POST BANK has for 147 years carried forward the spirit of its founder Hisoka Maejima, whose aspiration was to create a form of social infrastructure that everyone can use fairly.

The world in general is currently confronting a host of significant challenges. In addition to the growing incidence of geopolitical risk, this includes further spread of COVID-19 and the effects of climate change. We at JAPAN POST BANK, will once again demonstrate to the world our purpose (raison d'être) and continue to challenge ourselves as we strive to achieve our ideal form.



From left: Susumu Tanaka, Hiroya Masuda, Keiji Nakazawa, Kenzo Yamamoto, Risa Aihara, Keisuke Takeuchi, Ryoji Chubachi, Makoto Kaiwa, Hiroshi Kawamura, Shihoko Urushi, Atsuko Sato, Toshiyuki Yazaki and Norito Ikeda

## Messages from Outside Directors

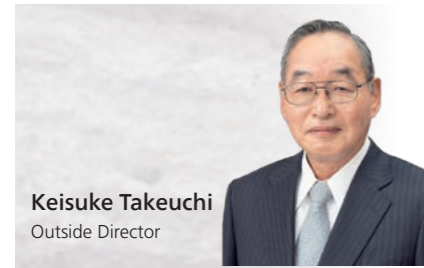
We will ensure that the Board of Directors fulfills its responsibility while realizing the Bank's Purpose, mobilizing the strengths of outside directors, who offer a diverse range of skills and expertise.



**Ryoji Chubachi**  
Outside Director

### Satisfaction for customers and pride for employees

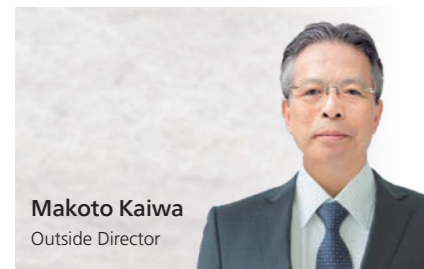
Convenience at JAPAN POST BANK entails satisfying the dual needs for ease and security. Digital technology is key to this endeavor. DX initiatives are also changing the ways in which employees work. Taking the aforementioned into consideration, the Bank is vigorously promoting ESG and DX in its Medium-term Management Plan. The wish of the Bank as a whole is to satisfy its customers while instilling a sense of pride in its employees. With this in mind, I would like to help steadily carry out the Medium-term Management Plan while further improving the effectiveness of the Board of Directors.



**Keisuke Takeuchi**  
Outside Director

### Revitalizing regional community economies

One of JAPAN POST BANK's key policies and strategies is enhancing the flow of funds to regional communities through various frameworks and undertaking necessary investments to reduce environmental impacts as well. With this in mind, I would like to endeavor to revitalize regional community economies and further promote the Bank's business, making the most use of my expertise accumulated for about half a century carrying out energy-, infrastructure-, life science-, and other-related domestic and foreign construction projects.



**Makoto Kaiwa**  
Outside Director

### Putting the trust of customers first

With its nationwide network, JAPAN POST BANK fulfills a host of important functions. In providing financial services that meet the diverse needs of customers, the Bank provides support to an aging society while engaging in regional revitalization. As new digital services become increasingly widespread, I hope to employ the management experience that I have accumulated to date to further incorporate into the Bank's culture the importance of putting the trust of customers first and confirming with customers that the Bank is one they can trust.



**Risa Aihara**  
Outside Director

### Becoming a bank that can make a more intrinsic contribution to value

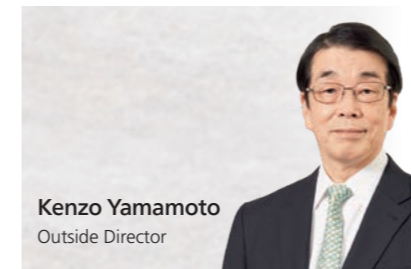
As global awareness toward and interest in the SDGs has increased in recent years, the corporate sector is being asked to make a more intrinsic contribution to value in society going forward. In fulfilling its purpose, I will draw on my knowledge and experience gained through years of operating web-based services that connect consumers with the community to help the Bank answer such questions as whether it is providing value that leads to customer happiness or is making efforts to provide services that contribute to the development of society and the region.



**Hiroshi Kawamura**  
Outside Director

### Aiming for a JAPAN POST BANK that contributes to happiness

In an ever-evolving society, JAPAN POST BANK is endeavoring to become the most accessible and trustworthy bank in Japan. To this end, the Bank provides a variety of services that are safe and secure as well as reliable and thorough while contributing to the resolution of social issues and development of society and the region. On a personal note, I would like to help the Bank realize its ideal form through which it can fulfill its important role. By focusing especially on such areas as compliance, I hope to further boost the Bank's profile and trust as it grows in concert with society.



**Kenzo Yamamoto**  
Outside Director

### Toward sophisticated risk management practices

Currently, JAPAN POST BANK's business revolves around a business model that entails safeguarding the precious money of its customers, investing in a variety of financial instruments including securities and providing returns to depositors, shareholders and the local community. To ensure the stable operation of this business model, it is vital that the Bank strictly manages a myriad of risks including fluctuations in interest and foreign exchange rates as well as liquidity. Recently, we have also witnessed an increase in cyberattacks and other system risks. Moving forward, I will work to help expand the Bank's business through sophisticated risk management practices while casting an eye of the diversity of risks.



**Shihoko Urushi**  
Outside Director

### Serving as a platform to connect people with regions

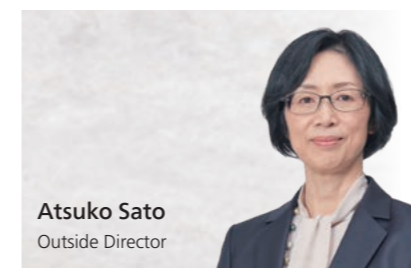
As Japanese society continues to experience a population decline, there is an increasing necessity to connect regions and to connect and harness the abilities of each and every individual. Under these circumstances, JAPAN POST BANK is being called upon to fulfill its role by providing universal services and serving as a co-creation platform that supports customers and underpins regions throughout Japan. For many years, I have been involved in education through school management while also participating in policy advocacy meetings. Drawing on this experience, I will endeavor to help promote human resources education and training as well as diversity and inclusion in a bid to expand the strengths of each individual.



**Keiji Nakazawa**  
Outside Director

### To be a bank that is loved by all of its stakeholders

JAPAN POST BANK contributes to the development of local communities as a trusted brand by providing safe, secure, convenient and attractive financial services that are attuned to the needs of customers in communities throughout Japan. I will fulfill my responsibilities as an independent outside director by appropriately communicating and disclosing information to customers, shareholders, employees and other stakeholders that we are engaging in sound management that enhances social and economic value over the medium to long term.



**Atsuko Sato**  
Outside Director

### Offer diverse perspectives to the Bank's risk management

As one of the top institutional investors in Japan, JAPAN POST BANK is working to realize sound and profitable asset management and to contribute to the realization of a sustainable society. I have been engaged in various business affairs involving domestic and international capital markets at both an investment bank and a private equity fund, and have more recently been conducting academic research at a university on cross-cultural management and ESG investment. I am committed to offering my views and to contribute to the Bank's efforts to realize its purpose and mission.

## Message from the President

2007  
1916  
1875  
1871

### Norito Ikeda

Director, President and Representative Executive Officer



## I have absolute confidence in the strength and growth potential of JAPAN POST BANK.

### Introduction




The business environment surrounding JAPAN POST BANK is characterized by a declining population and super-aging society, shrinking regional economies, advance in digital innovation, changes to new lifestyle following the COVID-19 pandemic, growing momentum toward the realization of a sustainable society against the backdrop of

the increasingly severe climate change problem and other factors. In addition, the current situation is characterized by increasing uncertainties, such as monetary policy shifts in the U.S. and other countries against the backdrop of inflationary concerns and heightened geopolitical risks including escalating tensions in Ukraine.

### Toward fulfilling our purpose

Reflecting on the significance of its purpose, namely its aim for the happiness of customers and employees and efforts to contribute to the development of society and the region, as well as its management philosophy of becoming the most accessible and trustworthy bank in Japan guided by the needs and expectations of its customers, JAPAN POST BANK clarified its three social missions under the Medium-term Management Plan. At

the same time, the Bank also identified four priority issues (materialities) to be addressed in order to realize sustainable management through efforts aimed at both enhancing corporate value and solving social issues.

-  [Mission more info P.1](#)
-  [Materiality more info P.20](#)
-  [Medium-term Management Plan \(FY2022/3 through FY2026/3\) more info P.22](#)

### A customer-oriented mindset underpins every facet of our operations

I believe that a customer-oriented mindset is the most important attribute in realizing the Bank's purpose through materiality. Uppermost is the need to ensure that our customers can avail themselves of our products and services with confidence and to maintain their trust. Established as a customer-oriented initiative, the Service Improvement Committee engages in thoroughgoing deliberations on customer-oriented issues, focusing not only on the validity of products and services as well as the digitalization of teller and customer center operations, but also on internal organizational and cultural reforms. In addition, the Bank uses videos to convey to employees nationwide management's thoughts regarding behavior,

attitude and spirit toward customers. I believe it is essential that management and front-line employees share each of their values and engage in close-knit communication in order to provide high-quality, customer-oriented financial services. Furthermore, the Bank maintains forums to gain access to information not only from a management, but also from the employee and organizational perspectives. These forums facilitate discussions regarding specific attributes that are unique to JAPAN POST BANK and are linked to the Bank's purpose, work to strengthen vertical, horizontal and diagonal communication and lead to organizational and cultural reform.

### Steady results since public listing

Net income attributable to owners of parent came to ¥355 billion in FY2022/3. This was a record high since the Bank's public listing. The majority of the Bank's revenues are derived from net interest income, etc. that is generated through market operations. Thanks largely to the Bank's continued management efforts in the retail

business, net fees and commissions have been rising steadily over the past several years. At the same time, general and administrative expenses have exhibited a steady decline. We recognize that our efforts in the retail business are being reflected in our business performance, which I believe is a major achievement to date.

Message from the President

My thoughts on the Bank's three growth engines and future vision

Since its privatization in 2007 and public listing in 2015, JAPAN POST BANK has continued to expand and strengthen its business. The Bank's business is largely driven by three growth engines which are run in a

dynamic fashion. The first engine is the Bank's retail business, the second its market operations and the third its new business endeavors. I would like to elaborate on the background behind and vision for these three engines.

The 1st engine: retail business

Since publicly listing its shares in 2015, JAPAN POST BANK has worked diligently to strengthen investment trust sales as well as its payment services. During the period of the previous Medium-term Management Plan, the Bank continued to expand its network of compact ATMs at such locations as FamilyMart convenience stores. At the same time, we launched a host of new services that employ digital technology including Yucho Pay and Yucho Bankbook App. In addition, we began handling Yucho Fund wraps, as a new, retail-oriented product jointly developed with Daiwa Securities Co., Ltd., in May 2022. We also began issuing JAPAN POST BANK debit cards as a new brand debit card. Through the introduction of these new services, we hope to further increase profits from net fees and commissions.

JAPAN POST BANK recognizes that the promotion of digital services is essential for the sustainable growth of its

retail business going forward. With this in mind, we will improve the functionality of our well-received Yucho Bankbook App and release a new PFM (personal finance management) App that will support household budget management by providing customers with a visual display of their assets, income and expenses, during FY2023/3. JAPAN POST BANK will look to build a Co-creation Platform that can provide a diverse and also an optimal range of services through open collaboration with various businesses starting with these apps.

For customers who are not familiar with digital services, we will provide thoughtful and attentive support through physical channels. Our goal is to put in place an environment in which all customers can conveniently use digital services. JAPAN POST BANK is looking to develop a new retail business that only it can provide by realizing complementarity between the physical and the digital.

The 2nd engine: market operations

In its market operations, which form the largest source of earnings, the majority of assets under management at the time of the Bank's inception were Japanese government bonds. Thereafter, JAPAN POST BANK accelerated the paradigm shift in its market management to improve profitability amid efforts by the government and authorities to promote a monetary easing policy and the ongoing low interest rate environment. We changed course and undertook a major shift to diversified investment in foreign and other assets. We allocated investments to risk assets focusing mainly on foreign securities while diversifying investment assets based on appropriate risk management. In particular, the Bank steadily accumulated investments in such strategic investment areas as private equity and real estate funds during the period of the previous Medium-term Management Plan, when the investment environment was difficult. Entering the period of the current Medium-term Management Plan, these investments are contributing to earnings in earnest. By the final year of the current Medium-term Management Plan, we aim to increase the balances of risk assets to ¥110 trillion and strategic investment areas to ¥10 trillion.

One major factor in the success of the paradigm shift

in its market management is the Bank's efforts to bolster its expert personnel. We have worked to improve the structure of our business while maintaining a balance between the market frontline, risk management and asset-liability management (ALM), and have increased the number of personnel by around 200 since our public listing to approximately 380. While recognizing the importance of developing in-house personnel, JAPAN POST BANK will continue to hire external human resources. In this vein, we will progressively recruit and train talented and gifted staff.

Currently, interest rates in the U.S. and Europe are rising. In the event that interest rates in Japan follow suit at some time in the future, JAPAN POST BANK will rebuild its yen interest portfolio. We will consider expanding earnings by progressively allocating the more than ¥60 trillion in deposits and other short-term assets to such domestic investments as Japanese government bonds. In this regard, we will continue to closely monitor domestic interest rate trends.

The 3rd engine: new business challenges

Moving on to the third and last of the Bank's three engines, I would like to comment on the challenge that we face in pursuing new businesses with the potential to drive earnings forward in the future. Currently, the lending (debt) business in Japan is already distinguished by its harsh competition. The rationale for entering this business is therefore difficult to find. For this reason, JAPAN POST BANK has long focused on providing funds through private equity fund investments and other means. Concentrating our efforts largely on limited partner (LP) contributions that invest mainly in funds, we have garnered considerable know-how and expertise. In addition, the Bank entered the general partner (GP) business, which entails a broad spectrum of activities through to fund operations and management, through its subsidiary Japan Post Investment Corporation.

Looking ahead, we will use these endeavors as a foundation to realize the GP business on a full-scale basis while collaborating with external organizations. We also plan to launch the Σ business (tentative name) to support the development of regional industries and venture companies. First, we will seek out new business seeds that can help revitalize communities from among our GP investee companies. We are looking to create a new B2B business that can convert the aforementioned seeds into businesses that can provide specific products and services, introduce and mediate these businesses to local companies and municipalities across Japan, and act as an intermediary



for them, by utilizing our regional bases of operation, and acquire income by collecting commissions.

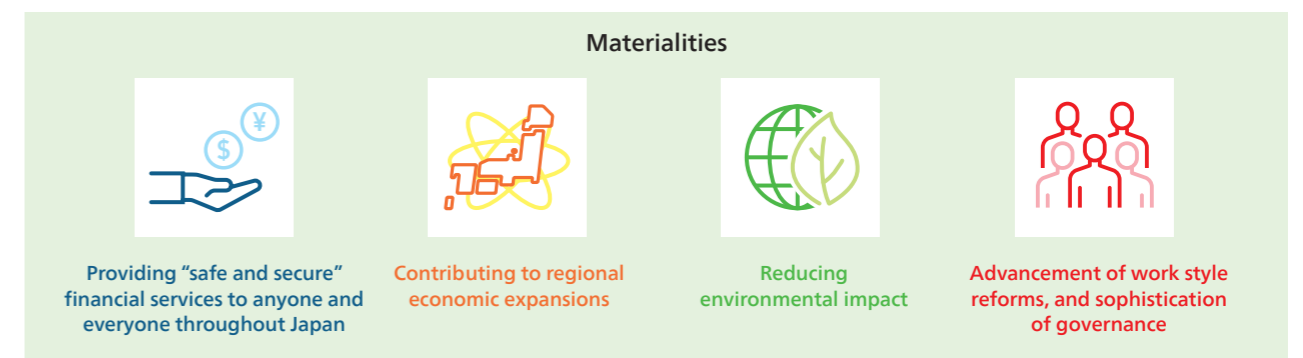
Once this new business is on a stable track, the potential exists to utilize the JAPAN POST GROUP's nationwide network a recognized strength of the Bank. I hold high expectations that this new business model, one that only JAPAN POST BANK can provide, will help revitalize communities. While the previously mentioned first and second engine will remain core tools in our arsenal going forward, we are working to lay the groundwork to ensure that the third engine generates a viable earnings stream in a bid to put in place a sustainable earnings base driven by the three engines.

Priority issue (materiality) initiatives

Turning to the four priority issues (materialities) identified by the Bank, and in particular efforts to provide safe and secure financial services to everyone throughout Japan, JAPAN POST BANK is expanding digital services that all customers can easily use while at the same time actively introducing and providing digital service support through the nationwide JAPAN POST GROUP network. In addition, we intend to release a new PFM (personal finance management)

App. Moreover, we are looking to build a Co-creation Platform through extensive collaboration with other company services.

As previously mentioned, we are working to contribute to regional economic expansion by expanding the supply of equity funds, in our own unique manner, not by means of lending. We will continue to serve as a regional financial platform. We will continue to partner with



## Message from the President

regional financial institutions in areas such as ATM collaboration, the aggregation of operational processes encompassing tax and public money collection. Through these and a range of other measures, we will provide multifaceted support for regional development across Japan.

As far as reducing environmental impact is concerned, JAPAN POST BANK is pushing forward various measures including efforts to reduce power consumption and switch to renewable energy. Complementing these measures, we have raised our ESG-themed investments balance target as of the end of FY2026/3 from ¥2 trillion to ¥4 trillion, and are endeavoring to help reduce the environmental impact of society as a whole through constructive dialogue with portfolio companies. As one other initiative, we announced details of our Japan Post Bank Net Zero GHG Emissions Declaration, which states our aim to achieve net zero greenhouse gas emissions by 2050 for the Bank and its finance portfolio.

On the issue of advancement of work style reforms, and sophistication of governance, we take pride in receiving a host of high external evaluations in 2022. Recognized for the ongoing measures undertaken to promote

employee health, JAPAN POST BANK acquired Excellent Enterprise of Health and Productivity Management 2022 White 500 certification in the large enterprise category. Moreover, the Bank also acquired Nadeshiko Brand and Eruboshi (Level 3) certification in acknowledgment of its efforts to support the career advancement of women.

The ratio of women in managerial positions increased from 15.7% as of April 2021 to 16.6% as of April 2022 and is steadily improving toward the target of 20% by FY2026/3\*.

Meanwhile, we continue to implement the Career Challenge System for internal recruitment to encourage employees to take the initiative in developing their careers. Through this and other efforts, we are putting in place an environment in which all employees can develop their careers of their own accord with a high degree of motivation. From a human capital management perspective, we remain committed to creating a comfortable workplace environment for all employees and ensuring that employees can go about their duties and enjoy mutual growth with a sense of satisfaction.

\* Goals for achievement by April 2026.

ing these opinions in the Bank's management is essential for improving corporate value. Building on the Bank's transition to the Prime Market, a market segment of the

Tokyo Stock Exchange from April 2022, we will redouble our efforts to build a more sophisticated governance structure and systems.

### In closing

In order for the Bank's true corporate value to be understood, it is vital that we articulate our journey of growth. Equally important is the need to engage in dialogue while enhancing information disclosure. As president and representative executive officer, I have



absolute faith in the Bank's strength and its growth potential. Moving forward, all executives and employees will work in unison to set and achieve ever loftier goals. Market expectations call for nothing less, and I am convinced that our efforts in this regard will further strengthen the trust that binds us to our customers.

We will continue to engage in dialogue with all of our stakeholders. Determined to enhance the corporate value of JAPAN POST BANK, I ask for your continued support and patronage.

*Norito Ikeda*

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

## Sophistication of governance

The Risk Committee was established as an advisory body to the Board of Directors as a part of the Bank's governance sophistication endeavors from June 2022. Charged with the responsibility of deliberating on a variety of risks, I hold high expectations that the Committee will fulfill two major roles. The first is to strengthen oversight of the Bank's market operations. As operations become more sophisticated, JAPAN POST BANK will be forced to take on commensurate risks. While the Bank's market investment, risk management and related divisions are all taking steps to upgrade and expand stress tests as well as reinforce monitoring, the Risk Committee will also conduct risk analyses from both an internal and external perspective by calling on input from outside directors and external experts to oversee risk with a more comprehensive outlook.

Second, I look to the Committee to bolster systems-related risk management. JAPAN POST BANK manages approximately 120 million ordinary deposit accounts and as such operates an extremely large system. Amid the ongoing development of digital services, the structure of this systems is becoming increasingly complex. In the unlikely event of a systems failure, not only the Bank, but also society as a whole could be significantly affected. With this in mind, we have invited individuals with a high degree of expertise to join the Risk Committee

to further strengthen the checks and balance function. Through these and other means, steps are being taken to minimize any incidence of system failure.

With an eye on further enhancing the governance function, JAPAN POST BANK is creating an environment to improve the effectiveness of the Board of Directors. The Bank has long provided a forum for open discussion among independent directors with wide-ranging expertise on an irregular basis. Independent outside directors have spent a considerable amount of time deliberating on a broad spectrum of items including the relevance of the Bank's management strategies, analyses of the market environment and organizational issues. These deliberations allow for opinions to be aired that can easily go unnoticed when discussions are undertaken entirely by in-house personnel. By ensuring objectivity, various comments can be made, including some that are painful to hear. Recognizing the benefits to accrue from this independent input, JAPAN POST BANK initiated meetings of independent outside directors from FY2022/3. These meetings serve as a conduit for independent outside directors to regularly exchange information and share perspectives on important management issues and important governance matters of the Bank. The opinions raised are then reported to the Board of Directors. Reflect-

## Working toward management that will help achieve our purpose while contributing to the human capital of society as a whole

The growth of each and every employee is another major factor in the Bank achieving its purpose. Since privatization, JAPAN POST BANK has rapidly strengthened and expanded its business, attracting a diverse pool of human resources in the process. In addition to hiring from external sources, we also develop and train personnel within the Bank. Looking ahead, JAPAN POST BANK will endeavor to further enhance the skills and capabilities of its staff in accordance with key areas of its management strategy. One initiative I have found to be especially effective is dispatching employees to other companies. Experiencing a world outside the Bank gives employees the chance to gain ideas and skills that they would never obtain in-house. To date, we have dispatched a number of young employees to companies that engage in such GP activities as fund management and administration. The growth in these employees on their return has been nothing short of remarkable. For better or worse, I cannot deny that vestiges and customs from its public entity days linger throughout the Bank. I would hope that as more employees learn about the outside world, new changes will occur that

better align our organization to the future.

My wish is that employees will be able to play an active role in other companies as well. Of course, the principal goal is to have employees grow in concert with the Bank. However, a few may decide to leave at some time in the future. Irrespective of a change in company, the essence of human relationships never end. In the future, a single institution working on its own will find it increasingly difficult to develop services in the financial sector. I expect the time will come when innovation occurs through cooperation and collaboration with other companies. It is precisely at this time that connections between people that transcend the individual company boundaries will become increasingly important. Against this backdrop, I believe it is vital for people with a connection to the Bank to join hands and work to revitalize the financial industry as a whole. This will lead to the development of society and local communities, which is ultimately the Bank's purpose. Moreover, I am convinced that this will result in further investment in the human capital of Japanese society in its entirety.

# Financial Strategies for Growth

We will promote a capital policy that balances shareholder returns, financial soundness, and growth investments to enhance corporate value.

**Harumi Yano**  
Senior Managing Executive Officer



## Capital and other policies

JAPAN POST BANK will promote a capital policy that balances shareholder returns, financial soundness and growth investments.

From a shareholder returns perspective, our basic policy is to maintain a dividend payout ratio of approximately 50% during the period of the Medium-term Management Plan. Having said this, the target dividend payout ratio will be set between 50% and 60% while keeping in mind the stability and sustainability of dividends and we will target increase to dividends per share (DPS) compared with projected dividend levels for FY2022/3. Guided by this dividend policy, and while taking into consideration trends in business performance, we have set the dividend for FY2022/3 at ¥50 per share for a dividend payout ratio of 52.7%. We also plan to maintain this level and pay a dividend of ¥50 per share for a dividend payout ratio of 58.5% for FY2023/3. In addition to targeting an increase in dividends per share through medium- and long-term profit growth, we will consider implementing additional shareholder return policies depending on such factors as future expansions in income, the repleteness of internal reserves and the status of regulatory trends.

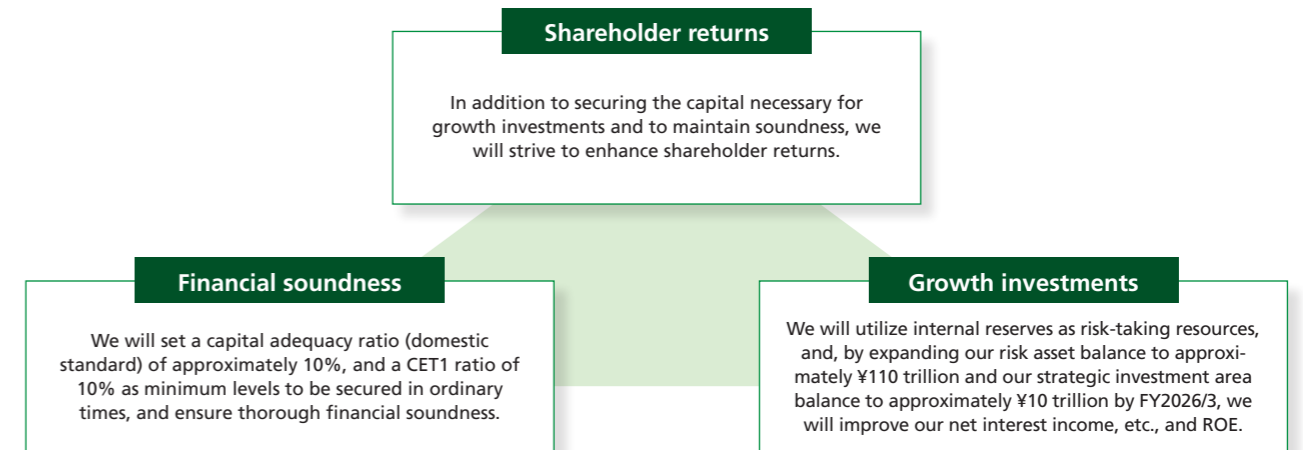
With respect to its policy to ensure sufficient financial soundness, JAPAN POST BANK has set a capital adequacy ratio (domestic standard) of approximately 10%, and a common equity tier 1 (CET1) ratio (international standards: excluding unrealized gains on available-for-sale securities) of around 10% as minimum levels to be secured in ordinary times. Although JAPAN POST BANK is a domestic

standard bank, it has set targets for its CET1 ratio, which is an internationally unified standard, while taking into account such factors as the increased importance of international finance systems that are commensurate with the proliferation of global asset allocation. As of the end of FY2022/3, JAPAN POST BANK's capital adequacy ratio came in at 15.56% and its CET1 ratio (excluding unrealized gains on available-for-sale securities) at 14.23%. These results exceeded the Bank's targets in each case and are indicative of a high degree of soundness.

Turning to the Bank's growth investments, JAPAN POST BANK will work to improve net interest income, etc., as well as ROE by utilizing internal reserves as risk-taking resources and building up the balances of risk assets and strategic investment areas to approximately ¥110 trillion and ¥10 trillion, respectively, as of the end of FY2026/3. As of the end of FY2022/3, the balance of risk assets stood at ¥94.9 trillion, an increase of ¥3.8 trillion compared with the end of the previous fiscal year, and the balance of strategic investment areas came in at ¥6.4 trillion, which represented year-on-year growth of ¥2.2 trillion. Moving forward, we will continue to expand global asset allocations while staying aware of risk-adjusted return.

Over and above the aforementioned, JAPAN POST BANK introduced a shareholder benefit program to express its gratitude to shareholders for their daily support and to enhance the appeal of investing in the Bank's shares and thereby to increase the number of shareholders.

### Basic Capital Policy Thought Process



## Financial targets

JAPAN POST BANK is advancing efforts to improve profitability and efficiency while fulfilling its duty to provide universal services in finance.

In FY2022/3, the first year of the Bank's Medium-term Management Plan, which covers the period from FY2022/3 to FY2026/3, the Bank experienced a decrease in redemption gains on foreign bonds and revenue from Japanese government bonds compared with the previous fiscal year. Under these circumstances, earnings from foreign bonds investment trusts and strategic investment areas\*1 increased substantially. In FY2022/3, JAPAN POST BANK reported consolidated net income attributable to owners of parent of ¥355 billion, a record high since its public listing.

Looking ahead, we anticipate the current challenging environment to continue owing to a variety of factors. This includes a downturn in earnings from Japanese government bonds and an upswing in foreign currency funding costs. Despite these difficult conditions, JAPAN POST BANK will endeavor to achieve its FY2026/3 targets for profitability and efficiency while securing financial soundness. To this end, we will work toward the full-scale realization of profits in strategic investment areas, expand net fees and commissions based on innovations in the retail business and reduce general and administrative expenses on the back of improvements in productivity, among other efforts.

\*1 Strategic investment areas: Alternative assets (private equity funds and real estate funds, etc.), real estate funds (debt), direct lending funds and infrastructure debt funds, etc.

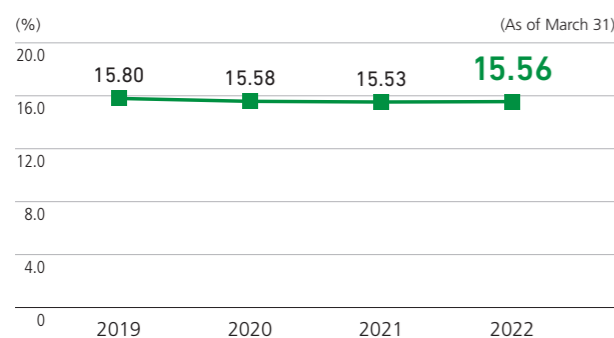
### Financial targets

Consolidated Basis	FY2021/3 Performance	FY2022/3 Performance	FY2026/3 targets
<b>Profitability</b>			
Consolidated net income (attributable to owners of parent)	¥280.1 billion	¥355.0 billion	¥350.0 billion or greater
ROE (based on shareholders' equity)	3.06%	3.80%	3.6% or greater
<b>Efficiency</b>			
OHR (Basis including gains (losses) on money held in trust)*2	72.34%	67.52%	66% or less
General and administrative expenses (compared with FY2021/3)	-	¥(27.9) billion	¥(55.0) billion
<b>Soundness</b>			
Capital adequacy ratio (Domestic standards)	15.53%	15.56%	Approx. 10% (Levels to be secured)
CET1 (Common equity tier1 capital) ratio (international standards)*3	14.09%	14.23%	Approx. 10% (Levels to be secured)

\*2 Keeping in mind that JAPAN POST BANK manages securities that utilize money held in trust of a considerable scope, we have established an OHR target that includes in the denominator operational profit/loss pertaining to money held in trust. Calculated as general and administrative expenses ÷ (net interest income, etc. + net fees and commissions). Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales etc.).

\*3 Excluding unrealized gains on available-for-sale securities. FY2026/3 targets are based on full implementation of Basel III.

### Capital adequacy ratio (Domestic Standard)



### Credit Ratings

	Long-term	Short-term
Moody's	A1	P-1
S&P	A	A-1

## Transition to the Prime Market

In connection with Tokyo Stock Exchange, Inc.'s restructuring of market segments, JAPAN POST BANK submitted plans to meet the level of continued listing requirements for the new market segment in November 2021. We transitioned to the Prime Market in April 2022 after applying transitional measures (we do not meet the requirement for the tradable share ratio).

In line with the JAPAN POST GROUP Medium-term Management Plan, JP Vision 2025, the Bank's parent company JAPAN POST HOLDINGS Co., Ltd. has adopted

the policy to dispose of its equity interest in JAPAN POST BANK and to lower its holding ratio to 50% or less as soon as possible during the period of its Medium-term Management Plan. As implementing this policy will satisfy the continued listing requirements, JAPAN POST BANK is committed to creating an environment that is conducive to JAPAN POST HOLDINGS Co., Ltd. being able to implement this policy with ease. To this end, we will endeavor to increase our profitability and enhance our corporate value.



# Value Creation Process

JAPAN POST BANK reaffirmed the significance of its purpose of existence—“We aim for the happiness of customers and employees, and will contribute to the development of society and the region”— and will do its utmost to improve corporate value and create social value in awareness of future changes in the external environment.

**Status of society**

- Shrinking population, super-ageing society
- Diversification of lifestyles
- Local economic downturns
- Digital innovation
- Changing to new lifestyles
- The demands of realizing a sustainable society
- Low interest rates becoming long-term, and an uncertain financial and economic environment

**Our DNA has remained in place since our foundation** P.16

Meeting the expectations of our customers as a financial institution that supports society

**Strengths and Management Resources** P.18

- ▶ Network bases
- ▶ Japan’s largest customer base
- ▶ Japan’s largest deposit base
- ▶ Collaboration with regions
- ▶ Diverse and expert human resources

**Medium-term Management Plan** P.22

“Deepening trust, and taking on the challenge for financial innovations”  
— Innovating our business model and enhancing business sustainability —

Combining Management Strategies with Materialities

**Materiality** P.20

- Providing “safe and secure” financial services to anyone and everyone throughout Japan
- Contributing to regional economic expansions
- Reducing environmental impact
- Advancement of work style reforms, and sophistication of governance

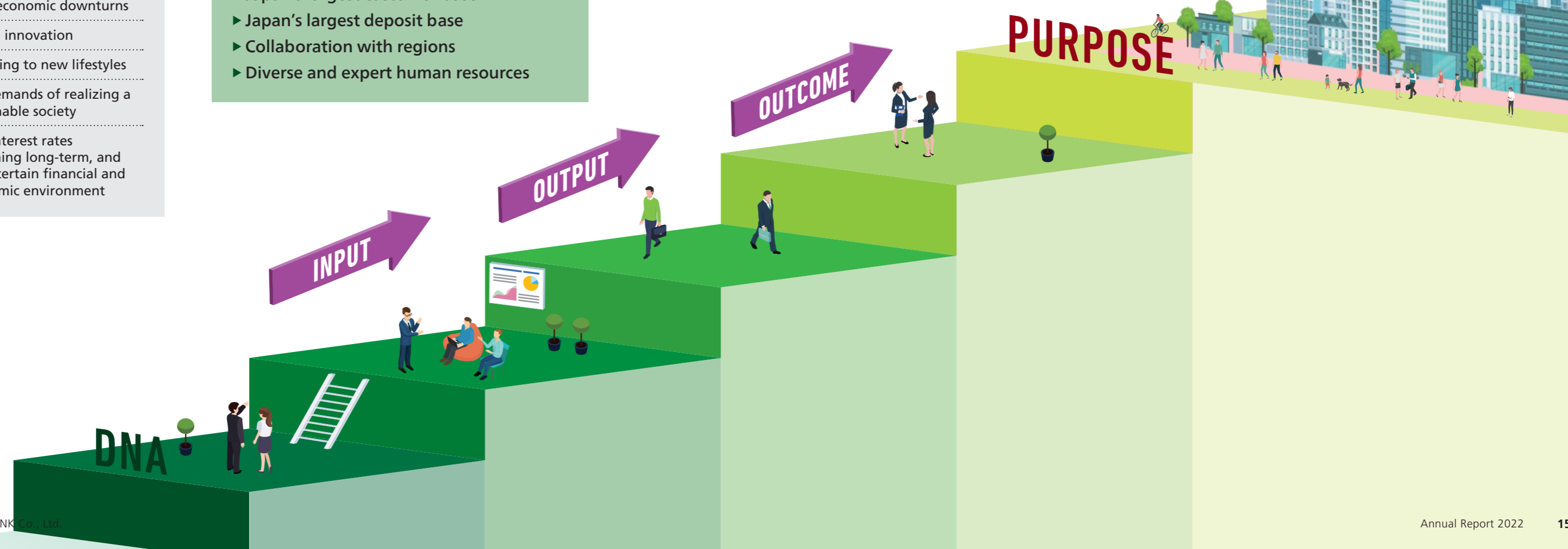
**Providing value to stakeholders**

Shareholders/Customers/  
Regional communities/Environment/  
Employees

Realizing both the enhancement of corporate value, and contributing to the solution of social issues such as SDGs

**Fulfilling our purpose (raison d’être)**

We aim for the happiness of customers and employees, and will contribute to the development of society and the region.



# The Path of Value Creation

## —Our DNA has remained in place since our foundation—

Since establishing our postal money order and postal savings services, JAPAN POST BANK has changed its form throughout its history, first as a state-run enterprise and ultimately as a private company, yet our ambition to meet the expectations of our customers as a financial institution that supports society remains unchanged. We remain committed to maintaining the current value creation process as we continue to aim for the happiness of our customers and employees, as well as to contribute to the development of society and regional communities.

**From 1875** Establishment of postal money order, postal savings, and money transfer services

### Origin of our real-world network

In 1875, four years after we established our postal services, we initiated a postal money order service as a new means of transferring money, and that same year we launched postal savings services in both Tokyo and Yokohama. Later on, we began money transfer services in 1906. Over time, these services came to be handled by post offices located around the country, which formed the post office network bases.



Photo courtesy of Postal Museum Japan

**From 1970** Postal Savings contribute to regional development as part of government investment and loan programs during Japan's period of high economic growth

### Origin of the dominance of postal savings accounts over bank accounts nationwide

Along with income growth in Japan, postal savings became the receptacle for nest eggs. The number of accounts also exploded. Moreover, efforts to restore the deposit ledgers that had been damaged during World War II became a challenge, which led to greater mechanization of postal savings services.



### Origin of regional community relationships

Postal Savings collected from around Japan were used in government investment and loan programs.\* These programs were effectively employed to fund the public works projects that had become essential to society under Japan's industrial policies, social policies, and other policies intended to strengthen its economic foundation. Improving the social infrastructure was both a condition for growth and functioned to redistribute the benefits of growth to regional communities.

\* Government investment and loan programs were government investment and lending financial arrangements that were carried out using different types of public funds as a financial resource to realize the government's policy goals. These public funds primarily included loans collected through national programs and bonds.

**From 1978** Pursuit of convenience, including postal savings Automatic Teller Machine (ATM) services

### Origin of the online network

In 1978, we introduced online postal savings services in stages, starting with Kanagawa Prefecture. In 1980, we introduced cash dispensers (CDs) that enabled the use of ATM cards for making cash refunds, and in 1981 we launched ATM services that also enabled deposits. In 1989, we set out to locate ATMs and CDs at all post offices, except for contracted post offices, and by 1995 we had installed approximately 21,700 ATMs and CDs in total.



## Major Events at JAPAN POST BANK

### 1870s-1990s

- 1875**
  - Postal money order service established
  - Postal savings service established
- 1885**
  - Ministry of Communications established
- 1906**
  - Money Transfer service established
- 1941**
  - TEIGAKU (fixed-amount) deposits introduced
- 1949**
  - Ministry of Posts and Telecommunications established
- 1981**
  - Automatic teller machines (ATMs) for postal savings introduced
- 1999**
  - ATM/CD alliance service with private sector financial institutions launched

### 2000s

- 2001**
  - Alongside the reorganization of ministries and agencies, the Ministry of Posts and Telecommunications, the Ministry of Home Affairs, and the Ministry of Public Management consolidated to form the Ministry of Internal Affairs and Communications and the Postal Services Agency
- 2003**
  - JAPAN POST (Nippon Yusei Kosha, government-owned corporation) established
- 2005**
  - Taking of applications for sales of investment trusts began
- 2006**
  - JAPAN POST HOLDINGS Co., Ltd. established as a preparatory company
- 2007**
  - JAPAN POST BANK (Privatized)
  - JAPAN POST GROUP established
- 2008**
  - Investment in SDP CENTER Co., Ltd. (Currently JAPAN POST BANK LOAN CENTER Co., Ltd.)

### 2010s

- 2013**
  - Investment in ATM Japan Business Service, Ltd.
- 2015**
  - Shares listed on the First Section of Tokyo Stock Exchange
  - Investment in JP Asset Management Co., Ltd.
- 2016**
  - JAPAN POST HOLDINGS Co., Ltd. and FamilyMart Co., Ltd. reached a basic agreement on a business tie-up
- 2018**
  - Medium-term Management Plan announced (FY2019/3 through FY2021/3)
  - Established Japan Post Investment Corporation
  - Contract signed covering installation of Japan Post Bank ATM in Aozora Bank branches
- 2019**
  - Launched transactions of "Yucho Pay" smartphone settlement service

### 2020s

- 2020**
  - Launched "the Yucho Bankbook App" service
- 2021**
  - Medium-term Management Plan announced (FY2022/3 through FY2026/3)
  - Started handling new businesses: account overdraft lending services, housing loan business for individuals (Flat 35 loans), non-life insurance solicitation business
- 2022**
  - Transitioned to the Prime Market of the Tokyo Stock Exchange
  - Started handling new businesses: intermediary services for conclusion of discretionary investment contracts ("Yucho Fund Wrap")

**From 1987** Realization of in-house postal savings investment management

### Origin of fund management

As the influx of interest rate deregulation washed over Japan from the US and Europe, structural reforms in the financial system in part brought about major changes in the environment surrounding postal savings. In order to effectively address these transformations in the business environment, the system whereby deposit management of the total value of postal savings funds was handled by the Ministry of Finance was revised. In 1987, financial liberalization resources were placed in a Special Account for Postal Savings, while the Minister of Posts and Telecommunications was allowed to take control of management for ¥2 trillion worth of funds.

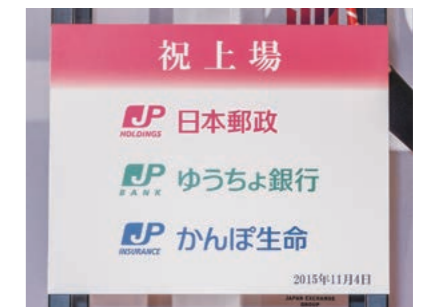


**From 2007** Evolution towards development

### Privatization and listing on the First Section of the Tokyo Stock Exchange

As a result of postal service privatization, in October 2007 we ended the role we had played for 137 years as a "state-owned enterprise." Having carried over the existing philosophy, we embarked on a commitment to further development as JAPAN POST BANK Co., Ltd.

In April 2015, JAPAN POST GROUP announced the JAPAN POST GROUP Medium-term Management Plan, and on November 4, 2015, JAPAN POST BANK was listed on the First Section of the Tokyo Stock Exchange.



**From 2018** Aiming for sustainable growth for JAPAN POST BANK and society under the Medium-term Management Plan

### 2018: Medium-term Management Plan announced (FY2019/3 through FY2021/3)

Announced the Medium-term Management Plan centered on three key strategies (Provision of High-quality, Customer-oriented Financial Services; Funds Flow to Regional Communities; Diversification and Sophistication of Investment Management).

### 2021: Medium-term Management Plan announced (FY2022/3 through FY2026/3)

Announced the Medium-term Management Plan with the slogan of "Deepening trust, and taking on the challenge for financial innovations," formulated based on a revisit of the significance of our existence.

**From 2022** Working toward more sophisticated governance and becoming a more trusted bank

### 2022: Transitioned to the Prime Market of the Tokyo Stock Exchange

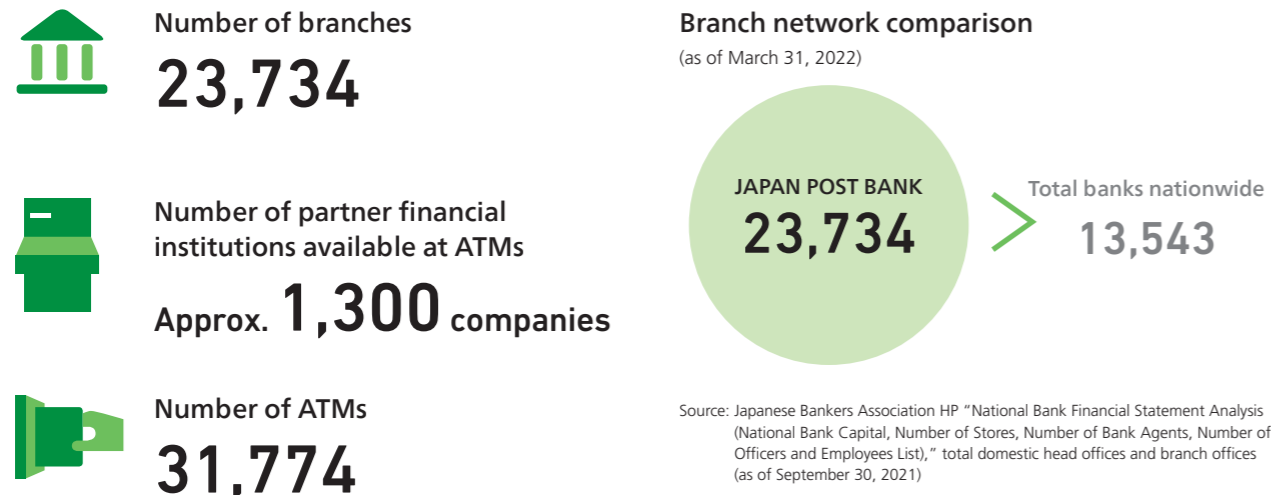
In not meeting the requirement for the tradable share ratio, JAPAN POST BANK submitted plans to meet the level of continued listing requirements for the new market segment in November 2021 and transitioned to the Prime Market in April 2022 after applying transitional measures.

# Our Strengths, Management Resources, External Assessments



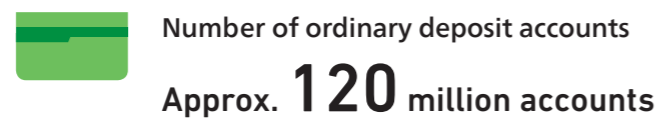
## Network bases

Serving customers as an essential social infrastructure for Japan



## Japan's largest customer base

The most accessible bank to anyone and everyone throughout Japan.



## Japan's largest deposit base

JAPAN POST BANK is contributing to growth and society through sophisticated, diversified investment management.



## Collaboration with regions

JAPAN POST BANK is contributing to the vitalization of regional communities by supplying funds through various frameworks.



## Diverse and expert human resources

In addition to the appointment of external personnel, JAPAN POST BANK is working to secure expert personnel in such wide-ranging fields as market operations, ALM and risk management, GP, cybersecurity, IT and digital, analytics (data analysis), marketing by dispatching and seconding employees to other companies.

## External Assessments

**2022 Nadeshiko Brand designation**  
Selected by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange as a listed company that excels in the "promotion of women's advancement" in March 2022.



**FTSE Blossom Japan Sector Relative Index**  
Selected for inclusion in an index created by FTSE Russell that reflects the performance of Japanese companies with relatively high ESG performance in their respective sectors.



**Eruboshi (3 stars)**  
Certified by Japan's Ministry of Health, Labour and Welfare as "a company with excellent implementation status of efforts related to women's participation and advancement" in January 2022.



**Euronext Vigeo World 120 Index**  
Selected by Euronext and Vigeo Eiris for inclusion in an index of the best 120 ESG-rated companies in the world.



**2022 Certified Health & Productivity Management Outstanding Organization Recognition Program (Large Enterprise Category "White 500")**  
Certified by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi as a corporation that practices excellent health management. In addition, certified a "2022 White 500 Health & Productivity Management Outstanding Organization," which is an acknowledgement given to the top 500 companies for their efforts in FY2023/3.



**MSCI Japan Empowering Women Index (WIN)**  
Selected for inclusion in an index of companies that are leading in gender diversity created by MSCI.



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**Nikkei SDGs Management Survey**  
JAPAN POST BANK has been recognized as a 3.5-star entity under the third Nikkei SDGs Management Survey. The survey is a comprehensive examination of corporate attitudes towards solutions to environmental, social, and economic issues (contributions to the SDGs), as well as the details of SDGs-related businesses.



**Platinum Kurumin**  
In recognition of activities of an even higher standard, certified by Japan's Ministry of Health, Labour and Welfare as a "child rearing support company" in February 2019.



**Nikkei Smart Work Management Survey**  
During the 5th Nikkei Smart Work Management Survey, which selects companies leading advances in productivity innovation through work style reforms, JAPAN POST BANK received 3.5 stars.



**Tomonin**  
Accredited by Japan's Ministry of Health, Labour and Welfare for activities as a company promoting the development of work environments that enable the balancing of work and nursing care.



**PRIDE Index Gold**  
Awarded the highest gold evaluation for the fourth year in a row in the PRIDE Index with which "work with Pride"—an organization that respects the encouragement and establishment of diversity management for the LGBTQ+ community—evaluates the efforts of companies.























# Materiality

JAPAN POST BANK has established priority issues (materiality) that must be addressed based on its awareness of environmental/social issues and its strengths/business characteristics. Steps are also being taken to promote initiatives while linking materiality issues to the Bank's management strategies.

## The Process of Identifying Materiality

## Connection with the Basic Policies of the Medium-term Management Plan

<b>STEP 4</b> Identifying Materiality	Priority Issues (Materiality)	Specific Initiatives	Target KPIs (FY2026/3)	Connection to social issues (Realizing SDGs)	Connection with the Basic Policies of the Medium-term Management Plan				
<b>Management Level Discussion/Verification</b> <ul style="list-style-type: none"> <li>Board of Directors</li> <li>Executive Committee</li> <li>Sustainability Committee</li> </ul>	 <p>Providing "safe and secure" financial services to anyone and everyone throughout Japan</p>	<ul style="list-style-type: none"> <li>Utilizing post offices networks across the country</li> <li>While putting safety and security foremost, we will expand digital services that all customers can readily use</li> <li>Developing an open, "Co-creation Platform"</li> <li>Consulting that closely centers on clients</li> </ul>	<ul style="list-style-type: none"> <li>Number of accounts registered in the Yucho Bankbook app <b>10 million accounts</b></li> <li>Number of Cumulate-type NISA Operation Accounts <b>400 thousand accounts</b></li> </ul>	   	Innovating retail business into a new form by realizing complementarity between the physical and the digital Related pages P.26	Business reforms and productivity improvement through the active utilization of digital technology Related pages P.28	Enhancing funds flow to regional communities and the regional relationship functions through various frameworks	Deepening market operations and risk management with an awareness of stress tolerance	Strengthening the management base to become a more trusted bank Related pages P.34
<b>STEP 3</b> Selecting Priority Issues (Materiality) <p>The Corporate Planning Department has taken the lead in creating a materiality map by identifying two core issues: "importance to stakeholders" and "relevance to JAPAN POST BANK businesses."</p>	 <p>Contributing to regional economic expansions</p>	<ul style="list-style-type: none"> <li>Flow of funds to regional communities via various frameworks</li> <li>We will address financial needs suited to the real conditions of each regional community as a "regional financial platform"</li> <li>Enhancing relationship functions of regional communities</li> </ul>	<ul style="list-style-type: none"> <li>Regional vitalization fund participation cases <b>Cumulatively 50 cases</b></li> <li>Number of financial institutions that have aggregated operational processes <b>Roughly 20 financial institutions</b></li> </ul>	   			Related pages P.30	Related pages P.32	
<b>STEP 2</b> Narrowing Down Social Issues to be Addressed <ul style="list-style-type: none"> <li>Relevance of JAPAN POST BANK Business Activities JAPAN POST BANK has narrowed down social issues that are highly relevant to the Bank's business activities based on its management philosophy, policies, services, and business content.</li> <li>Dialogue with Stakeholders Confirm whether the selection is based on demands on the Bank from society mainly through evaluations by external research agencies and the opinions of outside experts.</li> </ul>	 <p>Reducing environmental impact</p>	<ul style="list-style-type: none"> <li>Enhancing initiatives based on TCFD proposals</li> <li>Advancement of shift to paperless transactions, reductions in CO<sub>2</sub> emissions</li> <li>Advancement of ESG investment</li> </ul>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions reduction rate (FY2031/3 targets/ FY2020/3 comparison) <b>(46%)</b></li> <li>ESG themed investment balance <b>¥4 trillion</b></li> </ul>	   		Related pages P.28		Related pages P.32, 38	
<b>STEP 1</b> Identifying Social Issues to Consider <ul style="list-style-type: none"> <li>Analyzing International Circumstances (Various International Frameworks/Standards such as SDGs, External Assessments)</li> <li>Analyzing Conditions in Japan (Government Agencies/Financial Sector)</li> <li>Supporting International Initiatives (SDGs, TCFD, CDP, UN Global Compact, GRI)</li> </ul>	 <p>Advancement of work style reforms, and sophistication of governance</p>	<ul style="list-style-type: none"> <li>Make work more worthwhile for employees</li> <li>Advancement of diversity management</li> <li>Expand flexible work styles, eliminate harassment</li> <li>Board of directors that balances independence, diversity, and expertise</li> </ul>	<ul style="list-style-type: none"> <li>Ratio of women in managerial positions <b>20%*</b></li> <li>Ratio of employees taking childcare leave (Regardless of gender) <b>100%</b></li> <li>Ratio of employees with disabilities <b>2.7% or more</b></li> </ul>	   			Related pages P.44, 56		

\* Goals for achievement by April 2026. (JAPAN POST GROUP targets) Ratio of female managers of 30% at headquarters by April 1, 2031.



## Medium-term Management Plan (FY2022/3 through FY2026/3)

### “Deepening trust, and taking on the challenge for financial innovations”

JAPAN POST BANK has positioned the next five years under its Medium-term Management Plan as a period for “deepening trust in the Bank, and taking on the challenge for financial innovations,” is advancing its five key strategies, and aiming for innovations to its business model and enhancements to business sustainability based on its awareness of the business environment and business issues at hand.



#### Awareness of the business environment and business issues

The business environment in which the JAPAN POST BANK operates is undergoing major changes, including a declining population and super-aging society, shrinking regional economies, the progressing digital revolution, changing new lifestyles amid COVID-19, and the prolonging of the ultra-low interest rate environment.

Business Environment We Face	Business Issues
<ul style="list-style-type: none"> <li>Shrinking population, super-ageing society</li> <li>Diversification of lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>Providing customer-oriented services</li> <li>Expanding products and services</li> </ul>
<ul style="list-style-type: none"> <li>Local economic downturns</li> </ul>	<ul style="list-style-type: none"> <li>Contributions to vitalization of communities</li> </ul>
<ul style="list-style-type: none"> <li>Digital innovation</li> </ul>	<ul style="list-style-type: none"> <li>Creating new value</li> <li>Addressing the digital divide problem</li> </ul>
<ul style="list-style-type: none"> <li>Changing to new lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>Addressing no-contact and non-face-to-face needs</li> <li>Security enhancements</li> </ul>
<ul style="list-style-type: none"> <li>The demands of realizing a sustainable society</li> </ul>	<ul style="list-style-type: none"> <li>ESG management</li> </ul>
<ul style="list-style-type: none"> <li>Low interest rates becoming long-term, and increased risk of stress events manifesting</li> </ul>	<ul style="list-style-type: none"> <li>Deepening market operations and risk management</li> <li>Enhancing the capital base</li> </ul>



#### 5 key strategic points

- Innovating retail business into a new form by realizing complementarity between the physical and the digital**
  - In addition to expanding digital services that put safety and security first, and can be readily used by all customers, we will promote the dissemination of digital services by actively utilizing our post-office network.
  - We will develop an open, “Co-creation Platform” that actively utilizes our customer base and provides optimized services through collaborations with various business operators, including companies outside of the Group.
  - After organizing our asset-management product line-up in our face-to-face channels into products suitable for JAPAN POST BANK’s customer base, we will utilize post-office network to primarily promote cumulate-type investments to our beginner-level investment customers.
  - In addition to providing transaction channels and methods that take into account our customers’ needs, we will review and newly establish our fees from the perspective of providing stable services.
- Business reforms and productivity improvement through the active utilization of digital technology**
  - We will establish self-processing of routine transactions (the teller tablet system, etc.), and, in tandem with our expansion of digital channels, we will advance the expansion of options for customer choices in transaction channels and the optimization of branch teller’s work.
  - We will reform work at our operation support centers by automating work operations in a comprehensive manner by combining digital technologies.
  - In addition to assertive investments into focal areas such as DX advancement, we will drastically reduce predetermined expenses, including commissions paid to JAPAN POST and drastically reduce expenses overall.
- Enhancing funds flow to regional communities and the regional relationship functions through various frameworks**
  - We will contribute to the vitalization of regional communities by supplying assets (particularly equity funds) via various frameworks.
  - We will address financial needs suited to the real conditions of each community as a “regional financial platform.”
  - We will work to develop new business opportunities that enhance regional relationship functions and actively utilize regional information.
- Deepening market operations and risk management with an awareness of stress tolerance**
  - While remaining aware of risk-adjusted return, we will expand our risk asset balances and strategic investment area balances.
  - In order to prepare for the occurrence of stress events, we will develop stress-resistant portfolios and deepen our risk management systems.
  - We will contribute to the realization of a sustainable society via ESG investments.
- Strengthening the management base to become a more trusted bank**
  - In order to become a bank that enjoys even greater trust from customers, we will advance sustainable reforms to our organizational culture and enhancements to our internal control systems.
  - While maintaining a high-quality system base that can support trust in our Bank, we will assertively advance strategic investments in IT.

Advancing DX

Advancing ESG management

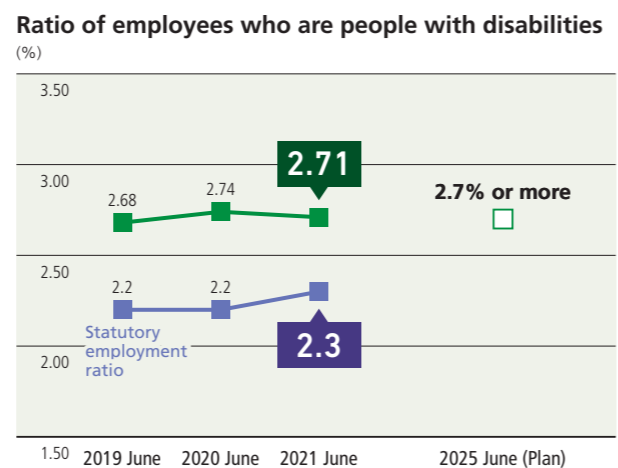
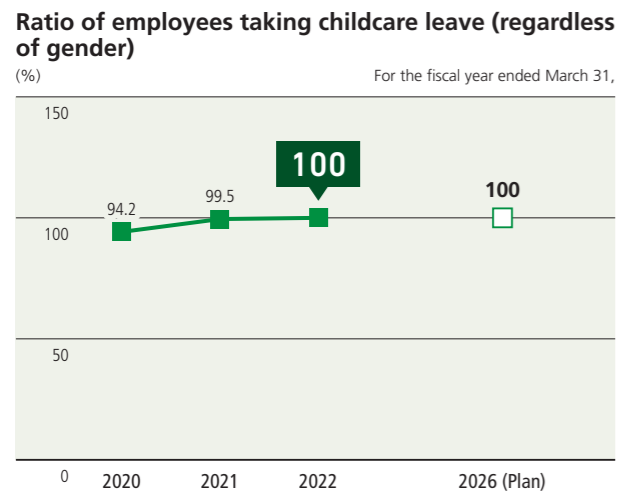
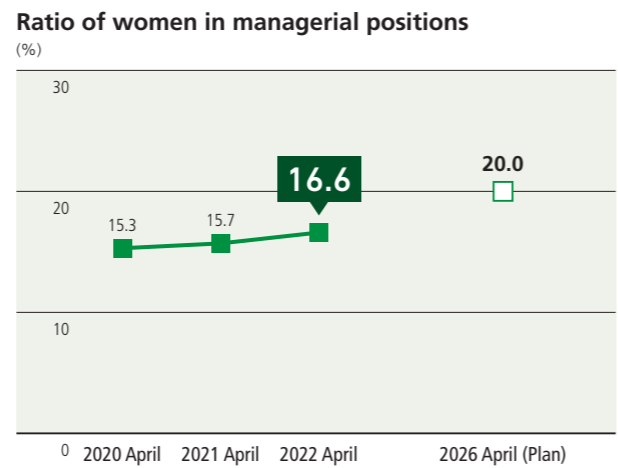
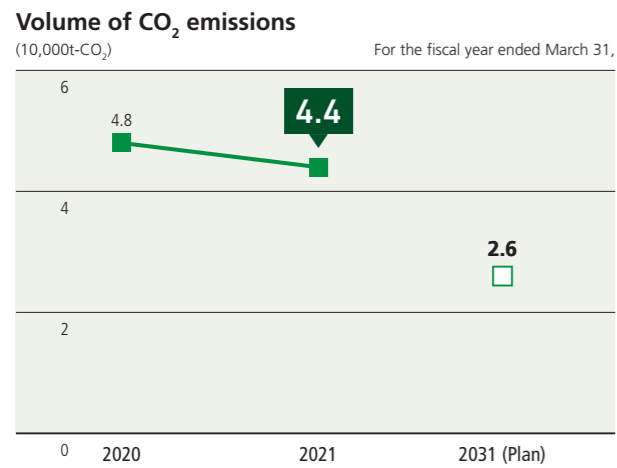
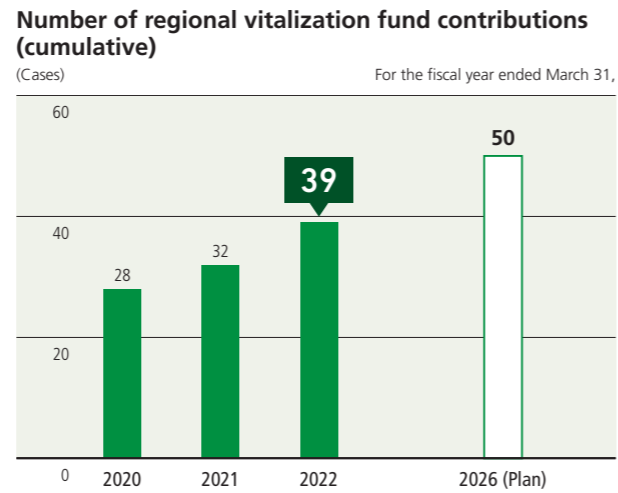
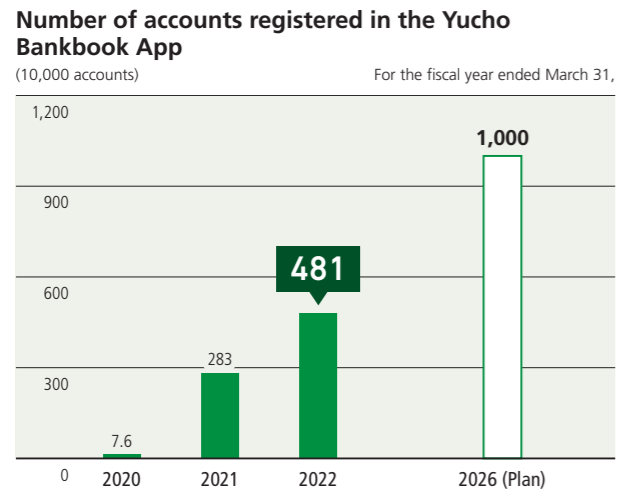
Related pages

Connection between the five key strategic points and priority issues (materiality) of the Medium-term Management Plan is on page 21.

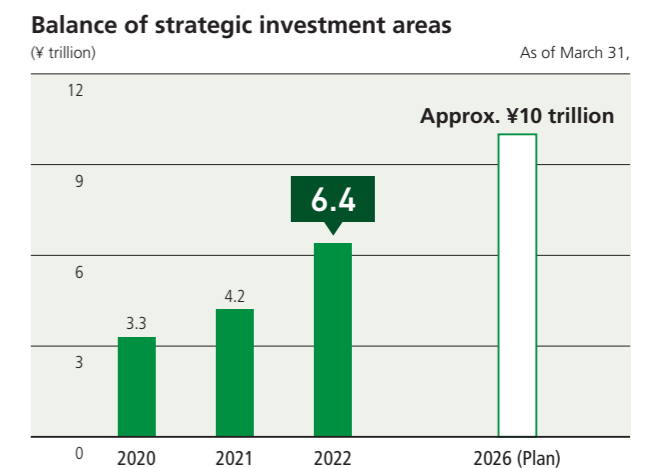
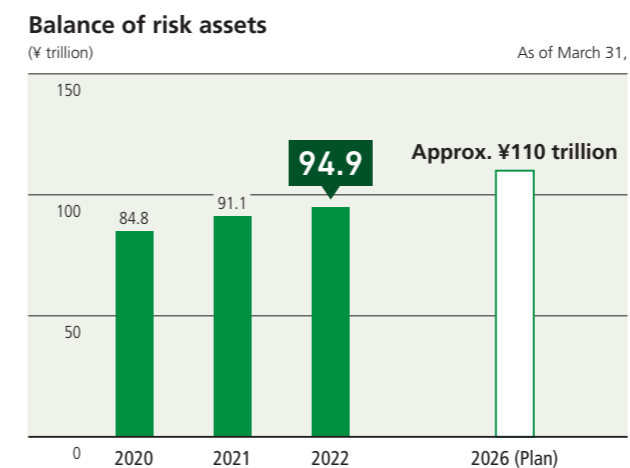
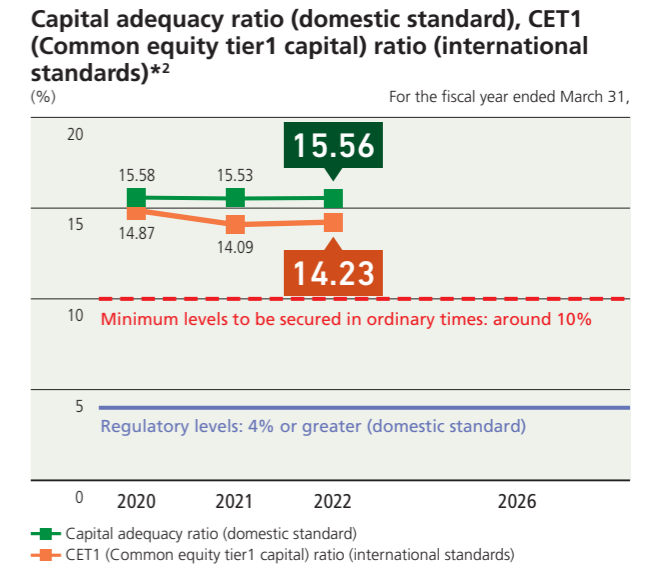
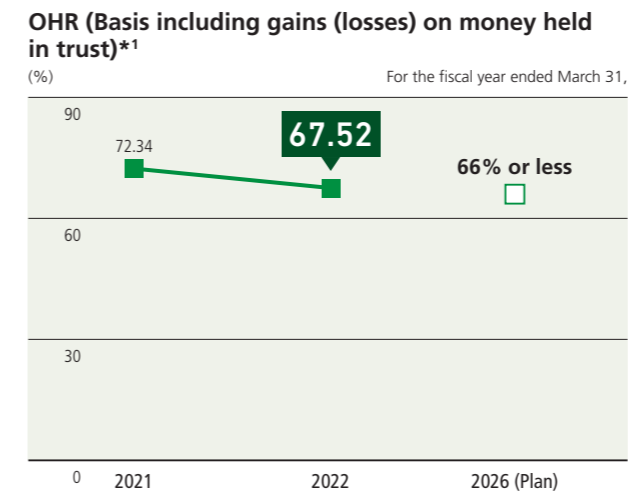
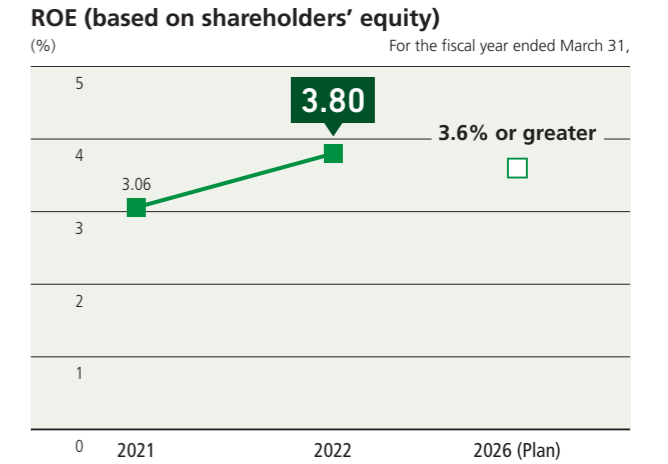
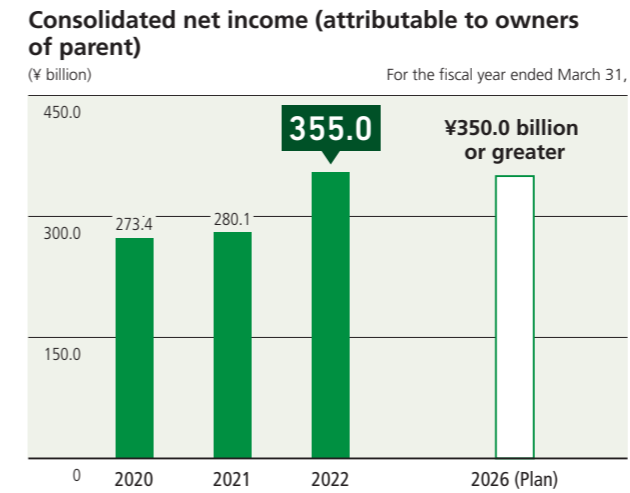
# Value Creation (Highlights)



## Social Value (KPIs)



## Corporate Value (KPIs)



\*1 Keeping in mind that JAPAN POST BANK manages securities that utilize money held in trust of a considerable scope, we will establish OHRs as targets that include in the denominator operational profit/loss pertaining to money held in trust. Calculated as general and administrative expenses ÷ (net interest income, etc. + net fees and commissions). Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales etc.).  
\*2 Excluding unrealized gains on available-for-sale securities. FY2026/3 targets are based on full implementation of Basel III.

Medium-term Management Plan: Key Strategic Point ①

# Innovating retail business into a new form by realizing complementarity between the physical and the digital



Utilizing post office networks across the country, JAPAN POST BANK will provide optimal financial services to customers through face-to-face channels that closely center on clients and digital channels that place the top priority on safety and security.

Minoru Kotouda  
Senior Managing Executive Officer

## Digital services strategy

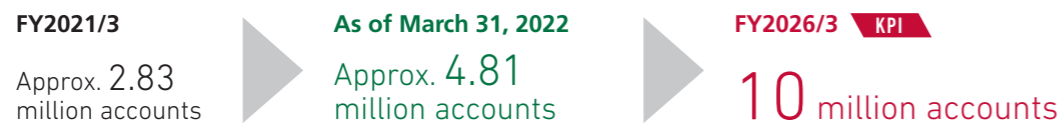
As one innovation in the retail business, JAPAN POST BANK is placing top priority on safety and security and expanding digital services that are easy for all customers to use.

For the Yucho Bankbook App service, which allows users to check the current balance and deposit/withdrawal details at any time using a smartphone, we improved the convenience of the service in FY2022/3. Newly added features include investment trust transactions, the ability to change account address, and remittances. The number of registered accounts was 4.81 million as of March 31, 2022, and use of the Yucho Bankbook App is increasing steadily. Moving forward, the Bank will continue to

improve the functionality and ease of use of various digital services, including the Yucho Bankbook App, while at the same time promoting active guidance and familiarization support by utilizing the nationwide network of post offices.

In addition to the aforementioned, we will work toward the release of a PFM (personal finance management) App that supports household budget management by providing customers with a visual display of their assets, income and expenses. We will also endeavor to build an open Co-creation Platform that provides optimized services through collaboration with various business operators.

## Number of Accounts Registered in the Bankbook App



## Asset building support business

Under our customer-oriented business operations, we will propose optimal products and channels to meet customer needs by providing face-to-face and digital channels that complement each other.

In addition to training employees to provide customers with asset building consultation through face-to-face channels, we developed an online consultation service that enables customers to consult with employees at our directly-operated branches from the comfort of their own

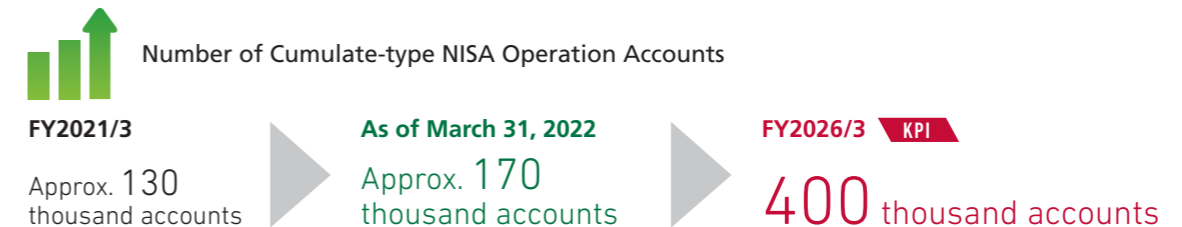
homes using a smartphone or PC. Complementing efforts to provide a carefully selected lineup of investment trust products that can be easily understood by our customers from April 2022, we initiated steps to provide discretionary investment services (Yucho Fund Wrap) from May 2022.



For beginner-level investors, we will propose mainly cumulate-type investments. We will also enhance our environment for online consultations.

We will review our channels to make them more

accessible to customers. In the digital channel, where we have waived fees on investment trust purchases from January 2022, we are further enhancing our investment trust web page and app.



## Promotion of new businesses

JAPAN POST BANK has begun handling JAPAN POST BANK Debit, a cash card integrated brand debit card from May 2022. In addition, we will take preparatory steps to launch new services including trust and inheritance services.

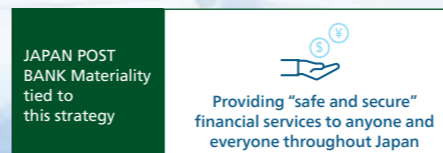


## COLUMN Addressing Materiality through Business

Materiality P.20-21

### Building a Co-creation Platform

JAPAN POST BANK will put forward optimized services by collaborating with various business operators through a Co-creation Platform. We will work to build a platform that will allow our customers and collaborating business operators to benefit from our services through our business.



### Co-creation Platform Strategy

- Develop a new PFM app
- Release around December 2022 (planned)
- After the release, JAPAN POST BANK is planning flexible service improvements and broad collaboration with the services of other companies



Services of other companies	Financial intermediation			Inheritance, End-of-life planning	AI (Robo-advisors etc.)	E-commerce
	Securities	Insurance	Loans			
	Electric power	Telecom	Real estate	Administration	Security	...etc.

Medium-term Management Plan: Key Strategic Point ②

# Business reforms and productivity improvement through the active utilization of digital technology



As technology continues to increase the convenience of people's lives, JAPAN POST BANK is making the most of new developments and advances to provide customers with new experience value while fundamentally reforming business operations. In specific terms, we are working to provide safe and convenient services by upgrading tablet and smartphone apps and to eliminate office work through digital initiatives and expanding automated processing.

**Shinobu Nagura**  
Managing Executive Officer

## Promoting business reforms through the active utilization of digital technology

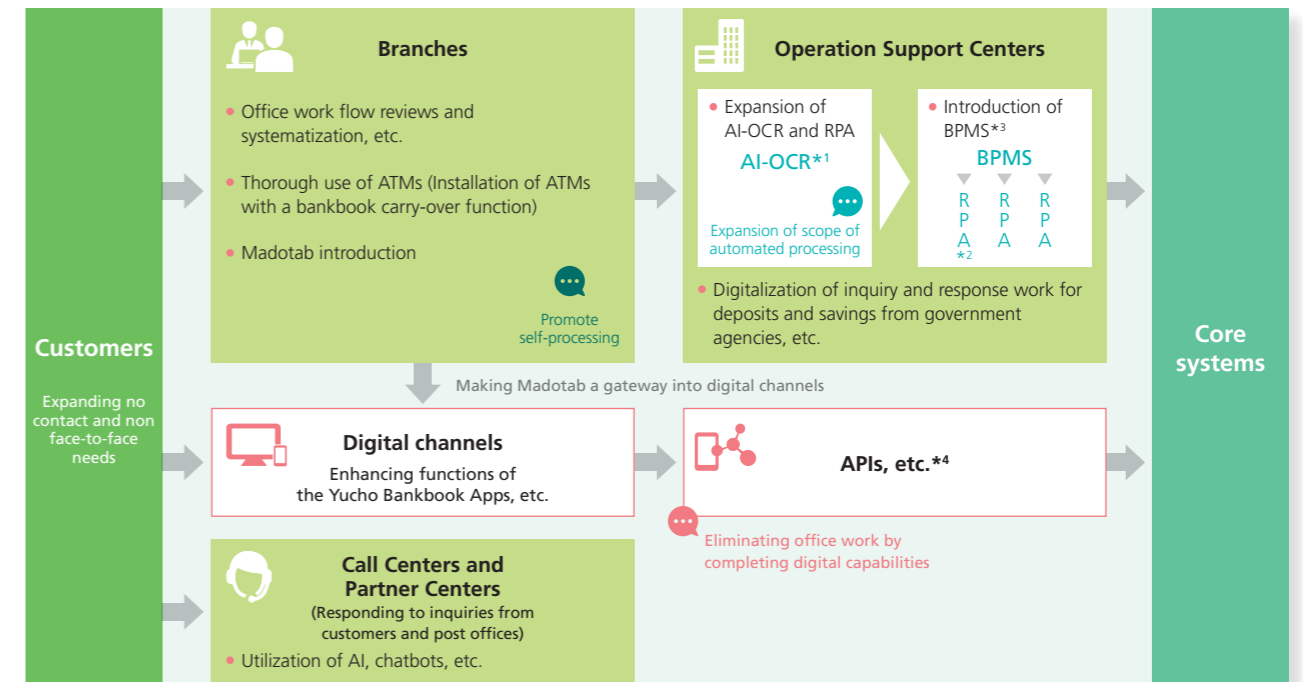
Technological innovation has progressed at a dizzying pace in recent years. Ideas found only in science fiction novels or the world of animation around a decade ago, are today an accepted part of people's everyday lives and the basis for products and services. Artificial intelligence (AI) is a typical example, and an underlying factor behind increased convenience. JAPAN POST BANK is looking to utilize advances in technology to provide new experiences and greater value to each and every one of its customers.

With the future in mind, the Bank introduced Madotab, a self-service terminal, for use by customers at five branches in February 2022. Madotab, a terminal that can be easily operated by customers in a conversational (chat) format at their own pace, has been well received by many customers, who have found it very convenient and easy to use. At present (July 2022), customers can use Madotab to complete various transactions including opening new accounts as well as changing addresses and phone numbers, etc. Moving forward, Madotab will be introduced to 233 branches nationwide during FY2023/3. Looking ahead, we will consider adding such services as remittances and tax payments to our service menu with a view to increasing the convenience of customers.

In similar fashion to Madotab, the Bank is also considering the future addition of payment and payment slip payment functions to its Yucho Bankbook App. In further enhancing its services, the Bank is working to realize "Yucho in Hand," a concept that will allow customers to easily utilize the Bank anytime, anywhere and with peace of mind.

In conjunction with efforts to improve the convenience of our customers, we will also work to improve operational efficiency through the use of technology. In FY2022/3, we started the digitalization of national and municipal inquiries about deposits and savings, etc., in order to contribute to the Bank's as well as administrative agencies' operational efficiency. In 2017, JAPAN POST BANK introduced a system that automatically reads and processes utility bill direct debit and other applications, a back-office service, that employs optical character recognition (OCR) and other technologies. In FY2022/3, we have begun to expand this system. From FY2023/3 onward, we will introduce a business process management system (BPMS) to expand the fields of operations subject to automation and also step up efforts to automate back-office business operations.

Through these means, we will offer a new style of banking service to our customers through the maximum use of technology. At the same time, we will promote fundamental reforms in our counter and back-office operations.



\*1 OCR that utilizes AI to enhance recognition rates of handwritten characters, etc.  
 \*2 RPA: Abbreviation of Robotics Process Automation. Technology to shorten work time and improve quality through such measures as the automation of terminal and other operations, which are undertaken manually using a mouse or keyboard.  
 \*3 Abbreviation of Business Process Management System. This system automatically activates RPAs, and systematically controls work flows that require human confirmation work, etc., and conducts automatic process management.  
 \*4 Abbreviation of Application Programming Interface. Standard technology that links together digital channels such as smartphone apps and external systems with the internal systems of banks.

## COLUMN

### Addressing Materiality through Business

Materiality  
P.20-21

#### Introducing Madotab, a self-service branch terminal

In order to promote self-processing as well as the increased use of digital channels by customers, JAPAN POST BANK is introducing Madotab, a self-service terminal, at its directly-operated branches from FY2022/3. Madotab processing is conducted on a paperless basis. As such, its use contributes to a reduction in the use of various paper and other resources. First and foremost, Madotab enables users to complete various tasks. This includes opening new accounts (limited to Yucho Direct+ (plus), a non-passbook general account) as well as changing address and phone number details. Moving forward, plans are in place to expand the scope of transactions covered.



JAPAN POST BANK Materiality tied to this strategy

- Reducing environmental impact
- Providing "safe and secure" financial services to anyone and everyone throughout Japan



Medium-term Management Plan: Key Strategic Point ③

# Enhancing funds flow to regional communities and the regional relationship functions through various frameworks



Under the purpose of "contributing to the development of society and the region", JAPAN POST BANK will provide omnidirectional support for the development of regional economies. Therefore, we are working to build investment and financing as well as financial platforms that contribute to regional revitalization. We will also take on the challenge of providing new businesses through our accumulated know-how and cooperation, collaboration with our stakeholders.

Kunihiro Amaha  
Managing Executive Officer

## Responding to the risk money needs of regional communities

We have invested in and joined seven new regional vitalization funds (cumulative 39 cases), with the aim of flowing precious customer funds entrusted by our customers to regional communities.

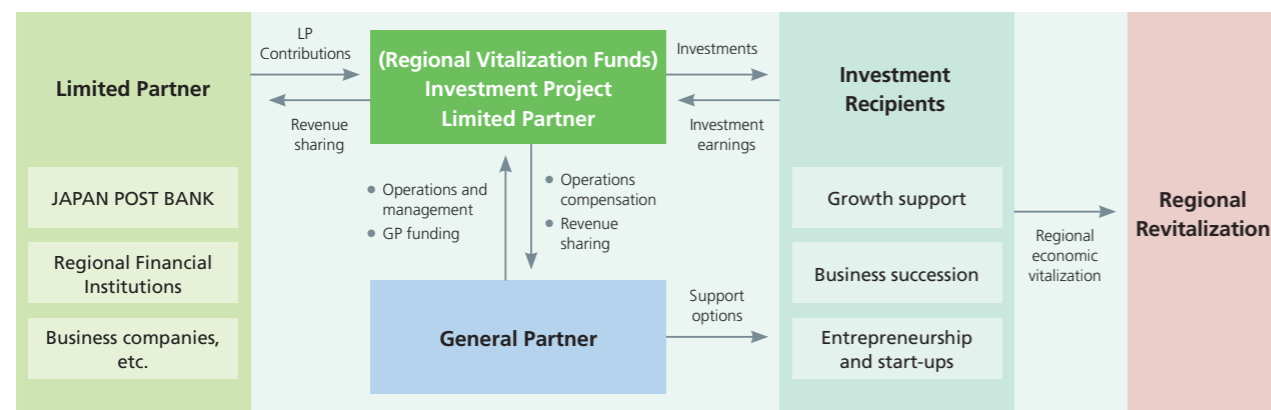
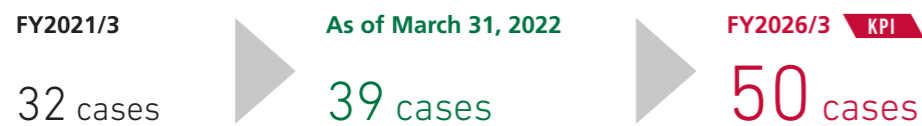
In addition, through our consolidated subsidiary Japan Post Investment Corporation, the Bank prepared to establish a new fund aimed at contributing to regional vitalization and the SDGs.

We also invested in "Z Energy Co., Ltd.", which is engaged in the establishment and operation of renewable

energy funds, and in its "Carbon Neutral Fund 1 Investment Limited Partnership".

We will continue to promote investments in regional vitalization funds and investment and business management companies. We will also invest in "Japan Post Investment Regional Development and Impact Fund I, ILP" established in April 2022 by our consolidated subsidiary Japan Post Investment Corporation.

Number of regional vitalization fund contributions (cumulative)

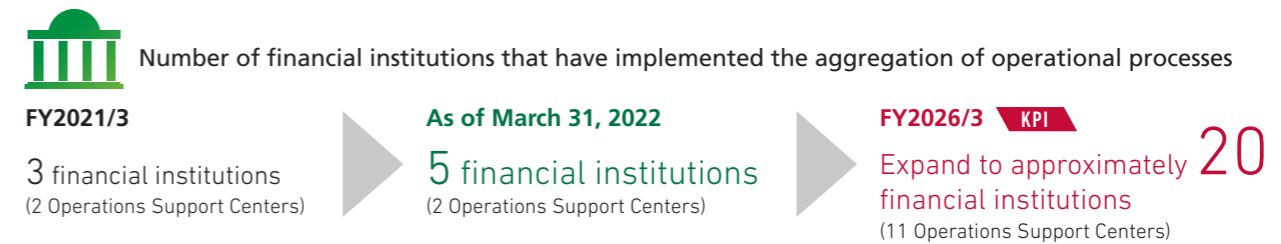


## Use of JAPAN POST BANK's ATM network and aggregation of operational processes

As the core of the regional financial platform, JAPAN POST BANK is promoting the use of its ATM network and sharing administrative work. The Bank initiated the sharing of administrative work with The Kyoto Chuo Shinkin Bank in September 2021 and Osaka Shinkin Bank in October 2021.

In addition, the Bank is also promoting ATM collaboration to meet the actual financial needs of regional

financial institutions by utilizing its nationwide ATM network. In specific terms, the Bank initiated steps to collaborate with The Kiyo Bank, Higo Bank, and The Yamanashi Chuo Bank (partially free of fees, etc.) by the end of May 2022. Partnering with regional financial institutions, we will serve as a regional financial platform and provide multifaceted support for regional development across Japan through a range of measures.



## COLUMN

### Addressing Materiality through Business

Materiality P.20-21

#### Japan Post Investment Regional Development and Impact Fund I, ILP

Through a fund created in April 2018, Japan Post Investment Corporation provides equity capital for buyouts, including reorganization, succession, or revitalization, as well as venture and other companies.

In April 2022, the company established the Japan Post Investment Regional Development and Impact Fund I, ILP in a bid to help build a sustainable society by investing in companies and businesses that contribute to the revitalization of regional community economies and create social impact geared toward achieving the SDGs.

By investing in small and medium-sized enterprises, venture companies, and regional development projects in Japan that have a variety of growth capital, business succession and other needs, Japan Post Investment Corporation will contribute to the achievement of the

SDGs. In facilitating funds flow to regional communities, the company will revitalize regional community economies and create a positive impact on society.

Among its investment targets, the company will work to create a positive impact by pursuing both a social and economic return, especially when investing in companies and businesses that have a social impact, as impact investments.



Medium-term Management Plan: Key Strategic Point 4

# Deepening market operations and risk management with an awareness of stress tolerance

JAPAN POST BANK will build a more refined investment management systems while enhancing its organization and know-how in order to build a robust investment portfolio that can maintain financial soundness even when faced with a volatile market environment.

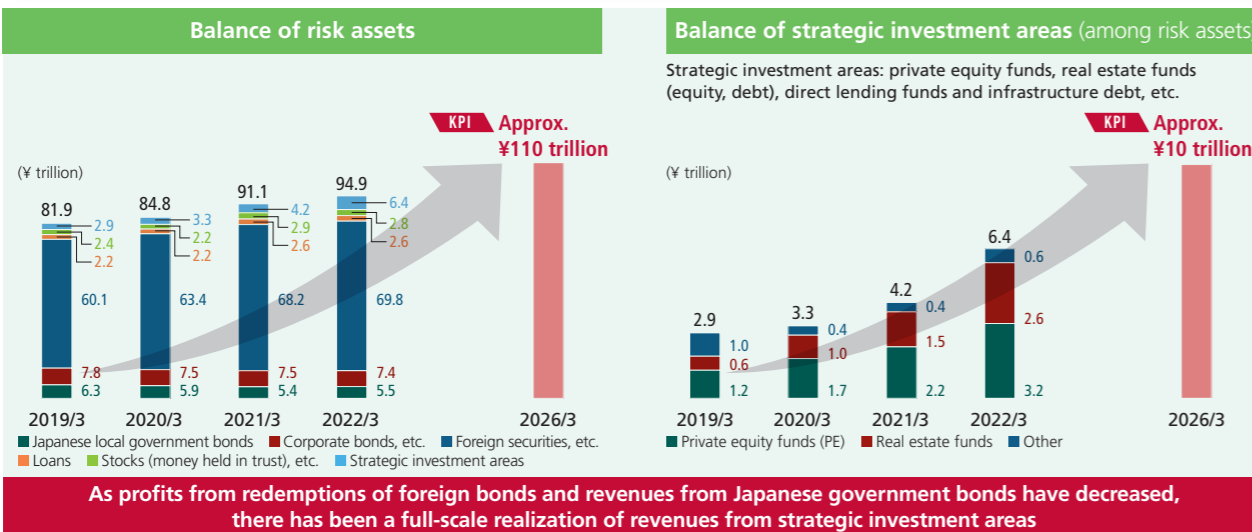
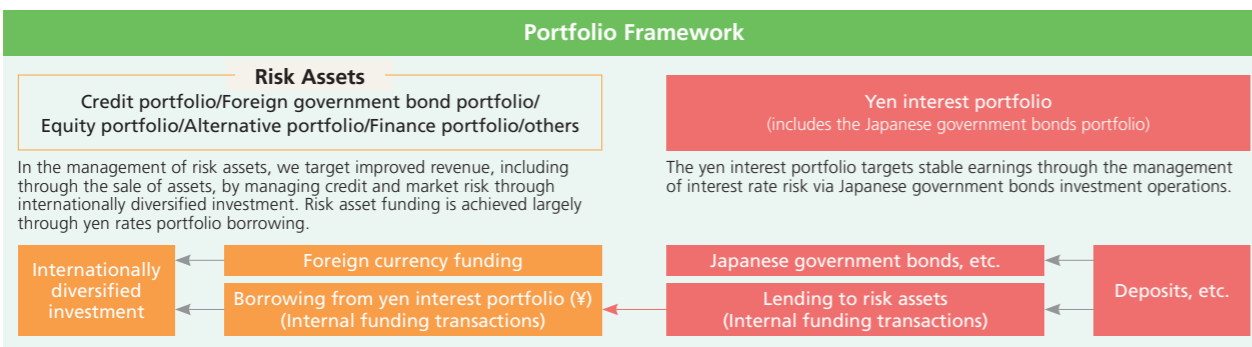


Takayuki Kasama Senior Managing Executive Officer  
Masato Tamaki Managing Executive Officer

## Continuing to invest in risk assets

Amid a challenging investment environment including the continuing low interest rate environment in Japan, JAPAN POST BANK expanded the balance of risk assets, mainly in the investment grade area, to ¥94.9 trillion as of March 31, 2022 while conscious of the need to enhance risk-adjusted return and also strengthening stress tolerance. Among its risk assets, the Bank has built up the balance to ¥6.4 trillion in the area of strategic investments through

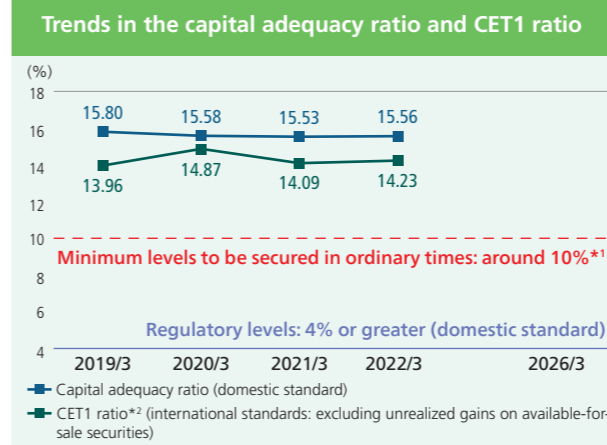
selective investment in quality deals. As for risk assets, we will also accumulate the balance mainly in credit assets (domestic and foreign corporate bonds, etc.) in the investment grade area going forward. In the strategic investment area of our risk assets, we will maintain a medium- to long-term perspective as we continue to selectively invest in quality funds.



## Further reinforcing risk management

In addition to the capital adequacy ratio (domestic standard), JAPAN POST BANK set a minimum CET1 ratio (international standard) level to be secured in ordinary times under its Medium-term Management Plan formulated in FY2022/3. At the same time, the Bank is steadily promoting the sophistication of its stress testing

as well as enhanced monitoring while further reinforcing risk management. Building on the aforementioned, we will promote initiatives aimed at enhancing risk management, including sophisticating our stress testing, enhancing our monitoring and reducing foreign currency liquidity risk.



- Various policies oriented toward the deepening of market operations and risk management**
- Developing a stress-resistant portfolio
  - Sophistication of stress tests, monitoring enhancement, and enhancement of tail risk capture
  - Responding to the finalization of Basel III
  - Variegated risk/return analysis
  - Sophistication of foreign currency liquidity risk management
  - Enhancement of expert personnel for market operations and risk management
  - Establishing infrastructure necessary to continue operations during crises (remote environments, etc.)

\*1 FY2026/3 based on full implementation of Basel III.  
\*2 Although JAPAN POST BANK is a domestic standard bank, targets set for the CET1 ratio, which is an internationally unified standard, while taking into consideration such factors as the increased importance of international finance systems that come along with the proliferation of global asset allocations.

## COLUMN Addressing Materiality through Business

Materiality P.20-21

### Financing for renewable energy businesses and investing in green bonds

JAPAN POST BANK put in place the ESG Investment and Financing Policy. Guided by this policy, the Bank is undertaking investments that take into consideration environmental and other issues as well as such factors as various international agreements.

increasing investments in various areas including green bonds and financing for renewable energy businesses, we are increasing the target for our ESG-themed investments balance to ¥4 trillion by the end of FY2026/3.

In regard to climate change-related initiatives, JAPAN POST BANK is not only appropriately managing risks, but is also engaging in initiatives that expand new opportunities brought about through climate change. To contribute to the realization of a more sustainable society by



Medium-term Management Plan: Key Strategic Point ⑤

# Strengthening the management base to become a more trusted bank



## Promoting organizational culture reforms while strengthening internal control systems

Under the slogan of “Deepening trust, and taking on the challenge for financial innovations,” all employees of the Bank are practicing customer-oriented business operations, and are continuing to reform the organizational culture and reinforcing internal control systems.

To further promote customer-oriented business operations, JAPAN POST BANK introduced a new system that reflects the customer-oriented sales process into performance evaluations of directly-operated branches in FY2022/3. Moreover, the Bank also promoted use of the President’s Direct-line Opinion Box that employees can use

to convey their views (opinions, requests, etc.) directly to the President and Representative Executive Officer. These views are then used as the basis for various improvements which are disclosed to the entire Company.

We will continue to reform our organizational culture with a view to practicing customer-oriented business operations, centered on the Service Improvement Committee chaired by the President, by strengthening internal communication through the use of videos by executives and others, internally sharing of examples of best practices at each branch, and other means.



All employees will work to realize “customer-oriented business operations,” and work to make JAPAN POST BANK an even more trusted bank among our customers

## Improving internal control systems

### Enhancements to risk management systems

JAPAN POST BANK is working to strengthen the risk management system, including making enhancements to the voluntary management of the 1st line (Marketing Division, Operation Division) and making internally cross-sectional enhancements to control systems in the 2nd line (Management Division) and 3rd line (Internal Audit Division) pertaining to the 1st line. In addition, the Bank worked to strengthen its management system. As a part of this effort, we established and began operating

two new subcommittees under the “Risk Management Committee.” The “New Product and Service Assessment Subcommittee” is endeavoring to strengthen the Bank’s screening system for new products and services at the time of introduction and after introduction. The “IT System Risk Subcommittee” has been established to discuss and share matters concerning system security and/or system risk with the relevant departments.

### Ensuring safety and security

We are endeavoring to “ensure safety and security,” including implementing sophisticated security measures and enhancing IT governance and security verification systems suited for emerging risks. Meanwhile, we worked to

strengthen our cyber security defenses, to guard against the rise of increasingly complex and sophisticated cyberattacks. This involved firmly implementing action plans that we formulated in accordance with the international standard.

### Enhancement of the measures toward “anti-money laundering” and “combating the financing of terrorism”

The importance of combating international money laundering, the financing of terrorism and economic sanctions is growing with each passing year. Financial and related institutions are being called upon to enhance the preventive measures toward their money laundering and related management systems in response to changes in money laundering and related risks.

dedicated executive officer in charge of the Compliance Division as the officer in charge of overall oversight for each of these issues. In doing so, JAPAN POST BANK is implementing management-driven measures.

Recognizing that the need to combat international money laundering, the financing of terrorism and economic sanctions is the one of the major priorities for management, JAPAN POST BANK formulated the basic policy to address each of these issues in accordance with the “Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism” set forth by Japan’s Financial Services Agency. The Bank has also clarified the roles and responsibilities of all managers and employees involved in addressing international money laundering, the financing of terrorism and economic sanctions including the appointment of the

Specifically, from the standpoint of preventing the Bank’s products and services from being abused for the purpose of international money laundering, the financing of terrorism and economic sanctions, the Bank identifies the relevant risks and evaluates and takes appropriate measures to effectively mitigate these risks.

In recent years, the incidence of various financial crimes has become increasingly frequent with the methods used more cunning and sophisticated. In order to safeguard customers’ savings and assets, JAPAN POST BANK will continue its efforts to prevent financial crimes from occurring and their further proliferation through a variety of measures. This includes analyzing past criminal typologies as well as enhancing the Bank’s systems.



Kunio Tanigaki  
Executive Vice President

### Enhancements of compliance systems

JAPAN POST BANK takes very seriously the incidents of internal crimes committed by postmasters and others, as well as the leakage or loss of customer information at post offices. We are working with JAPAN POST Co., Ltd. and JAPAN POST HOLDINGS Co., Ltd. to enforce and enhance compliance, analyzing the causes of such incidents and formulating and implementing measure for their prevention.

Medium-term Management Plan: Key Strategic Point 5

Strengthening the management base to become a more trusted bank



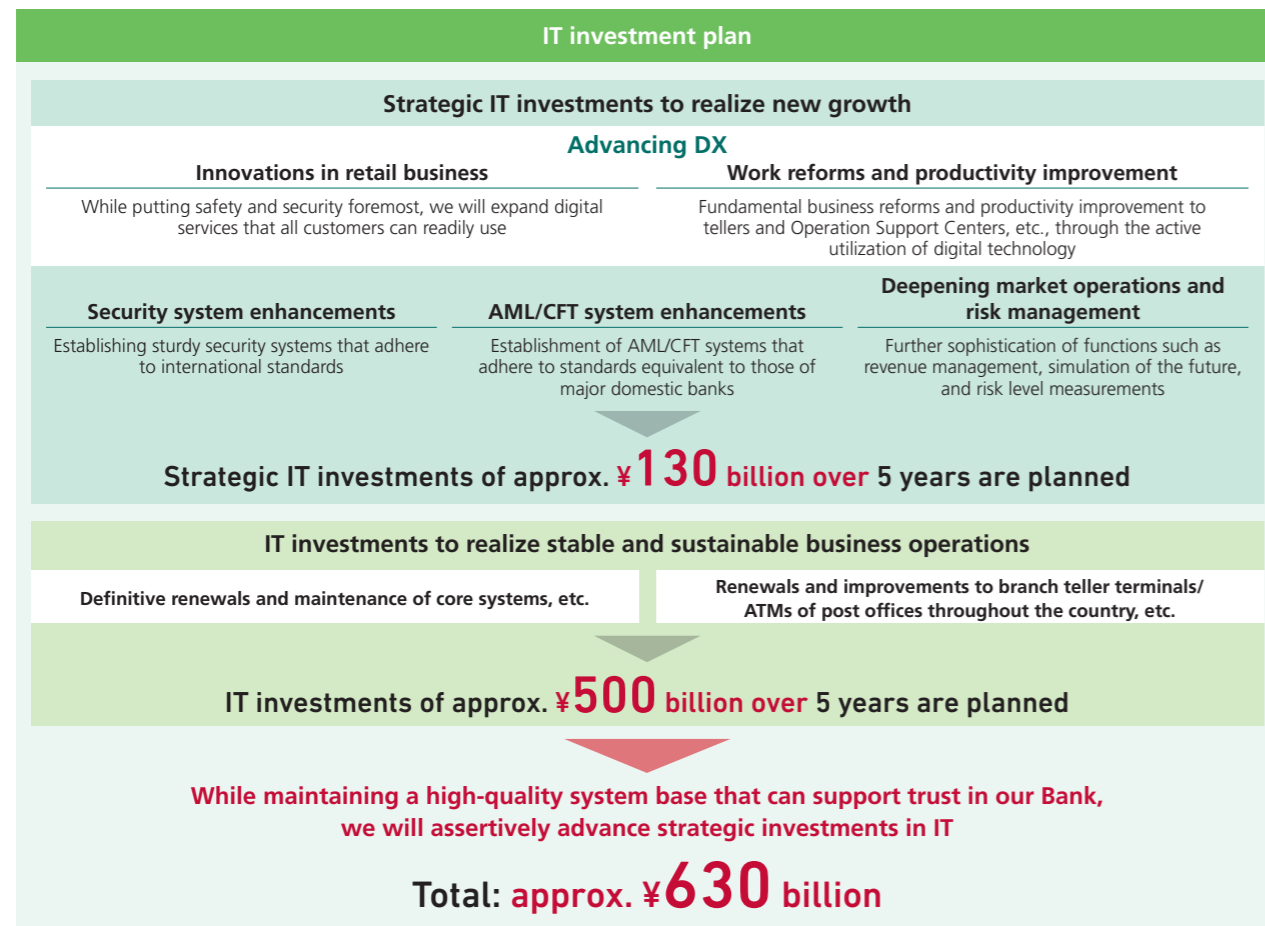
We will strive to “ensure safety and security,” including implementing sophisticated security measures and enhancing IT governance and security verification systems suited for emerging risks. In addition, while maintaining a high-quality system base that can support trust in our Bank, we are assertively advancing strategic investments in IT.

Yoshinori Hagino  
Executive Vice President

IT investments geared toward new growth and sustainable business operations

We believe the existence of high-quality system infrastructure is essential for deepening the trust of our customers. Under the Medium-term Management Plan, plans are in place to invest approximately ¥500 billion over five years as an “IT investment for stable, sustainable business operations” involving the core system we have conventionally operated and an additional amount of approximately ¥130 billion as a “strategic IT investment for new growth.”

In this manner, we are working to invest in various areas including the promotion of DX. In FY2022/3, JAPAN POST BANK undertook various investments. This included projects aimed at retail business innovations and promoting self-processing at service counters. In the future, we will continue to promote investments for new growth and sustainable business operations.



Sustainability

**Environment**

Working to reduce GHG emissions across society as a whole through our business activities in a bid to resolve environmental issues.

P.38-41

E

**Social**

Promoting communication with all stakeholders with the aim of contributing to society.

P.42-53

S

**Governance**

Prioritizing relationships with all stakeholders and improving the Bank’s corporate governance structure and system in order to achieve sustainable growth and raise corporate value over the medium to long term.

P.54-72

G

## TCFD

Recognizing that responding to climate change, which has a major impact on the environment, society and business activities, is an important issue, Japan Post Bank announced its agreement with the TCFD\*1 Recommendations in April 2019. Since then, the Bank has incorporated various initiatives into its management strategies, increasing the level of its response to climate change. Details of our climate change response that accords with the TCFD Recommendations are outlined below.



For more information on how JAPAN POST BANK is responding to the TCFD recommendations, please refer to the Bank's Sustainability website.

<https://www.jp-bank.japanpost.jp/en/sustainability/environment/tcfd/>

\*1 Abbreviation of Task Force on Climate-related Financial Disclosures. An organization established at the proposal of the Financial Stability Board for the purpose of thoroughly realizing corporate information disclosure pertaining to climate change, in which the representatives of the central banks and financial supervisory authorities, etc., of key nations participate.

Items	Recommended disclosures	Initiatives Summary of Japan Post Bank
Governance	Disclosure of the organization's governance regarding risks and opportunities associated with climate change.	<ul style="list-style-type: none"> <li>The Board of Directors supervises the formulation of policies and the status of sustainability initiatives to counter climate change, etc.</li> <li>Following discussions within the Sustainability Committee, Executive Committee, and the Board of Directors, issues relating to climate change have been incorporated into the Medium-term Management Plan and fiscal year management plan.</li> <li>The Sustainability Management Office, Corporate Planning Department facilitates the advancement of initiatives concerning climate change in unison with management strategies.</li> <li>Policies concerning the environment and climate change are stipulated in the JAPAN POST BANK Environmental Policy.</li> <li>Promotion of ESG management, which includes addressing climate change, has been incorporated as an evaluation indicator for executive compensation.</li> </ul>
Strategy	Disclosure of the actual and potential impact of risks and opportunities associated with climate change upon the organization's business, strategy, and financial planning.	<ul style="list-style-type: none"> <li>Identify the impact (risks and opportunities) of climate change on the Bank.</li> <li>Scenario analysis has been employed to ascertain the impact of climate change-related risks on the Bank's finance portfolio.</li> <li>Monitor the proportion of carbon-related assets in loans.</li> </ul>
Risk Management	Disclosure of how climate change-related risks are identified, assessed, and managed within the organization.	<ul style="list-style-type: none"> <li>Risks associated with issues related to climate change have been recognized as top risks. Responding to these risks has been reflected in management plans and are examined and managed on a quarterly basis.</li> <li>Undertaking investments based on an established ESG Investment and Financing Policy in order to mitigate social and environmental risks including climate change.</li> <li>Make ESG engagements with investees.</li> </ul>
Metrics and Targets	Disclosure of the metrics and targets used for the assessment and management of climate change-related risks and opportunities.	<ul style="list-style-type: none"> <li>Announced details of the Japan Post Bank Net Zero GHG Emissions Declaration and committed to achieving net zero emissions for the Bank (Scope 1 and Scope 2) as well as its finance portfolio (Scope 3) by 2050.</li> <li>Set a target to reduce GHG emissions for the Bank (Scope 1 and Scope 2) by 46% for FY2031/3 compared to FY2020/3.</li> <li>Calculated the GHG emissions (Scope 3) of investees.</li> <li>Raised the Bank's ESG-themed investment balance target to ¥4 trillion by the end of FY2026/3</li> </ul>

## Governance

- Details concerning the formulation of policies regarding climate change and the status of initiatives are reported on a regular basis to the Board of Directors, which is responsible for the supervision of issues related to climate change.
- In order to advance sustainability initiatives including issues related to climate change in unison with management strategies, the Sustainability Committee, which serves as an advisory body to the Executive Committee, Executive Committee, and Board of Directors incorporated details of their discussions into the Medium-term Management Plan (FY2022/3 through FY2026/3) while

also identifying priority (materiality) issues and setting target KPIs.

- The status of initiatives is reported on a regular basis to the Board of Directors. Moving forward, JAPAN POST BANK will continue to advance sustainability initiatives, including issues related to climate change, in unison with management plans.
- JAPAN POST BANK has incorporated the status of ESG management promotion, which includes addressing climate change, as an evaluation indicator for executive compensation.

## Strategy

Japan Post Bank has identified the risks and opportunities related to climate change as follows.

Risks and Opportunities	Details	Period
Physical Risks	Damage to the Bank's assets such as ATMs due to natural disasters, etc., and an increase in the credit risk of investee companies.	Short term
Transition Risks	Securities holdings of the companies in which JAPAN POST BANK is investing (companies that are greatly affected by environmental regulations) will suffer a decline in value due to a tightening of regulations.	Medium to long term
Opportunities	Improvements in capital markets and society's evaluations owing to steps by the Bank to take appropriate measures and make disclosures related to climate-related issues. Financing opportunities for renewable energy businesses and green bond investment opportunities will increase.	Short to long term

- Carbon-related assets accounted for 0.8% of loans as of March 31, 2022, with a balance of ¥36.6 billion.
- In order to identify the impact of climate change-related risks on the Bank's finance portfolio, JAPAN POST BANK undertook a transition risk scenario analysis for the securities (bonds and equities) that comprise the majority of the portfolio. The impact of increased carbon costs on the earnings of investee companies for the subject period was calculated for each individual company, and the

results of calculating the sum total of the impact is presented as follows.

- Looking ahead, JAPAN POST BANK will continue to monitor the impact of climate change and support the initiatives of investees through engagement and other means, while undertaking a variety of measures including analyses that take into consideration the long-term impact of climate change on an ongoing basis based on the aforementioned analysis.

Transition Risks	Scenario	Details
	New Network for Greening the Financial System (NGFS) scenario disclosed in 2021*2 (Scenario model: REMIND-MAGPIE2.1-4.2)	
	Scope	Securities (bonds and equities)*3 that account for the majority of the Bank's finance portfolio
	Analytical Method	Analysis of the impact of increased carbon costs*4 of investee companies due to laws and regulations on the earnings of investee companies Note) The effects of earnings-improvement and other measures undertaken by investee companies have not been taken into account.
	Target Period	Bonds: Up to the end of the redemption date of each bond Equities: Up to 2100
	Analysis Results	Approximately -¥640.0 billion (maximum amount of decrease in fair market value)
	Financial Impact	<ul style="list-style-type: none"> <li>The transition risk scenario analyses that are generally conducted by commercial banks calculate the amount of increase in credit management costs associated with the incidence of non-performing loans. The aforementioned analysis calculates the amount of decrease in the value of securities in conjunction with the Bank's business model.</li> <li>The impact of the increase in carbon costs on the earnings of investee companies is fully factored into the fair market value of investments under the aforementioned analysis. In reality, however, the impact on financial strategies is limited owing to the gradual manifestation of the amount of decline in fair market value and deterioration in earnings of investee companies, expectations toward the implementation of measures to improve investee company earnings, and the fact that the analysis covers market traded securities that can be sold in the interim.</li> </ul>

- For physical risk, JAPAN POST BANK conducted a quantitative analysis of the impact on the Bank's ATMs, devices at counters, and other equipment installed and owned by the Bank nationwide. According to inundation depth predictions and the current assumption of such water-related disasters as floods, the amount of damage to the Bank's facilities was estimated at approximately ¥25 billion on a cumulative basis over the next 100 years.

While climate change is expected to roughly double the frequency of floods under the 2°C scenario and increase the incidence of floods roughly four times under the 4°C scenario, the risk of damage to the Bank's facilities on a simultaneous basis is considered low due to the spread of facilities over a nationwide network. Taking into account the aforementioned, the impact on JAPAN POST BANK's financial strategies is expected to be limited.

Physical Risks	Scenario	IPCC RCP2.6 (2°C scenario)*5	IPCC RCP8.5 (4°C scenario)*5
	Scope	ATMs, devices at counters, and other equipment installed and owned by the Bank nationwide	
	Analytical Method	Calculation of the anticipated amount of flood-related damage under certain assumptions using inundation depth predictions	
	Target Period	Over the next 100 years	
	Analysis Results	Approximately -¥50 billion	Approximately -¥100 billion
	Financial Impact	The risk of damage to the Bank's facilities on a simultaneous basis is considered low due to the spread of facilities over a nationwide network. Taking into account the aforementioned, the impact on JAPAN POST BANK's financial strategies is expected to be limited.	

\*2 New climate scenarios released in June 2021 by the Network for Greening the Financial System (NGFS).  
\*3 Excluded from the scope of calculation in the event required data (GHG emissions, financial related data, etc.) is incomplete.  
\*4 Costs incurred by investees as a result of an increase in the carbon price under the scenario.  
\*5 Scenario of the average increase in global temperatures over the next 100 years announced by the Intergovernmental Panel on Climate Change (IPCC).

## Risk Management

- JAPAN POST BANK has introduced a Risk Appetite Framework (RAF) and positions risks related to climate change, etc., as one of the top risks facing the Bank.

These risks are reflected in the Bank's management plans, and the ESG team which has been established in the Corporate Planning Department acts as necessary follow-

ing regular checks of the status of control.

- JAPAN POST BANK is advancing global asset allocations based on its ESG Investment and Financing Policy, which is based on sectors with a significant impact on climate change and various international agreements, etc. In the years to come, the Bank will consider enhancing this

policy from the perspective of fulfilling and contributing to climate change obligations as an institutional investor.

- JAPAN POST BANK took steps to engage with companies that have a significant impact on climate change. Details of examples are presented as follows.

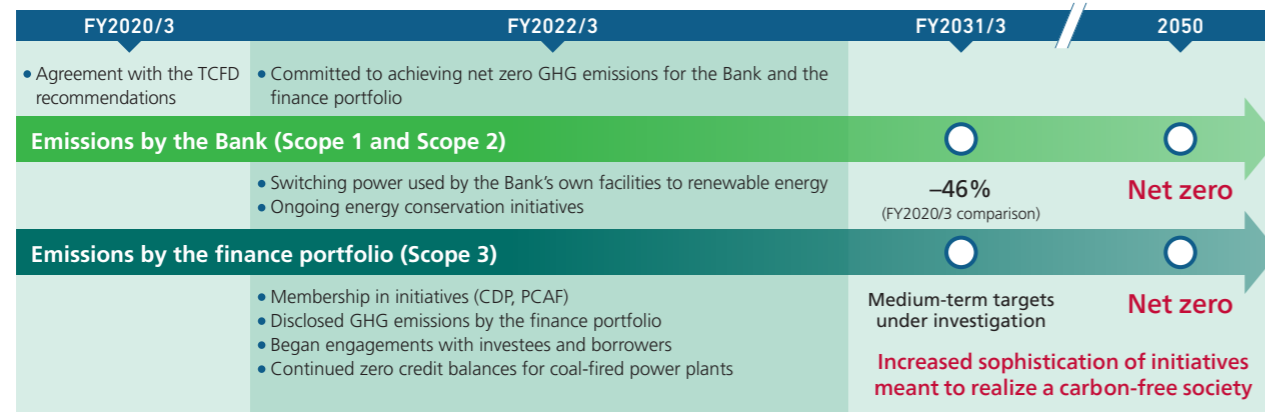
Company	Main content of dialogue
Electricity sector Company A	Efforts are being made to achieve established GHG emission reduction targets. As a part of these efforts, steps are being taken to develop mixed combustion and other technologies with the aim of restarting nuclear power plants while garnering the understanding of local residents.

## Metrics and Targets

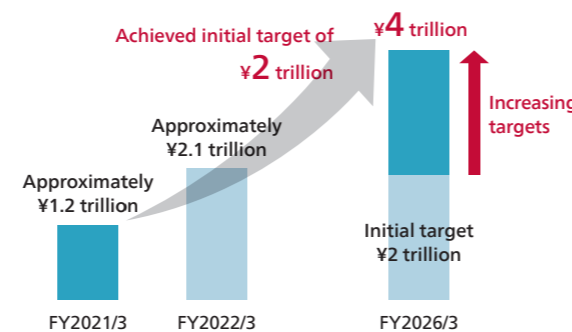
JAPAN POST BANK announced details of the Japan Post Bank Net Zero GHG Emissions Declaration and committed to achieving net zero emissions for the Bank as well as its finance portfolio by 2050.

Classification*6	FY2031/3 Target	2050 Target
JAPAN POST BANK (Scope 1 and Scope 2)	-46% (FY2020/3 comparison)	Net Zero
Finance Portfolio (Scope 3 Category 15)	Under consideration	Net zero

### Japan Post Bank Net Zero GHG Emissions Declaration



JAPAN POST BANK has set the balance of ESG-themed investments\*7 at ¥4 trillion as of the end of FY2026/3 (double the initial balance of ¥2 trillion) as a KPI under its Medium-term Management Plan.



\*6 GHG Protocol classification. CO<sub>2</sub> is a target and subject to management at JAPAN POST BANK.  
 Scope 1: Direct emissions of greenhouse gases by the business itself  
 Scope 2: Indirect emissions from the use of electricity, heat and steam supplied by other companies  
 Scope 3: Emissions of other companies related to the activities of the business (category 15: investment)  
 \*7 Green bonds, social bonds (including pandemic bonds), sustainability bonds, loans to the renewable energy sector, regional vitalization funds, etc.

## Heightening the Understanding of Sustainability Among Employees

JAPAN POST BANK conducts training activities regarding initiatives intended to promote sustainability with the aim of ensuring that each employee understands these initiatives in terms of their own duties and practices them under their own initiative.



Scene from the Sustainability Officer Video (Officer in charge: Harumi Yano, Senior Managing Executive Officer)

### FY2022/3 Training Results and Major Training Themes

- Training for executives (July, Theme: Global Trends in and Japan's Current Approach to ESG and the SDGs)
- Training for all employees (October and February, Theme: Priority Issues (Materiality) under the Medium-term Management Plan)
- E-learning for headquarters employees (December, Theme: Climate Change, Biodiversity, Human Rights, and Other Trends in Sustainability)
- Sustainability Officer Video (January, Theme: ESG Management)

## Environmental Management

### Environmental Consideration in Procurement

In our contract processes, we declare "Consideration for the environment: We shall conduct procurement activities with consideration for conservation of the global and regional environment and effective use of resources," and so conduct environmentally friendly procurement.

In December 2018, JAPAN POST GROUP reviewed its approach to procurement activities. Currently, the Group is also calling on business partners to take into consideration

environmental and social issues in an effort to realize the 10 principles over the four fields (human rights, labor, environment and anti-corruption) set forth in the United Nations Global Compact. In July 2019, the Group established and published the "JAPAN POST GROUP CSR Procurement Guidelines." Since December 2020, steps have been taken to request that all business partners comply with these guidelines as well.

## Environmental and Biodiversity Conservation Activities

### Yucho Volunteer Savings

Part of the interest received from customers is used as a donation for environmental conservation in developing countries. (Cumulative total from launch of transactions until March 31, 2022: ¥35.01 million)

### Yucho Eco-Communication

The Bank contributes to organizations engaged in activities that protect endangered species and conserve the

environment, as well as to initiatives and awareness-raising activities related to preserving the biodiversity of tree planting as one example. Specifically, we donate a portion of the cost savings associated with reduced paper usage through "Yucho Eco-Communication" to certified non-profit and other organizations throughout Japan that work with local communities on promoting environmental conservation. (Cumulative total from start of initiative to March 31, 2022: ¥26.0 million)

## Environmentally-friendly Business

### Yucho Direct+ (plus) Non-Passbook General Account

With no issuing of a passbook, this service enables customers to use their cash cards for cash deposit and withdrawal enquiries, while current balances are obtained via "Yucho Direct." Instead of issuing passbooks, details of deposits and withdrawals can be confirmed for up to a maximum period of 20 years\*. Since the paper used for both conventional passbooks and for the various notifications sent to customers is unnecessary, this leads to a reduction in paper usage.



### Online Service for Viewing Transfer Receipt/Payment Notifications

This is a service that enables customers to check transfer receipt/payment notifications and payment handling slips from 9:00 a.m. the day after the account update on an office computer, home computer or smartphone. The feedback we have received from customers has included comments like "Being able to confirm transfer receipt/payment notifications via the internet is convenient," "No longer needing to store hard copies of transfer receipt/payment notifications has made life easier." Since transactions are confirmed via an online screen instead of informing customers in writing, this is also leading to a reduction in paper usage.

\* For deposits and withdrawals from March 2021. (Deposits and withdrawals made prior to March 2021 can be confirmed up to a maximum period of 15 months)

## Participation in Organizations Tackling Environmental Issues

### Japan Hydrogen Association (JH2A)

JAPAN POST BANK has joined the Japan Hydrogen Association (JH2A). As a cross-industry, open organization, JH2A covers the entire supply chain, and aims to build a hydrogen

society at an early stage by realizing social implementation projects. We will leverage knowledge acquired through JH2A to promote initiatives intended to realize a hydrogen society.

## TOPICS

### Investing in a New Company for Establishing a Renewable Energy Fund

As "the most accessible and trustworthy bank in Japan," JAPAN POST BANK will engage in environmentally friendly activities, and work to resolve environmental issues, to protect nature and the environment of regional communities, and preserve the irreplaceable global environment for the next generation.

As part of this initiative, we invested in "Z Energy Co., Ltd.," which is engaged in the establishment and operation of renewable energy funds, as well as that company's "Carbon Neutral Fund 1 Investment

Limited Partnership."

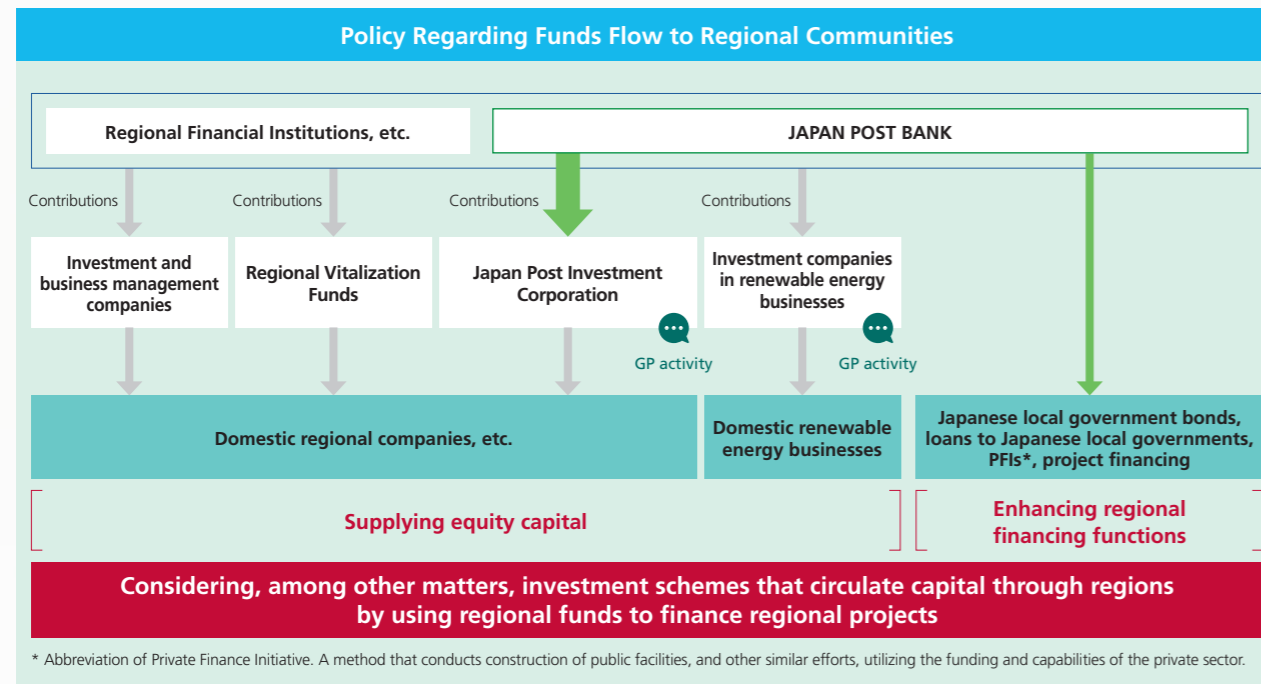
Through this investment in the company, we are working to further spread the use of and expand the market for renewable energy in order to address the global social issue of climate change, achieve carbon neutrality for Japan by 2050, and construct a carbon-free society. At the same time, we will also make every effort to contribute to regional vitalization projects involving renewable energy.

# The Challenge of Regional Co-creation

## Initiatives for Regional Vitalization

To flow precious funds entrusted by our customers to regional communities, since FY2017/3, we have worked with regional financial institutions to actively promote participation in regional vitalization funds aimed at support business

succession, entrepreneurship and start-ups as well as growth. We are also engaged in using funds to provide capital support to companies across Japan affected by COVID-19 and other disasters.



## Initiatives to Support Small and Medium-sized Enterprises

JAPAN POST BANK offers various remittance and settlement services, as well as online banking (Yucho Biz Direct) services, for corporations and business operators. Similarly, we are taking steps to support managers of small and medium-sized enterprises (SMEs) from the perspectives of increased business efficiency, speed and cost reductions. For this purpose, the Bank is striving to further enhance the marketability of its

services that leverage the nationwide JAPAN POST BANK, post office, and ATM networks, including regular payment and electronic transfer services that are convenient for receiving payment for goods and collecting accounts receivable, as well as employee payroll transfer services.

We do not provide management support through mutual loans to SMEs.

## Overview of Regional Vitalization Funds (As of March 31, 2022)

Name of Fund	Year/month of participation	Name of Fund	Year/month of participation
1 Kyushu Wide Area Reconstruction Assistance Investment LP	2016/7	22 Growth Support Investment Project No.1 LLP	2019/7
2 KFG Regional Enterprise Support Investment LP	2016/11	23 Ant Bridge No.5-A Private Equity Secondary Investment Fund, LP	2019/9
3 Hokkaido Growth Companies Support Investment LP	2016/11	24 Kiraboshi Capital-Mercuria Investment LP for the Investment Business	2019/10
4 Chubu / Hokuriku Region Vitalization Investment LP	2017/4	25 Akita City SME Promotion Investment LP	2019/11
5 Shiga Bank Core Business Support Investment LP	2017/6	26 Towa Regional Activation Investment LP	2019/11
6 Toho Business Succession Investment LP	2017/8	27 Furusato Renkei Ouen Fund, L.P.	2020/1
7 Kyushu Setouchi Potential Value Investment LP	2017/10	28 East Japan Typhoon Reiwa 1 and COVID-19 Recovery Support Investment LP	2020/1
8 MIYAKO Kyoto University Innovation LP	2017/11	29 Kansai Innovation Network Investment Limited Partnership	2020/4
9 MBC Shisaku 1 LP	2017/12	30 Kansai and Chubu Regions Recovery Support Investment Limited Partnership	2020/7
10 Michinoku Regional Vitalization Investment LP	2018/3	31 MIYAKO Kyoto University Innovation II L.P.	2020/10
11 Fukui Future Business Support Investment LP	2018/3	32 Dogan Regional Value Fund	2020/12
12 Ehime Regional Vitalization Investment LP	2018/3	33 HYOGO KOBE STARTUP FUND	2021/4
13 Healthcare New Frontier Investment LP	2018/8	34 Nine States 5 Investment Limited Partnership	2021/4
14 Tokyo SME Support 2 LP	2018/8	35 Oita VC Success Fund No.6 Investment LP	2021/9
15 Succession Investment LP, I	2018/10	36 BCM-V Investment Limited Partnership	2021/9
16 TOKYO Relationship No.1 Investment, L.P.	2018/12	37 New Frontier Japan Investment 2 LP	2021/11
17 Kyoto-University-Venture NVCC No.2 Investment LP	2019/3	38 QB II Investment LP	2021/12
18 Aomori Bank Regional Vitalization LP	2019/3	39 Shiga Bank Business Support Investment LP II	2022/3
19 Capitalization of Tourism Heritage Investment LP	2019/6		
20 Regional Next-generation Industry Accelerate Investment LP	2019/7		
21 Regional Companies Value Up Support Investment 1 LP	2019/7		

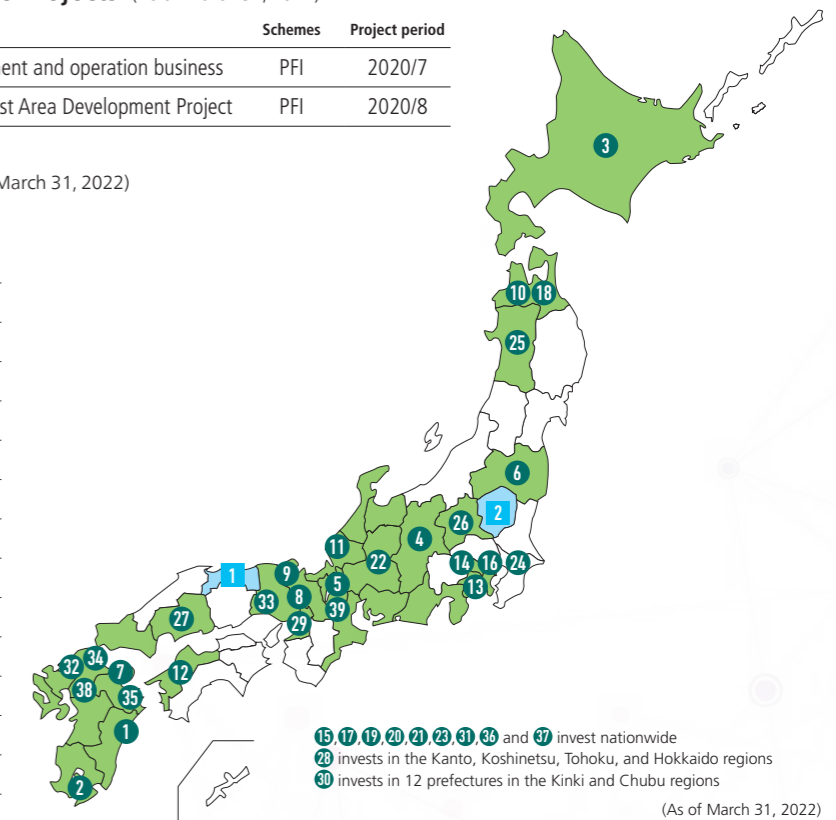
## Overview of Major Regional Finance Projects (As of March 31, 2022)

Finance project name	Schemes	Project period
1 Tottori Prefecture hydroelectric plant re-improvement and operation business	PFI	2020/7
2 Tochigi Prefecture Comprehensive Sports Zone East Area Development Project	PFI	2020/8

## JAPAN POST BANK's Network (As of March 31, 2022)

### Numbers of branches / ATMs in Japan

Regions	Number of branches	Number of ATMs
Hokkaido Region	1,462	1,799
Tohoku Region	2,503	2,793
Kanto Region	2,548	3,705
South Kanto Region	1,016	1,728
Tokyo Region	1,475	3,181
Shinetsu Region	1,289	1,377
Hokuriku Region	823	1,065
Tokai Region	2,325	3,885
Kinki Region	3,399	4,999
Chugoku Region	2,192	2,362
Shikoku Region	1,127	1,338
Kyushu Region	3,380	3,279
Okinawa Region	195	263
Total fund amount	23,734	31,774



\*1 The total number of branches includes the following.  
 (1) Branches directly managed by JAPAN POST BANK (including the Otemachi and Harumi branch offices)  
 (2) Post offices contracted by JAPAN POST BANK (including sub-offices)  
 (3) Contracted post offices in which JAPAN POST re-entrusts our banking agency services  
 \*2 Does not include the number (one) of mobile post offices (in Yamaguchi Prefecture).





## Advancement of diversity management

### Promotion of women's participation and advancement in the workplace

The Medium-term Management Plan launched in FY2022/3 sets 20% as the FY2026/3\* target for the ratio of women in managerial positions. This ratio has climbed steadily, from 15.7% as of April 2021 to 16.6% as of April 2022. We will continue to work toward achieving this target.

\* Goals for achievement by April 2026

### Acquisition of External Assessments as a Company Empowering Women

As a result of efforts based on the Act on Promotion of Women's Participation and Advancement in the Workplace, JAPAN POST BANK was certified as a "Nadeshiko Brand," which is composed of listed companies selected by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for proactively promoting the career advancement of women. We have also received other high ratings from external assessments as a company that promotes career advancement among women, including certification as "Eruboshi" Level 3 by Japan's Ministry of Health, Labour and Welfare, indicating we have satisfied all certification standards under this assessment.



### Support the work activities of generations providing childcare and nursing care, and those treating diseases

In order to ensure that each individual employee can continue to work without resigning their position at specific timings, including during pregnancy, birth, childcare, family care, and treatment of their own illnesses, we have established support systems that exceed the standards stipulated by the various laws and ordinances.

Along with expanding the options for telecommuting and raising awareness of this option through internal seminars and e-learning related to work-life balance, we also support employees in their own, independent efforts to balance work and life responsibilities.

### Achieved a 100% childcare leave rate for male employees

JAPAN POST BANK allows employees to take a longer period of leave than legally required (up to three years for childcare leave and up to nine years for childcare partial leave), and offers partially paid childcare leave to help men actively participate in housework and childcare. We also foster a working environment in which male employees can use the leave system easily and with confidence through means such as distributing support books and providing e-learning for male employees and supervisors, thereby achieving a 100% childcare leave usage rate in FY2022/3.



Scene from a childcare leave seminar

### Promotion of health management

JAPAN POST BANK bases its initiatives on health and productivity management on the idea that maintaining and improving the mental and physical health of employees, as well as creating environments where employees can work with vitality, will contribute to improving productivity and corporate value.

Based on this belief, we established the JAPAN POST BANK Health and Productivity Management Promotion Framework, and our initiatives include cutting down on long working hours, health guidance toward preventing/reducing the incidence of lifestyle diseases, and mental health care.

### "2022 certified health & productivity management outstanding organization recognition program (large enterprise category (white 500))"

JAPAN POST BANK received certification as a company implementing excellent health and productivity management practices from Nippon Kenko Kaigi based on its responses to the health and productivity management survey conducted by the Ministry of Economy, Trade and Industry.



### Promoting the hiring of employee with disabilities

In 2010, JAPAN POST BANK established and started operating the JAPAN POST BANK ARIGATO Center as a part of efforts to provide people with disabilities who are seeking employment with the opportunity to work. At this center, employees with disabilities bag candy, which is handed to customers visiting branches.

In addition, we actively employ those with disabilities, including having such individuals work as in-house physiotherapists (Health Keepers) at certain Operation Support Centers since FY2017/3, and today employees with disabilities participate in organizations around Japan.



General view of the ARIGATO Center operation

## Development of Work Environments

### Expansion and promotion of flexible work styles

JAPAN POST BANK introduced telecommuting (remote-work) as a means of harmonizing work and lifestyles, and of enabling employees at different life stages to continuously demonstrate their abilities.

Following the emergence of COVID-19, we responded by expanding telework (working from home, etc.), promoting a flextime system, staggered work, and alternate shifts. We will continue to further promote flexible work styles that are independent of time and place.

### Elimination of harassment

Along with inexcusably injuring the dignity of individual employees, workplace harassment also prevents employees from fully demonstrating their potential, specifically by decreasing their will to work and worsening health conditions, for example. Therefore, we are undertaking various initiatives to eliminate acts of harassment.

#### Initiatives for preventing harassment

- Sending out messages from upper management
- Educating employees through training (executive training, job-level based training) and information magazines
- Calling for, selecting, and awarding human rights slogans, and submitting these slogans to external organizations, such as the Japanese Bankers Association
- Requesting partners to consider human rights

#### Establishing a system that enables consultation with peace-of-mind

- Locating harassment counselors (one male and one female in each business location)
- Establishing an external harassment consultation desk

### Initiatives for raising awareness of human rights

In aims of raising human rights awareness, in April 2022 JAPAN POST BANK conducted human rights training for the management class. As part of this effort, we invited an outside lecturer and conducted training for all officers, including outside directors, as well as for headquarters department heads, base managers, and others in the management class under the theme of "Business and Human Rights." A total of 159 employees participated in the training. This effort was intended to further deepen the understanding of this issue having included promotion of ESG management within the Medium-term Management Plan. We will continue striving to foster an awareness of this issue among employees and officers in order to realize an internal environment in which all employees can work with enjoyment.



Scene of a class

## Japan Post Bank's Diversity Strategy



**Norito Ikeda**  
Director, President and  
Representative Executive Officer

**Yoko Makino**  
Executive Officer, General Manager of  
Diversity and Inclusion Department

Japan Post Bank established the Diversity and Inclusion Department that reports to the Executive Officer in charge. Since then, we have implemented a variety of measures for increasing diversity, including empowering women in the workplace. Norito Ikeda, Director, President and Representative Executive Officer, and Yoko Makino, Executive Officer, General Manager of the Diversity and Inclusion Department, sat down to look back on the progress made to date and explain future policy and strategy.

### Recognition of diversity

## Diversity is vital to the sustainable company growth in the middle of a changing society

**Makino:** Initiatives for diversity and inclusion took off across Japan and at Japan Post Bank following the establishment of the Act on the Promotion of Female Participation and Career Advancement in the Workplace in 2015. This Act has mainstreamed initiatives for increasing women in managerial positions, developing a workplace environment conducive to work-life balance, and encouraging men to take childcare leave. While it is important to

implement these individual responses, perhaps more important is having the recognition that diversity is vital to a company's growth. A company acts as a living organism. Even from the standpoint of sustainability, today is a time when we need to prepare for various unexpected risks. I don't think a company can survive today or in the future without securing diversity.

**Ikeda:** You are exactly right. Looking back on Japan's post-war history, a social model formed where men were the main workforce primarily in the construction and manufacturing industries and women were responsible for chores and childcare as homemakers. This made it possible to maintain a high level of productivity in all aspects of society, including companies and government, giving rise to Japan's economic miracle. However, over the past 30 years or so, Japan's social structure and corporate management born from this miracle have reached an impasse. Changes in economic and financial environments, advancements in IT, and transformation of industrial structure from globalization have completely changed corporate manage-

ment and human resources development. These changes are likely to accelerate further in the future. To make the correct management decisions and create innovation, a company must hire and promote a diverse workforce and incorporate their various knowledge and skills into management. Using the example of customer service, Japan Post Bank has teller windows in every corner of Japan to carefully address the individual needs of its diverse customer base. I recognize that an important task of management will be to maintain a diverse workforce that can address these needs and continuously foster a culture that respects this diversity.

### Looking back on previous initiatives

## Transforming our mindsets by encouraging managerial employees to change the way they think

**Makino:** Japan Post Bank launched its initiatives for diversity in FY2017/3. Since then, we have done a number of things, including promoting women's empowerment, hiring people with disabilities and promoting inclusion of the LGBTQ+ community. Particularly, we have focused on changing the way our managerial employees think. Specifically, we have promoted the development of Ikubosses\* through training and other means. In other words, I recognized that changing supervisors, who came up in organizations managed according to the methods established in Japan's period of high economic growth, is vital to transforming our corporate culture and the entire organization's mindset. Actually, the employee survey conducted in fiscal 2021 revealed that 70% responded

"there has been positive change in my supervisor." This shows we have made great strides. As a result of these activities, the ratio of women in managerial positions is steadily increasing, rising to 16.6% as of April 2022, compared to 10.9% in 2016. The ratio of employees with disabilities remains at 2.71% (as of June 2021) which is much higher than the statutory requirement of 2.3%. Also, we have received the top rating of gold on the PRIDE Index four years running. This index evaluates companies' efforts toward inclusion for the LGBTQ+ community.

\* An Ikuboss (or "New-era" Boss) is a manager/an executive who (a) considers his/her staff's work-life balance and supports their career, (b) achieves his/her organization's business targets, and (c) enjoys his/her own life outside of work.

**Ikeda:** Although not a numerical achievement, the Yucho Diversity Forum comes to mind when looking back on our past initiatives. This event is held annually with members of the Diversity Committee in attendance. They include representatives from headquarters, regional headquarters, operation support centers, and branches. Even with the ongoing spread of the COVID-19 pandemic, around 240 employees from throughout Japan took part online to share their challenges and solutions as well as provide recommendations to me. Since being established in the Meiji era (1868 to 1912), Japan Post Bank has been a

community lifestyle financial institution with a nationwide network covering the more than 400 inhabited islands of the Japanese archipelago. Japan features ever-changing geographical features including shoreline and mountains to go along with unique climates and cultures, spanning from densely populated cities to sparsely populated regions. The fact that employees working directly with customers from various walks of life can provide management, including myself, with ideas we would never have thought of before shows that there is still room for management to promote diversity.

### Targets and policies for the future

## Invigorating innovation using diversity indicators as KPI for management plans

**Ikeda:** Although our previous initiatives achieved a certain degree of success, this is still not a level that is satisfactory. Therefore, the new Medium-term Management Plan launched in fiscal 2022 contains the targets of 20% ratio of women in managerial positions, 100% ratio of employees taking childcare leave, and 2.7% ratio of employees with disabilities for fiscal 2026\*. Although we do not focus exclusively on the numbers, these targets were set in the sense of clearly indicating our commitment inside and outside the company to position diversity and inclusion as an important task of management, and from

the thinking that we need KPI for measuring progress. Regarding the promotion of women, I believe we need to increase the ratio of women in Executive Officer positions to more than 40% of the total in the future. However, since it will be difficult to reach these goals all at once, we aim to steadily increase women in managerial positions and as candidates for Executive Officer. Toward that end, I believe it is important to develop a workplace environment where employees are motivated to continue their career.

\* Goals for achievement by April 2026

**Makino:** We are making progress toward such an environment post-childcare leave through measures and revisions to various programs. Going forward, though, it will be important to support the development of employees with greater creative thinking and a challenging spirit tailored to the rapidly changing financial industry and lifestyles. Today, Japan is deploying initiatives that utilize diversity, including its regional revitalization and community vitalization programs. I feel like JAPAN POST BANK, too, has a great deal of hidden potential in terms of employees' diversity and inclusion that has yet to be tapped. Drawing out this

**Ikeda:** My duty as head of the company is to clarify our policies, exhibit leadership in unforeseen situations, and provide an employee-friendly workplace environment. Therefore, I will take the lead in working to improve the workplace environment.

Making work more worthwhile for employees is another important challenge with equal emphasis. People who worked during Japan's period of high economic growth had easy access to success. Since Japan's economic bubble burst, most employees have not fared as well, making it difficult to maintain the motivation to continue working. I would like to focus more on building a

**Makino:** One of the features of Japan Post Bank post privatization is that we have increased the number of female employees not only at branches but also at corporate departments. Today, these women are actively returning to their workplaces after taking maternity and childcare leave. Since about last year, male employees, too, have begun to actively take childcare leave. Based on these experiences, many of these men have expanded



potential will make work more worthwhile for employees and result in growth for the company.

workplace environment where employees can fully contribute their skills, have fun at work, and build success.

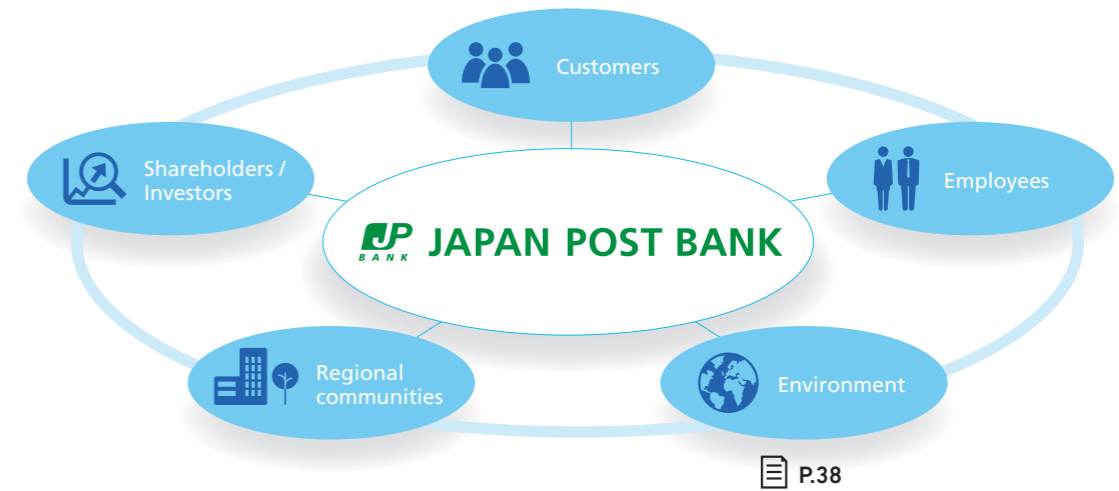
We have set up the Organizational Culture Reform Subcommittee under the Service Improvement Committee launched in fiscal 2020. Around half of this subcommittee's members are women. They are now working to entrench a culture that respects one another and foster an organization that shares information thoroughly. By promoting these initiatives, we can speed up diversity and inclusion, and as a result, generate new innovations that lead to customer-oriented sales.

their horizons and matured as an individual. Also, there are many opportunities to learn from the sensitivities and approaches of employees with disabilities and LGBTQ+ employees working in the same workplace. It has become extremely important to shift from the conventional management approach of how to assign employees to work to one that determines how best to harness the unique skills of individual employees.

**Ikeda:** Exactly. Invigorating innovation through diversity and inclusion, including what you have pointed out here, will become a foundation for our future growth strategy.



## Stakeholder Communication



### Communication with Shareholders and Investors

While aiming for sustainable growth and improvements in corporate value over the medium to long term, the Bank promotes the establishment of strong engagement with investors and shareholders.

Through these activities, we will deepen understanding of the Bank's business and reflect the opinions and requests of investors and shareholders in its management.

Going forward, we will enhance our IR activities and IR structure through such initiatives as creating IR opportunities for the heads of each business division. In addition, as a company listed on the Prime Market of the Tokyo Stock Exchange, we will strive to enhance our disclosure of such topics as climate change risk in response to social demands and trends.

#### IR Activity Results (FY2022/3)

Activity	Outline
15th Ordinary General Meeting of Shareholders	Held on June 17, 2021
Briefings for individual investors	Director, President and Representative Executive Officer Norito Ikeda and Managing Executive Officer in charge of the IR Department Makoto Shinmura spoke at the five online briefing sessions for individual investors.
Investor Meetings	Half-yearly meetings were held mainly for institutional investors and analysts.
Individual interviews with institutional investors and analysts	The Bank conducted individual interviews with multiple institutional investors and analysts, both domestically and overseas.
Themed Investors Meeting	In line with the interests and concerns of institutional investors, the Bank held the meeting on its ESG initiatives.
Securities firms-sponsored conferences for institutional investors	Participating in conferences hosted by multiple securities firms, the Bank held individual interviews mainly with overseas institutional investors.
16th Ordinary General Meeting of Shareholders (FY2023/3)	Held on June 16, 2022



Briefing session for individual investors (January 26, 2022)  
Briefing Speakers: Director, President and Representative Executive Officer Norito Ikeda and IR Department personnel

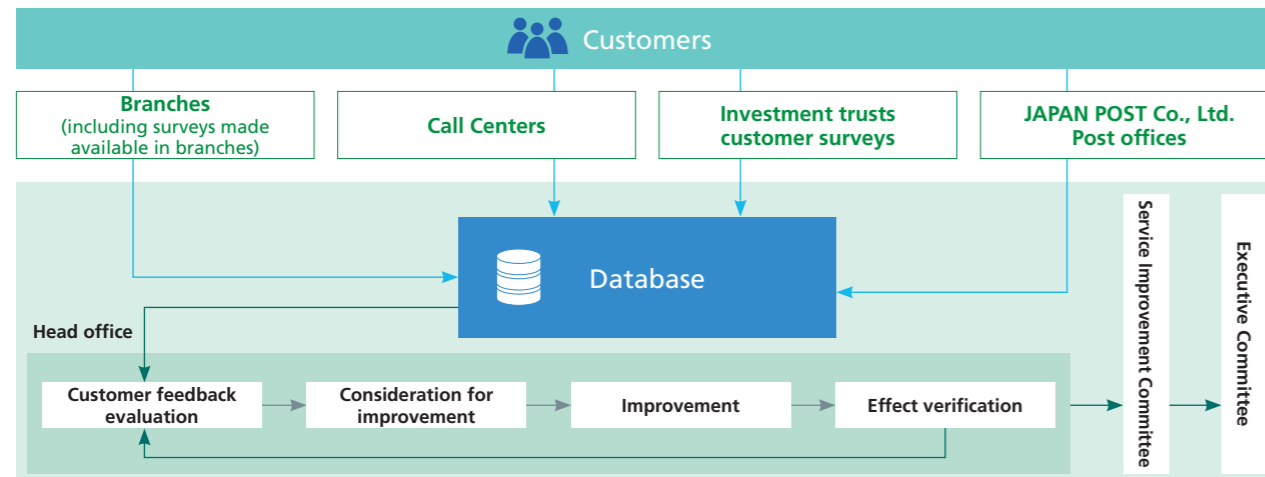


Scene from the 16th General Meeting of Shareholders (June 16, 2022)

### Communication with Customers

Having centralized the management of all customer feedback received by our branches and call centers within the Head Office Customer Satisfaction Department, this feedback is also shared throughout the Bank and used to develop and

improve our products and services. The results of these improvements are also reported to the Service Improvement Committee, chaired by the President and Representative Executive Officer, and to the Executive Committee.



### TOPICS

#### Examples of customer feedback and improvements

Customer feedback	Outline of improvements
I would like to make inquiries via a telephone relay service, just like a person without disabilities.	A telephone comprehensive relay service is now available that covers all procedures and inquiries that can be handled by telephone.
I would like to purchase investment trusts with ease.	Customers are now able to trade investment trusts by means of Yucho Bankbook app. Furthermore, there are no charges for any purchases of investment trusts handled via digital channels (Yucho Direct [investment trusts], the Yucho Bankbook App service).
I would like there to be more ways to register for an app.	In addition to the previously introduced automatic voice authentication system, JAPAN POST BANK has added SMS authentication for customers who have registered their mobile phone numbers in their accounts.

### Communication with Employees

As part of the organizational culture reforms set forth in Key Strategic Point 5, the Bank distributes video messages from the president and executive officers. Since April 2022, the in-house newsletter, which serves as an in-house communication tool, has been available online, and

contents such as role models and introductions of each organization are regularly distributed under its concept of being a "reliable in-house newsletter that employees can keep close at hand."



### TOPICS

#### Live in Person

Toward resolving the issues that in JAPAN POST BANK differ by organization and region, a Diversity Committee has been set up in all organizations, including our Head Office, Regional Headquarters, and operation support centers. Committee members with a range of experience and from a variety of backgrounds are developing independent and autonomous activities.

independent planning and operation of the Head Office's Diversity Committee. Approximately 50 employees participated, and President Ikeda held a dialogue on the organizational culture reforms and management vision in the form of a Q&A session with the participants. The dialogue also touched on the personality of President Ikeda, who usually has few opportunities to have direct conversations, and deepened their understanding of management. We will aim to continue holding this Live in Person meeting in the years to come.

In FY2022/3, a Live in Person town hall meeting was held for the first time as a forum for dialogue between management and employees through the



Held a Live in Person town hall meeting online



Dialogue with President and Representative Executive Officer Ikeda



Members of the Head Office's Diversity Committee who planned and ran the meeting

### Communication with Regional Communities

#### Financial Education

JAPAN POST BANK conducts financial education classes and other visiting lessons at elementary and junior high schools. Utilizing our proprietary teaching materials, we are helping children develop good financial sense by teaching them the importance of money and how to manage their money.

In light of the impact of COVID-19 infections, financial education classes were held online in FY2022/3. At the same time, we uploaded the original teaching materials to our website so that everyone could print them off and use them at home.

#### Method

- Visiting lessons
- Seminars at branches
- Classes by instructors

#### Original textbooks for each grade



#### Employee instructor tools



Visiting lessons

### TOPICS

#### JAPAN POST's Piggy Bank Design Contest

We initiated this contest in 1975 to commemorate the 100th anniversary of our postal savings services. Having as its purpose improving formative creativity and stimulating interest in savings through the act of making piggy banks, the contest marked the 46th time it had been held during FY2022/3.



## Message from an Outside Director

Risa Aihara  
Outside Director



### Achieving an even higher level of governance by means of highly effective Board of Directors' meetings

In light of the advances being made in global digital innovation and the rapid increase in awareness with regard to the realization of a sustainable society, at Board of Directors' meetings we keep in mind the question of what social roles can be fulfilled by utilizing the Bank's strengths. We have repeatedly discussed what JAPAN POST BANK should ideally be like in the future, and, as a result, have adopted five key strategic points in our Medium-term Management Plan. The two major keywords for value creation in these key strategic points are *Advancing DX* and *Advancing ESG management*.

With regard to the former, at Board of Directors' meetings we discussed devising ways in which real services and digital services would mutually complement each other for the future, based on the theme of realizing digital services that leave no one behind. In the course of discussions, there were proposals from outside directors that included measures to review systems to heighten risk sensitivity and strengthen security to ensure safety and security. In the case of the latter, *Advancing ESG management*, useful information such as the status of various efforts to realize customer-oriented management, customer feedback from questionnaires and other sources, and the content of letters sent by employees to the *President's Direct-line Opinion Box* are shared at Board of Directors' meetings without reserve. Outside directors continue to provide advice and recommendations based on their respective

specialized knowledge.

In addition, Meetings of Independent Outside Directors were set up in 2021 with the aim of further strengthening governance. Before that, we had a problem with narrowing down issues that had to be resolved urgently and ended up scattered among agendas that should be thoroughly discussed at Board of Directors' meetings. That is because, by its nature as a universal banking service provider, our discussions cover a long list of agendas across wide-ranging themes. Bearing that in mind, at independent outside directors' meetings, we will review the current status of Board of Directors' meetings and exchange views on the proceedings of the agenda with a focus on the original purpose to consider how to go about making improvements.

In this manner, the Bank's Board of Directors has had lively discussions and ensured a very high degree of effectiveness, but, in the background, I feel that the support system for outside directors has been further improved. Specifically, on a daily basis information is shared and progress reports made on matters relating to the Bank's priority initiatives. Progress with improvements, such as making easy-to-understand summaries of meeting materials and browsing digitally stored past materials, is also being made every day. This point is very useful for decision making and, in many cases, highly appreciated.

### The digital society future and the role JAPAN POST BANK should play

Looking back at 1999, to the company where I was working at that time, my appointment as the marketing manager of the "Super Cash" electronic money project, which involved conducting demonstration tests with 24 domestic banks, served as my first personal encounter with a digital cashless service. Back then, I exchanged opinions with IT experts and university professors on the theme of "Can people live without a wallet and by

cashless services alone?" and thought that I was chasing a dream for the digital society of the future; now, I have a great feeling that that future is being realized right here and now.

The game changer for the financial industry in the coming digital society will be the accelerated pace and scale of its evolution compared with the past 20 years. I think that metaverse and blockchain technologies will give

rise to successive innovative fintech services. In the future, if you go to a store without any physical money, you will be able to take the exit without proceeding to a cash register, and the payment will be automatically completed before you reach the street. The time when this becomes commonplace everywhere may be just around the corner.

Under these circumstances, a digital divide will naturally occur. On the one hand, as a universal service,

the Bank's strengths lie in having points of contact that can be readily used by all customers and in its deeply rooted connections with local communities and regional economies. On the other hand, for those customers who are hoping for new services, I believe that we will be able to meet those needs by leveraging the Bank's customer base, the largest in Japan, and by collaborating more openly with a variety of business operators.

### Expectations toward management consistent with JAPAN POST BANK's purpose (raison d'être)

In recent years, as awareness of SDGs has increased worldwide, I have been feeling that the time would come when building relationships with various stakeholders—"Are we able to provide value to our customers?"; "Are we investing in your employees?"; "Are we building fair partnerships?"; "Are we able to contribute and support the community?"—would become a form of corporate value.

The young demographic groupings known as Millennials and Gen Z in particular have a high awareness of environmental and social issues, and thus to become the bank of choice for future generations of customers, adopting a purpose and engaging in management in a manner consistent with that purpose is of the utmost importance.

To that end, while taking advantage of the characteristics and strengths of the Bank, which is regionally based and offers services tailored to local needs, I think it will be necessary to further accelerate one of the Bank's key strategies—enhancing funds flow to regional communities and the regional relationship functions through various frameworks—and to promote regional contributions.

I also believe that the diversity of human resources and the active participation of women will be of great help. In addition to external evaluations that include having received Nadeshiko Brand designation and Eruboshi certification, I was delighted to see that JAPAN POST BANK came in top in the Nikkei xwoman DUAL 2022 ranking for companies that facilitate work while raising children. Having been highly rated from viewpoints that

included "ease with which men and women can both work and raise children" and "the childcare support system is extensive," seen through my outside director's eyes I sense that the Bank is very well advanced on this point.

In contrast, in terms of the ratio of women in managerial positions there remains a difference in the ratio of men and women, and the Bank is aiming to achieve the target KPI of women holding at least 20% of managerial positions in FY2026/3\*. I therefore think it will be necessary to promote the introduction of role models and the development of candidates for the next management roles.

While resolving such issues, we outside directors will make every effort to cooperate, so that the Bank can demonstrate its unique strengths and realize the purpose of its existence.

\* Goals for achievement by April 2026.



### In conclusion

As I was involved in e-commerce marketing in the 1990s, to this day I have been striving to operate services for consumers in the IT field. In the rapidly evolving IT industry, the proliferation of digital services is ongoing and I realize how difficult it is to consistently provide services that continue to be chosen by customers. On the other hand, the most rewarding feedback and source of

motivation is hearing from each customer that says, "I am happy to have such a service." Not forgetting that customer satisfaction is our driving force, I will continue to fulfill the responsibilities of an outside director in the Bank's management to realize services that prioritize its customers' happiness.

# Corporate Governance

## Basic Stance on Corporate Governance

With a view to its sustainable growth along with improvement of its corporate value over the medium to long term, JAPAN POST BANK attaches great importance to relation-

- 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 includ-

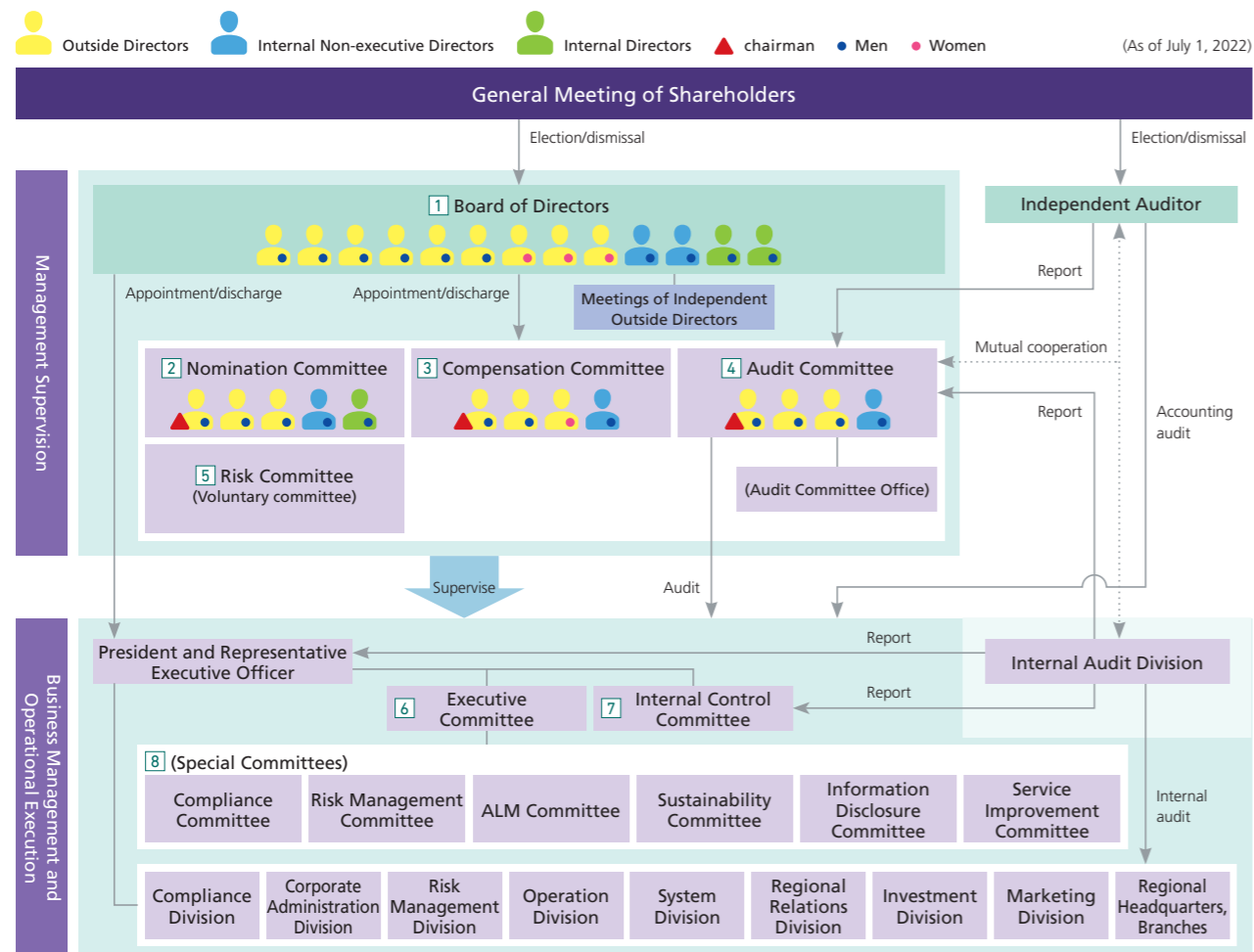
ships with its all stakeholders, including shareholders, and will maintain its corporate governance system based on the following stance.

- ing 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 the 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

JAPAN POST BANK adopted the company with three statutory committees system of corporate governance to implement rapid decision-making and to increase management transparency. This is deemed to be a system under

which the Board of Directors and each statutory and voluntarily established committee can provide appropriate oversight of management.



## Committee Overview

JAPAN POST BANK chose to adopt the company with three statutory committees system

### Supervisory function

	Role and composition (as of July 1, 2022)	Main agenda / Operational status (FY2022/3)	Number of times held (FY2022/3)
1 Board of Directors	The JAPAN POST BANK Board of Directors has 13 members (three women and 10 men), and of these nine are Outside Directors. Directors who possess diverse experience and knowledge work to oversee the Bank's operations.	In FY2022/3, the Board of Directors discussed important management strategy issues, which included the formulation of the Medium-term Management Plan, capital policy, the upgrade and expansion of the corporate governance structure and systems, and the introduction of a shareholder benefit program. From the perspective of ensuring the appropriateness of business, the Board of Directors also supervised business execution in an appropriate manner.	12 times
2 Nomination Committee	Comprising five directors (three of whom are outside directors), this committee determines the criteria regarding the election and dismissal of directors. In addition, it determines the content of proposals regarding the election and dismissal of directors that are submitted to general meetings of shareholders.	In FY2022/3, the Nomination Committee decided on candidates for directors and discussed plans for a successor to the president and other matters.	8 times
3 Compensation Committee	Comprising four directors (three of whom are outside directors), this committee decides the Policy for Determining the Details of Individual Compensation for Directors and Executive Officers. It also decides the content of individual compensation for executive officers and directors.	In FY2022/3, the Compensation Committee decided on individual compensation for directors and executive officers as well as performance-linked compensation for executive officers. The Committee also discussed officer compensation levels.	4 times
4 Audit Committee	Comprising four directors (three of whom are outside directors), this committee audits the execution of duties by executive officers and directors and prepares audit reports. The committee also determines the content of proposals regarding the election and dismissal of accounting auditors and the refusal to reelect accounting auditors to be submitted to general meetings of shareholders.	In FY2022/3, the Audit Committee focused on auditing both internal control system improvements and initiatives to maintain and develop the business. In particular, this committee continuously monitored the status of governance building and operations in response to occurrences of the fraudulent use of cashless payment services. With regard to internal crimes committed at post offices, the Audit Committee closely monitored the status of improvements by formulating and implementing recurrence prevention measures that the Bank, JAPAN POST Co., Ltd. and JAPAN POST HOLDINGS Co., Ltd. worked on in collaboration with each other. The Audit Committee prepared the FY2022/3 audit report based on these audit activities.	14 times
5 Risk Committee (Voluntary committee)	As an advisory body to the Board of Directors, the Risk Committee comprises three directors (two of whom are outside directors) and two outside experts, who deliberate on important matters related to the status of risk management and report to or advise the Board of Directors.	— (Established June 2022)	—

	Role
Meetings of Independent Outside Directors	Based on the independent and objective positions of the independent outside directors, the purpose of the Meetings of Independent Outside Directors is to exchange information and share awareness about important matters relating to issues of importance to the management of the Bank and its governance.

### Business Management and Operational Execution

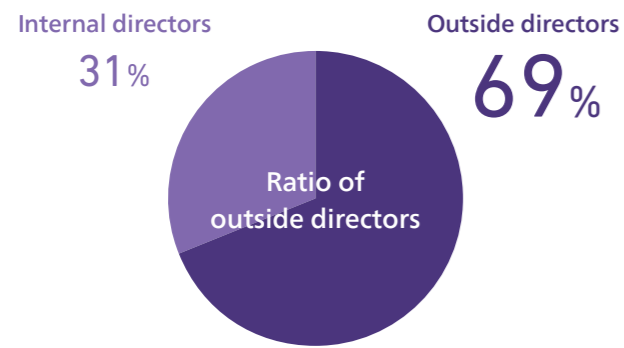
	Role
6 Executive Committee	The Executive Committee has been established as an advisory body to the President and Representative Executive Officer to hold discussions on important business execution matters.
7 Internal Control Committee	The Internal Control Committee has been established as an advisory body to the President and Representative Executive Officer to hold discussions on the legal, regulatory and other compliance-related issues as well as other important internal control matters.
8 Special Committees	The Special Committees assist the Executive Committee in matters requiring specialized discussions.
Compliance Committee	The Compliance Committee formulates compliance systems and programs and holds discussions and provides reports regarding progress in these matters.
Risk Management Committee	The Risk Management Committee formulates risk management systems and operational policies. The committee also holds discussions and provides reports regarding progress in risk management matters.
ALM Committee	The ALM Committee formulates basic ALM plans and operational policies, determines management items, and holds discussions and provides reports regarding progress in these matters.
Sustainability Committee	The Sustainability Committee formulates basic policies and action plans for Sustainability and holds discussions and provides reports regarding progress in these matters.
Information Disclosure Committee	The Information Disclosure Committee formulates basic information disclosure policies, holds discussions, and provides reports on disclosure content and progress in order to ensure the appropriateness and effectiveness of information disclosure.
Service Improvement Committee	This Service Improvement Committee discusses and reports on the content of the policy relating to customer-oriented business operations, the formulation of plans relating to the improvement of customer-oriented products and services and other important items including the status of implementation.

## Features of JAPAN POST BANK Corporate Governance

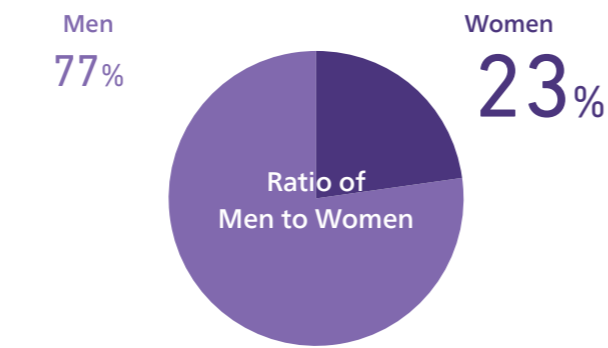
(As of July 1, 2022)

### Adopted a company with three statutory committees system

to accelerate management decision-making and improve transparency



### Gender diversity on its Board of Directors



### The three committees mainly comprise outside directors

#### Nomination Committee

Number of members  
Outside directors 3  
Internal directors 2

#### Compensation Committee

Number of members  
Outside directors 3  
Internal director 1

#### Audit Committee

Number of members  
Outside directors 3  
Internal director 1

### The Board of Directors has directors with diverse experience and knowledge



## Board of Directors

The Board of Directors shall comprise diverse directors with extensive knowledge and experience coupled with deep insight. Moreover, the number of directors shall be an

appropriate number that does not exceed 20, as prescribed by the Articles of Incorporation, and the majority shall comprise independent directors.

### Skills Matrix

Name	Experience / Expertise									Reason for Election		
	Management (Corporate Management)	Legal / Compliance	Financial Accounting	Finance	Market Operation / Risk Management	Sales / Digital Marketing	Human Resource Development	ESG	Administration			
Outside Directors												
Ryoji Chubachi	●									●	Dr. Ryoji Chubachi has been involved in corporate management of a publicly traded company for a long time, and JAPAN POST BANK expects him to sufficiently 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.	
Keisuke Takeuchi	●									●	Mr. Keisuke Takeuchi has been involved in corporate management of a publicly traded company for a long time, and JAPAN POST BANK expects him to sufficiently 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.	
Makoto Kaiwa	●		●							●	Mr. Makoto Kaiwa has been involved in corporate management of a publicly traded company for a long time, and JAPAN POST BANK expects him to sufficiently 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.	
Risa Aihara	●					●					Ms. Risa Aihara has been involved in corporate management of Internet service businesses for a long time and has deep insights into Internet marketing. 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.	
Hiroshi Kawamura		●									Mr. Hiroshi Kawamura has been in the legal profession for a long time, and JAPAN POST BANK expects him to sufficiently 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 gained through his career as a legal professional.	
Kenzo Yamamoto				●	●						Mr. Kenzo Yamamoto successively held various important posts at the Bank of Japan, and JAPAN POST BANK expects him to sufficiently 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 in the financial market and financial system gained through his career.	
Shihoko Urushi	●							●			Ms. Shihoko Urushi has long served as president of an incorporated educational institution and a member of government councils, and has deep insight into school management, education and human resource development. JAPAN POST BANK expects her to sufficiently fulfill her role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on her abundant experience and insights into these areas.	
Keiji Nakazawa		●	●								Mr. Keiji Nakazawa successively held various important posts at publicly traded companies for a long time, and JAPAN POST BANK expects him to sufficiently 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 in finance and accounting gained through his career.	
Atsuko Sato				●	●			●			Ms. Atsuko Sato successively held various important posts at Goldman Sachs (Japan) Ltd. and positions as university professor, and JAPAN POST BANK expects her to sufficiently fulfill her role in enhancing the decision-making function and supervision function of the Board of Directors as an Outside Director, based on her abundant experience and insights in market operations, risk management and human resource development gained through her career.	
Internal Non-executive Directors												
Hiroya Masuda	●			●						●	●	Mr. Hiroya Masuda successively held various important posts in government administration, including Governor of Iwate Prefecture and Minister for Internal Affairs and Communications, as well as serving as Chairman of the Postal Service Privatization Committee, and has sufficient knowledge about JAPAN POST Group. In addition, he has been responsible for the management of overall JAPAN POST Group as Director and Representative Executive Officer, President & 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.
Toshiyuki Yazaki				●							●	Mr. Toshiyuki Yazaki successively held various important posts at JAPAN POST Co., Ltd. and has experience in the management of JAPAN POST BANK as Managing 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.
Internal Directors												
Norito Ikeda	●			●		●		●				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.
Susumu Tanaka			●	●							●	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.

### Main Topics of Discussion at Board of Directors' Meetings in FY2022/3

- Formulation of Medium-term Management Plan (2021-2025)
- Risk Appetite Statement
- Formulation of FY2023/3 management plan
- Promotion of FY2022/3 management plan
- Formulation of basic policies for sustainability/promotion of sustainability
- Upgrade and expansion of the corporate governance structure and systems
- Strengthening of compliance system
- Customer-oriented service improvements
- Promotion of measures to counter money laundering / the financing of terrorism
- Strengthening of IT governance systems / cyber security management systems
- Operational status of the "Basic Policies for the Internal Control System"
- Introduction of a shareholder benefit program

### Major suggestions from the outside directors

#### Formulation / promotion of FY management plans

- ▶ Although it is important to control overall labor costs, we would like the Bank to undertake efforts aimed at ensuring appropriate staffing and human resource development in priority areas such as DX promotion.
- ▶ From the perspective of reducing the risk of system failures, the development, preparation, and project management for the renewal of the next core system are important management issues. With this in mind, we would like the Bank to make every effort in this regard.
- ▶ We would also like the Bank to advance a strategy that focuses on the promotion of a co-creation platform by collaborating with various businesses, starting with the Yucho Bankbook App service. On the other hand, it is important that the Bank pay attention to the risks that might arise from having partners. Accordingly, we would call on the Bank to work diligently toward building highly continuous relationships with partners while ensuring safety and security.
- ▶ It is necessary to keep in mind the risks of widening credit spreads, sharp rises in interest rates, and falling stock prices due to the unwinding of fiscal and monetary policies caused by inflation.
- ▶ The number of investors who are undertaking investments in certain destinations based on the social contribution of companies is increasing worldwide. With this in mind, we would like the Bank to better communicate the appeal of its purpose and mission to contribute to the development of society and the region in its IR activities.

#### Promotion of sustainability

- ▶ The promotion of sustainability is inseparable from customer-oriented business operations and the sophistication of governance, and it is thus necessary to specify this content in the basic sustainability policy and work together as one.
- ▶ As far as ESG investment is concerned, there is a risk that the green bond market will not expand as expected due to the effects of the situation in Ukraine, so we would like the Bank to remain aware of market trends.

#### Upgrade and expansion of the corporate governance structure and systems

- ▶ Rather than being satisfied with simply complying with the Corporate Governance Code, we would like the Bank to continue its efforts toward strengthening governance at a higher level.

#### Promotion of measures to counter money laundering / the financing of terrorism

- ▶ Concerning the confirmation of customer information to counter money laundering and the financing of terrorism, we would like the Bank to work on making this known in collaboration with the entire banking industry so that customers are able to understand the reasons.

#### Strengthening of IT governance systems / cyber security management systems

- ▶ Cost performance is important for investment in IT. This is especially true for security measures. With this in mind, we would like the Bank to pay the necessary costs and respond in a steadfast manner.

#### Introduction of a shareholder benefit program

- ▶ It is important that people who share in the Bank's social contributions, such as efforts for regional revitalization and the provision of universal services through post offices, also hold shares. We would like the Bank to consider making the content of the shareholder benefit program a contribution to society.
- ▶ We would like the Bank to consider using JAPAN POST GROUP products, such as post office catalog gifts and stamp sheets, so that interest in the Bank and the JAPAN POST GROUP will be heightened by shareholder benefits.

#### Transition to the Prime Market

- ▶ It is necessary to ensure improvement in the ratio of shares in circulation to meet the listing maintenance standards of the Prime Market. JAPAN POST HOLDINGS Co., Ltd. has announced a policy of aiming to reduce its shareholding ratio of the Bank's shares to 50% or less as soon as possible. To facilitate the implementation of that policy, it is necessary to devise specific measures designed to improve corporate value.

### Evaluation of Effectiveness of the Bank's Board of Directors

#### Evaluation Method

In regard to the Bank's Board of Directors, we conduct a survey regarding its effectiveness as a whole, including a self-evaluation by each director. The survey for FY2022/3 was conducted from the perspectives of the composition and management of the Board of Directors, provision of information to and the support system for the outside

directors, information gathering by the independent outside directors, and an overall evaluation. We held multiple discussions based on the results of this survey at the Board of Directors, after which we conducted an analysis and evaluation of the effectiveness of the Bank's Board of Directors for FY2022/3.

- Is there a sufficient balance between knowledge, experience, and capability regarding the Bank's management and matters pertaining to this (finances, accounting, legal, compliance, finance, etc.) and is there sufficient diversity in terms of member background?
- Is there an atmosphere that prioritizes free, open, and constructive discussions and exchanges of opinions, including posing of problems by the outside directors?
- Is information regarding the Bank's management, finances, risk management, and compliance, as well as information regarding the Bank's management issues, etc., provided to the outside directors in a timely, precise manner?

#### Summary of evaluation results

- (1) Status of improvements made in response to the FY2021/3 effectiveness evaluation results  
In order to ensure the independent outside directors are able to better utilize their knowledge, in FY2022/3 we established the Meetings of independent outside directors, during which the independent outside directors exchange information and share their awareness on issues with each other. In addition, we established the Board of Directors Office to build a system intended to enhance support, and implemented initiatives that help to deepen discussions, including providing information at an early stage, clarifying the issues in the explanatory materials used at Board of Directors' meetings, allocating time in line with the importance of agenda items, and following-up on matters requiring ongoing discussion.
- (2) Effectiveness evaluation results regarding the FY2022/3 Board of Directors  
The Bank's Board of Directors comprises a majority of independent outside directors with diverse knowledge and experience. In FY2022/3, the Board of Directors engaged in vigorous discussions on important matters involved in the management strategy, including formulation of the Medium-term Management Plan, capital policy, enhancement of the corporate governance system, and introduction of a shareholder benefits program. In addition, from the perspective of ensuring the propriety of operations, we evaluate that the Board of Directors appropriately supervises business execution, and that the effectiveness of the Board of Directors as a whole has been ensured. However, from the perspective of further deepening discussion, we recognize that there is room for improvement regarding better clarifying issues in explanatory materials, as well as selecting agenda items and allocating sufficient meeting time based on the degree of importance. In addition, we recognize the need for ongoing efforts to further improve expertise regarding risk management and such among the Board of Directors.

#### Initiatives for the future

Based on the effectiveness evaluation results described in Item 2 above, we will continue working to provide information at an early stage and to further clarify important matters and issues. At the same time, we will implement initiatives intended to ensure the Board can sufficiently conduct meaningful discussions, including organizing Board of Directors agenda items and ensuring sufficient meeting time. In addition, we will work to further improve the supervisory function of the Board of Directors, including investigating the establishment of a Risk Committee comprised in part of outside experts as an advisory body for the Board of Directors. Through these measures, we will work to further revitalize discussions at the Board of Directors' meetings and to further enhance its supervisory function.

### Composition and Attendance Status for the Board of Directors and the Three Committees

○ Committee chair

	Name	Board of Directors	Nomination Committee	Compensation Committee	Audit Committee
Outside Directors	Ryoji Chubachi	● 12 times/12 times	● 8 times/8 times	○ 4 times/4 times	
	Keisuke Takeuchi	● 12 times/12 times	● 8 times/8 times	● 4 times/4 times	
	Makoto Kaiwa	● 12 times/12 times	○ 8 times/8 times		
	Risa Aihara	● 12 times/12 times			
	Hiroshi Kawamura	● 12 times/12 times			● 14 times/14 times
	Kenzo Yamamoto	● 12 times/12 times			● 14 times/14 times
	Shihoko Urushi	● 10 times/10 times			
Internal Non-executive Directors	Hiroya Masuda	● 12 times/12 times	● 8 times/8 times	● 4 times/4 times	
Internal Directors	Norito Ikeda	● 12 times/12 times	● 8 times/8 times		
	Susumu Tanaka	● 12 times/12 times			

(Notes) 1. FY2022/3 (April 2021 to March 2022) attendance/meeting frequency (following appointment)  
2. Limited to directors reappointed at the General Meeting of Shareholders in June 2022



### Support System for Outside Directors

The following actions shall be taken in relation to directors of the Board of Directors and enhance the effectiveness of to ensure the effective and smooth operation of meetings supervision by outside directors, in particular.

- 1 Coordination of an annual schedule with sufficient time available
- 2 Timely and accurate provision of information as necessary
- 3 Ensuring sufficient prior explanation and time for prior consideration of the content of agenda items
- 4 Ensuring time for questions at Board of Directors' meetings

In October 2021, the Bank established a Board of Directors' Office with the aim of strengthening the system for the effective and efficient management of the Board of Directors' meetings and for the enhancement of support for outside directors.

### Providing Opportunities for Outside Directors to Collect Information

To ensure that the expected roles and responsibilities of outside directors are properly fulfilled, we regularly provide them with opportunities to acquire the necessary knowledge. For example, we provide them with opportunities to deepen their understanding of our business, issues, management strategies, etc., and to acquire the necessary knowledge, such as by conducting inspections of our facilities, and we also provide opportunities for full-time officers to deepen their understanding of their roles and responsibilities so that the roles and responsibilities expected of them can be fulfilled in an appropriate manner.

#### Major lectures given to executives (including outside directors) in FY2022/3

- April 2021 Seminar relating to the General Meeting of Shareholders
- July 2021 Lecture relating to sustainability
- October 2021 Seminar relating to media responses
- November 2021 Lecture relating to cyber security

### Elections and Dismissals of Executive Officers, Nominations of Director Candidates

With regard to the policies and procedures for electing or dismissing executive officers and nominating director candidates, the "Criteria for Election or Dismissal of Executive Officers" and "Criteria for Nomination of Director Candidates" are disclosed on the Bank's website.

**More information**

Criteria for Election or Dismissal of Executive Officers

<https://www.jp-bank.japanpost.jp/sustainability/governance/report/pdf/sikkouyakukijun.pdf>

**More information**

Criteria for Nomination of Director Candidates

<https://www.jp-bank.japanpost.jp/sustainability/governance/report/pdf/torisimariyakukijun.pdf>

### Compensation for Directors and Executive Officers

In regard to compensation for the Bank's directors and executive officers, 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.

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.

Furthermore, 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 compensation that refers to the level of compensation at other companies instead of compensation corresponding to duties.

Type	Payment standard	Payment method
Base salary (fixed amount)	Appropriate level taking into account scale of duties and the Bank's current situation	Monthly (cash)
Stock compensation (performance linked)	The points calculated by the following formula are awarded each year, and the stock is paid according to the number of accumulated points. ① Basic points (awards correspond to prescribed duties) ② Evaluation points (award based on individual evaluation) ③ Coefficient (varies according to level of achievement of management plan)* ( ① + ② ) x ③	At time of retirement (shares, a certain portion in cash)

\* In FY2022/3, the following indicators were comprehensively evaluated and decided: Net income for the period; net fees and commissions; general and administrative expenses reductions; deepening market operations and risk management; status of ESG management promotion; customer-oriented initiatives, etc.

#### Number of persons compensated, compensation, etc., for each officer category (FY2022/3) (Millions of yen)

Category	Number of persons compensated	Compensation, etc.	Base compensation	Performance-linked stock compensation	Retirement benefit	Other
Directors	10	94	94	—	—	0
Executive Officers	29	762	641	102	15	2
Total	39	857	736	102	15	3

(Notes) 1. The figures for compensation, etc., are rounded down to the nearest million yen.  
 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. Performance-linked stock compensation above represents the amount accounted for as expense during the fiscal year ended March 31, 2022.  
 5. Although the retirement benefits program to Executive Officers was abolished in June 2013, retirement benefits will be paid upon retirement to Executive Officers who have remained in their positions since then, for their terms of office up to the day of the abolishment of the system.

# Board of Directors, Executive Officers and Managing Directors

(As of July 1, 2022)

## Outside Directors\*1



Ryoji Chubachi

**Biography**  
 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 Representa-  
 tive 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) Jun. 2018 Director of JAPAN POST BANK Co., Ltd.  
 (current position) Apr. 2020 Grand Emeritus Advisor of National Institute of Advanced  
 Industrial Science and Technology (current position) Jun. 2022 Outside Member of the  
 Board of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (current position)



Keisuke Takeuchi

**Biography**  
 Apr. 1970 Joined Japan Gasoline Co., Ltd. (current JGC HOLDINGS CORPORATION) Jun.  
 2000 Director of JGC CORPORATION (current JGC HOLDINGS CORPORATION) Jun. 2001  
 Managing Director of JGC CORPORATION Jun. 2002 Senior Managing Director of JGC  
 CORPORATION Jun. 2006 Director and Vice President of JGC CORPORATION Mar. 2007  
 President and Representative Director of JGC CORPORATION Jun. 2009 Chairman and  
 Representative Director of JGC CORPORATION Jun. 2014 Principal Corporate Advisor of  
 JGC CORPORATION Jun. 2019 Director of JAPAN POST BANK Co., Ltd. (current position)



Makoto Kaiwa

**Biography**  
 Apr. 1973 Joined Tohoku Electric Power Co., Inc. Jun. 2005 Director and General Manager  
 of Corporate Planning Dept. of Tohoku Electric Power Co., Inc. Jun. 2007 Senior Executive  
 Officer and General Manager of Niigata Branch Office of Tohoku Electric Power Co., Inc.  
 Jun. 2009 Representative Director & Executive Vice President in charge of Investor  
 Relations of Tohoku Electric Power Co., Inc. Jun. 2010 Representative Director & President  
 of Tohoku Electric Power Co., Inc. Jun. 2015 Representative Director & Chairman of the  
 Board of Tohoku Electric Power Co., Inc. Jun. 2019 Director of JAPAN POST BANK Co., Ltd.  
 (current position) Apr. 2021 Director & Chairman Emeritus of Tohoku Electric Power Co.,  
 Inc. Jun. 2021 Chairman Emeritus of Tohoku Electric Power Co., Inc. Jun. 2022 Special  
 Advisor of Tohoku Electric Power Co., Inc. (current position)



Risa Aihara

**Biography**  
 Apr. 1976 Joined Nippon Telegraph and Telephone Corporation (current NTT Communi-  
 cations Corporation) May. 2000 Joined Recruit Co., Ltd. Jan. 2003 Representative Director  
 and President of AILAND Co., Ltd. (current position) Jun. 2019 Director of JAPAN POST  
 BANK Co., Ltd. (current position)



Hiroshi Kawamura

**Biography**  
 Apr. 1977 Appointed as Public Prosecutor of Tokyo District Prosecutors Office Jul. 2008  
 Director-General, Trial Department of Supreme Public Prosecutors Office Jan. 2009 Chief  
 Prosecutor of Chiba District Public Prosecutors Office Apr. 2010 Chief Prosecutor of  
 Yokohama District Public Prosecutors Office Jan. 2012 Superintending Prosecutor of  
 Sapporo High Public Prosecutors Office Jan. 2014 Superintending Prosecutor of Nagoya  
 High Prosecutors Office Mar. 2015 Outside Corporate Auditor of Asahi Glass, Limited.  
 (current AGC Inc.) Apr. 2015 Professor, Faculty of Law of Doshisha University Jun. 2015  
 Outside Auditor of ISHII IRON WORKS CO., LTD. Jun. 2016 Outside Director of ISHII IRON  
 WORKS CO., LTD. (current position) Jun. 2020 Director of JAPAN POST BANK Co., Ltd.  
 (current position) Apr. 2022 Registered as Attorney-at-law (current position)



Kenzo Yamamoto

**Biography**  
 Apr. 1976 Joined the Bank of Japan Feb. 2002 Director-General, Financial Markets  
 Department of the Bank of Japan May. 2003 Associate Director-General, Representative  
 Office in New York of the Bank of Japan Dec. 2003 General Manager for the Americas  
 and Chief Representative in New York of the Bank of Japan Jul. 2005 Director-General,  
 Payment and Settlement Systems Department of the Bank of Japan Jul. 2006  
 Director-General, Financial System and Bank Examination Department of the Bank of  
 Japan May. 2008 Executive Director of the Bank of Japan Jun. 2012 Chairman of NTT Data  
 Institute of Management Consulting, Inc. Mar. 2016 Member of the Board as Outside  
 Director of Bridgestone Corporation (current position) Jun. 2018 Representative of Office  
 KY Initiative (current position) Feb. 2019 Director of TOMIYAMA CULTURAL FOUNDATION  
 (current position) Jul. 2019 Outside Director of SUMITOMO LIFE INSURANCE COMPANY  
 (current position) Jun. 2020 Director of JAPAN POST BANK Co., Ltd. (current position)



Shihoko Urushi

**Biography**  
 Apr. 1984 Worked at a combined private junior high and high school for girls in Tokyo Apr.  
 1989 Worked at Shinagawa Joshi Gakuin Apr. 2004 Principal of Shinagawa Joshi Gakuin  
 Sept. 2014 Member of the Education Rebuilding Implementation Council (Cabinet Office)  
 Feb. 2016 Outside Director of Keppie Corporation (current position) Apr. 2017 President of  
 Shinagawa Joshi Gakuin (current position) Apr. 2018 Outside Director of Culture  
 Experience Club Co., Ltd. (current position) Jun. 2019 Outside Director of Nissin Fire &  
 Marine Insurance Co., Ltd. Jun. 2021 Outside Audit & Supervisory Board Member of Tokio  
 Marine & Nichido Fire Insurance Co., Ltd. (current position), Director of JAPAN POST BANK  
 Co., Ltd. (current position) Jul. 2021 Member of the Administrative Reform Promotion  
 Council (Cabinet Secretariat) (current position)



Keiji Nakazawa

**Biography**  
 Apr. 1978 Joined Sony Corporation Apr. 2000 General Manager of Corporate Planning  
 Department, Electronics Headquarters of Sony Corporation Apr. 2003 Chief Financial Officer,  
 Home Network Company of Sony Corporation Jun. 2004 Group Executive Officer of Sony  
 Corporation, and Representative Director and Chief Financial Officer of S-LCD Corporation  
 Jun. 2010 Executive Officer, Senior Vice President of Sony Corporation Apr. 2015 Executive  
 Officer of Sun Frontier Foodsusan Co., Ltd. Oct. 2015 Senior Adviser of McDonald's Company  
 (Japan), Ltd. Aug. 2017 Vice President of McDonald's Company (Japan), Ltd. (current  
 position) Jun. 2022 Director of JAPAN POST BANK Co., Ltd. (current position)



Atsuko Sato

**Biography**  
 Apr. 1989 Joined Goldman Sachs (Japan) Ltd. Dec. 2000 Managing Director, Goldman Sachs  
 (Japan) Ltd. Feb. 2002 Managing Director and Head of Capital Market Division, Goldman  
 Sachs (Japan) Ltd. Jul. 2005 Founded Ciel Bleu Co., Ltd. and became Representative  
 Director and President Aug. 2007 Director, Investor Relations, Unison Capital Inc. Sep. 2013  
 Professor, School of Hospitality & Tourism Management of Meikai University Apr. 2017  
 Associate Professor, Department of International Studies, Faculty of Economics of Takasaki  
 City University of Economics (current position) Apr. 2018 Adjunct Faculty, National Graduate  
 Institute for Policy Studies (current position) Jun. 2019 Outside Corporate Auditor of DeNA  
 Co., Ltd. (current position) Feb. 2022 Outside Director of Japan Management Succession  
 Support Co. Ltd. (current position) Jun. 2022 Director of JAPAN POST BANK Co., Ltd.  
 (current position)

## Directors



Norito Ikeda

**Biography**  
 Apr. 1970 Joined The Bank of Yokohama, Ltd. Jun. 1996 Director and General Manager,  
 Credit Management Department of The Bank of Yokohama, Ltd. Jun. 1997 Director and  
 General Manager, General Planning Department of The Bank of Yokohama, Ltd. Apr. 2001  
 Representative Director, Chief Financial Officer (CFO) of The Bank of Yokohama, Ltd. Apr.  
 2002 Representative Director, Chief Personnel Officer (CPO) of The Bank of Yokohama, Ltd.  
 Jun. 2003 Director of The Bank of Yokohama, Ltd., Representative Director and Chairman of  
 Yokohama Capital Co., Ltd. Dec. 2003 President and Representative Director of The  
 Ashikaga Bank, Ltd. Jun. 2004 President and Chief Executive Officer (CEO) of The Ashikaga  
 Bank, Ltd. Sept. 2008 Special Advisor of A.T. Kearney K.K. Feb. 2012 President & CEO of The  
 Corporation of Revitalizing Earthquake affected Business Apr. 2014 President and  
 Representative Executive Officer of JAPAN POST BANK Co., Ltd. Jun. 2014 Director,  
 President and Representative Executive Officer of JAPAN POST BANK Co., Ltd. (current  
 position), Director of JAPAN POST HOLDINGS Co., Ltd. (current position)



Susumu Tanaka

**Biography**  
 Apr. 1982 Joined the Ministry of Posts and Telecommunications Jul. 2000 General Manager of  
 International Affairs Section, Postal Bureau of the Ministry of Posts and Telecommuni-  
 cations Jan. 2001 General Manager of International Planning Office, Postal Planning Section,  
 Postal Services Planning Bureau of the Ministry of Internal Affairs and Communications Jul.  
 2001 General Manager of Savings and Management Planning Section, Postal Services  
 Planning Bureau of the Ministry of Internal Affairs and Communications Jan. 2003 General  
 Manager of Fund Management, Savings Department of Postal Services Agency Apr. 2003  
 General Manager of Business Planning Division, Postal Savings Business Headquarters of  
 Japan Post Corporation Jun. 2004 Director of Preparatory Office for Privatization of Postal  
 Services of the Cabinet Secretariat Sept. 2004 General Manager of Business Planning  
 Division, Postal Savings Business Headquarters, Financial Business Headquarters of Japan  
 Post Corporation Oct. 2007 Executive Officer of JAPAN POST BANK Co., Ltd. Jun. 2009  
 Managing Executive Officer of JAPAN POST BANK Co., Ltd. Oct. 2010 Managing Executive  
 Officer of JAPAN POST HOLDINGS Co., Ltd. (current position) Apr. 2012 Senior Managing  
 Executive Officer of JAPAN POST BANK Co., Ltd. (current position) Apr. 2015 Director and Executive Vice  
 President of JAPAN POST BANK Co., Ltd. Mar. 2015 Director and Representative Executive  
 Vice President of JAPAN POST BANK Co., Ltd. (current position)



Hiroya Masuda

**Biography**  
 Apr. 1977 Joined the Ministry of Construction Jul. 1994 Director for Construction Disputes  
 Settlement, Construction Industry Division, Economic Affairs Bureau, Ministry of  
 Construction Apr. 1995 Governor of Iwate Prefecture Aug. 2007 Minister for Internal Affairs  
 and Communications Minister of State for Special Missions Apr. 2009 Advisor of Nomura  
 Research Institute, Ltd., Visiting Professor of Graduate School of Public Policy, The University  
 of Tokyo Jun. 2020 Representative Executive Officer, President & CEO of JAPAN POST  
 HOLDINGS Co., Ltd. Jun. 2020 Director of JAPAN POST BANK Co., Ltd. (current position),  
 Director and Representative Executive Officer, President & CEO of JAPAN POST HOLDINGS  
 Co., Ltd. (current position), Director of JAPAN POST Co., Ltd. (current position), Director of  
 JAPAN POST INSURANCE Co., Ltd. (current position)



Toshiyuki Yazaki

**Biography**  
 Apr. 1984 Joined the Ministry of Posts and Telecommunications Jul. 1990 Head of Karuizawa  
 Post Office Oct. 2007 General Manager of Marketing Promotion Department, Japan Post  
 Network Co., Ltd. (current JAPAN POST Co., Ltd.) Apr. 2011 General Manager of Sales  
 Division, Japan Post Network Co., Ltd. Aug. 2012 General Manager of Sales Infrastructure  
 Office, Sales Division of Japan Post Network Co., Ltd. Oct. 2012 General Manager of Postal  
 Network Headquarters, JAPAN POST Co., Ltd. Apr. 2013 General Manager of Corporate  
 Management Division, Postal Network Headquarters of JAPAN POST Co., Ltd. Jun. 2013  
 Executive Officer of JAPAN POST Co., Ltd. Apr. 2015 Executive Officer and President of  
 Kanto Regional Office of JAPAN POST Co., Ltd. Feb. 2016 Executive Officer and President of  
 Kinki Regional Office of JAPAN POST Co., Ltd. Jun. 2018 Executive Officer of JAPAN POST  
 BANK Co., Ltd. Apr. 2019 Managing Executive Officer of JAPAN POST BANK Co., Ltd. Jun.  
 2022 Director of JAPAN POST BANK Co., Ltd. (current position)

## Executive Officers

President and Representative Executive Officer  
**Norito Ikeda**

Representative Executive Vice President  
**Susumu Tanaka**

Executive Vice President  
**Yoshinori Hagino**

Executive Vice President  
**Kunio Tanigaki**

Senior Managing Executive Officer  
**Harumi Yano**

Senior Managing Executive Officer  
**Takayuki Kasama**

Senior Managing Executive Officer  
**Minoru Kotouda**

Managing Executive Officer  
**Masato Tamaki**

Managing Executive Officer  
**Takayuki Tanaka**

Managing Executive Officer  
**Makoto Shinmura**

Managing Executive Officer  
**Kunihiko Amaha**

Managing Executive Officer  
**Shinobu Nagura**

Managing Executive Officer  
**Satoru Ogata**

Managing Executive Officer  
**Katsuyo Yamazaki**

Executive Officer  
**Yoko Makino**

Executive Officer  
**Ryotaro Yamada**

Executive Officer  
**Hideki Nakao**

Executive Officer  
**Etsuko Kishi**

Executive Officer  
**Koji Iimura**

Executive Officer  
**Masaya Touma**

Executive Officer  
**Akihiro Den**

Executive Officer  
**Katsuya Fukushima**

Executive Officer  
**Koji Hasukawa**

Executive Officer  
**Koichiro Yoshida**

Executive Officer  
**Hisanori Kato**

Executive Officer  
**Jun Yamamoto**

## Managing Directors\*2

Executive Managing Director  
**David Sancho Shimizu**

Executive Managing Director  
**Hideya Sadanaga**

Executive Managing Director  
**Kazunari Yaguchi**

Executive Managing Director  
**Kazutoshi Rokushima**

Executive Managing Director  
**Shunsuke Sone**

Managing Director  
**Tatsuo Ichikawa**

Managing Director  
**Masashi Nakamura**

Managing Director  
**Kazuhiro Adachi**

Managing Director  
**Mari Ishikawa**

Managing Director  
**Taro Matsuura**

Managing Director  
**Hiroyuki Tanaka**

\*1 Ryoji Chubachi, Keisuke Takeuchi, Makoto Kaiwa, Risa Aihara, Hiroshi Kawamura, Kenzo Yamamoto, Shihoko Urushi, Keiji Nakazawa and Atsuko Sato are Outside Directors as set forth under Article 2.15 of Japan's Companies Act.  
 \*2 Managing Directors do not fall within the scope of definition of director as set forth under Japan's Companies Act.

Composition of Each Committee													
<b>Board of Directors</b> <table border="1"> <thead> <tr> <th colspan="2">Composition</th> </tr> </thead> <tbody> <tr> <td>Outside Directors</td> <td>Ryoji Chubachi, Keisuke Takeuchi, Makoto Kaiwa, Risa Aihara, Hiroshi Kawamura, Kenzo Yamamoto, Shihoko Urushi, Keiji Nakazawa, Atsuko Sato</td> </tr> <tr> <td>Internal Directors</td> <td>Hiroya Masuda, Toshiyuki Yazaki, Norito Ikeda, Susumu Tanaka</td> </tr> </tbody> </table>	Composition		Outside Directors	Ryoji Chubachi, Keisuke Takeuchi, Makoto Kaiwa, Risa Aihara, Hiroshi Kawamura, Kenzo Yamamoto, Shihoko Urushi, Keiji Nakazawa, Atsuko Sato	Internal Directors	Hiroya Masuda, Toshiyuki Yazaki, Norito Ikeda, Susumu Tanaka	<b>Compensation Committee</b> <table border="1"> <thead> <tr> <th colspan="2">Composition</th> </tr> </thead> <tbody> <tr> <td>Chairman:</td> <td>Outside: Ryoji Chubachi</td> </tr> <tr> <td>Committee members:</td> <td>Outside: Keisuke Takeuchi, Shihoko Urushi Internal: Hiroya Masuda</td> </tr> </tbody> </table>	Composition		Chairman:	Outside: Ryoji Chubachi	Committee members:	Outside: Keisuke Takeuchi, Shihoko Urushi Internal: Hiroya Masuda
Composition													
Outside Directors	Ryoji Chubachi, Keisuke Takeuchi, Makoto Kaiwa, Risa Aihara, Hiroshi Kawamura, Kenzo Yamamoto, Shihoko Urushi, Keiji Nakazawa, Atsuko Sato												
Internal Directors	Hiroya Masuda, Toshiyuki Yazaki, Norito Ikeda, Susumu Tanaka												
Composition													
Chairman:	Outside: Ryoji Chubachi												
Committee members:	Outside: Keisuke Takeuchi, Shihoko Urushi Internal: Hiroya Masuda												
<b>Nomination Committee</b> <table border="1"> <thead> <tr> <th colspan="2">Composition</th> </tr> </thead> <tbody> <tr> <td>Chairman:</td> <td>Outside: Makoto Kaiwa</td> </tr> <tr> <td>Committee members:</td> <td>Outside: Ryoji Chubachi, Keisuke Takeuchi Internal: Hiroya Masuda, Norito Ikeda</td> </tr> </tbody> </table>	Composition		Chairman:	Outside: Makoto Kaiwa	Committee members:	Outside: Ryoji Chubachi, Keisuke Takeuchi Internal: Hiroya Masuda, Norito Ikeda	<b>Audit Committee</b> <table border="1"> <thead> <tr> <th colspan="2">Composition</th> </tr> </thead> <tbody> <tr> <td>Chairman:</td> <td>Outside: Hiroshi Kawamura</td> </tr> <tr> <td>Committee members:</td> <td>Outside: Kenzo Yamamoto, Keiji Nakazawa Internal: Toshiyuki Yazaki</td> </tr> </tbody> </table>	Composition		Chairman:	Outside: Hiroshi Kawamura	Committee members:	Outside: Kenzo Yamamoto, Keiji Nakazawa Internal: Toshiyuki Yazaki
Composition													
Chairman:	Outside: Makoto Kaiwa												
Committee members:	Outside: Ryoji Chubachi, Keisuke Takeuchi Internal: Hiroya Masuda, Norito Ikeda												
Composition													
Chairman:	Outside: Hiroshi Kawamura												
Committee members:	Outside: Kenzo Yamamoto, Keiji Nakazawa Internal: Toshiyuki Yazaki												
<b>Risk Committee (Voluntary Committee)</b> <table border="1"> <thead> <tr> <th colspan="2">Composition</th> </tr> </thead> <tbody> <tr> <td>Chairman:</td> <td>Outside: Kenzo Yamamoto</td> </tr> <tr> <td>Committee members:</td> <td>Outside: Atsuko Sato Internal: Toshiyuki Yazaki External experts: Takao Yajima, Hiromi Yamaoka</td> </tr> </tbody> </table>	Composition		Chairman:	Outside: Kenzo Yamamoto	Committee members:	Outside: Atsuko Sato Internal: Toshiyuki Yazaki External experts: Takao Yajima, Hiromi Yamaoka	<table border="1"> <thead> <tr> <th colspan="2">Composition</th> </tr> </thead> <tbody> <tr> <td>External experts</td> <td>Takao Yajima Chairman of specified non-profit organization CIO Lounge Hiromi Yamaoka Board Director of Future Corporation</td> </tr> </tbody> </table>	Composition		External experts	Takao Yajima Chairman of specified non-profit organization CIO Lounge Hiromi Yamaoka Board Director of Future Corporation		
Composition													
Chairman:	Outside: Kenzo Yamamoto												
Committee members:	Outside: Atsuko Sato Internal: Toshiyuki Yazaki External experts: Takao Yajima, Hiromi Yamaoka												
Composition													
External experts	Takao Yajima Chairman of specified non-profit organization CIO Lounge Hiromi Yamaoka Board Director of Future Corporation												

## Concerning the JAPAN POST GROUP Agreement

JAPAN POST HOLDINGS Co., Ltd. is the parent company of the Bank, and the Bank is the only bank in the corporate group of JAPAN POST HOLDINGS Co., Ltd. corporate group (JAPAN POST GROUP).

The Bank has close personal, capital and other relationships with JAPAN POST HOLDINGS Co., Ltd., but it makes decisions based on the Bank's responsibility and conducts management and business operations independently.

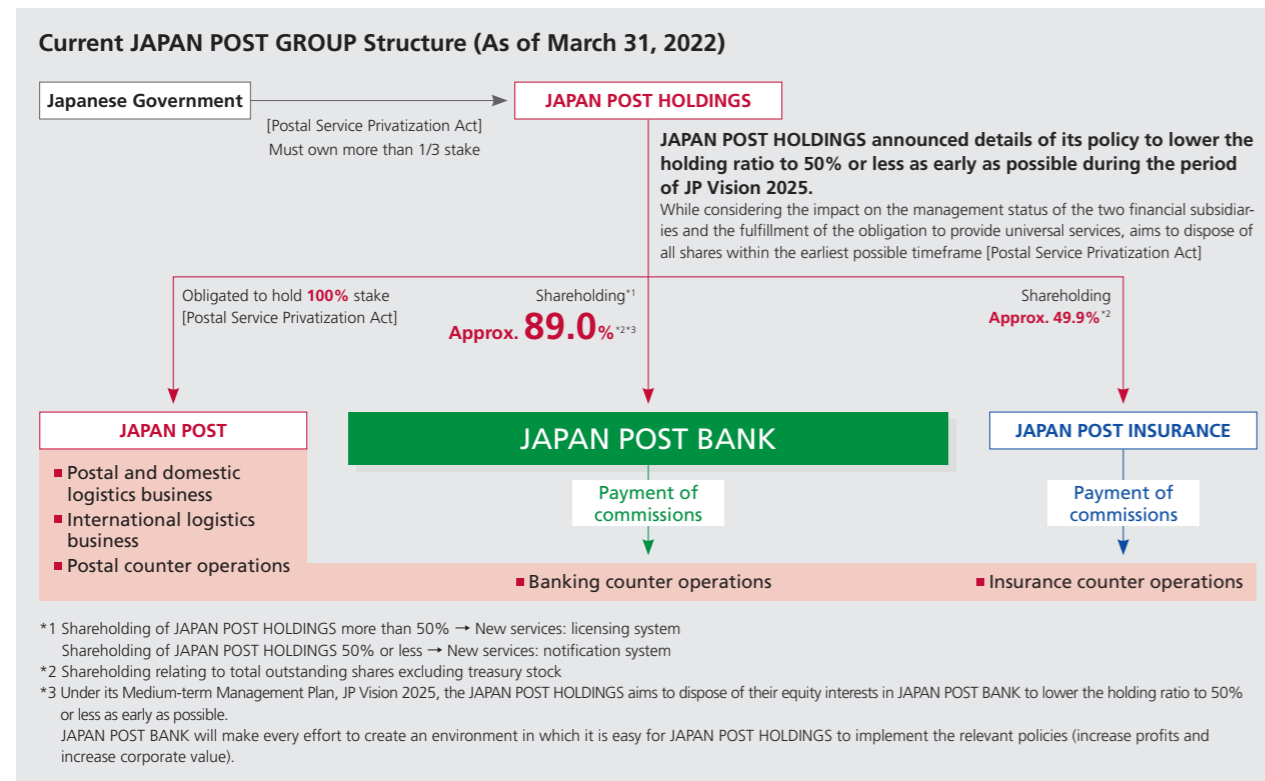
With a view to displaying the effects of mutual collaboration, cooperation and synergies in the JAPAN POST GROUP between JAPAN POST HOLDINGS Co., Ltd., JAPAN POST Co., Ltd. and JAPAN POST INSURANCE Co., Ltd. As well as increasing the value of Group companies and, in turn, that of the entire JAPAN POST GROUP, the Bank has prescribed fundamental matters relating to Group manage-

ment such as principles and policies common to the Group, and has concluded the JAPAN POST GROUP Agreement aimed at contributing to smooth Group operations.

Following this agreement, the Bank has entered into contracts regarding JAPAN POST GROUP operations with JAPAN POST HOLDINGS Co., Ltd. and these contracts decide important matters for Group operations that will be discussed in advance with and reported to JAPAN POST HOLDINGS Co., Ltd. but specify that JAPAN POST HOLDINGS Co., Ltd. will not hinder or restrain the decision-making of the Bank. Furthermore, the above agreement stipulates that the operating subsidiaries of JAPAN POST HOLDINGS, including the Bank, will take advantage of the fact that it belongs to the JAPAN POST GROUP and carry out independent and autonomous management.

[More information](#)  
JAPAN POST GROUP Agreement

[Home](#) > [English Home](#) > [Japan Post Group](#) > [Group Governance](#)



## Risk Management

We place a high priority on risk management and are taking steps to refine our sophisticated framework for risk management, including the identification and control of the risks associated with our operational activities. Our basic policy is to appropriately manage risks in view of our management strategies and risk characteristics and most effectively utilize our capital. By doing so, we are able to increase enterprise value while maintaining sound finances and appropriate operations.

### Risk Categories and Definitions

We define our risks and classify them into the following categories, and manage these risks based on the unique characteristics of each type of risk.

Risk Category	Risk Definition
Market risk	Market risk is the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of loss resulting from changes in earnings generated from assets and liabilities.
Market liquidity risk	Market liquidity risk is the risk that a financial institution will incur losses because it is unable to conduct market transactions or is forced to conduct transactions at far more unfavorable prices than under normal conditions due to a market crisis and the like.
Funding liquidity risk	Funding liquidity risk is the risk that a financial institution will incur losses because it finds it difficult to secure the necessary funds or is forced to obtain funds at far higher interest rates than under normal conditions due to a mismatch between the maturities of assets and liabilities or an unexpected outflow of funds.
Credit risk	Credit risk is the risk that a financial institution will incur losses from the decline or elimination of the value of assets (including off-balance sheet assets) due to deterioration in the financial condition of an entity to which credit is provided.
Operational risk	Operational risk is the risk of loss resulting from inadequate operation processes, inadequate activities by officers and employees and inadequate systems or from external events.

### Risk Management System

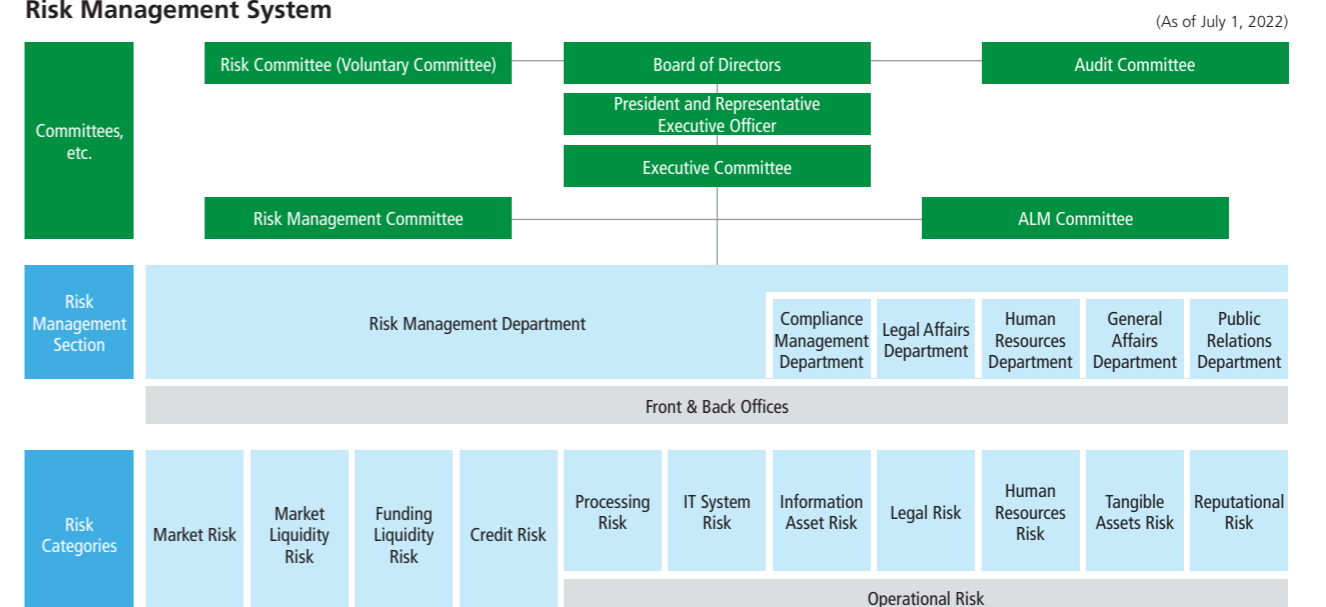
The Bank has identified certain risk categories outlined in the table below. Various entities have been established to manage each risk category. In addition, we have put in place the Risk Management Department, which is responsible for monitoring each risk category in an integrated manner in order to ensure the effectiveness of our comprehensive risk management. The Risk Management Department operates independently from other departments.

We have established special advisory committees to the Executive Committee to handle risk management responsibilities: the Risk Management Committee and the ALM

Committee. These advisory committees submit risk management reports based on risk characteristics and hold discussions about risk management policies and systems. Meanwhile, officers in charge of the Risk Management sections also report on such matters as the status of risk management to the Board of Directors, the Audit Committee and the Risk Committee on a periodic and as-needed basis.

Prior to launching new products, services, or businesses, we assess potential risks and select appropriate methods to measure risks.

### Risk Management System



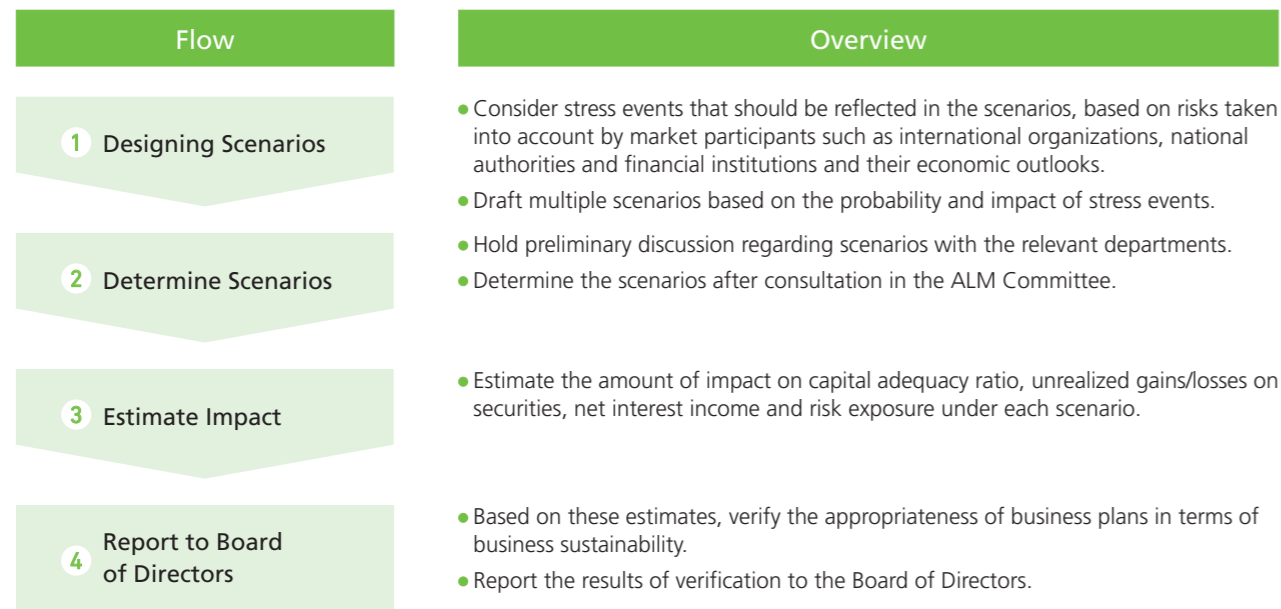
## Integrated Risk Management

We broadly classify and define risks into five categories and manage risk by using both quantitative and qualitative approaches.

In our quantitative approach, we have introduced integrated risk management that quantifies and controls risk. Specifically, we establish in advance a total amount of equity capital that is available to take on risk, or risk capital. Risk capital is then allocated to each business (allocation of risk capital) in accordance with the type of expected risk and nature of the business activities. To quantify market risk

and credit risk and control risk exposure, we use value at risk ("VaR") techniques. VaR is a statistical method used to compute the maximum expected loss based on assets and liabilities held at given probabilities and for given periods of time. In addition, we perform stress tests based on multiple stress scenarios that assume deterioration in macroeconomic conditions to assess the impact on our financial condition and capital adequacy ratio, for the purpose of verifying the appropriateness of business plans from the forward-looking standpoint of business sustainability.

### Performing Stress Tests



In our qualitative approach, which is used in conjunction with the quantitative methodology, we assess the nature of the risks. For instance, for operational risk we have established a plan, do, check, action ("PDCA") cycle that recognizes, evaluates, manages, and mitigates risk across our business activities.

Subject to the total amount of allocated capital approved by the Board of Directors, the allocation of risk capital is determined by the president and Representative Executive officer following discussions in the ALM Committee and the Executive Committee.

**Related pages**  
The Risk Capital Allocation chart is on page 95.

## Risk Appetite Framework

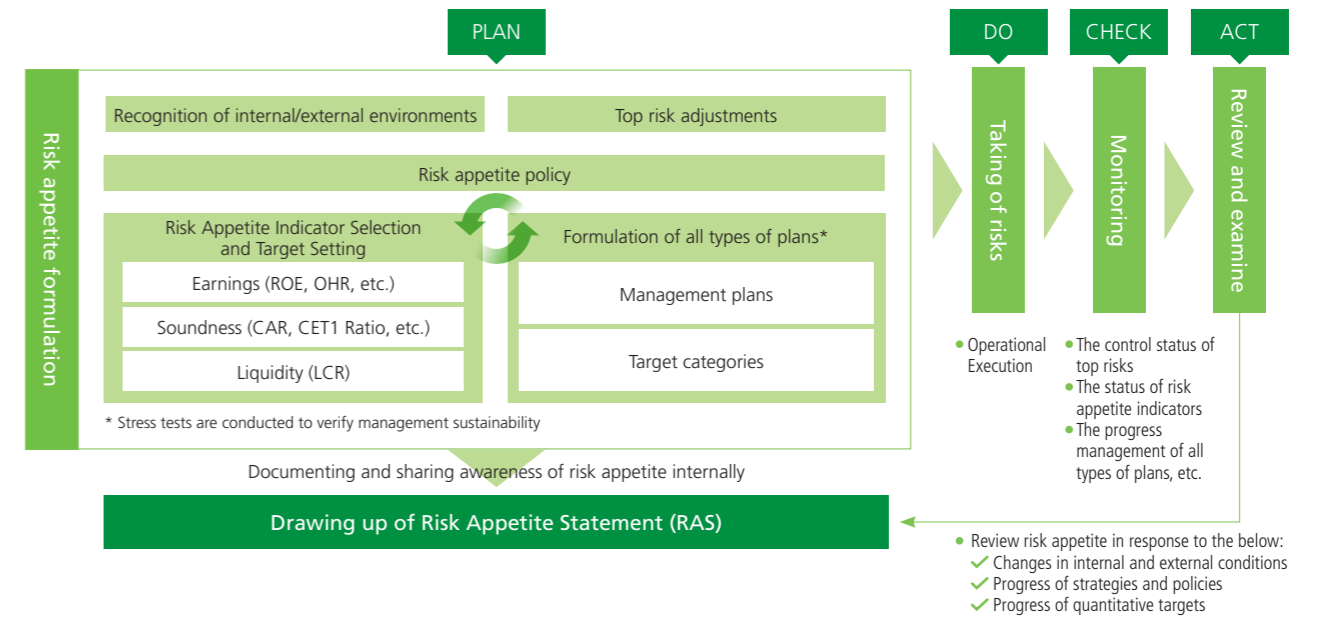
The Bank introduced a Risk Appetite Framework (RAF) to ensure profitability over the medium to long term and financial soundness. Based on the RAF, risk appetite policies

and indicators as well as top risks are discussed in conjunction with the formulation of management plans.

\* A business management framework used as common language between banks pertaining to all aspects of risk-taking policies, including the capital distribution and profit maximization of risk appetites (the type and total quantity of risks a company should willingly take on to fulfil its business plans after taking into account the unique aspects of the company's own business model).

### Risk Appetite Framework Management Process

Words in parentheses are the main risk appetite indicators



### Selecting Top Risks

Within the RAF framework, JAPAN POST BANK selects the top risks that we recognize as potentially having a particularly significant impact on our business, performance, and financial position. These risks are selected following deliberation by the Board of Directors and Executive Committee and

in consideration of their degree of impact and probability. Moreover, we reflect the actions we take against the selected risks in our management plans, and take additional action as necessary following regular checks of the control status.

Top risk	Main measures
Market/Credit/Liquidity risk, etc. Stronger financial regulations	<ul style="list-style-type: none"> <li>Developing a stress-resistant portfolio</li> <li>Sophistication of stress tests</li> <li>Improve specialized human resources in investing and risk management</li> <li>Improve internal control systems from the standpoint of being an internationally active bank</li> </ul>
Cyberattacks	<ul style="list-style-type: none"> <li>Implement and establish cyber-security action plans, and continue measures against phishing fraud, etc.</li> </ul>
System disruptions	<ul style="list-style-type: none"> <li>Internal verifications of examples from other companies</li> <li>Implementation of contingency plan training</li> <li>Promote steady responses to renewals of core systems</li> </ul>
Major disasters, pandemics	<ul style="list-style-type: none"> <li>Develop emergency response plans</li> <li>Establish remote environments</li> </ul>
Delayed response to DX, etc.	<ul style="list-style-type: none"> <li>Steady advancement of DX as set forth in the Medium-term Management Plan</li> </ul>
Incidence of legal violations	<ul style="list-style-type: none"> <li>Ensure thorough measures to prevent recurrence of scandals and to prevent leaks and losses of personal information, based on past incidents</li> </ul>
Insufficient customer-oriented business operations	<ul style="list-style-type: none"> <li>Quality controls for customer-oriented business operations</li> <li>Improved second-line* functions, deeper discussions in Special Committees, double tracking of information transmission, etc.</li> </ul>
Money laundering/Terrorist financing	<ul style="list-style-type: none"> <li>Systematic advancement of various responsive measures that are in accordance with guidelines put out by relevant authorities</li> </ul>
Inhibited execution of strategies due to insufficient personnel	<ul style="list-style-type: none"> <li>Continuous hiring of professional personnel, etc.</li> <li>Training of personnel based on training programs</li> </ul>
Climate change risks, etc.	<ul style="list-style-type: none"> <li>Advanced measures corresponding to changes in the outside environment, implemented monitoring, and provided disclosures as appropriate based on the basic sustainability policy</li> </ul>

\* Management divisions such as the Risk Management and Compliance Division, etc.

# Compliance

## Basic Stance

For JAPAN POST BANK, compliance comprises adherence not only to laws and regulations but also to internal rules, social standards of behavior, and corporate ethics by all directors and employees. We are striving to be the most


trustworthy bank in Japan, and consequently we view compliance as an important management issue. Accordingly, we conduct rigorous compliance activities.

## Compliance System

The Bank has established the Compliance Committee, which is composed of Executive Officers responsible for compliance-related issues. The committee holds discussions on important compliance-related matters and reports on their progress once a month to the Internal Control Committee, the Board of Directors, and the Audit Committee. In addition, the Bank has established the Compliance Management Department under the leadership of the Executive Managing Officer responsible for compliance. The department formulates compliance promotion plans and manages their progress. We have also appointed compliance officers in departments such as sales, who monitor the

progress of compliance-related measures, as well as compliance managers in each department, who are responsible for mentoring employees and promoting compliance.

Furthermore, in the event that an employee encounters a compliance or other related issue, or an act that could lead to a compliance issue, he/she must report the matter to a superior, to our Compliance Line, or to whistleblower systems that have been put in place both within and outside of the Bank. In this way, the Bank is striving to prevent the occurrence and expansion of problems concerning compliance and quickly solve issues should they occur.

 [More information Compliance System](#)

[Home](#) > [Sustainability](#) > [Governance](#) > [Compliance](#)

## Compliance Initiatives

Every year the Bank formulates a Compliance Program, which serves as a detailed action plan for the promotion of compliance. On the basis of this program, the Bank strives to promote compliance through addressing important matters and regularly checking their progress. The Bank also uses methods to strongly encourage compliance such as conducting training sessions for its employees.

Moreover, the Bank formulated a Compliance Manual, which brings together the Bank's approach to compliance and important action items as well as the management of conflict of interest transactions, the prevention of corruption such as bribery of public officials and money laundering, and other laws and regulations to be complied with. The Compliance Handbook, which contains the most important items from the Compliance Manual is distributed to all directors and employees and is used in compliance training sessions to ensure that all employees are thoroughly familiar with its contents and to raise compliance awareness.

### Outline of Main Measures

- Prevention of fraud
- Countering money laundering and financing of terrorism
- Response to Antisocial Forces
- Customer-oriented business operations and customer protection
- Creating employee-friendly working environments

## Basic Policy for Combating against Antisocial Forces

The Bank as an organization combats against Antisocial Forces that threaten the sound social order and corporate activities. The Bank is never involved in any illegal or antisocial behavior associated with antisocial forces. The Bank

blocks and excludes relationships with antisocial forces by cooperating with relevant external organizations such as the police, etc.

### Basic Policy for Combating against Antisocial Forces

- 1 Response as an organization**  
With regard to antisocial forces, the Bank's attitude toward antisocial forces is clearly stated in the JAPAN POST GROUP's charter of corporate conduct and internal rules, etc., and the Bank as a whole from top management to employee level responds to antisocial forces. The Bank protects the safety of management and staff members who respond to antisocial forces.
- 2 Alliance with the external organizations**  
The Bank always maintains close relationships with the relevant external organizations such as the police, the center for removal of criminal organizations and lawyers.
- 3 Cutting off all the relationship including normal banking transactions**  
The Bank never establishes relationships with antisocial forces including normal banking transactions. Their undue claims are rejected.
- 4 Civil and criminal legal action is taken**  
If confronted with undue claims by antisocial forces, legal action is taken from both civil and criminal perspectives.
- 5 Prohibition of backroom deal and the provision of funds**  
The Bank's actions never take the form of backroom deals. The Bank never provides funds to Antisocial Forces.

## Privacy Protection Measures

JAPAN POST BANK has established the following privacy policy and conducts business operations based on this policy. We recognize that protecting personal data, includ-

ing specific personal information and Individual Number (hereinafter 'personal data'), is vital to offering services that can achieve a high degree of customer satisfaction.

 [More information Privacy Policy](#)

[Home](#) > [Privacy Policy](#)

## Measures Aimed at Managing Conflicts of Interest

The JAPAN POST GROUP has released the Japan Post Group Conflicts of Interest Management Policy. This Policy governs the management of conflicts of interest transactions by our Group as a whole in order to prevent our customers' interests from being unduly harmed.

In line with this Policy, JAPAN POST BANK has put in

place a system for the proper management of transactions that have the potential to create conflicts of interest and to prevent customer interests from being unduly harmed. Among a host of initiatives, the Bank has set up the Compliance Management Department to assume responsibility for managing and controlling conflicts of interest.

 [More information Conflicts of Interest Management Policy](#)

[Home](#) > [Sustainability](#) > [Governance](#) > [Compliance System](#) > [Conflicts of Interest Management Policy](#)

# Internal Audit

## Internal Audit System

The Internal Audit Division is independent from operating divisions in the head office. The division contributes to the sound and proper conduct of the Bank's operations by inspecting and assessing the Bank's operational execution and internal control systems. In this way, the Bank collects important information about the operations of audited divisions in a timely and appropriate manner.

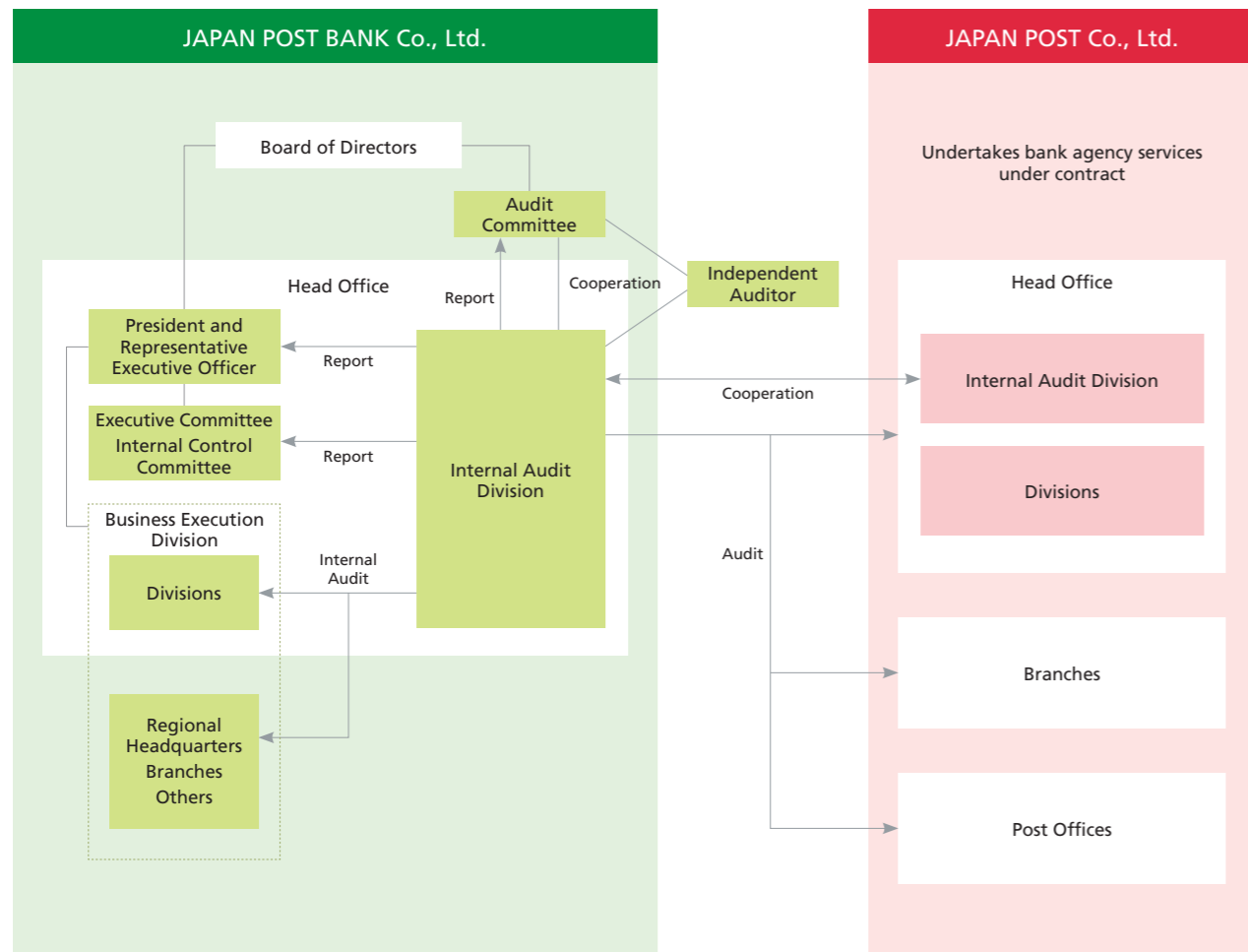
In accordance with, for example, the International Standards for the Professional Practice of Internal Audit of the Institute of Internal Auditors (IIA), the Internal Audit Division conducts audits of the head office divisions, Regional Headquarters, Branches, Administration Service Centers, Operation Support Centers, Seal Card Management Center, ATM Management Centers, Data Centers, Credit Card Collection Service Center and other work sites.

Through these audits, the division verifies the appropriateness and effectiveness of operational execution and internal control systems, including compliance and risk management.

In addition, the Internal Audit Division audits JAPAN POST, which undertakes bank agency services under contract. In these audits, the Internal Audit Division verifies the appropriateness of the internal control systems that are related to bank agency operations, including compliance and risk management.

In regard to major issues that are found in an audit, the division offers recommendations for correction and improvement, follows up on the progress of improvement measures, and provides reports to the President and Representative Executive Officer, the Board of Directors, and the Audit Committee.

## Internal Audit System



# Financial Section

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# Management's Discussion and Analysis of Financial Condition and Results of Operations (Non-Consolidated)

The following section of this annual report presents management's discussion and analysis of financial condition and results of operations ("MD&A") of JAPAN POST BANK ("we," "us," "our," "Bank," and similar terms). This MD&A highlights selected information and may not contain all of the information that is important to readers of this annual report. For a more complete description of events, trends, and uncertainties, as well as the capital, liquidity, and credit and market risks affecting us and our operations, readers should refer to other sections in this annual report. This section should be read in conjunction with the financial statements and notes included elsewhere in this annual report.

## RESULTS OF OPERATIONS

The following table presents information as to our income, expenses and net income for the fiscal years ended March 31, 2022 and 2021:

	Billions of yen	
	For the fiscal year ended March 31,	
	2022	2021
Interest income	¥1,369.7	¥1,198.2
Interest expenses	226.6	241.1
Net interest income	1,143.0	957.1
Fees and commissions income	157.7	157.3
Fees and commissions expenses	30.3	29.4
Net fees and commissions	127.4	127.9
Other operating income	87.4	293.6
Other operating expenses	71.5	64.4
Net other operating income (loss)	15.9	229.2
General and administrative expenses	979.0	1,008.0
Other income	368.5	296.8
Other expenses	178.7	210.3
Income before income taxes	497.1	392.7
Income taxes—current	104.2	124.1
Income taxes—deferred	37.9	(11.2)
Net income	¥ 354.9	¥ 279.8

### Fiscal Year Ended March 31, 2022 Compared to Fiscal Year Ended March 31, 2021

#### Net Interest Income

##### Interest Income

Our total interest income increased by ¥171.4 billion, or 14.3%, from ¥1,198.2 billion in the fiscal year ended March 31, 2021 to ¥1,369.7 billion in the fiscal year ended March 31, 2022, mainly due to an increase in interest and dividends on securities. Our interest and dividends on securities increased by ¥171.1 billion, or 14.7%, to ¥1,333.0 billion in the fiscal year ended March 31, 2022. This increase mainly reflected an increase in interest on foreign bonds investment trusts and private equity funds. Our interest on loans increased by ¥0.0 billion, or 0.6%, to ¥10.2 billion in the fiscal year ended March 31, 2022, due to an increase in interest rates.

##### Interest Expenses

Our total interest expenses decreased by ¥14.5 billion, or 6.0%, from ¥241.1 billion in the fiscal year ended March 31, 2021 to ¥226.6 billion in the fiscal year ended March 31, 2022, mainly due to a decrease in foreign currency funding costs. Interest expenses on deposits decreased by ¥17.3 billion, or 45.2%, to ¥20.9 billion in the fiscal year ended March 31, 2022, due to a decrease in interest rates.

##### Net Interest Income

Our net interest income, calculated by deducting interest expenses from interest income, increased by ¥185.9 billion, or 19.4%, from ¥957.1 billion in the fiscal year ended March 31, 2021 to ¥1,143.0 billion in the fiscal year ended March 31, 2022. Our interest rate spread was 0.52% for the fiscal year ended March 31, 2022, an increase from 0.45% for the fiscal year ended March 31, 2021.

#### Average Balance of, Interest on and Average Earnings Yield of or Interest Rate on Interest-earning Assets and Interest-bearing Liabilities

The following table shows our average asset balances and related interest and average earnings yields of our interest-earning assets for the fiscal years ended March 31, 2022 and 2021. Although we do not have any overseas branches or subsidiaries, since our operations are not divided into reportable segments, we attribute yen-denominated transactions to "domestic" and foreign currency-denominated transactions to "overseas" (except that yen-denominated transactions with non-residents of Japan are included in "overseas") and record income and expenses for each category. Accordingly, the table below shows the average asset balances and interest for "domestic" and "overseas" for the periods indicated:

	Billions of yen, except for percentages					
	For the fiscal year ended March 31,					
	2022		2021			
	Average asset balance <sup>(4)</sup>	Interest	Average earnings yield	Average asset balance <sup>(4)</sup>	Interest	Average earnings yield
<b>Interest-earning assets:<sup>(1)</sup></b>						
Loans:						
Domestic	¥ 4,620.3	¥ 10.1	0.21%	¥ 5,888.5	¥ 10.0	0.17%
Overseas	26.1	0.1	0.52	23.7	0.1	0.52
Total <sup>(2)</sup>	4,646.4	10.2	0.22	5,912.2	10.1	0.17
Securities:						
Domestic	69,451.5	341.8	0.49	70,330.0	410.9	0.58
Overseas	70,670.6	991.2	1.40	66,938.0	750.9	1.12
Total <sup>(2)</sup>	140,122.1	1,333.0	0.95	137,268.1	1,161.8	0.84
Due from banks, etc. <sup>(3)</sup>						
Domestic	60,361.0	29.8	0.04	56,799.5	29.2	0.05
Overseas	—	—	—	—	—	—
Total <sup>(2)</sup>	60,361.0	29.8	0.04	56,799.5	29.2	0.05
Total interest-earning assets:						
Domestic	211,342.0	446.7	0.21	204,928.2	518.3	0.25
Overseas	70,834.6	991.6	1.39	67,100.5	751.4	1.11
Total <sup>(2)</sup>	¥217,361.1	¥1,369.7	0.63%	¥210,430.4	¥1,198.2	0.56%

Notes: (1) Income earned on money held in trust is included in "other income," and the average balance of money held in trust (¥4,160.9 billion for the fiscal year ended March 31, 2022 and ¥4,102.1 billion for the fiscal year ended March 31, 2021) is excluded from interest-earning assets.

(2) Average asset balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

(3) "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.

(4) Average asset balance is calculated on a daily basis.

(5) "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").

The following table shows the average balances and related interest and average interest rates of our interest-bearing liabilities for the fiscal years ended March 31, 2022 and 2021:

	Billions of yen, except for percentages					
	For the fiscal year ended March 31,					
	2022			2021		
	Average liability balance <sup>(2)</sup>	Interest	Average interest rate	Average liability balance <sup>(2)</sup>	Interest	Average interest rate
<b>Interest-bearing liabilities:<sup>(1)</sup></b>						
Deposits:						
Domestic	¥192,386.8	¥ 20.9	0.01%	¥188,043.5	¥ 38.3	0.02%
Overseas	—	—	—	—	—	—
Total <sup>(2)</sup>	192,386.8	20.9	0.01	188,043.5	38.3	0.02
Payables under securities lending transactions:						
Domestic	17.5	0.0	0.09	155.8	0.1	0.09
Overseas	1,458.9	2.5	0.17	1,482.3	6.7	0.45
Total <sup>(2)</sup>	1,476.4	2.5	0.17	1,638.2	6.9	0.42
Total interest-bearing liabilities:						
Domestic	204,529.4	44.4	0.02	197,783.1	62.6	0.03
Overseas	70,222.1	246.3	0.35	67,508.0	245.2	0.36
Total <sup>(2)</sup>	¥209,936.1	¥222.2	0.10%	¥203,692.8	¥236.3	0.11%

Notes: (1) Expenses incurred on money held in trust are included in "other expenses," and the average balance corresponding to money held in trust (¥4,160.9 billion for the fiscal year ended March 31, 2022 and ¥4,102.1 billion for the fiscal year ended March 31, 2021) and the interest expenses (¥4.4 billion for the fiscal year ended March 31, 2022 and ¥4.7 billion for the fiscal year ended March 31, 2021) are excluded from interest-bearing liabilities.

(2) Average liability balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

(3) Average liability balance is calculated on a daily basis.

(4) "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").

Our average balance of interest-earning assets increased by ¥6,930.7 billion, or 3.2%, from ¥210,430.4 billion in the fiscal year ended March 31, 2021 to ¥217,361.1 billion in the fiscal year ended March 31, 2022. Our average earnings yield on interest-earning assets increased from 0.56% in the fiscal year ended March 31, 2021 to 0.63% in the fiscal year ended March 31, 2022. As a result, our total interest income on interest-earning assets increased from ¥1,198.2 billion in the fiscal year ended March 31, 2021 to ¥1,369.7 billion in the fiscal year ended March 31, 2022.

Our average balance of interest-bearing liabilities increased by ¥6,243.3 billion, or 3.0%, from ¥203,692.8 billion in the fiscal year ended March 31, 2021 to ¥209,936.1 billion in the fiscal year ended March 31, 2022. Our average interest rates on interest-bearing liabilities decreased from 0.11% in the fiscal year ended March 31, 2021 to 0.10% in the fiscal year ended March 31, 2022. As a result, our total interest expenses on interest-bearing liabilities decreased from ¥236.3 billion in the fiscal year ended March 31, 2021 to ¥222.2 billion in the fiscal year ended March 31, 2022.

#### Changes in Interest Income and Expenses Due to Changes in Balance and Interest Rate

The following table shows changes in our interest income allocated between changes in balance and changes in interest rate for the periods indicated:

	Billions of yen		
	For the fiscal year ended March 31, 2022 versus fiscal year ended March 31, 2021 increase (decrease) due to		
	Balance-related change <sup>(1)</sup>	Interest-related change <sup>(1)</sup>	Net change
<b>Interest income:</b>			
Loans:			
Domestic	¥ (2.4)	¥ 2.4	¥ 0.0
Overseas	0.0	(0.0)	0.0
Total <sup>(2)</sup>	(2.4)	2.5	0.0
Securities:			
Domestic	(5.0)	(64.0)	(69.1)
Overseas	43.7	196.4	240.2
Total <sup>(2)</sup>	24.5	146.5	171.1
Due from banks, etc.: <sup>(3)</sup>			
Domestic	1.7	(1.1)	0.6
Overseas	—	—	—
Total <sup>(2)</sup>	1.7	(1.1)	0.6
Total interest income:			
Domestic	15.7	(87.3)	(71.5)
Overseas	43.7	196.4	240.1
Total <sup>(2)</sup>	¥40.4	¥131.0	¥171.4

Notes: (1) Factors that increase or decrease both balance and interest rate are allocated based on the proportion of the increase or decrease in the balance and interest rate.

(2) Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

(3) "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.

(4) "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").



The following table shows changes in our interest expenses allocated between changes in balance and changes in interest rate for the periods indicated:

	Billions of yen		
	For the fiscal year ended March 31, 2022 versus fiscal year ended March 31, 2021 increase (decrease) due to		
	Balance-related change <sup>(1)</sup>	Interest-related change <sup>(1)</sup>	Net change
<b>Interest expenses:</b>			
Deposits:			
Domestic	¥ 0.8	¥(18.2)	¥(17.3)
Overseas	—	—	—
Total <sup>(2)</sup>	0.8	(18.2)	(17.3)
Payables under securities lending transactions:			
Domestic	(0.1)	0.0	(0.1)
Overseas	(0.1)	(4.0)	(4.1)
Total <sup>(2)</sup>	(0.6)	(3.6)	(4.3)
Total interest expenses:			
Domestic	2.0	(20.1)	(18.1)
Overseas	9.6	(8.5)	1.1
Total <sup>(2)</sup>	¥ 7.0	¥(21.2)	¥(14.1)

Notes: (1) Factors that increase or decrease both balance and interest rate are allocated based on the proportion of the increase or decrease in the balance and interest rate.

(2) Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

(3) "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").

Our interest income in the fiscal year ended March 31, 2022 increased by ¥171.4 billion compared to the previous fiscal year primarily due to an increase in interest income from securities of overseas as a result of increases in both balance of and interest rates on these securities.

Our interest expenses in the fiscal year ended March 31, 2022 decreased by ¥14.1 billion compared to the previous fiscal year primarily due to a decrease in interest on deposits as a result of a decrease in interest rates.

### Interest Rate Spread

The following table shows our yield on interest-earning assets, interest rate on interest-bearing liabilities and interest rate spread for the periods indicated:

	For the fiscal year ended March 31,	
	2022	2021
<b>Yield on interest-earning assets:</b>		
Domestic	0.21%	0.25%
Overseas	1.39	1.11
Total	0.63	0.56
<b>Interest rate on interest-bearing liabilities:</b>		
Domestic	0.02	0.03
Overseas	0.35	0.36
Total	0.10	0.11
<b>Interest rate spread:</b>		
Domestic	0.18	0.22
Overseas	1.04	0.75
Total	0.52%	0.45%

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

Our interest rate spread, for the fiscal year ended March 31, 2022, increased to 0.52% from 0.45% for the previous fiscal year. This increase was primarily the result of increased interest rate spread on overseas assets as a result of an increase in income from foreign securities, etc.

### Net Fees and Commissions

The following table sets forth our fees and commissions income and expenses for the periods indicated:

	Billions of yen	
	For the fiscal year ended March 31,	
	2022	2021
<b>Fees and commissions income:</b>		
Fees and commissions on domestic and foreign exchanges	¥ 85.4	¥ 86.7
Other	72.2	70.6
Total	157.7	157.3
<b>Fees and commissions expenses:</b>		
Fees and commissions on domestic and foreign exchanges	3.9	5.0
Other	26.3	24.3
Total	30.3	29.4
Net fees and commissions	¥127.4	¥127.9

Net fees and commissions decreased by ¥0.5 billion, or 0.4%, from ¥127.9 billion in the fiscal year ended March 31, 2021 to ¥127.4 billion in the fiscal year ended March 31, 2022. Fees and commissions income increased by ¥0.3 billion, or 0.2%, from ¥157.3 billion in the fiscal year ended March 31, 2021 to ¥157.7 billion in the fiscal year ended March 31, 2022. Fees and commissions expenses increased by ¥0.8 billion, or 2.9%, from ¥29.4 billion in the fiscal year ended March 31, 2021 to ¥30.3 billion in the fiscal year ended March 31, 2022. The decrease in net fees and commissions was primarily due to a decrease in fees relating to investment trusts.

### Net Other Operating Income (Loss)

The following table sets forth our net other operating income (loss) for the periods indicated:

	Billions of yen	
	For the fiscal year ended March 31,	
	2022	2021
<b>Other operating income:</b>		
Gains on foreign exchanges	¥78.9	¥254.6
Gains on sales of bonds	8.2	38.5
Other	0.2	0.5
Total	87.4	293.6
<b>Other operating expenses:</b>		
Losses on sales of bonds	71.5	64.4
Other	—	—
Total	71.5	64.4
Net other operating income (loss)	¥15.9	¥229.2

Net other operating income was ¥15.9 billion in the fiscal year ended March 31, 2022 as compared to net other operating income of ¥229.2 billion in the fiscal year ended March 31, 2021. This was mainly due to a decrease in the gains on foreign exchanges.

## General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses for the periods indicated:

	Billions of yen	
	For the fiscal year ended March 31,	
	2022	2021
<b>General and administrative expenses:</b>		
Personnel expenses:		
Salaries and allowances	¥ 94.0	¥ 96.0
Others	21.0	21.2
Total	115.1	117.2
Non-personnel expenses:		
Commissions on bank agency services, etc., paid to JAPAN POST Co., Ltd.	353.2	366.3
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network <sup>(1)</sup>	237.0	237.4
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	55.3	57.4
Rent for land, buildings and others	10.9	11.5
Expenses on consigned businesses	66.0	67.0
Depreciation and amortization	37.6	34.9
Communication and transportation expenses	14.2	15.2
Maintenance expenses	15.1	13.3
IT expenses	13.0	12.9
Others	16.3	17.9
Total	819.0	834.2
Taxes and dues (consumption tax and stamp tax, etc.)	44.9	56.5
Total	¥979.0	¥1,008.0

Note: (1) We make payments of contributions to the Organization for Postal Savings, Postal Life Insurance and Post Office Network in accordance with Article 18-3 of the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network.

Our general and administrative expenses decreased 2.8% from ¥1,008.0 billion in the fiscal year ended March 31, 2021 to ¥979.0 billion in the fiscal year ended March 31, 2022. This decrease was mainly due to a decrease in non-personnel expenses.

## Other Income and Expenses

The following table sets forth our other income and expenses for the periods indicated:

	Billions of yen	
	For the fiscal year ended March 31,	
	2022	2021
<b>Other income:</b>		
Gains on sales of stocks and other securities	¥ 46.6	¥ 8.6
Gains on money held in trust	287.5	277.0
Other	34.3	11.1
Total	368.5	296.8
<b>Other expenses:</b>		
Losses on sales of stocks and other securities	171.4	197.1
Losses on devaluation of stocks and other securities	0.7	—
Losses on money held in trust	0.8	4.3
Other	5.7	8.8
Total	178.7	210.3
Net other income (expenses)	¥189.7	¥ 86.5

Other income increased by ¥71.6 billion, or 24.1%, from ¥296.8 billion in the fiscal year ended March 31, 2021 to ¥368.5 billion in the fiscal year ended March 31, 2022. This increase was primarily due to an increase in gains on sales of stocks and other securities. Other expenses decreased by ¥31.5 billion, or 14.9%, from ¥210.3 billion in the fiscal year ended March 31, 2021 to ¥178.7 billion in the fiscal year ended March 31, 2022. This decrease was primarily due to a decrease in losses on sales of stocks and other securities. As a result, net other income increased by ¥103.1 billion, or 119.1%, from ¥86.5 billion in the fiscal year ended March 31, 2021 to ¥189.7 billion in the fiscal year ended March 31, 2022.

## Income Taxes

The following table sets forth our income taxes for the periods indicated:

	Billions of yen, except for percentages	
	For the fiscal year ended March 31,	
	2022	2021
<b>Income taxes:</b>		
Current	¥104.2	¥124.1
Deferred	37.9	(11.2)
Total income taxes	¥142.1	¥112.9
Effective income tax rate	28.6%	28.7%

Current income taxes decreased by ¥19.8 billion, and deferred income taxes increased by ¥49.1 billion, for the fiscal year ended March 31, 2022, compared to the previous fiscal year. As a result, total income taxes for the fiscal year ended March 31, 2022 increased by ¥29.2 billion compared to the previous fiscal year primarily due to an increase in income before income taxes.

The effective income tax rate was 28.6% for the fiscal year ended March 31, 2022, 2.0 percentage points lower than the effective statutory tax rate of 30.6%. The lower effective income tax rate primarily relates to the effect of nontaxable dividends received.

## Net Income

As a result of the foregoing, net income was ¥354.9 billion in the fiscal year ended March 31, 2022 as compared to net income of ¥279.8 billion in the fiscal year ended March 31, 2021.

## FINANCIAL CONDITION

### Total Assets

As of March 31, 2022, we had total assets of ¥232,922.0 billion, an increase of ¥9,074.5 billion, or 4.0%, as compared to total assets of ¥223,847.5 billion as of March 31, 2021.

### Securities Portfolio

Our securities portfolio totaled ¥139,549.1 billion as of March 31, 2022, an increase of ¥1,365.8 billion, or 0.9%, from ¥138,183.2 billion as of March 31, 2021. This increase was mainly due to an increase in other securities within the overseas category.

The following table shows a breakdown of our securities by type of security, as of the dates indicated:

	Billions of yen As of March 31,	
	2022	2021
Domestic:		
Japanese government bonds	¥ 49,259.7	¥ 50,493.4
Japanese local government bonds	5,580.8	5,493.8
Japanese corporate bonds	10,552.9	11,014.9
Japanese stocks	20.5	13.7
Other securities	1,514.9	618.7
Subtotal	66,929.0	67,634.7
Overseas:		
Other securities:	72,620.0	70,548.5
Foreign bonds	24,509.6	23,505.1
Investment trusts	48,107.7	47,040.7
Subtotal	72,620.0	70,548.5
Total	¥139,549.1	¥138,183.2

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

Our investment securities are classified into the following primary categories:

- Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost (straight-line method) determined by the moving-average method.
- Available-for-sale securities are stated at fair value (cost of securities sold is primarily calculated using the moving-average method). However, shares, etc., that do not have a market price are stated at cost determined by the moving-average method. Net unrealized gains or losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, are stated as a separate component of net assets.

### Held-to-Maturity Securities

The following tables set forth the carrying amounts on the balance sheet and fair values of held-to-maturity securities, and the difference of these amounts, as of the dates indicated:

	Billions of yen As of March 31, 2022				
	Carrying amount	Fair value	Difference	Amount for which fair value exceeds carrying amount	Amount for which fair value does not exceed carrying amount
Japanese government bonds	¥14,974.2	¥14,942.8	¥(31.3)	¥78.4	¥109.7
Japanese local government bonds	2,746.5	2,734.6	(11.8)	1.0	12.9
Japanese corporate bonds	3,540.0	3,527.4	(12.6)	5.5	18.2
Others:	1,808.4	1,808.5	0.0	14.1	14.0
Foreign bonds	1,808.4	1,808.5	0.0	14.1	14.0
Total	¥23,069.2	¥23,013.4	¥(55.7)	¥99.1	¥154.9

	Billions of yen As of March 31, 2021				
	Carrying amount	Fair value	Difference	Amount for which fair value exceeds carrying amount	Amount for which fair value does not exceed carrying amount
Japanese government bonds	¥20,576.3	¥20,807.0	¥230.6	¥256.2	¥25.5
Japanese local government bonds	1,891.2	1,892.8	1.6	3.1	1.5
Japanese corporate bonds	2,710.4	2,716.3	5.8	11.6	5.7
Others:	—	—	—	—	—
Foreign bonds	—	—	—	—	—
Total	¥25,178.0	¥25,416.2	¥238.1	¥271.0	¥32.9

The carrying amount of our held-to-maturity securities as of March 31, 2022 was ¥23,069.2 billion, a decrease of ¥2,108.8 billion, or 8.3%, from ¥25,178.0 billion as of March 31, 2021. This decrease was primarily due to a decrease in the amount of Japanese government bonds.

### Available-for-Sale Securities

The following tables set forth the carrying amounts on the balance sheet, acquisition cost and the difference of these amounts for securities whose fair value is available as of the dates indicated:

	Billions of yen As of March 31, 2022				
	Carrying amount	Acquisition cost	Difference	Amount for which carrying amount exceeds acquisition cost	Amount for which carrying amount does not exceed acquisition cost
Japanese stocks	—	—	—	—	—
Japanese government bonds	¥ 34,285.5	¥ 34,199.8	¥ 85.7	¥ 372.1	¥286.3
Japanese local government bonds	2,834.3	2,826.9	7.3	8.3	1.0
Japanese corporate bonds	7,012.8	7,002.0	10.8	21.3	10.4
Others:	69,551.9	67,985.8	1,566.0	1,792.9	226.8
Foreign bonds	22,701.1	21,216.9	1,484.2	1,525.0	40.8
Investment trusts	46,388.4	46,306.0	82.3	267.1	184.8
Total	¥113,684.7	¥112,014.6	¥1,670.0	¥2,194.7	¥524.6

Note: (1) Of the difference shown above, ¥852.9 billion is included in the statement of income as gains because of the application of fair value hedge accounting.

	Billions of yen				
	As of March 31, 2021				
	Carrying amount	Acquisition cost	Difference	Amount for which carrying amount exceeds acquisition cost	Amount for which carrying amount does not exceed acquisition cost
Japanese stocks	—	—	—	—	—
Japanese government bonds	¥ 29,917.0	¥ 29,374.2	¥ 542.7	¥ 592.8	¥ 50.0
Japanese local government bonds	3,602.5	3,585.3	17.1	17.4	0.2
Japanese corporate bonds	8,304.5	8,266.6	37.8	40.9	3.0
Others:	69,316.7	67,508.1	1,808.6	2,014.5	205.8
Foreign bonds	23,505.1	22,473.7	1,031.3	1,110.5	79.1
Investment trusts	45,384.4	44,608.2	776.2	902.6	126.4
<b>Total</b>	<b>¥111,140.9</b>	<b>¥108,734.4</b>	<b>¥2,406.4</b>	<b>¥2,665.7</b>	<b>¥259.3</b>

Note: (1) Of the difference shown above, ¥173.5 billion is included in the statement of income as gains because of the application of fair value hedge accounting.

The following table sets forth the amount on the balance sheet for shares, etc., that do not have a market price and investments in partnerships, etc., as of March 31, 2022 (As of March 31, 2021, the amount on the balance sheet for securities whose fair value is deemed to be extremely difficult to determine):

	Billions of yen
	As of March 31,
	2022
Unlisted stocks	¥ 17.2
Investment trusts	3,145.9
Investments in partnerships	44.1
<b>Total</b>	<b>¥3,207.4</b>
	Billions of yen
	As of March 31,
	2021
Japanese stocks	¥ 10.5
Investment trusts	2,206.7
Investments in partnerships	34.7
<b>Total</b>	<b>¥2,252.0</b>

Our available-for-sale securities include Japanese stocks, domestic bonds and other securities. Domestic bonds consist of Japanese government bonds, Japanese local government bonds and Japanese corporate bonds. Other securities include foreign bonds and investment trusts.

As of March 31, 2022, the carrying amount of our domestic bonds held as available-for-sale securities was ¥44,132.8 billion, an increase of ¥2,308.6 billion, or 5.5%, from ¥41,824.1 billion as of March 31, 2021. This increase was primarily due to an increase in Japanese government bonds. As of March 31, 2022, the carrying amount of other securities was ¥69,551.9 billion, an increase of ¥235.1 billion, or 0.3%, from ¥69,316.7 billion as of March 31, 2021. This increase was due to an increase in our holding of investment trusts which are mainly invested in foreign bonds as part of our efforts to promote diversified and sophisticated investments. As of March 31, 2022, the total difference of carrying amount and acquisition cost for available-for-sale securities was ¥1,670.0 billion, a decrease of ¥736.4 billion from a difference of ¥2,406.4 billion as of March 31, 2021. This decrease was mainly due to higher domestic and foreign interest rates and foreign credit spreads.

#### Impairment Losses on Securities

For the fiscal year ended March 31, 2022, no impairment losses were recognized. For the fiscal year ended March 31, 2021, no impairment losses were recognized.

#### Foreign Bonds

The following table sets forth the amount of foreign bonds by currency as of the dates indicated:

	Billions of yen, except for percentages			
	As of March 31,			
	2022		2021	
	Outstanding assets	Percentage	Outstanding assets	Percentage
Japanese yen	¥ 3,692.0	15.0%	¥ 3,922.7	16.6%
U.S. dollar	16,495.8	67.3	15,474.8	65.8
Euro	3,241.9	13.2	3,211.6	13.6
Others	1,079.7	4.4	895.9	3.8
<b>Total</b>	<b>¥24,509.6</b>	<b>100.0%</b>	<b>¥23,505.1</b>	<b>100.0%</b>

As of March 31, 2022, our holdings of U.S. dollar-denominated bonds totaled ¥16,495.8 billion, an increase of ¥1,021.0 billion, or 6.5%, from ¥15,474.8 billion as of March 31, 2021. As of March 31, 2022, our holdings of Euro-denominated bonds totaled ¥3,241.9 billion, an increase of ¥30.3 billion, or 0.9%, from ¥3,211.6 billion as of March 31, 2021. As of March 31, 2022, our holdings of foreign bonds totaled ¥24,509.6 billion, an increase of ¥1,004.5 billion, or 4.2%, from ¥23,505.1 billion, as of March 31, 2021. This increase was primarily due to an increase in U.S. dollar-denominated bonds.

#### Scheduled Redemption Amounts of Securities

The following tables below set forth scheduled redemption amounts of securities that have maturities as of the dates indicated:

	Billions of yen						Total
	As of March 31, 2022						
	One year or less	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years	
Japanese government bonds	¥14,555.9	¥ 6,973.0	¥ 3,327.8	¥ 3,037.4	¥ 6,437.6	¥14,398.3	¥48,730.2
Japanese local government bonds	748.9	1,575.5	1,367.6	814.1	1,046.2	—	5,552.5
Japanese corporate bonds	2,465.5	2,455.4	2,062.7	1,321.1	974.9	1,244.3	10,524.1
Other securities	2,315.0	6,687.5	5,005.0	5,105.5	4,001.4	5,159.7	28,274.4
<b>Total</b>	<b>¥20,085.5</b>	<b>¥17,691.5</b>	<b>¥11,763.3</b>	<b>¥10,278.2</b>	<b>¥12,460.2</b>	<b>¥20,802.4</b>	<b>¥93,081.3</b>

	Billions of yen						Total
	As of March 31, 2021						
	One year or less	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years	
Japanese government bonds	¥ 8,632.5	¥20,089.4	¥1,318.5	¥4,374.4	¥ 4,576.2	¥10,502.1	¥49,493.3
Japanese local government bonds	737.3	1,554.7	1,416.4	775.8	962.3	—	5,446.8
Japanese corporate bonds	2,879.0	2,408.9	1,927.3	1,444.9	1,039.1	1,255.3	10,954.8
Other securities	2,798.0	5,218.3	3,979.8	3,208.2	3,471.4	6,536.8	25,212.6
<b>Total</b>	<b>¥15,047.0</b>	<b>¥29,271.4</b>	<b>¥8,642.1</b>	<b>¥9,803.5</b>	<b>¥10,049.2</b>	<b>¥18,294.2</b>	<b>¥91,107.6</b>

#### Loans

Unlike other banks in Japan, our lending activities have been limited, primarily due to regulatory restrictions on our lending business. We offer loans secured by deposits, loans secured by Japanese government bonds, loans to central, local and regional government authorities and credit card loans. In addition, in May 2021, we began handling account overdraft lending services and housing loans for individuals (Flat 35 loans). We also participate in syndicated loans to corporate borrowers, though never as syndicate manager, and acquire corporate loans and others in the secondary market. As of March 31, 2022, our total outstanding loan amount was ¥4,441.9 billion.

As of March 31, 2022, there were no “Loans to borrowers classified as bankrupt or quasi-bankrupt,” “Past-due loans for three months or more,” and “Restructured loans,” while “Loans to borrowers classified as doubtful” were ¥0.0 billion.

The substantial majority of our loans are made to domestic borrowers. As of March 31, 2022, we had ¥4,415.1 billion in domestic loans and ¥26.8 billion in overseas loans.

The following table shows a breakdown of our loans by industry as of the dates indicated:

	Billions of yen, except for percentages			
	As of March 31,			
	2022		2021	
	Amount	Percentage	Amount	Percentage
<b>Domestic (excluding Japan Offshore Market accounts):</b>				
Agriculture, forestry, fisheries, and mining	—	—	—	—
Manufacturing	¥ 92.8	2.1%	¥ 81.6	1.7%
Utilities, information/communications, and transportation	130.0	2.9	137.7	2.9
Wholesale and retail	18.8	0.4	34.2	0.7
Finance and insurance <sup>(1)</sup>	606.7	13.7	739.5	15.8
Construction and real estate	96.8	2.1	63.1	1.3
Services and goods rental/leasing	81.9	1.8	84.2	1.8
Central and local governments	3,304.3	74.8	3,428.2	73.4
Others	83.5	1.8	97.3	2.0
Subtotal	4,415.1	100.0	4,666.1	100.0
<b>Overseas and Japan Offshore Market accounts:</b>				
Governments	—	—	—	—
Others	26.8	100.0	25.5	100.0
Subtotal	26.8	100.0	25.5	100.0
<b>Total</b>	<b>¥4,441.9</b>		<b>¥4,691.7</b>	

Notes: (1) Of “Finance and insurance,” loans to the Organization for Postal Savings, Postal Life Insurance and Post Office Network were ¥246.4 billion and ¥340.5 billion as of March 31, 2022 and 2021, respectively.

(2) “Domestic” represents loans to residents of Japan, while “overseas” represents loans to non-residents of Japan.

As of March 31, 2022, our loans were ¥4,441.9 billion, or 1.9% of total assets, representing a decrease of ¥249.7 billion, or 5.3%, from March 31, 2021. The decrease in our loans was primarily due to a decrease in the balance of finance and insurance.

The following table shows a breakdown of our loans by maturity:

	Billions of yen						
	As of March 31, 2022						
	One year or less	More than one year to three years	More than three years to five years	More than five years to seven years	More than seven years to ten years	Over ten years	
<b>Loans</b>	<b>¥2,165.0</b>	<b>¥686.5</b>	<b>¥504.8</b>	<b>¥314.0</b>	<b>¥423.3</b>	<b>¥341.9</b>	<b>¥4,435.9</b>

### Money Held in Trust

No money held in trust was held-to-maturity as of March 31, 2022 and 2021. Money held in trust (excluding held-to-maturity) as of March 31, 2022 and 2021 was as follows:

	Billions of yen, except for percentages			
	As of March 31,			
	2022		2021	
	Outstanding assets	Percentage	Outstanding assets	Percentage
Domestic stocks	¥2,024.6	36.0%	¥2,261.7	44.2%
Domestic bonds	1,406.1	25.0	1,545.1	30.2
Others	2,188.1	38.9	1,299.1	25.4
<b>Total</b>	<b>¥5,618.8</b>	<b>100.0%</b>	<b>¥5,106.1</b>	<b>100.0%</b>

Assets in respect of money held in trust are primarily held in Japanese yen. As of March 31, 2022, our investments in stocks have been mainly through money held in trust, and such investments have been made for the purpose of further promoting diversification and sophistication of our investments.

### Sources of Funding and Liquidity

#### Deposits

Our primary source of funding is from deposits, mainly TEIGAKU deposits and ordinary deposits. The balance of deposits as of March 31, 2022 was ¥193.4 trillion. TEIGAKU deposits can be withdrawn any time six months after the initial deposit. The interest rates on such deposits rise every six months in a staircase pattern, with duration of up to three years. After three years, the interest is compounded using fixed interest rates until the maturity of 10 years. Ordinary deposits are demand deposits designed for day-to-day use and can be used for automatic withdrawals, direct deposits and other settlement transactions. More than 90% of our deposits are from retail customers. All of our deposits are denominated in Japanese yen. As of March 31, 2022, our deposits of ¥193.4 trillion exceeded our securities of ¥139.5 trillion by ¥53.8 trillion, and our security-deposit ratio was 72.1%. These deposits provide us with a source of stable and low-cost funds. We continuously monitor fluctuations in the respective types of deposits from time to time relative to fluctuating market conditions to manage the impact of such fluctuations on our interest rate spread and liquidity.

The following table shows a breakdown of our deposits as of the dates indicated:

	Billions of yen, except for percentages			
	As of March 31,			
	2022		2021	
	Amount	Percentage	Amount	Percentage
Liquid deposits:	¥112,254.4	58.0%	¥101,309.0	53.4%
Transfer deposits	10,749.8	5.5	9,150.1	4.8
Ordinary deposits, etc. <sup>(1)</sup>	100,805.3	52.1	91,546.3	48.2
Savings deposits	699.2	0.3	612.5	0.3
Fixed-term deposits:	81,022.5	41.8	88,145.6	46.4
Time deposits	4,352.4	2.2	4,709.2	2.4
TEIGAKU deposits	76,670.1	39.6	83,436.3	44.0
Other deposits	164.9	0.0	138.8	0.0
Subtotal	193,441.9	100.0	189,593.4	100.0
Negotiable certificates of deposit	—	—	—	—
<b>Total</b>	<b>¥193,441.9</b>	<b>100.0%</b>	<b>¥189,593.4</b>	<b>100.0%</b>

Note: (1) Ordinary deposits, etc. = ordinary deposits + special deposits (those equivalent to ordinary savings deposits). Special deposits, which represent deposits received from the Organization for Postal Savings, Postal Life Insurance and Post Office Network (“the Organization”), correspond to Postal Savings Deposits that were passed on to the Organization by Japan Post Corporation. Special deposits (those equivalent to ordinary savings deposits) are the portion of deposits received from the Organization corresponding to time deposits, TEIGAKU deposits, installment deposits, housing installment deposits and education installment deposits that had reached full term and were passed on to the Organization by Japan Post Corporation.

The total balance of deposits as of March 31, 2022 was ¥193,441.9 billion, an increase of ¥3,848.4 billion from ¥189,593.4 billion as of March 31, 2021.

The following table sets forth the balances of our time deposits based on the remaining time to maturity:

	Billions of yen						
	As of March 31, 2022						
	Less than three months	Three months to less than six months	Six months to less than one year	One year to less than two years	Two years to less than three years	Three years or more	Total
Fixed interest rates	¥1,328.3	¥860.9	¥1,672.0	¥187.5	¥181.1	¥122.3	¥4,352.4
Floating interest rates	—	—	—	—	—	—	—
Other time deposits	—	—	—	—	—	—	—

The following table sets forth the balances of TEIGAKU deposits based on the remaining time to maturity:

	Billions of yen					
	As of March 31, 2022					
	Less than one year	One year to less than three years	Three years to less than five years	Five years to less than seven years	Seven years or more	Total
TEIGAKU deposits	¥6,887.7	¥11,717.8	¥13,443.0	¥23,932.5	¥20,688.9	¥76,670.1

Note: (1) Figures have been calculated based on the assumption that all deposits will be held to maturity.

#### Due from Banks and Interbank Funding

Currently, most of our funding, other than deposits, is from short-term borrowings in the interbank market including payables under repurchase agreements and payables under securities lending transactions. Liquidity may also be provided by redemptions of financial assets such as available-for-sale securities, call loans, receivables under resale agreements and receivables under securities borrowing transactions, as well as a reduction of due from banks. We have used and plan to use due from banks, in particular deposits with the Bank of Japan, for funding various investments as opportunities arise from time to time. The balance of due from banks increases or decreases, affected by our funding liquidity and changes in the market environment. The table below shows the outstanding amount of due from banks as of the dates indicated:

	Billions of yen	
	As of March 31,	
	2022	2021
Due from banks	¥66,347.7	¥60,464.1

#### Net Assets

The table below presents information relating to our net assets as of March 31, 2022 and 2021:

	Billions of yen, except for percentages	
	As of March 31,	
	2022	2021
Capital stock	¥ 3,500.0	¥ 3,500.0
Capital surplus	3,500.0	4,296.2
Retained earnings	2,413.1	2,749.4
Treasury stock	(0.9)	(1,300.8)
Total shareholders' equity	9,412.2	9,244.8
Net unrealized gains (losses) on available-for-sale securities	1,390.2	2,487.7
Net deferred gains (losses) on hedges	(538.9)	(370.4)
Total valuation and translation adjustments	851.2	2,117.2
Net assets	¥10,263.5	¥11,362.1
Net assets as a percentage of total assets	4.4%	5.0%

Net assets as of March 31, 2022 was ¥10,263.5 billion, a decrease of ¥1,098.5 billion, or 9.6%, compared to March 31, 2021. The decrease was primarily due to a decrease in total valuation and translation adjustments as a result of market fluctuations.

## CAPITAL RESOURCE MANAGEMENT

### Capital Adequacy Ratio

As determined under the Banking Act of Japan, our capital adequacy ratio (non-consolidated, domestic standard) as of March 31, 2022 was 15.54%, an increase of 0.03 percentage points from March 31, 2021.

Total capital, the numerator of the ratio, was ¥9,188.0 billion, an increase of ¥163.6 billion from ¥9,024.3 billion as of March 31, 2021.

Risk-weighted assets, which correspond to the denominator of the ratio, amounted to ¥59,089.5 billion, representing an increase of ¥932.4 billion from ¥58,157.1 billion as of March 31, 2021.

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

	Millions of yen		
	As of March 31,		Y-o-Y change
	2022	2021	
Core Capital: instruments and reserves (A)	¥ 9,225,082	¥ 9,057,656	¥167,425
Core Capital: regulatory adjustments (B)	37,024	33,294	3,729
Total capital (A)-(B)=(C)	9,188,057	9,024,361	163,696
Total amount of risk-weighted assets (D)	59,089,525	58,157,118	932,406
Credit risk-weighted assets	56,529,128	55,604,917	924,210
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,560,397	2,552,200	8,196
Capital adequacy ratio (C)/(D) (%)	15.54	15.51	0.03

### Dividends (Consolidated)

Our total dividend payment for the fiscal year ended March 31, 2022 was ¥187.4 billion. The dividend per share was ¥50.00 and the dividend payout ratio was 52.7%.

## RISK MANAGEMENT

Advances in financial globalization and information technology have led to rapid growth in the diversity and complexity of banking operations, making risk management at financial institutions increasingly important. We place a high priority on risk management and are taking steps to refine our sophisticated framework for risk management, including the identification and control of the risks associated with our operational activities.

Our basic policy is to appropriately manage risks in view of our management strategies and risk characteristics and most effectively utilize our capital. By doing so, we are able to increase enterprise value while maintaining sound finances and appropriate operations.

The authorities and responsibilities of organizational entities and of directors and employees involved in risk management are assigned so that conflicts of interest do not arise. In addition, we have established a system that provides for appropriate cross-checks.

### Risk Categories and Definitions

We define our risks and classify them into the following categories, and manage these risks based on the unique characteristics of each type of risk.

Risk Category	Risk Definition
Market risk	Market risk is the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of loss resulting from changes in earnings generated from assets and liabilities.
Market liquidity risk	Market liquidity risk is the risk that a financial institution will incur losses because it is unable to conduct market transactions or is forced to conduct transactions at far more unfavorable prices than under normal conditions due to a market crisis and the like.
Funding liquidity risk	Funding liquidity risk is the risk that a financial institution will incur losses because it finds it difficult to secure the necessary funds or is forced to obtain funds at far higher interest rates than under normal conditions due to a mismatch between the maturities of assets and liabilities or an unexpected outflow of funds.
Credit risk	Credit risk is the risk that a financial institution will incur losses from the decline or elimination of the value of assets (including off-balance sheet assets) due to deterioration in the financial condition of an entity to which credit is provided.
Operational risk	Operational risk is the risk of loss resulting from inadequate operation processes, inadequate activities by officers and employees and inadequate systems or from external events.
Processing risk	Processing risk is the risk of a financial institution incurring a loss from the neglect by officers and employees to conduct administrative work properly, accidents caused by them and violation of Laws conducted by them in the course of the administrative work process. The management of events that constitute processing risk also includes matters relating to administrative work that occur as a result of external impropriety.
IT system risk	IT system risk is the risk that a financial institution will incur loss because of a breakdown or malfunctioning of computer systems or other computer system inadequacies, or because of improper use of computer systems.
Information asset risk	The risk of losses arising from the loss, falsification, inappropriate use, or external leakage of information due to IT system damage or inappropriate processing.
Legal risk	The risk of losses arising from compensation for damages, penalties, or surcharges, or a decline in customer trust, due to an inability to rigorously comply with laws (including laws, ordinances, internal regulations, and processing procedures, etc.).
Human resources risk	The risk of losses arising from discriminatory acts in human resources administration.
Tangible assets risk	The risk of losses arising from damages to tangible assets resulting from natural disasters or other events.
Reputational risk	The risk of losses arising from the spread among the public, or a certain segment of the public, of false information about us, causing a loss of the Bank's credibility, damage to our image, and as a result, a loss of customers or fund-raising counterparties, or causing a worsening of transaction conditions.

### Risk Management System

The Bank has identified certain risk categories. Various departments have been established to manage each risk category. In addition, we have put in place the Risk Management Department, which is responsible for monitoring each risk category in an integrated manner in order to ensure the effectiveness of our comprehensive risk management. The Risk Management Department operates independently from other departments.

We have established special advisory committees to the Executive Committee to handle risk management responsibilities: the Risk Management Committee and the Asset Liability Management (ALM) Committee. These advisory committees submit risk management reports based on risk characteristics and hold discussions about risk management policies and systems. Meanwhile, officers in charge of the Risk Management sections also reports on such matters as the status of risk management to the Board of Directors, the Audit Committee and the Risk Committee on a periodic and as-needed basis.

Prior to launching new products, services, or businesses, we assess potential risks and select appropriate methods to measure risks.

Note: See page 67 for a diagram of the risk management system.

### Compliance with Basel Regulations

The Basel Committee on Banking Supervision has developed the Basel III global regulatory framework to ensure more resilient banks, including regulations for capital adequacy ratio, leverage ratio and liquidity. We have taken an appropriate response based on domestic standards.

Under Basel regulations, banks are required to conform to Pillar 1 (minimum requirements) including minimum capital requirements, Pillar 2 (Supervisory Review Process), which examines the adequacy of risk-based capital required for our banking business by the management of major risks including those not covered in Pillar 1, such as interest rate risk in the banking book, and credit concentration risks, and Pillar 3 (market discipline), which improve the effectiveness of market discipline through sufficient disclosures.

As of March 31, 2022, our capital adequacy ratio was 15.56% (consolidated), above the regulatory level (4%, domestic standard).

In calculating our capital adequacy ratio, we have adopted the Standardized Approach for credit risk-weighted assets, and the Basic Indicator Approach for operational risk equivalent. We have adopted the special exemption from inclusion for the calculation of market risk equivalent.

### Integrated Risk Management

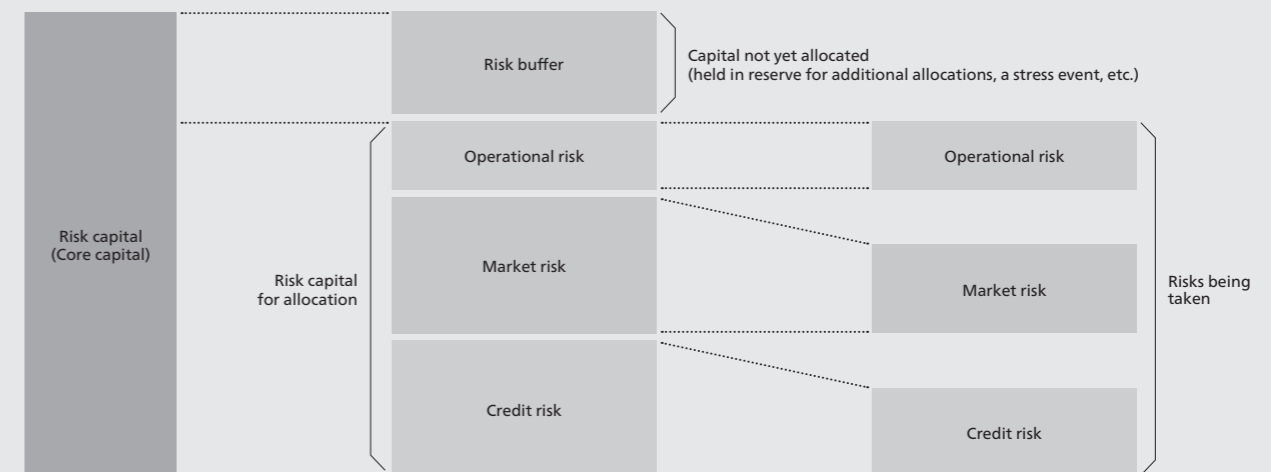
We broadly classify and define risks into five categories: market, market liquidity, funding liquidity, credit, and operational risks. We manage these risks using both quantitative and qualitative approaches.

In our quantitative approach, we have introduced integrated risk management that quantifies and controls risk. Specifically, we establish in advance a total amount of equity capital that is available to take on risk, or risk capital. Risk capital is then allocated to each business (allocation of risk capital) in accordance with the type of expected risk and nature of the business activities. To quantify market risk and credit risk and control risk exposure, we use value at risk (“VaR”) techniques. VaR is a statistical method used to compute the maximum expected loss based on assets and liabilities held at given probabilities and for given periods of time. In addition, we perform stress tests based on multiple stress scenarios that assume deterioration in macroeconomic conditions to assess the impact on our financial condition and capital adequacy ratio, for the purpose of verifying the appropriateness of business plans from the forward-looking standpoint of business sustainability.

In our qualitative approach, which is used in conjunction with the quantitative methodology, we assess the nature of the risks. For instance, for operational risk we have established a plan, do, check, action (“PDCA”) cycle that recognizes, evaluates, manages, and mitigates risk across our business activities.

Subject to the total amount of allocated capital approved by the Board of Directors, the allocation of risk capital is determined by the President and Representative Executive Officer following discussions in the ALM Committee and the Executive Committee.

### Risk Capital Allocation





## MARKET RISK MANAGEMENT / MARKET LIQUIDITY RISK MANAGEMENT

### Market Risk Management System

We manage market risk in a way that reflects the characteristics of our assets, which are principally marketable securities, and our liabilities, which are principally deposits. Through the following methods, we aim to achieve a stable income flow while appropriately controlling market risk.

We use the VaR statistical method to quantify market risk. We adjust our market risk frameworks and loss limits in order to ensure that market risk does not exceed risk capital allocated for this purpose. We conduct risk monitoring and management on an on going basis, and also carry out stress testing to account for extreme market fluctuations that might exceed our statistical estimates.

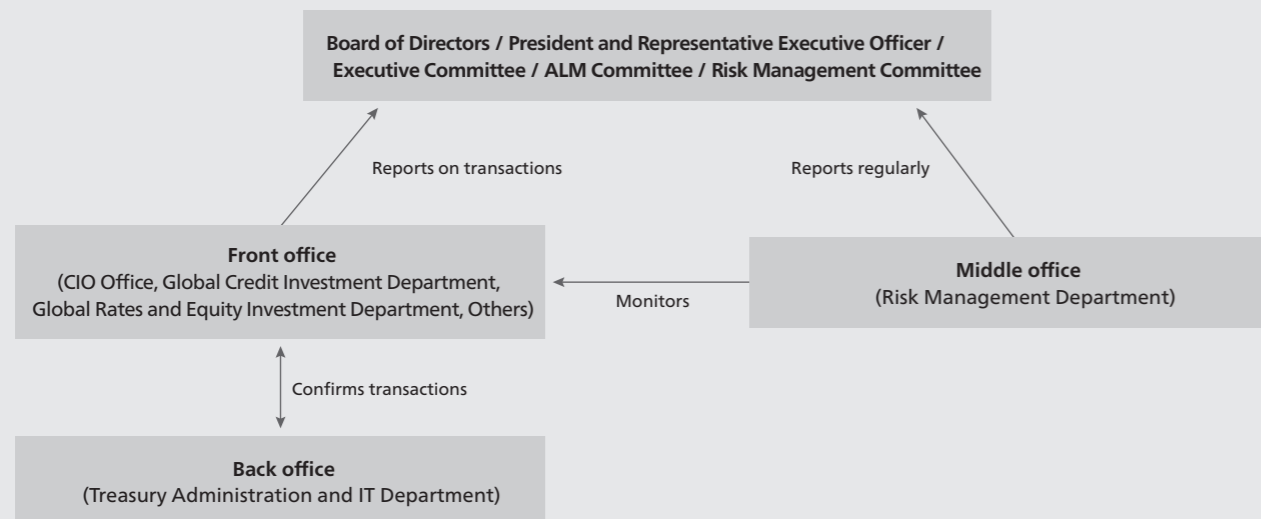
Moreover, we fully recognize the importance of interest rate risk on our business. In addition to monitoring interest rate risk on a daily basis using a 10 basis point value (10BPV) which denotes the change of present value given 10 basis points rise in the interest rates, we have established a framework to grasp interest rate risk in a multifaceted and proper manner. This included profit and loss simulations based on a variety of scenarios.

As far as the management of 10BPV is concerned, we not only make changes to the balances of assets and liabilities as well as the structure of maturities, but also employ such hedging methods as interest rate swaps.

To provide a system of cross checks and balances in market risk management, we have set up the Risk Management Department as a “middle office” that is independent from our front and back offices. Matters concerning the establishment and operation of a market risk management system and implementation of market risk management are decided through discussions in the Risk Management Committee, the ALM Committee and the Executive Committee.

Daily reports concerning our VaR, market risk limits and loss limits are made directly to management, allowing management to respond rapidly to developments. Risk analyses based on backtesting and stress testing are conducted regularly with reports made to the Executive Committee.

### Market Risk Management System



### Market Risk Measurement Model

Our VaR risk management model measures market risk based on a historical simulation method. The VaR model is based on a one-tailed confidence interval of 99%, a holding period of 240 business days (i.e., one year), and an observation period of 1,200 business days (i.e., five years).

To measure market risk relating to liquid deposits, the Bank has applied an internal model to allocate the estimated balance and termination dates of liquid deposits that have remained on deposit in the Bank for a long term without being withdrawn (so-called “core deposits”) and calculates the interest rate risk amount for them. Market risk relating to TEIGAKU deposits is calculated based on an estimated future cash flow model.

### Stress Tests

VaR models statistically calculate maximum losses at a certain probability, based on historical data. Accordingly, VaR models do not appropriately measure risks in the event of extreme market fluctuations or in the event that historical assumptions do not hold. We periodically perform stress tests to shed light on risks associated with an unexpected worsening in factors unique to our portfolio as well as events in the past that regular risk assessments failed to identify. The findings are reported to the Executive Committee.

### Market Liquidity Risk Management

Our basic approach to market liquidity risk management is to monitor portfolio assets and market conditions so that we are able to take appropriate actions in line with market liquidity conditions. The Risk Management Department monitors market liquidity risk as well as market risk.

### Market Risk Exposure

In the fiscal year ended March 31, 2022, our VaR was as follows:

Currently, we are engaged only in banking operations. We do not conduct trading operations.

### VaR (From April 1, 2021 to March 31, 2022)

	Billions of yen			
	Year-end	Maximum	Minimum	Average
Fiscal year ended March 31, 2022	¥3,853.2	¥4,069.4	¥3,510.4	¥3,807.6

## FUNDING LIQUIDITY RISK MANAGEMENT

Our basic approach to funding liquidity risk management is to closely monitor our funding conditions and take timely and appropriate actions when necessary. In addition, we maintain appropriate liquidity reserves in preparation for unexpected fund outflows.

The Risk Management Department, which was originally established to manage funding liquidity risk, conducts monitoring and analysis of funding liquidity risk.

In managing funding liquidity risk, we establish, monitor, and manage funding liquidity indicators to ensure stable liquidity management.

In accordance with funding liquidity and fund-raising trends, we have categorized risk into three stages: “normal,” “concerned,” and “emergency.” We have determined the principal measures we will take in the event that funding liquidity risk reaches the “concerned” or “emergency” stages.

## CREDIT RISK MANAGEMENT

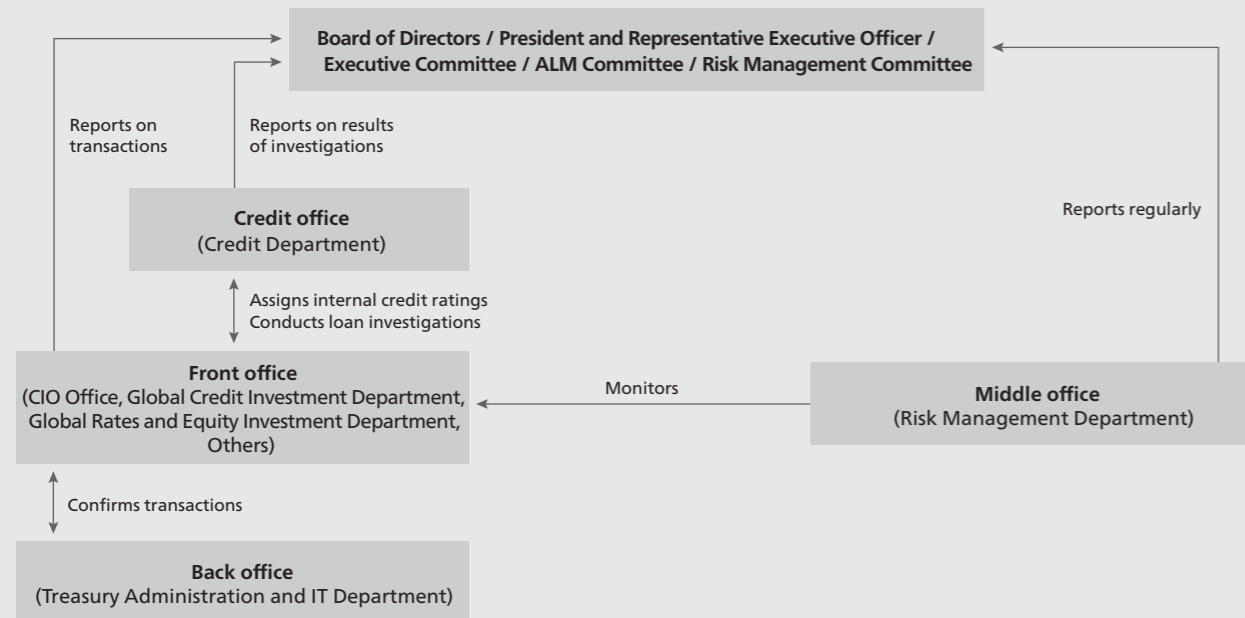
### Credit Risk Management System

The Risk Management Department provides a system of cross checks and balances in credit risk management, as a “middle office” that is independent from our front and back offices. The Risk Management Department oversees credit risk management, including credit risk measurement, credit concentration risk management, and the internal rating system. Matters concerning our credit risk management system are decided through regular discussions at the Executive Committee, the Risk Management Committee and the ALM Committee.

We use the VaR statistical method to quantify credit risk. We monitor our credit risk limit amounts on an ongoing basis in order to ensure that VaR does not exceed allocated risk capital. We also carry out stress testing to consider the possibility of credit risk due to large-scale economic fluctuations outside those in the VaR model. In addition, we set exposure limits for individual companies, corporate groups, countries and regions while engaging in a variety of activities including the monitoring and management of credit risk in order to control the concentration of credit.

We manage our credit risk using an internal credit rating system. Our Credit Department handles all credit investigations and assigns internal credit ratings to borrowers. In addition, it monitors borrowers.

### Credit Risk Management System



### Basic Principles of the Credit Code

The credit code establishes the basic philosophy and action guidelines for all our officers and employees to follow in the conduct of sound and proper credit business operations. The credit code has basic principles focusing on public welfare, soundness and profitability.

### Measuring Credit Risk

To measure our credit risk amount (VaR), we use a model which adopts the Monte Carlo method using a one-tailed confidence interval of 99% and holding period of one year.

### Stress Tests

VaR is a measurement of credit risk calculated using statistics based on certain probabilities derived from default rates and other data. It is therefore inadequate to measure any risks arising from a deterioration in creditworthiness caused by large-scale economic fluctuations. We periodically perform stress tests to shed light on risks associated with an unexpected worsening in factors unique to our portfolio as well as events in the past that regular risk assessments failed to identify. The findings are reported to the Executive Committee.

### Internal Credit Ratings

Internal credit ratings are used for various purposes such as in credit policies in daily credit management, credit risk measurement, appropriate pricing, management of the credit portfolio, initial self-assessments, and in making preparations related to write-offs and reserves. Accordingly, in accordance with their credit rating, borrowers are classified into the following 14 categories.

### Internal Credit Rating System

Grades	Concept	Category	
1	Has highest credit standing and many superior attributes.	Normal	
2	Has exceedingly high credit standing and superior attributes.		
3	Has high credit standing and certain superior attributes.		
4	Has sufficient credit standing but requires attention in case of significant changes in the environment.		
			a
5	Has no problems with credit standing at this point but has attributes requiring attention in case of changes in the environment.		
			a
6	Has no current problems with credit standing but has attributes requiring constant attention.		
			a
7	Has problems with loan conditions, such as by seeking interest rate reductions or rescheduling. Has problems with performance, such as overdue payments of principal or interest. Also has attributes requiring attention to management in the future, such as weak or unstable results or financial problems.		Borrowers requiring caution
8	Payment of principal or interest is past due three months or more calculated from the day following the scheduled payment date. Or, to facilitate the recovery of the loan, loan provisions have been eased to assist in the restructuring of the borrower or otherwise assisting the borrower. The borrower has fallen into business difficulties.		(Borrowers requiring monitoring)
9	Is not currently in bankruptcy but is having management problems. Progress with management improvement plan is not exceptional, and there is a high probability of bankruptcy in the future.	Doubtful borrowers	
10	Is not yet legally bankrupt but is in serious financial difficulty. Deemed to have no prospects for restructuring. Effectively bankrupt.	Substantially bankrupt borrowers	
11	Legally bankrupt.	Bankrupt borrowers	

### Self-assessments, Write-Offs, and Reserves

One key aspect of our credit risk management system is conducting self-assessments to classify our assets, based on degree of risk, by estimating the risk of non-recovery or loss in value. These self-assessments are the preparatory work for appropriate accounting treatment, including write-offs and reserves for possible loan losses.

Detailed accounting standards for reserves for possible loan losses are as follows.

In accordance with predefined standards for write-offs and reserves, reserves for possible loan losses are provided for, as described below, in accordance with borrower categories stipulated in “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” (Japanese Institute of Certified Public Accountants, Special Committee for Audits of Banks, etc., Report No. 4). Operational divisions conduct assessments of all loans in accordance with our standards for loan self-assessments. The results of those assessments are audited by the Internal Audit Planning Department, which is independent from operational divisions. The reserve is provided for in accordance with those assessments.

Loans to borrowers classified as normal or requiring caution are divided into groups, and the expected loss amount for each classification is reserved based on the data provided by credit rating agencies.

For loans to doubtful borrowers, we subtract from the loan balance both the estimated collectible amount from collateral and the estimated collectible amount from guarantees. We then make a provision at an amount equal to a portion of the resulting amount, based on our judgment.

For loans to bankrupt borrowers and loans to substantially bankrupt borrowers, we subtract from the loan balance both the estimated collectible amount from collateral and the estimated collectible amount from guarantees. We then make a provision at an amount equal to the entire resulting amount.

### Asset Classifications

Asset Category	Description
Unclassified (Type I)	Not classified as type II, III, or IV and deemed to have no problems in regard to recovery risk or damage to asset value.
Type II	Above-ordinary level of recovery risk due to failure to meet contractual obligations or to doubts about credit-related issues, etc.
Type III	Final recovery or asset value is very doubtful. There is a high risk of incurring a loss but it is difficult to rationally calculate the amount of that loss.
Type IV	Assessed as unrecoverable or worthless.

### Management of Individual Borrowers

We regularly monitor borrowers' loan repayment status, financial conditions, and other matters that affect credit standing in order to respond to the credit risks of borrowers in a timely and appropriate manner. We also more closely monitor certain borrowers depending on their business condition, such as borrowers subject to possible credit rating downgrades or experiencing sharp drop in stock price.

## OPERATIONAL RISK MANAGEMENT

Operational risk is the risk that losses will be incurred due to inadequate or failed internal processes, people and systems, or due to external events. We classify operational risk into seven categories: processing, IT system, information assets, legal, human resources, tangible assets, and reputational risks. Operational risk is managed in an integrated manner, by the Risk Management Department.

We identify, assess, control, monitor, and mitigate risk for each risk category to manage operational risk and to maintain the soundness of our operations.

The risk management process identifies risks associated with business operations and assesses these risks based on the occurrence frequency, and the degree of their impact on operations. Through the implementation of Risk & Control Self-Assessment (“RCSA”), operational risks and the control effectiveness for mitigating these risks are regularly assessed and examined. RCSA points out areas that require improvement and aspects of our risk management activities that need to be reinforced. Based on the results, we form improvement plans, establish measures to further mitigate risk exposure, and take the required actions.

We maintain an operational risk reporting system, which reports the occurrence of issues such as operational incidents and systemic issues. We analyze the contents of these reports to determine the causes of these incidents and problems and identify trends. This process yields fundamental data for formulating and executing effective countermeasures.

# Consolidated Financial Statements

## CONSOLIDATED BALANCE SHEETS

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
<b>Assets:</b>		
Cash and due from banks	¥ 60,769,486	¥ 66,667,709
Call loans	1,390,000	2,470,000
Receivables under resale agreements	9,721,360	9,861,753
Monetary claims bought	362,212	397,301
Trading account securities	13	11
Money held in trust	5,547,574	5,828,283
Securities	<sup>*1, 2, 3, 4</sup> 138,204,256	<sup>*1, 2, 3, 4</sup> 139,577,368
Loans	<sup>*3, 5</sup> 4,691,723	<sup>*3, 5</sup> 4,441,967
Foreign exchanges	<sup>*3</sup> 80,847	<sup>*3</sup> 213,924
Other assets	<sup>*3, 4</sup> 2,857,615	<sup>*3, 4</sup> 3,250,444
Tangible fixed assets	<sup>*6</sup> 198,137	<sup>*6</sup> 192,992
Buildings	84,182	79,214
Land	67,250	64,023
Construction in progress	93	4
Other	46,611	49,749
Intangible fixed assets	48,286	53,702
Software	29,386	34,426
Other	18,899	19,275
Deferred tax assets	93	77
Reserve for possible loan losses	(935)	(1,055)
<b>Total assets</b>	<b>¥223,870,673</b>	<b>¥232,954,480</b>

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
<b>Liabilities:</b>		
Deposits	<sup>*4</sup> ¥189,588,549	<sup>*4</sup> ¥193,438,613
Payables under repurchase agreements	<sup>*4</sup> 14,886,481	<sup>*4</sup> 19,461,646
Payables under securities lending transactions	<sup>*4</sup> 1,504,543	<sup>*4</sup> 1,514,438
Borrowed money	<sup>*4</sup> 3,917,500	<sup>*4</sup> 5,603,600
Foreign exchanges	514	697
Other liabilities	1,536,281	2,124,978
Reserve for bonuses	7,582	7,397
Liability for retirement benefits	133,542	134,749
Reserve for employee stock ownership plan trust	535	515
Reserve for management board benefit trust	303	365
Reserve for reimbursement of deposits	73,830	58,813
Deferred tax liabilities	826,179	306,402
<b>Total liabilities</b>	<b>212,475,846</b>	<b>222,652,218</b>
<b>Net assets:</b>		
Capital stock	3,500,000	3,500,000
Capital surplus	4,296,514	3,500,000
Retained earnings	2,750,234	2,414,349
Treasury stock	(1,300,844)	(902)
Total shareholders' equity	9,245,904	9,413,447
Net unrealized gains (losses) on available-for-sale securities	2,488,982	1,391,873
Net deferred gains (losses) on hedges	(370,486)	(538,991)
Accumulated adjustments for retirement benefits	5,687	3,890
Total accumulated other comprehensive income	2,124,183	856,772
Non-controlling interests	24,739	32,041
<b>Total net assets</b>	<b>11,394,827</b>	<b>10,302,261</b>
<b>Total liabilities and net assets</b>	<b>¥223,870,673</b>	<b>¥232,954,480</b>

## CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Ordinary income</b>	¥1,946,728	¥1,977,640
Interest income	1,198,391	1,369,735
Interest on loans	10,186	10,257
Interest and dividends on securities	1,162,011	1,333,041
Interest on call loans	191	139
Interest on receivables under resale agreements	(3,675)	(4,608)
Interest on receivables under securities borrowing transactions	331	886
Interest on deposits with banks	28,031	28,640
Other interest income	1,315	1,378
Fees and commissions	157,375	157,814
Other operating income	293,680	87,583
Other ordinary income	297,280	362,507
Reversal of reserve for possible loan losses	59	—
Recoveries of written-off claims	24	21
Other	*1 297,196	*1 362,486
<b>Ordinary expenses</b>	1,552,506	1,486,748
Interest expenses	241,154	226,652
Interest on deposits	38,323	20,984
Interest on payables under repurchase agreements	13,368	1,657
Interest on payables under securities lending transactions	6,908	2,597
Interest on commercial paper	250	—
Interest on borrowings	1,000	1
Other interest expenses	181,303	201,412
Fees and commissions	29,433	29,343
Other operating expenses	64,484	71,513
General and administrative expenses	*2 1,009,358	*2 981,401
Other ordinary expenses	208,075	177,837
Provision for reserve for possible loan losses	—	126
Other	*3 208,075	*3 177,710
<b>Net ordinary income</b>	394,221	490,891
<b>Extraordinary income</b>	—	6,379
Gains on sales and disposals of fixed assets	—	6,379
<b>Extraordinary loss</b>	1,566	697
Losses on sales and disposals of fixed assets	560	681
Losses on impairment of fixed assets	1,006	15
<b>Income before income taxes</b>	392,654	496,574
Income taxes—current	124,350	104,430
Income taxes—deferred	(11,225)	37,917
Total income taxes	113,124	142,348
<b>Net income</b>	279,529	354,225
<b>Net loss attributable to non-controlling interests</b>	(600)	(844)
<b>Net income attributable to owners of parent</b>	¥ 280,130	¥ 355,070

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Net income</b>	¥ 279,529	¥ 354,225
<b>Other comprehensive income (loss)</b>	*1 2,190,854	*1 (1,265,220)
Net unrealized gains (losses) on available-for-sale securities	2,232,843	(1,094,919)
Net deferred gains (losses) on hedges	(42,546)	(168,504)
Adjustments for retirement benefits	556	(1,797)
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	(0)	—
<b>Comprehensive income (loss)</b>	2,470,383	(910,994)
Total comprehensive income (loss) attributable to:		
Owners of parent	2,470,249	(912,339)
Non-controlling interests	¥ 134	¥ 1,344

## CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the fiscal year ended March 31, 2021

	Millions of yen				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the fiscal year	¥3,500,000	¥4,296,285	¥2,563,840	¥(1,300,881)	¥9,059,245
Cumulative effects of changes in accounting policies					—
Restated balance	3,500,000	4,296,285	2,563,840	(1,300,881)	9,059,245
Changes during the fiscal year					
Cash dividends			(93,736)		(93,736)
Net income attributable to owners of parent			280,130		280,130
Repurchase of treasury stock				(295)	(295)
Disposal of treasury stock				332	332
Cancellation of treasury stock					—
Changes in equity of parent due to transactions with non-controlling shareholders		228			228
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	228	186,393	36	186,659
Balance at the end of the fiscal year	¥3,500,000	¥4,296,514	¥2,750,234	¥(1,300,844)	¥9,245,904

	Millions of yen					
	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	¥ 256,874	¥(327,940)	¥5,131	¥ (65,935)	¥ 9,945	¥ 9,003,256
Cumulative effects of changes in accounting policies						—
Restated balance	256,874	(327,940)	5,131	(65,935)	9,945	9,003,256
Changes during the fiscal year						
Cash dividends						(93,736)
Net income attributable to owners of parent						280,130
Repurchase of treasury stock						(295)
Disposal of treasury stock						332
Cancellation of treasury stock						—
Changes in equity of parent due to transactions with non-controlling shareholders						228
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	2,232,108	(42,546)	556	2,190,118	14,793	2,204,912
Total changes during the fiscal year	2,232,108	(42,546)	556	2,190,118	14,793	2,391,571
Balance at the end of the fiscal year	¥2,488,982	¥(370,486)	¥5,687	¥2,124,183	¥24,739	¥11,394,827

For the fiscal year ended March 31, 2022

	Millions of yen				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance at the beginning of the fiscal year	¥3,500,000	¥ 4,296,514	¥2,750,234	¥(1,300,844)	¥9,245,904
Cumulative effects of changes in accounting policies			(119)		(119)
Restated balance	3,500,000	4,296,514	2,750,115	(1,300,844)	9,245,785
Changes during the fiscal year					
Cash dividends			(187,473)		(187,473)
Net income attributable to owners of parent			355,070		355,070
Repurchase of treasury stock				(195)	(195)
Disposal of treasury stock				260	260
Cancellation of treasury stock		(1,299,878)		1,299,878	—
Changes in equity of parent due to transactions with non-controlling shareholders					—
Transfer from retained earnings to capital surplus		503,363	(503,363)		—
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	(796,514)	(335,766)	1,299,942	167,661
Balance at the end of the fiscal year	¥3,500,000	¥ 3,500,000	¥2,414,349	¥ (902)	¥9,413,447

	Millions of yen					
	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	¥ 2,488,982	¥(370,486)	¥ 5,687	¥ 2,124,183	¥24,739	¥11,394,827
Cumulative effects of changes in accounting policies						(119)
Restated balance	2,488,982	(370,486)	5,687	2,124,183	24,739	11,394,708
Changes during the fiscal year						
Cash dividends						(187,473)
Net income attributable to owners of parent						355,070
Repurchase of treasury stock						(195)
Disposal of treasury stock						260
Cancellation of treasury stock						—
Changes in equity of parent due to transactions with non-controlling shareholders						—
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	(1,097,108)	(168,504)	(1,797)	(1,267,410)	7,301	(1,260,108)
Total changes during the fiscal year	(1,097,108)	(168,504)	(1,797)	(1,267,410)	7,301	(1,092,447)
Balance at the end of the fiscal year	¥ 1,391,873	¥(538,991)	¥ 3,890	¥ 856,772	¥32,041	¥10,302,261

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥ 392,654	¥ 496,574
Depreciation and amortization	35,033	37,716
Losses on impairment of fixed assets	1,006	15
Equity in losses (gains) of affiliates	(289)	(288)
Net change in reserve for possible loan losses	(95)	120
Net change in reserve for bonuses	104	(185)
Net change in liability for retirement benefits	2,034	460
Net change in reserve for employee stock ownership plan trust	(70)	(20)
Net change in reserve for management board benefit trust	(7)	62
Net change in reserve for reimbursement of deposits	(6,494)	(15,016)
Interest income	(1,198,391)	(1,369,735)
Interest expenses	241,154	226,652
Losses (gains) related to securities—net	214,460	189,586
Losses (gains) on money held in trust—net	(272,749)	(286,671)
Foreign exchange losses (gains)—net	(461,927)	(1,084,387)
Losses (gains) on sales and disposals of fixed assets—net	560	(5,698)
Net change in loans	268,257	248,159
Net change in deposits	6,586,564	3,850,064
Net change in borrowed money	3,907,400	1,686,100
Net change in call loans, etc.	(386,825)	(1,257,041)
Net change in receivables under securities borrowing transactions	112,491	—
Net change in call money, etc.	30,856	4,575,165
Net change in payables under securities lending transactions	(714,840)	9,894
Net change in foreign exchange assets	66,622	(133,076)
Net change in foreign exchange liabilities	3	182
Interest received	1,276,210	1,337,037
Interest paid	(429,823)	(343,003)
Other—net	(131,700)	(319,278)
<b>Subtotal</b>	<b>9,532,200</b>	<b>7,843,389</b>
Income taxes paid	(100,988)	(178,060)
<b>Net cash provided by (used in) operating activities</b>	<b>9,431,212</b>	<b>7,665,328</b>
<b>Cash flows from investing activities:</b>		
Purchases of securities	(30,203,051)	(41,533,832)
Proceeds from sales of securities	4,938,406	5,070,133
Proceeds from maturity of securities	25,240,978	35,078,648
Investment in money held in trust	(932,868)	(943,551)
Proceeds from disposition of money held in trust	745,711	776,297
Purchases of tangible fixed assets	(23,064)	(23,824)
Proceeds from sales of tangible fixed assets	—	10,226
Purchases of intangible fixed assets	(14,160)	(21,837)
Other—net	70	2,222
<b>Net cash provided by (used in) investing activities</b>	<b>(247,977)</b>	<b>(1,585,517)</b>
<b>Cash flows from financing activities:</b>		
Repurchase of treasury stock	(295)	(195)
Proceeds from disposal of treasury stock	71	52
Proceeds from investments by non-controlling shareholders	14,980	6,955
Cash dividends paid	(93,804)	(187,471)
Cash dividends paid to non-controlling shareholders	(105)	(998)
Proceeds from sale of investments in subsidiaries not resulting in change in the scope of consolidation	12	—
<b>Net cash provided by (used in) financing activities</b>	<b>(79,141)</b>	<b>(181,657)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>142</b>	<b>69</b>
<b>Net change in cash and cash equivalents</b>	<b>9,104,235</b>	<b>5,898,223</b>
<b>Cash and cash equivalents at the beginning of the fiscal year</b>	<b>51,600,251</b>	<b>60,704,486</b>
<b>Cash and cash equivalents at the end of the fiscal year</b>	<b>** ¥ 60,704,486</b>	<b>** ¥ 66,602,709</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Basis of Presenting Consolidated Financial Statements

JAPAN POST BANK Co., Ltd. (the “Bank,” together with its consolidated subsidiaries, the “Group”) became a private bank under the Banking Act of Japan (the “Banking Act”), as a wholly owned subsidiary of JAPAN POST HOLDINGS Co., Ltd., following its privatization on October 1, 2007 in accordance with the Postal Service Privatization Act. In November 2015, the Bank filed for an initial public offering. As a result, the Bank is no longer a wholly owned subsidiary of JAPAN POST HOLDINGS Co., Ltd., while its significant majority of shares are still held by JAPAN POST HOLDINGS Co., Ltd.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in a) the Japanese Financial Instruments and Exchange Act and its related accounting regulations and b) the “Ordinance for the Enforcement of the Banking Act” (Ordinance of Ministry of Finance No. 10 of 1982), and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which differ in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

In conformity with the Japanese Financial Instruments and Exchange Act and its related accounting regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen amount, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items.

### (Significant accounting policies for preparing consolidated financial statements)

#### 1. Scope of consolidation

##### (1) Consolidated subsidiaries: 6 companies

Name of principal companies

Japan Post Investment Corporation

JAPAN POST BANK LOAN CENTER Co., Ltd.

(Change in the scope of consolidation)

Two newly established companies were included in the scope of consolidation from the fiscal year ended March 31, 2022.

##### (2) Non-consolidated subsidiaries: 2 companies

Name of principal company

Advanced Fintech I Limited Partnership

The non-consolidated subsidiaries were excluded from the scope of consolidation since their assets, ordinary income, and our share of their net income, retained earnings and accumulated other comprehensive income did not have a material impact on, and their exclusion from the scope of consolidation would not prevent a reasonable judgment of, the Group’s financial position and business results.

#### 2. Application of the equity method

##### (1) Affiliates accounted for by the equity method: 2 companies

Name of principal companies

ATM Japan Business Service, Ltd.

JP Asset Management Co., Ltd.

- (2) Non-consolidated subsidiaries that are not accounted for by the equity method: 2 companies

Name of principal company

Advanced Fintech I Limited Partnership

The non-consolidated subsidiaries that are not accounted for by the equity method were excluded from the scope of the equity method since our share of their net income, retained earnings and accumulated other comprehensive income did not have a material impact, and their exclusion from the equity method would not have a significant impact, on the consolidated financial statements.

### 3. Fiscal years of consolidated subsidiaries

- (1) Balance sheet dates of the consolidated subsidiaries are as follows:

December 31: 4 companies

March 31: 2 companies

- (2) Consolidated subsidiaries whose balance sheet date is December 31 are consolidated using the preliminary financial statements as of March 31.

### 4. Accounting policies

- (1) Trading account securities

Trading account securities are stated at fair value.

- (2) Securities

- (i) Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost (straight-line method) determined by the moving-average method. Available-for-sale securities are stated at fair value (cost of securities sold is primarily calculated using the moving-average method). However, shares, etc. that do not have a market price are stated at cost determined by the moving-average method.

Net unrealized gains or losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, are stated as a separate component of net assets.

- (ii) For the securities that form part of trust assets in money held in trust, stocks are stated using the same method as (2) (i) above.

Net unrealized gains or losses on money held in trust classified as available-for-sale are stated as a separate component of net assets.

- (3) Derivatives

Derivatives are stated at fair value.

- (4) Fixed assets

- (i) Tangible fixed assets

Depreciation of tangible fixed assets is computed using the straight-line method. The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 75 years for others.

- (ii) Intangible fixed assets

The amortization of intangible fixed assets is computed using the straight-line method. Capitalized cost of computer software developed and obtained for internal use is amortized over the estimated useful life (mainly 5 years).

- (5) Reserve for possible loan losses

The reserve for possible loan losses is provided for in accordance with the prescribed standards for write-offs and reserves as described below:

Loans to normal borrowers and borrowers requiring caution, as provided by "Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" (Japanese Institute of Certified Public Accountants (JICPA), Special Committee for Audits of Banks, etc., Report No. 4, April 14, 2022), are classified into certain groups, and a reserve is provided for each group based on the estimated rate of loan losses. For loans to doubtful borrowers, a reserve is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, a reserve is provided based on the amount of loans, net of amounts expected to be collected through disposition of collateral or to be recoverable under guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

- (6) Reserve for bonuses

The reserve for bonuses is provided for the estimated amount of employees' bonuses attributable to the fiscal year.

- (7) Reserve for employee stock ownership plan trust

The reserve for employee stock ownership plan trust, which is provided for the payment of the Bank's shares to employees, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

- (8) Reserve for management board benefit trust

The reserve for management board benefit trust, which is provided for the payment of the Bank's shares, etc. to Executive Officers, is recorded in the amount expected to be incurred at the end of the fiscal year based on the estimated amount of stock benefit obligations at the end of the fiscal year.

- (9) Reserve for reimbursement of deposits

The reserve for reimbursement of deposits, which is provided for depositors' requests for refunds in relation to deposits that are no longer recorded as liabilities, is recorded in the amount of expected losses to be incurred, which is estimated based on future requests for refunds.

- (10) Employees' retirement benefits

The method of attributing projected benefit obligation to the periods ending on or before March 31, 2022 is the benefit formula basis.

Prior service cost is amortized using the straight-line method for a fixed period (10 years), within the employees' average remaining service period.

Actuarial gains and losses are amortized using the straight-line method for a fixed period (10 years), within the employees' average remaining service period, from the following fiscal year after they are incurred.

- (11) Significant revenues and expenses

The Group has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). The Group recognizes revenue at the amount expected to be received in exchange for the promised goods or services when the control of its goods or services is transferred to customers.



(12) Foreign currency transactions

Foreign currency denominated assets and liabilities are translated into Japanese yen principally at the exchange rates in effect at the consolidated balance sheet date.

(13) Hedge accounting

(i) Hedging against interest rate risks

The Group uses interest rate swaps to reduce its exposure to interest rate risk on its monetary assets. The Group applies the deferred hedge accounting method for hedges of interest rate risk on its monetary assets.

As for portfolio hedges on groups of large-volume, small-value monetary debts, the Group applies the deferred hedge accounting method as stipulated in "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, March 17, 2022).

To evaluate the effectiveness of portfolio hedges on groups of large-volume, small-value monetary debts, the Group designates deposits as hedged items and interest rate swaps and others as hedging instruments and assesses how the hedging instruments offset changes in the fair value of hedged items by grouping them into their maturities.

The Group considers the individual hedges to be highly effective because the Group designates the hedges in such a way that the major conditions of the hedged items are almost the same as the hedging instruments, which allows the interest rate swaps to meet conditions stipulated for special accounting treatment for interest rate swaps.

(ii) Hedging against foreign exchange fluctuation risks

The Group applies the deferred hedge accounting method, the fair value hedge accounting method or the allocation method to reduce its exposure to exchange rate fluctuations on the portion of the net unrealized gains or losses on available-for-sale securities exposed to the risks of foreign exchange fluctuations.

In order to hedge risk arising from volatility of exchange rates for securities denominated in foreign currencies, the Group applies portfolio hedges, on the conditions that the hedged foreign securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged foreign securities denominated in the same foreign currencies.

In case of the individual hedges, the Group considers its hedges to be highly effective because the Group designates the hedges in such a way that the major conditions of the hedged items and the hedging instruments are almost the same.

(14) Accounts to record gains or losses on cancellation of investment trusts

Gains or losses on cancellation of investment trusts are recorded as "interest and dividends on securities" if the underlying investment assets are bonds and bond equivalent, and as gains or losses on sales of stocks and other securities in "other ordinary income" or "other ordinary expenses" if the underlying investment assets are other than bonds and bond equivalent. However, if the total of "interest and dividends on securities" of investment trusts is a loss, such loss is recorded as losses on redemption of bonds in "other operating expenses."

(15) Scope of cash and cash equivalents on the consolidated statements of cash flows

For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent cash and due from banks on the consolidated balance sheets, excluding negotiable certificates of deposit in other banks.

**(Significant accounting estimates)**

Items using accounting estimates reported in the consolidated financial statements for the current fiscal year that may have a significant impact on the items on the consolidated financial statements for the following fiscal year are as follows:

Fair value measurement of securities

The Group's balance of securities measured at fair value is material, and it has a significant impact on the consolidated financial statements. Accordingly, the fair value of securities is considered as a significant factor in accounting estimates.

(1) Carrying amount in the consolidated financial statements

Securities	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
	¥138,204,256	¥139,577,368

(2) Information that facilitates readers' understanding of the details of the significant accounting estimates used for the identified items

(i) Calculation methodology and key assumptions

For bonds, the Group uses the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, etc., as the fair value. The Group uses the funds' unit price for investment trust as the fair value. Key assumptions for the comparable price method, or the price provided by third parties are inputs used for fair value measurement which include directly or indirectly observable inputs in the markets such as yield curves, spreads estimated based on the prices of similar securities, as well as inputs that are unobservable in the markets containing significant estimates.

(ii) Impact on the consolidated financial statements for the following fiscal year

Fair value of securities may fluctuate due to changes in inputs that are key assumptions, due to factors such as changes in market environment.

**(Changes in accounting policies)**

**(Application of Accounting Standard for Revenue Recognition, etc.)**

The Group has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022, and recognized revenue at the amount expected to be received in exchange for the promised goods or services when the control of its goods or services is transferred to customers.

The application of "Accounting Standard for Revenue Recognition", etc. is subject to the transitional treatment stipulated in the proviso of Paragraph 84 of "Accounting Standard for Revenue Recognition". The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended March 31, 2022, was added to or subtracted from the opening balance of retained earnings of the fiscal year ended March 31, 2022, and thus the new accounting policy was applied from such opening balance.

As a result, for the fiscal year ended March 31, 2022, other liabilities increased by ¥119 million in the consolidated balance sheets, ordinary income decreased by ¥779 million, ordinary expenses decreased by ¥831 million, and net ordinary income and income before income taxes each increased by ¥51 million in the consolidated statements of income, compared with the amounts before the application of "Accounting Standard for Revenue Recognition", etc.

For the fiscal year ended March 31, 2022, income before income taxes increased by ¥51 million, and other—net under cash flows from operating activities decreased by the same amount in the consolidated statements of cash flows.

As a result, due to the cumulative effect on net assets at the beginning of the fiscal year ended March 31, 2022, the opening balance of retained earnings decreased by ¥119 million in the consolidated statements of changes in net assets.

For the fiscal year ended March 31, 2022, net assets per share decreased by ¥0.02 and net income per share increased by ¥0.00.

Notes on "Revenue recognition" for the fiscal year ended March 31, 2021 are not provided in accordance with the transitional treatment stipulated in Paragraph 89-3 of "Accounting Standard for Revenue Recognition".

#### (Application of Accounting Standard for Fair Value Measurement, etc.)

The Group has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the fiscal year ended March 31, 2022. In accordance with the transitional treatment stipulated in Paragraph 19 of "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of "Accounting Standard for Financial Instrument" (ASBJ Statement No. 10, July 4, 2019), the Group has applied new accounting policies from the beginning of the fiscal year ended March 31, 2022. Due to the application, the measurement of the fair value of stocks with market price is changed from the fair value method based on the average market price during the period of one month before the fiscal year-end, etc. to the fair value method based on the fiscal year-end market price, etc.

In "Financial instruments," notes on the fair value information by level within the fair value hierarchy and other information are presented. However, such notes related to the fiscal year ended March 31, 2021 are not provided in accordance with the transitional treatment stipulated in Paragraph 7-4 of "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).

#### (Accounting pronouncements issued but not yet adopted)

- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021)

##### (1) Overview

The Guidance has been established on fair value measurement of investment trusts and notes, as well as notes on fair value of investments in partnerships, etc. for which the net amount equivalent to the Group's equity is recognized on the balance sheets.

##### (2) Scheduled date of application

The implementation of the guidance is scheduled to be applied from the beginning of the fiscal year ending March 31, 2023.

##### (3) Impact from the application of these accounting standards

Evaluation of the impact was ongoing at the time when these consolidated financial statements were prepared.

#### (Additional information)

##### (Transactions for Delivery of the Bank's Shares, etc. to its Executive Officers through Trusts)

The Bank introduced a performance-linked stock compensation system using a trust for the Bank's Executive Officers.

Regarding the accounting treatment of relevant trust agreements, the Bank adopted the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force (PITF) No. 30, March 26, 2015).

##### (1) Overview of transactions

The Bank grants points to its Executive Officers in accordance with the Stock Benefit Regulations, and delivers the Bank's shares to Executive Officers who have satisfied the beneficiary requirements as set forth in the Stock Benefit Regulations (hereinafter the "beneficiaries") in accordance with the number of points granted to the beneficiaries. A certain portion of the Bank's shares scheduled to be delivered will be converted into cash and the money will be paid by the trust (the management board benefit trust).

As for shares which the Bank intends to deliver to its Executive Officers, a trust bank acquires the Bank's shares from the stock market, including those intended for future deliveries, using money entrusted by the Bank in advance to establish the trust, and such acquired shares are separately managed as trust assets.

##### (2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2021 and 2022, were ¥290 million and 228 thousand shares, and ¥262 million and 206 thousand shares, respectively.

##### (Transactions for Delivery of the Bank's Shares to its Management Employees in the Investment Division through Trusts)

The Bank introduced an employee stock ownership plan using a trust for the Bank's management employees in the Investment Division.

Regarding the accounting treatment of relevant trust agreements, the Bank adopted the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force (PITF) No. 30, March 26, 2015).

##### (1) Overview of transactions

The Bank grants points to its management employees in the Investment Division in accordance with the Stock Benefit Regulations, and delivers the Bank's shares to those who have satisfied the beneficiary requirements as set forth in the Stock Benefit Regulations (hereinafter the "beneficiaries") in accordance with the number of points granted to the beneficiaries through the trust (the stock benefit trust).

As for shares which the Bank intends to deliver to its management employees in the Investment Division, a trust bank acquires the Bank's shares from the stock market, including those intended for future deliveries, using money entrusted by the Bank in advance to establish the trust, and such acquired shares are separately managed as trust assets.

##### (2) Residual shares remaining in the trust

The Bank recorded the shares remaining in the trust as treasury stock under net assets, at the book value in the trust (excluding incidental expenses). The book value and the number of said shares of treasury stock, as of March 31, 2021 and 2022, were ¥555 million and 493 thousand shares, and ¥518 million and 479 thousand shares, respectively.

**(Notes related to consolidated balance sheets)**

\*1. Stocks and investments in capital of non-consolidated subsidiaries and affiliates

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Stocks	¥ 846	¥ 834
Investments in capital	1,477	1,511

\*2. Japanese government bonds in "Securities" include unsecured and secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions). The amounts were as follows:

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
	¥2,070,129	¥2,504,966

The securities that the Group had the right to sell or (re-)pledge without restrictions among those purchased under resale agreements, etc. were as follows:

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Securities neither sold nor pledged as of the end of the fiscal year	¥1,894,866	¥4,303,658

\*3. Loans under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. Loans include Japanese corporate bonds (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part and for which the corporate bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)) in "securities," loans, foreign exchanges, accrued interest and suspense payments in "other assets," items recorded in customers' liabilities for acceptances and guarantees, and securities with notes in the case of lending of the securities (limited to those lent under a loan for use or lease agreement) in the consolidated balance sheets.

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Loans to borrowers classified as bankrupt or quasi-bankrupt	—	—
Loans to borrowers classified as doubtful	—	¥0
Past-due loans for three months or more	—	—
Restructured loans	—	—
Total	—	¥0

Loans to borrowers classified as bankrupt or quasi-bankrupt refer to loans to borrowers who have fallen into bankruptcy due to the commencement of bankruptcy proceedings, reorganization proceedings, rehabilitation proceedings, etc., or similar loans.

Loans to borrowers classified as doubtful refer to loans for which the borrowers have not yet entered into bankruptcy, but their financial condition and business performance have deteriorated and it is highly probable that the principal cannot be collected and the interest cannot be received in accordance with the contract, and exclude loans to borrowers classified as bankrupt or quasi-bankrupt.

Past-due loans for three months or more refer to loans with principal or interest unpaid for three months or more after the day following the due date, excluding loans to borrowers classified as bankrupt or quasi-bankrupt and loans to borrowers classified as doubtful.

Restructured loans refer to loans of which terms and conditions have been amended in favor of the borrowers, such as by a reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness, with the objective of restructuring businesses of the borrowers or supporting them, excluding the loans to borrowers classified bankrupt or quasi-bankrupt, loans to borrowers classified as doubtful and past-due loans for three months or more.

Amounts of loans shown above are the amounts before the reserve for possible loan losses is deducted.

**(Changes in presentation)**

In line with the enforcement of the "Cabinet Office Order Partially Amending the Regulation for Enforcement of the Banking Act, etc." (Cabinet Office Order No. 3, January 24, 2020) on March 31, 2022, the classification, etc. of "risk-monitored loans" under the Banking Act are presented pursuant to the classification, etc. of loans disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions.

\*4. Assets pledged as collateral and their relevant liabilities were as follows:

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Assets pledged as collateral:		
Securities	¥20,431,474	¥26,653,459
Liabilities corresponding to assets pledged as collateral:		
Deposits	754,882	608,469
Payables under repurchase agreements	14,886,481	19,461,646
Payables under securities lending transactions	1,504,543	1,514,438
Borrowed money	3,917,500	5,603,600

In addition, the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions were collateralized, and margins for future transactions, etc. were substituted by the following:

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Securities	¥2,951,466	¥2,643,836

"Other assets" included initial margins for future transactions, guarantee deposits, cash collateral paid for financial instruments, margins with central counterparty and other margins, etc. The amounts were as follows:

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Initial margins for future transactions	¥150,929	¥155,295
Guarantee deposits	2,090	1,817
Cash collateral paid for financial instruments	313,549	706,710
Margins with central counterparty	679,900	527,199
Other margins, etc.	208,129	300,929

- \*5. Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The Group will make the loans upon the request of an obligor to draw down funds under such loan agreements, unless any terms or conditions stipulated in the relevant loan agreement are violated. The amount of unused commitment balance relating to these loan agreements were as follows:

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Unused commitment balance	¥68,149	¥54,579
Loans in which the term of the agreement was less than one year (or those in which the unconditional cancellation of the agreement was allowed at any time)	35,500	20,221

In many cases, the term of the agreement runs its course without the loan ever being drawn down. Therefore, the unused amount will not necessarily affect future cash flows of the Group. Conditions are included in certain loan agreements that allow the Group to decline the request for a loan draw-down when there is due cause to do so, such as when there is a change in financial condition or when it is necessary to protect the Group's credit. At the inception of contracts, the Group has the obligor pledge collateral to the Group in the form of real estate, securities, etc., if considered to be necessary. Subsequently, the Group reviews the obligor's financial condition in accordance with the Group's established internal procedures and takes necessary measures to protect the Group's credit.

- \*6. Accumulated depreciation of tangible fixed assets

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Accumulated depreciation	¥186,453	¥196,551

#### (Notes related to consolidated statements of income)

- \*1. "Other ordinary income" included the following:

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Gains on sales of stocks and other securities	¥ 8,654	¥ 46,605
Gains on money held in trust	277,072	287,550

- \*2. "General and administrative expenses" included the following:

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	¥366,358	¥353,214
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network	237,439	237,040

- \*3. "Other ordinary expenses" included the following:

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Losses on sales of stocks and other securities	¥197,135	¥171,444

#### (Notes related to consolidated statements of comprehensive income)

- \*1. Reclassification adjustments and tax effect of other comprehensive income (loss)

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net unrealized gains (losses) on available-for-sale securities:		
Amount arising during the fiscal year	¥3,465,125	¥(1,394,667)
Reclassification adjustments	(246,946)	(184,556)
Before tax effect adjustments	3,218,179	(1,579,223)
Tax effect	(985,335)	484,304
Net unrealized gains (losses) on available-for-sale securities	2,232,843	(1,094,919)
Net deferred gains (losses) on hedges:		
Amount arising during the fiscal year	(177,663)	(442,565)
Reclassification adjustments	114,017	202,772
Adjustments of assets' acquisition costs	(1,701)	(1,239)
Before tax effect adjustments	(65,346)	(241,032)
Tax effect	22,800	72,527
Net deferred gains (losses) on hedges	(42,546)	(168,504)
Adjustments for retirement benefits:		
Amount arising during the fiscal year	2,724	(746)
Reclassification adjustments	(1,922)	(1,844)
Before tax effect adjustments	802	(2,590)
Tax effect	(245)	793
Adjustments for retirement benefits	556	(1,797)
Share of other comprehensive income (loss) of affiliates accounted for by the equity method:		
Amount arising during the fiscal year	0	—
Reclassification adjustments	(0)	—
Before tax effect adjustments	(0)	—
Tax effect	—	—
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	(0)	—
Total other comprehensive income (loss)	¥2,190,854	¥(1,265,220)

**(Notes related to consolidated statements of changes in net assets)**

For the fiscal year ended March 31, 2021

## 1. Type and number of shares issued and treasury stock

	Thousand shares				Notes
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	
Shares issued					
Common stock	4,500,000	—	—	4,500,000	
Treasury stock					
Common stock	751,207	326	288	751,246	(*) (**) (***)

\*The number of shares of treasury stock at the beginning of the fiscal year and that at the end of the fiscal year included 682 thousand shares and 721 thousand shares of treasury stock held by the stock benefit trust.

\*\*The increase of 326 thousand shares of treasury stock was due to the purchase of 326 thousand shares of treasury stock by the stock benefit trust and the purchase of 0 thousand shares of shares less than one unit.

\*\*\*The decrease of 288 thousand shares of treasury stock represents a decrease of 288 thousand shares of treasury stock due to the grant and the sale of treasury stock by the stock benefit trust.

## 2. Dividends

## (1) Dividends distributed during the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
May 15, 2020 at the meeting of the Board of Directors	Common stock	¥93,736	¥25.00	March 31, 2020	June 17, 2020

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 15, 2020 included dividends of ¥17 million for the Bank's shares held by the stock benefit trust.

## (2) Dividends with the record date within the fiscal year and with the effective date coming after the end of the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
May 14, 2021 at the meeting of the Board of Directors	Common stock	¥187,473	Retained earnings	¥50.00	March 31, 2021	June 18, 2021

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 14, 2021 included dividends of ¥36 million for the Bank's shares held by the stock benefit trust.

For the fiscal year ended March 31, 2022

## 1. Type and number of shares issued and treasury stock

	Thousand shares				Notes
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	
Shares issued					
Common stock	4,500,000	—	750,454	3,749,545	(*)
Treasury stock					
Common stock	751,246	201	750,691	755	(**) (***) (****)

\*The decrease of 750,454 thousand shares of common stock issued represents a decrease of 750,454 thousand shares due to the cancellation of treasury stock.

\*\*The number of shares of treasury stock at the beginning of the fiscal year and that at the end of the fiscal year included 721 thousand shares and 685 thousand shares of treasury stock held by the stock benefit trust.

\*\*\*The increase of 201 thousand shares of treasury stock was due to the purchase of 201 thousand shares of treasury stock by the stock benefit trust.

\*\*\*\*The decrease of 750,691 thousand shares of treasury stock represents a decrease of 750,454 thousand shares of treasury stock due to the cancellation of treasury stock and a decrease of 236 thousand shares of treasury stock due to the grant and the sale of treasury stock by the stock benefit trust.

## 2. Dividends

## (1) Dividends distributed during the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
May 14, 2021 at the meeting of the Board of Directors	Common stock	¥187,473	¥50.00	March 31, 2021	June 18, 2021

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 14, 2021 included dividends of ¥36 million for the Bank's shares held by the stock benefit trust.

## (2) Dividends with the record date within the fiscal year and with the effective date coming after the end of the fiscal year

Resolution	Type	Cash dividends (Millions of yen)	Resource of dividends	Cash dividends per share (Yen)	Record date	Effective date
May 13, 2022 at the meeting of the Board of Directors	Common stock	¥187,473	Retained earnings	¥50.00	March 31, 2022	June 17, 2022

Note: The total amount of dividends resolved by the Board of Directors' meeting held on May 13, 2022 included dividends of ¥34 million for the Bank's shares held by the stock benefit trust.

**(Notes related to consolidated statements of cash flows)**

## \*1. The reconciliation between cash and cash equivalents in the consolidated statements of cash flows and cash and due from banks in the consolidated balance sheets as of March 31, 2021 and 2022

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash and due from banks	¥60,769,486	¥66,667,709
Due from banks, –negotiable certificates of deposit in other banks	(65,000)	(65,000)
Cash and cash equivalents	¥60,704,486	¥66,602,709

## 2. Details of significant non-cash transactions

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cancellation of treasury stock	—	¥1,299,878

## (Leases)

### Operating lease transactions:

Future lease payments on non-cancelable operating leases

(Lessees)

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Due within one year	¥342	¥270
Due over one year	68	306
Total	¥410	¥577

(Lessors)

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Due within one year	¥101	¥101
Due over one year	—	304
Total	¥101	¥405

## (Financial instruments)

### 1. Notes related to the conditions of financial instruments

#### (1) Policy for handling financial instruments

The Group's operations comprise deposit-taking up to designated limits, syndicated loans and other lending, securities investment, domestic and foreign exchange, retail sales of Japanese government bonds, investment trusts, and insurance products, intermediary services including mortgages, and credit card operations.

The Group raises funds primarily through deposits from individuals, and subsequently manages those funds by investing in securities including Japanese bonds and foreign bonds as well as by making loans. Most of these financial assets and liabilities are subject to price fluctuations associated with market movements and other risks, making it necessary to manage them so that future interest rate and foreign exchange rate movements do not have a negative impact on the Group including affecting the stability of its earnings. The Group therefore strives to appropriately manage its earnings and risks using integrated asset-liability management (ALM), and as part of this, engages in derivative transactions including interest rate swaps, currency swaps and others.

Since its incorporation in October 2007, the Group has diversified its earnings sources through investment diversification and consequently the outstanding amount of financial assets with credit risk has steadily grown. However, these investments are made with careful regard to the securities in which the Group invests and the amount invested so that the occurrence of a credit risk event or other factors will not result in excessive losses.

#### (2) Details of financial instruments and associated risks

The financial assets held by the Group are securities including Japanese bonds and foreign bonds. These financial assets contain credit risk with regard to the issuer and risks associated with interest rate fluctuations, market price movements, and other factors. Financial assets also include loans and stock investments via money held in trust, but the amounts of these investments are less than those of bonds and other securities.

From the viewpoints of the Group's ALM, the Group utilizes interest rate swaps and others as hedging instruments for interest rate-related transactions to avoid the risks of changes in future economic values and interest rates (cash flows) of securities, loans, and time deposits on fluctuations of the yen interest rate. For currency-related transactions, the Group utilizes currency swaps and others as hedging instruments to avoid the risk of foreign exchange fluctuations in connection with the translation of foreign currency-denominated securities held by the Group and related yen translation amounts of redemption of principal and interest.

Derivative transactions which meet certain requirements are accounted for by the hedge accounting method to control the effect on financial accounting within a fixed range when utilizing derivatives for hedging purposes. The hedging instruments, the hedged items, the hedging policy, and the way to evaluate the effectiveness of hedges are included in the section "Significant accounting policies for preparing of consolidated financial statements 4. Accounting policies (13) Hedge accounting."

### (3) Risk management structure for financial instruments

#### (i) Basic policy

The Executive Committee has established special advisory committees, the Risk Management Committee and the ALM Committee, to handle risk management responsibilities. These advisory committees submit risk management reports based on the nature of each risk and discuss risk management policies and measures.

#### (ii) Credit risk

The Group manages credit risk using Value at Risk (VaR: a statistical method that identifies the maximum loss possible based on designated probabilities in the financial assets and liabilities held) based on internal guidelines to quantitatively measure the amount of credit risk. The Group sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of credit risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

In order to control credit concentration, the Group has set upper limits of exposure for individual companies, corporate groups, countries and regions to monitor and manage such risk.

The Risk Management Department oversees credit risk management activities including credit risk measurement, management of credit concentration risk and the Group's internal credit rating system. The Credit Department assigns internal credit ratings, monitors borrower status, watches large borrowers, and judges individual loans.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the credit risk management structure, and matters related to the implementation of credit risk management.

#### (iii) Market risk

As per the Group's ALM policy, the Group makes investments in instruments including Japanese and foreign bonds and equities as part of its banking operations, and these investments may therefore be affected by interest rate, exchange rate, stock price and other fluctuations. However, based on internal guidelines regarding market risk management, the Group measures the amount of market risk using the VaR statistical method. The Group sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of market risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

The main financial instruments held by the Group or transactions undertaken by the Group that are affected by changes in variable components of major market risk (interest rates, currency exchange rates, stock prices) are call loans, monetary claims bought, money held in trust, securities, loans, deposits and derivative transactions.

The Group measures and manages market risk using the VaR method. For its market risk measurement model, the Group uses a historical simulation method (holding period of 240 business days (one year); confidence interval of 99%; and observation period of 1,200 business days (five years)). For liability measurement, the Group uses its own internal model.

As of March 31, 2021, the Group calculated the amounts of its market risk exposure (estimated potential losses from such risk) at ¥3,689,515 million. As of March 31, 2022, the Group calculated the amounts of its market risk exposure (estimated potential losses from such risk) at ¥3,853,231 million. VaR provides the major market risk exposure which is statistically calculated under certain probability based on historical market fluctuations. Thus, it may not capture fully the risk stemming from extraordinary changes in the market environment that are normally considered improbable. To complement such risks, the Group conducts stress testing using a variety of scenarios.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the market risk management structure, and matters related to the implementation of market risk management.

In addition, the Group has a distinctive asset and liability structure, with Japanese government bonds, etc. accounting for the majority of its assets and deposits for a majority of its liabilities. Recognizing the importance of the impact of interest rate risk on the Group's profit structure, the Group closely monitors and carefully controls interest rate risk by performing earnings simulations based on various market scenarios as part of its ALM.

Policy with regard to its ALM is discussed and determined at meetings of the Executive Committee, and the status of its implementation is reported to the ALM Committee and the Executive Committee.

The Group manages market risk that arises from derivative transactions by separating the responsibilities of executing transactions, evaluating the effectiveness of hedges and operational management, and by establishing an internal control structure, based on internal guidelines related to derivatives.

#### (iv) Funding liquidity risk

The Group's funding liquidity risk management consists primarily of closely monitoring funding conditions and taking timely and appropriate actions. It then maintains appropriate liquidity reserves for unexpected fund outflows.

Through these steps, the Group sets, monitors, and analyzes its funding liquidity indicators to ensure stable liquidity management.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the funding liquidity risk management structure and matters related to the implementation of funding liquidity risk management.

#### (4) Supplementary explanation of items related to the fair value of financial instruments

The Group determines the fair value of financial instruments based on various assumptions, and the value may be changed if different assumptions and other factors are applied.

#### 2. Notes related to the fair value of financial instruments

The amounts in the consolidated balance sheets, the fair values, and the differences between the two were as follows.

Notes on cash and due from banks, call loans, receivables under resale agreements, payables under repurchase agreements, and payables under securities lending transactions are omitted as their fair values are approximately the same as their book values due to the short settlement period.

As of March 31, 2021

	Millions of yen		
	Amount on the consolidated balance sheet	Fair value	Difference
(1) Monetary claims bought	¥ 362,212	¥ 362,212	¥ —
(2) Trading account securities:			
Securities classified as trading purposes	13	13	—
(3) Money held in trust	5,099,821	5,083,744	(16,076)
(4) Securities:			
Held-to-maturity securities	25,178,079	25,416,257	238,178
Available-for-sale securities	110,713,723	110,713,723	—
(5) Loans:	4,691,723		
Reserve for possible loan losses (*)	(145)		
	4,691,577	4,710,098	18,520
<b>Total assets</b>	<b>¥146,045,429</b>	<b>¥146,286,051</b>	<b>¥240,621</b>
(1) Deposits	¥189,588,549	¥189,636,410	¥ 47,861
(2) Borrowed money	3,917,500	3,917,500	—
<b>Total liabilities</b>	<b>¥193,506,049</b>	<b>¥193,553,910</b>	<b>¥ 47,861</b>
Derivative transactions (**):			
For which hedge accounting is not applied	¥ (6,066)	¥ (6,066)	¥ —
For which hedge accounting is applied	(785,271)	(785,271)	—
<b>Total derivative transactions</b>	<b>¥ (791,337)</b>	<b>¥ (791,337)</b>	<b>¥ —</b>

\*Reserve for possible loan losses is the general reserve for possible loan losses corresponding to loans.

\*\*Figures are total derivative instruments recorded in other assets or other liabilities. The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.

As of March 31, 2022

	Millions of yen		
	Amount on the consolidated balance sheet	Fair value	Difference
(1) Monetary claims bought	¥ 397,301	¥ 397,301	¥ —
(2) Trading account securities:			
Securities classified as trading purposes	11	11	—
(3) Money held in trust	3,640,631	3,640,631	—
(4) Securities:			
Held-to-maturity securities	23,069,257	22,998,401	(70,855)
Available-for-sale securities	113,222,865	113,222,865	—
(5) Loans:	4,441,967		
Reserve for possible loan losses (*)	(139)		
	4,441,827	4,443,792	1,964
<b>Total assets</b>	<b>¥144,771,895</b>	<b>¥144,703,003</b>	<b>¥(68,891)</b>
(1) Deposits	¥193,438,613	¥193,468,815	¥ 30,201
(2) Borrowed money	5,603,600	5,603,600	—
<b>Total liabilities</b>	<b>¥199,042,213</b>	<b>¥199,072,415</b>	<b>¥ 30,201</b>
Derivative transactions (**):			
For which hedge accounting is not applied	¥ (83,002)	¥ (83,002)	¥ —
For which hedge accounting is applied (***)	(1,002,975)	(1,002,975)	—
<b>Total derivative transactions</b>	<b>¥ (1,085,978)</b>	<b>¥ (1,085,978)</b>	<b>¥ —</b>

\*Reserve for possible loan losses is the general reserve for possible loan losses and the specific reserve for possible loan losses corresponding to loans.  
\*\*Figures are total derivative instruments recorded in other assets or other liabilities. The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.  
Derivatives under the allocation method, such as foreign exchange forward contracts, are treated as being an inseparable part of the securities being hedged, and their fair value is therefore included in that of the corresponding securities.  
\*\*\*These derivative transactions are interest rate swaps, etc. designated as hedging instruments to offset changes in the fair value of securities and other hedged items and the Group mainly applies the deferred hedge accounting method. The Group applies the "Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (Practical Issues Task Force (PITF) No. 40, March 17, 2022) for these hedging relationships.

(Note 1) The amounts in the consolidated balance sheets of shares, etc. that do not have a market price and investments in partnerships, etc. (as of March 31, 2021, financial instruments that are deemed to be extremely difficult to determine a fair value for) were as follows. The fair value information of these financial instruments is not included in "Assets (3) Money held in trust" and "Assets (4) Securities."

As of March 31, 2021

Type	Millions of yen
	Amount on the consolidated balance sheet
Money held in trust (*)	¥ 447,752
Securities	
Unlisted stocks (**)	24,170
Investment trusts (***)	2,217,712
Investments in partnerships (****)	70,176
Other	393
<b>Total</b>	<b>¥2,760,205</b>

\*Money held in trust, with underlying investment assets that are deemed to be extremely difficult to determine a fair value such as private REIT, is not included in the scope of fair value disclosures.  
\*\*Unlisted stocks are not included in the scope of fair value disclosures because they did not have a market price and were deemed to be extremely difficult to determine a fair value.  
\*\*\*Investment trusts, with underlying investment assets that are deemed to be extremely difficult to determine a fair value such as unlisted stocks, are not included in the scope of fair value disclosures.  
\*\*\*\*Investments in partnerships are not included in the scope of fair value disclosures because they consisted of partnership assets such as unlisted stocks for which it is deemed to be extremely difficult to determine a fair value.

As of March 31, 2022

Type	Millions of yen
	Amount on the consolidated balance sheet
Money held in trust (*) (**) (***)	¥2,187,652
Securities	
Unlisted stocks (*)	33,447
Investment trusts (**)	3,161,984
Investments in partnerships (***)	89,812
Other	—
<b>Total (****)</b>	<b>¥5,472,897</b>

\*Unlisted stocks, etc. are not included in the scope of fair value disclosures in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, March 31, 2020).  
\*\*Some of the investment trusts to which transitional treatment is applied in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019; hereinafter "Fair Value Measurement Guidance") follow the previous treatment and are not included in the scope of fair value disclosures.  
\*\*\*Investments in partnerships are not included in the scope of fair value disclosures in accordance with Paragraph 27 of the Fair Value Measurement Guidance.  
\*\*\*\*An impairment loss of ¥1,501 million was recognized in the fiscal year ended March 31, 2022.

(Note 2) Scheduled redemption amounts of monetary claims and securities with a maturity date subsequent to the fiscal year

As of March 31, 2021

	Millions of yen					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Monetary claims bought	¥ 3,666	¥ 37,072	¥ 32,159	¥ 58,153	¥ 81,957	¥ 148,106
Securities:	15,047,017	29,271,851	8,642,131	9,805,391	10,049,266	18,294,298
Held-to-maturity securities	6,362,407	11,507,925	1,198,328	822,487	1,398,730	3,878,818
Japanese government bonds	6,304,300	10,730,100	—	—	—	3,550,000
Japanese local government bonds	42,607	174,212	671,088	138,904	855,960	—
Japanese corporate bonds	15,500	603,613	527,240	683,583	542,770	328,818
Other securities	—	—	—	—	—	—
Available-for-sale securities (with maturity date)	8,684,609	17,763,926	7,443,802	8,982,904	8,650,536	14,415,480
Japanese government bonds	2,328,274	9,359,310	1,318,510	4,374,471	4,576,298	6,952,100
Japanese local government bonds	694,718	1,380,556	745,369	636,989	106,396	—
Short-term corporate bonds	1,869,500	—	—	—	—	—
Japanese corporate bonds	994,068	1,805,356	1,400,068	761,350	496,400	926,570
Other securities	2,798,048	5,218,702	3,979,854	3,210,093	3,471,441	6,536,809
Loans	2,464,331	695,648	549,390	254,418	386,697	334,474
<b>Total</b>	<b>¥17,515,016</b>	<b>¥30,004,572</b>	<b>¥9,223,680</b>	<b>¥10,117,963</b>	<b>¥10,517,920</b>	<b>¥18,776,879</b>



As of March 31, 2022

	Millions of yen					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Monetary claims bought	¥ 2,873	¥ 8,732	¥ 85,126	¥ 82,105	¥ 36,843	¥ 182,082
Securities:	20,086,007	17,691,591	11,763,314	10,280,045	12,460,208	20,802,424
Held-to-maturity securities	8,931,066	3,688,679	2,309,703	1,279,430	1,409,760	5,455,761
Japanese government bonds	8,676,800	2,053,300	—	—	—	4,264,900
Japanese local government bonds	38,914	450,601	802,985	441,429	1,004,913	—
Japanese corporate bonds	68,870	870,915	923,477	827,557	404,847	436,596
Other securities	146,481	313,862	583,241	10,442	—	754,265
Available-for-sale securities (with maturity date)	11,154,940	14,002,911	9,453,611	9,000,615	11,050,448	15,346,663
Japanese government bonds	5,879,187	4,919,770	3,327,813	3,037,447	6,437,605	10,133,400
Japanese local government bonds	710,029	1,124,984	564,673	372,681	41,287	—
Short-term corporate bonds	1,434,500	—	—	—	—	—
Japanese corporate bonds	962,203	1,584,505	1,139,266	493,571	570,100	807,769
Other securities	2,169,021	6,373,651	4,421,858	5,096,915	4,001,455	4,405,494
Loans (*)	2,165,053	686,586	504,834	314,075	423,394	341,964
Total	¥22,253,934	¥18,386,909	¥12,353,276	¥10,676,226	¥12,920,447	¥21,326,471

\*Loans do not include ¥0 million in loans, etc. to bankrupt, substantially bankrupt and doubtful borrowers, for which redemption cannot be expected.

(Note 3) Scheduled repayment amounts of interest-bearing liabilities subsequent to the fiscal year

As of March 31, 2021

	Millions of yen					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits (*)	¥117,631,529	¥11,086,454	¥11,688,362	¥21,295,472	¥27,886,729	¥—
Borrowed money	3,904,600	7,700	5,200	—	—	—
Total	¥121,536,129	¥11,094,154	¥11,693,562	¥21,295,472	¥27,886,729	¥—

\*Demand deposits are included in "One Year or Less."

As of March 31, 2022

	Millions of yen					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits (*)	¥123,165,222	¥12,086,520	¥13,565,375	¥23,932,579	¥20,688,915	¥—
Borrowed money	5,587,000	11,400	5,200	—	—	—
Total	¥128,752,222	¥12,097,920	¥13,570,575	¥23,932,579	¥20,688,915	¥—

\*Demand deposits are included in "One Year or Less."

3. Fair value information by level within the fair value hierarchy

The financial instruments are classified into the following three levels of fair value hierarchy according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the financial instruments are categorized in their entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments booked at fair value on the consolidated balance sheets

As of March 31, 2022

	Millions of yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
Monetary claims bought	¥ —	¥ —	¥397,301	¥ 397,301
Money held in trust (*)	3,430,723	—	—	3,430,723
Trading account securities and securities:				
Securities classified as trading purposes				
Japanese government bonds	11	—	—	11
Available-for-sale securities				
Japanese government bonds	32,577,280	1,708,273	—	34,285,554
Japanese local government bonds	—	2,834,364	—	2,834,364
Short-term corporate bonds	—	1,434,510	—	1,434,510
Japanese corporate bonds	7,945	5,568,591	1,837	5,578,374
Others (*)	12,202,644	10,285,826	213,158	22,701,628
Total assets	¥48,218,605	¥21,831,567	¥612,297	¥70,662,470
Derivative transactions (**):				
Interest rate-related derivatives	¥ —	¥ (122,039)	¥ —	¥ (122,039)
Currency-related derivatives	—	(964,269)	—	(964,269)
Credit derivatives	—	330	—	330
Total derivative transactions	¥ —	¥ (1,085,978)	¥ —	¥ (1,085,978)

\*Investment trusts to which transitional treatment is applied in accordance with Paragraph 26 of the Fair Value Measurement Guidance are not included in the above table. The amount of such investment trusts on the consolidated balance sheets is ¥46,413,302 million.

\*\*Figures are total derivative instruments recorded in other assets or other liabilities. The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.

(2) Financial instruments other than those booked at fair value on the consolidated balance sheets

As of March 31, 2022

	Millions of yen			
	Fair value			Total
	Level 1	Level 2	Level 3	
Money held in trust	¥ —	¥ 185,036	¥ —	¥ 185,036
Securities:				
Held-to-maturity securities				
Japanese government bonds	14,942,818	—	—	14,942,818
Japanese local government bonds	—	2,734,662	—	2,734,662
Japanese corporate bonds	—	3,527,416	—	3,527,416
Others	246,165	1,534,335	13,002	1,793,504
Loans	—	—	4,443,792	4,443,792
Total assets	¥15,188,984	¥ 7,981,451	¥4,456,794	¥ 27,627,230
Deposits	¥ —	¥193,468,815	¥ —	¥193,468,815
Borrowed money	—	5,603,600	—	5,603,600
Total liabilities	¥ —	¥199,072,415	¥ —	¥199,072,415

(Note 1) Explanation of the valuation techniques and inputs used in the fair value measurements

Assets

Monetary claims bought

The Group uses the price provided by third parties such as brokers, etc. as the fair value, and classifies the monetary claims bought as Level 3 fair value.

Money held in trust

For the securities representing trust assets in money held in trust, the Group uses the price at the exchange market for stocks and the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association for bonds as the fair value. As a result, the trust assets in money held in trust are principally classified as Level 1 fair value. The Group uses the funds' unit price for investment trust as the fair value, which is not classified into any level of fair value hierarchy as the transitional treatment is applied in accordance with Paragraph 26 of the Fair Value Measurement Guidance.

Notes pertaining to money held in trust by holding purpose are included in the section "Money held in trust."

Trading account securities

The Group uses the purchase price provided by the Bank of Japan as the fair value and classifies the trading account securities as Level 1 fair value as unadjusted quoted prices in active markets are available.

Securities

For bonds, the Group uses the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association, the comparable price method, or the price provided by third parties such as outside vendors and brokers, etc., as the fair value.

Of bonds that use the Reference Statistical Prices for OTC Bond Transactions published by the Japan Securities Dealers Association and the comparable price method as the fair value, Japanese government bonds and treasury discount bills are principally classified as Level 1 fair value, while bonds other than those are classified as Level 2 fair value. Bonds that use the price provided by third parties such as outside vendors and brokers, etc. as the fair value are classified as either of Level 1, 2 or 3, based on observability of the prices obtained and inputs, etc. in the market.

For bonds subject to the allocation method, such as foreign exchange forward contracts, etc., the fair value of such foreign exchange forward contracts, etc. is reflected.

The Group uses the funds' unit price for investment trust as the fair value, which is not classified into any level of fair value hierarchy as the transitional treatment is applied in accordance with Paragraph 26 of the Fair Value Measurement Guidance.

Notes pertaining to securities by holding purpose are included in the section "Securities."

Loans

Loans with floating interest rates reflect market interest rates within the short term. When a borrower's credit standing does not change significantly after the loan was originated, the fair value is approximately the same as the book value, and therefore the Group uses the book value as the fair value. For fixed-rate loans, the Group calculates the fair value for each loan based on total principal and interest amounts discounted at the interest rate that reflects the remaining tenor and credit risk of the borrower. As a result, fixed-rate loans are classified as Level 3 fair value.

For loans that are limited to within a designated percentage of the amount of pledged assets, such as loans secured by deposit, the fair value is approximately the same as the book value based on the repayment period, interest rate conditions, etc., and therefore the Group uses the book value as the fair value. As a result, such loans are classified as Level 3 fair value.

Liabilities

Deposits

For demand deposits including transfer deposits and ordinary deposits, the Group uses the amount that might be paid on demand at the consolidated balance sheet date (the book value) as the fair value and classifies demand deposits as Level 2 fair value.

For fixed-term deposits, the Group categorizes the deposits by specified tenors and calculates the present value by discounting the projected future cash flow, which is used as their fair value. As a result, fixed-term deposits are classified as Level 2 fair value.

For TEIGAKU deposits, the Group categorizes the deposits by specified tenors and calculates the present value by discounting the projected future cash flow, reflecting an early cancellation rate calculated using historical results, which is used as their fair value. When unobservable inputs are not significant to the fair value measurement, these TEIGAKU deposits are classified as Level 2 fair value. When significant unobservable inputs are used for measurement, the TEIGAKU deposits are classified as Level 3 fair value.

The Group uses the interest rates on newly accepted deposits as the discount rates.

Borrowed money

The fair value of borrowed money is stated at its present value, which is calculated by discounting the projected future cash flow, using the refinancing rate applicable to a similar loan. The fair value of borrowed money on a short-term contract (due within one year) is approximately the same as the book value, and therefore the Group uses the book value as the fair value and classifies borrowed money as Level 2 fair value.

#### Derivative transactions

The derivative instruments are classified as Level 1 fair value when unadjusted quoted prices in active markets are available for the measurement.

However, since most of the derivative instruments are traded over the counter and there are no quoted market prices, the Group measures their fair value using valuation techniques including the discounted cash flow method according to their transaction type and maturity period. Major inputs used for these measurement methods are interest rates and exchange rates. Measurement reflects price adjustments, as necessary, based on counterparty credit risk and the Bank's own credit risk. When unobservable inputs are not used or their impact is insignificant, such derivative instruments, e.g. plain vanilla interest rate swap transactions, foreign exchange forward contracts, etc., are classified as Level 2 fair value. When significant unobservable inputs are used for measurement, these derivative instruments are classified as Level 3 fair value.

(Note 2) Information about Level 3 fair value of financial instruments that are recorded on the consolidated balance sheets at their fair value

#### (1) Quantitative information on significant unobservable inputs

As of March 31, 2022

As the Bank does not conduct estimation of inputs it cannot observe itself, the quantitative information is not provided.

#### (2) Reconciliation from the beginning balance to the ending balance and unrealized gains or losses recognized in profit or loss for the fiscal year

As of March 31, 2022

	Beginning Balance	Profit or loss or other comprehensive income for the fiscal year ended March 31, 2022		Net amount of purchase, sale, issuance and settlement	Transfer into Level 3 fair value	Transfer out of Level 3 fair value (***)	Ending balance	Unrealized gains or losses of financial assets and financial liabilities held at the end of the period included in profit or loss for the fiscal year ended March 31, 2022 (*)
		Recognized in profit or loss (*)	Recognized in other comprehensive income (**)					
Monetary claims bought	¥362,212	¥ (8)	¥(1,551)	¥ 36,648	¥—	¥ —	¥397,301	¥ —
Securities								
Available-for-sale securities								
Japanese corporate bonds	3,951	(6)	(6)	(2,100)	—	—	1,837	—
Others	316,057	3,793	3,223	(57,848)	—	(52,067)	213,158	2,284

\*Principally included in "other operating income" in the consolidated statements of income

\*\*Included in "net unrealized gains (losses) on available-for-sale securities" under "other comprehensive income (loss)" in the consolidated statements of comprehensive income

\*\*\*Transferred out of Level 3 fair value into Level 2 fair value mainly because observable market data became available for foreign bonds. The transfer is made at the beginning of the fiscal year

#### (3) Explanation of valuation processes used for fair value measurements

The fair value verification department has established policies and procedures for measuring fair value, and each fair value measurement department measures fair value accordingly. The fair value verification department that is independent from the fair value measurement departments verifies whether the fair value obtained is measured using valid valuation techniques and inputs, and based on the verification results, financial instruments are classified into an appropriate level of the fair value hierarchy. The results of the verification are reported to the ALM Committee to ensure that the policies and procedures for measuring fair value are appropriate.

In measuring fair value, the Group uses a valuation model that most appropriately reflects the nature, characteristics and risks of each financial instrument. In addition, when using quoted prices obtained from third parties, the Group verifies whether the prices are valid using appropriate methods, such as confirming the valuation techniques and inputs used and comparing them with the fair value of similar financial instruments.

#### (4) Explanation of an impact on fair value in the case of changing significant unobservable inputs

As the Bank does not conduct estimation of inputs it cannot observe itself, the explanation is not provided.

#### (Securities)

The fair value information of securities was as follows.

Securities discussed here include trading account securities, negotiable certificates of deposit recorded under cash and due from banks, monetary claims bought, as well as securities listed on the consolidated balance sheets.

#### 1. Trading account securities

As of March 31, 2021

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the consolidated statements of income.

As of March 31, 2022

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the consolidated statements of income.

2. Held-to-maturity securities  
As of March 31, 2021

		Millions of yen		
Type	Amount on the consolidated balance sheet	Fair value	Difference	
Those for which the fair value exceeds the amount on the consolidated balance sheet	Japanese government bonds	¥18,677,079	¥18,933,328	¥256,249
	Japanese local government bonds	1,034,174	1,037,327	3,152
	Japanese corporate bonds	1,324,166	1,335,856	11,690
	Others:	—	—	—
	Foreign bonds	—	—	—
Total	21,035,420	21,306,512	271,092	
Those for which the fair value does not exceed the amount on the consolidated balance sheet	Japanese government bonds	1,899,303	1,873,734	(25,569)
	Japanese local government bonds	857,086	855,539	(1,547)
	Japanese corporate bonds	1,386,269	1,380,471	(5,797)
	Others:	—	—	—
	Foreign bonds	—	—	—
Total	4,142,659	4,109,745	(32,914)	
<b>Total</b>	<b>¥25,178,079</b>	<b>¥25,416,257</b>	<b>¥238,178</b>	

As of March 31, 2022

		Millions of yen		
Type	Amount on the consolidated balance sheet	Fair value	Difference	
Those for which the fair value exceeds the amount on the consolidated balance sheet	Japanese government bonds	¥11,775,643	¥11,854,045	¥ 78,402
	Japanese local government bonds	489,173	490,226	1,052
	Japanese corporate bonds	830,147	835,731	5,584
	Others:	573,309	587,450	14,140
	Foreign bonds	573,309	587,450	14,140
Total	13,668,273	13,767,454	99,180	
Those for which the fair value does not exceed the amount on the consolidated balance sheet	Japanese government bonds	3,198,569	3,088,773	(109,796)
	Japanese local government bonds	2,257,336	2,244,435	(12,900)
	Japanese corporate bonds	2,709,892	2,691,684	(18,207)
	Others:	1,235,185	1,221,125	(14,059)
	Foreign bonds	1,235,185	1,221,125	(14,059)
Total	9,400,984	9,246,019	(154,964)	
<b>Total</b>	<b>¥23,069,257</b>	<b>¥23,013,473</b>	<b>¥ (55,784)</b>	

3. Available-for-sale securities for which fair value is available  
As of March 31, 2021

		Millions of yen		
Type	Amount on the consolidated balance sheet	Acquisition cost	Difference (*)	
Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Bonds:	¥ 31,908,997	¥ 31,257,734	¥ 651,262
	Japanese government bonds	23,640,387	23,047,518	592,868
	Japanese local government bonds	3,277,504	3,260,034	17,470
	Short-term corporate bonds	—	—	—
	Japanese corporate bonds	4,991,105	4,950,182	40,923
	Others:	62,306,084	60,291,563	2,014,520
	Foreign bonds	19,267,470	18,156,915	1,110,554
	Investment trusts (**)	42,831,251	41,928,585	902,666
	Total	94,215,081	91,549,298	2,665,783
	Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost	Bonds:	9,915,164	9,968,604
Japanese government bonds		6,276,707	6,326,778	(50,070)
Japanese local government bonds		325,048	325,346	(297)
Short-term corporate bonds		1,869,535	1,869,535	—
Japanese corporate bonds		1,443,873	1,446,945	(3,072)
Others:		7,010,689	7,216,565	(205,875)
Foreign bonds		4,237,646	4,316,801	(79,155)
Investment trusts (**)		2,553,193	2,679,643	(126,450)
Total		16,925,854	17,185,170	(259,316)
<b>Total</b>		<b>¥111,140,936</b>	<b>¥108,734,468</b>	<b>¥2,406,467</b>

\*Of the difference shown above, ¥173,512 million gains were included in the consolidated statements of income due to the application of fair value hedge accounting.

\*\*Investment trusts are mainly invested in foreign bonds.

Note: Available-for-sale securities that are deemed to be extremely difficult to determine a fair value which are not included above were as follows:

Millions of yen	
	Amount on the consolidated balance sheet
Unlisted stocks	¥ 23,323
Investment trusts	2,217,712
Investments in partnerships	68,699
Other	393
<b>Total</b>	<b>¥2,310,129</b>

As of March 31, 2022

		Millions of yen		
Type		Amount on the consolidated balance sheet	Acquisition cost	Difference (*)
Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Bonds:	¥ 26,611,899	¥ 26,210,101	¥ 401,797
	Japanese government bonds	21,440,751	21,068,637	372,113
	Japanese local government bonds	2,258,366	2,249,997	8,368
	Short-term corporate bonds	—	—	—
	Japanese corporate bonds	2,912,781	2,891,465	21,315
	Others:	47,373,677	45,580,679	1,792,998
	Foreign bonds	19,132,613	17,607,478	1,525,135
	Investment trusts (**)	28,146,188	27,878,997	267,190
Total	73,985,576	71,790,780	2,194,795	
Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost	Bonds:	17,520,905	17,818,708	(297,802)
	Japanese government bonds	12,844,802	13,131,172	(286,369)
	Japanese local government bonds	575,998	576,999	(1,000)
	Short-term corporate bonds	1,434,510	1,434,510	—
	Japanese corporate bonds	2,665,593	2,676,025	(10,432)
	Others:	22,178,684	22,405,572	(226,887)
	Foreign bonds	3,569,014	3,609,865	(40,850)
	Investment trusts (**)	18,242,243	18,427,086	(184,842)
Total	39,699,590	40,224,280	(524,690)	
<b>Total</b>	<b>¥113,685,166</b>	<b>¥112,015,061</b>	<b>¥1,670,105</b>	

\*Of the difference shown above, ¥852,922 million gains were included in the consolidated statements of income due to the application of fair value hedge accounting.

\*\*Investment trusts are mainly invested in foreign bonds.

Note: Shares, etc. that do not have a market price and investments in partnerships, etc. which are not included above were as follows:

Millions of yen	
	Amount on the consolidated balance sheet
Unlisted stocks	¥ 32,613
Investment trusts	3,161,984
Investments in partnerships	88,300
Other	—
<b>Total</b>	<b>¥3,282,899</b>

#### 4. Held-to-maturity securities sold during the fiscal year

There were no held-to-maturity securities sold during the fiscal years ended March 31, 2021 and 2022.

#### 5. Available-for-sale securities sold during the fiscal year

For the fiscal year ended March 31, 2021

		Millions of yen		
Type		Sales proceeds	Total realized gains	Total realized losses
Bonds:		¥1,672,266	¥ 2,846	¥ (44,514)
Japanese government bonds		1,671,527	2,846	(44,505)
Japanese corporate bonds		738	—	(9)
Others:		3,266,139	44,312	(217,105)
Foreign bonds		2,503,750	35,657	(19,969)
Investment trusts		762,388	8,654	(197,135)
<b>Total</b>		<b>¥4,938,406</b>	<b>¥47,158</b>	<b>¥(261,619)</b>

For the fiscal year ended March 31, 2022

		Millions of yen		
Type		Sales proceeds	Total realized gains	Total realized losses
Bonds:		¥1,220,598	¥ 295	¥ (17,958)
Japanese government bonds		1,208,275	267	(17,799)
Japanese corporate bonds		12,323	27	(159)
Others:		3,849,533	54,577	(224,999)
Foreign bonds		3,076,856	7,972	(53,554)
Investment trusts		772,676	46,605	(171,444)
<b>Total</b>		<b>¥5,070,131</b>	<b>¥54,872</b>	<b>¥(242,957)</b>

#### 6. Securities for which accounting for impairment was applied

For securities (excluding shares, etc. that do not have a market price and investments in partnerships, etc.) other than trading securities, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Group reduces its book value of securities to fair value on the consolidated balance sheet and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized.

No impairment losses were recognized for the fiscal years ended March 31, 2021 and 2022.

The criteria for determining if a security's fair value shows a "substantial decline," as a general principle, are as follows:

- a) Bonds and bonds equivalent
  - Securities whose fair value is 70% or less than the acquisition cost
- b) Securities other than a)
  - Securities whose fair value is 50% or less than the acquisition cost, or
  - Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

However, domestic listed stocks, etc. are determined using the value calculated based on the average market price during the period of one month before the fiscal year-end, instead of the fair value in b) above.

**(Money held in trust)**

The fair value information of money held in trust was as follows.

## 1. Money held in trust for the purpose of trading

As of March 31, 2021

The Group did not hold money held in trust for the purpose of trading.

As of March 31, 2022

The Group did not hold money held in trust for the purpose of trading.

## 2. Money held in trust for the purpose of being held-to-maturity

As of March 31, 2021

The Group did not hold money held in trust for the purpose of being held-to-maturity.

As of March 31, 2022

The Group did not hold money held in trust for the purpose of being held-to-maturity.

## 3. Money held in trust (excluding trading and held-to-maturity purposes)

As of March 31, 2021

	Millions of yen				
	Amount on the consolidated balance sheet	Acquisition cost	Difference	Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost
Money held in trust classified as:					
Available-for-sale	¥5,099,821	¥3,744,714	¥1,355,107	¥1,375,644	¥(20,537)

Notes: 1. "Those for which the amount on the consolidated balance sheet exceeds the acquisition cost" and "Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost" represent the breakdown of the "Difference" for the respective items.  
2. Money held in trust classified as available-for-sale for which it is deemed to be extremely difficult to determine a fair value which is not included above was as follows:

	Millions of yen
	Amount on the consolidated balance sheet
Money held in trust classified as:	
Available-for-sale	¥447,752

As of March 31, 2022

	Millions of yen				
	Amount on the consolidated balance sheet	Acquisition cost	Difference	Those for which the amount on the consolidated balance sheet exceeds the acquisition cost	Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost
Money held in trust classified as:					
Available-for-sale	¥3,640,631	¥2,463,141	¥1,177,490	¥1,220,003	¥(42,513)

Notes: 1. "Those for which the amount on the consolidated balance sheet exceeds the acquisition cost" and "Those for which the amount on the consolidated balance sheet does not exceed the acquisition cost" represent the breakdown of the "Difference" for the respective items.  
2. Money held in trust classified as available-for-sale consisting of shares, etc. that does not have a market price and investments in partnerships, etc. which is not included above was as follows:

	Millions of yen
	Amount on the consolidated balance sheet
Money held in trust classified as:	
Available-for-sale	¥2,187,652

## 4. Money held in trust for which accounting for impairment was applied

For the securities (excluding shares, etc. that do not have a market price and investments in partnerships, etc.) that form part of the trust assets in money held in trust other than that for the purpose of trading, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Group reduces its book value of securities to fair value on the consolidated balance sheets and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized.

Impairment losses for the fiscal years ended March 31, 2021 and 2022 amounted to ¥5,528 million and ¥1,955 million, respectively.

The criteria for determining if a security's fair value shows a "substantial decline," as a general principle, are as follows:

- a) Bonds and bonds equivalent
  - Securities whose fair value is 70% or less than the acquisition cost
- b) Securities other than a)
  - Securities whose fair value is 50% or less than the acquisition cost, or
  - Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

However, domestic listed stocks, etc. are determined using the value calculated based on the average market price during the period of one month before the fiscal year-end, instead of the fair value in b) above.

**(Net unrealized gains (losses) on available-for-sale securities)**

Net unrealized gains (losses) on available-for-sale securities consisted of the following:

As of March 31, 2021

	Millions of yen
	Amount
Valuation differences:	¥ 3,588,270
Available-for-sale securities	2,235,145
Money held in trust classified as:	
Available-for-sale	1,353,124
Deferred tax assets (liabilities)	(1,098,729)
Net unrealized gains (losses) on available-for-sale securities (before adjustment)	2,489,540
Amount corresponding to non-controlling interests	(558)
Amount corresponding to net unrealized gains (losses) on available-for-sale securities owned by affiliates, which is attributable to the Bank	—
Net unrealized gains (losses) on available-for-sale securities	¥ 2,488,982

Notes: 1. In addition to the difference shown above, ¥173,512 million gains were included in the consolidated statements of income due to the application of fair value hedge accounting.  
2. "Valuation differences" included the following:
 

- Foreign currency translation adjustment related to available-for-sale securities denominated in foreign currencies that are deemed to be extremely difficult to determine the fair value for and valuation differences related to available-for-sale securities which comprised partnership asset components: ¥2,190 million gains
- Foreign currency translation adjustment related to available-for-sale securities denominated in foreign currencies included in the underlying investment assets of money held in trust classified as available-for-sale that is deemed to be extremely difficult to determine a fair value: ¥1,982 million losses

As of March 31, 2022

	Millions of yen
	Amount
Valuation differences:	<b>¥2,009,046</b>
Available-for-sale securities	<b>827,069</b>
Money held in trust classified as: Available-for-sale	<b>1,181,977</b>
Deferred tax assets (liabilities)	<b>(614,424)</b>
Net unrealized gains (losses) on available-for-sale securities (before adjustment)	<b>1,394,621</b>
Amount corresponding to non-controlling interests	<b>(2,747)</b>
Amount corresponding to net unrealized gains (losses) on available-for-sale securities owned by affiliates, which is attributable to the Bank	—
<b>Net unrealized gains (losses) on available-for-sale securities</b>	<b>¥1,391,873</b>

Notes: 1. In addition to the difference shown above, ¥852,922 million gains were included in the consolidated statements of income due to the application of fair value hedge accounting.

2. "Valuation differences" included the following:

- Foreign currency translation adjustment, etc. related to shares, etc. that do not have a market price and investments in partnerships that are denominated in foreign currencies: ¥9,886 million gains
- Foreign currency translation adjustment, etc. related to shares, etc. that do not have a market price and investments in partnerships that are denominated in foreign currencies and included in the underlying investment assets of money held in trust: ¥4,487 million gains

## (Derivatives)

### 1. Derivatives for which hedge accounting is not applied

For derivative transactions for which hedge accounting is not applied, the contract amounts at the balance sheet date for each type of underlying instrument, the principal equivalent amount stipulated in the contract, the fair value, and unrealized gains or losses are as follows. The amount shown as the contract amount, etc., does not show market risk related to the derivative transactions.

#### (1) Interest rate-related derivatives

As of March 31, 2021

There were no interest rate-related derivatives.

As of March 31, 2022

There were no interest rate-related derivatives.

#### (2) Currency-related derivatives

As of March 31, 2021

Category	Type	Millions of yen			
		Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value	Unrealized gains/losses
	Currency swaps	—	—	—	—
	Foreign exchange forward contracts:				
OTC	Sold	¥574,082	¥—	¥(17,612)	¥(17,612)
	Bought	559,872	—	11,117	11,117
<b>Total</b>		—	—	¥ (6,495)	¥ (6,495)

Note: The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.

As of March 31, 2022

Category	Type	Millions of yen			
		Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value	Unrealized gains/losses
	Currency swaps	¥681,912	¥681,912	¥(74,510)	¥(74,510)
	Foreign exchange forward contracts:				
OTC	Sold	300,077	—	(14,462)	(14,462)
	Bought	176,636	—	5,638	5,638
<b>Total</b>		—	—	¥(83,333)	¥(83,333)

Note: The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.

#### (3) Equity-related derivatives

As of March 31, 2021

There were no equity-related derivatives.

As of March 31, 2022

There were no equity-related derivatives.

#### (4) Bond-related derivatives

As of March 31, 2021

Category	Type	Millions of yen			
		Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value	Unrealized gains/losses
	Bond futures:				
Listed	Sold	¥19,470	¥—	¥(147)	¥(147)
<b>Total</b>		—	—	¥(147)	¥(147)

Note: The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.

As of March 31, 2022

There were no bond-related derivatives.

#### (5) Commodity-related derivatives

As of March 31, 2021

There were no commodity-related derivatives.

As of March 31, 2022

There were no commodity-related derivatives.

(6) Credit derivatives  
As of March 31, 2021

Category	Type	Millions of yen			
		Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value	Unrealized gains/losses
OTC	Credit default swaps:				
	Sold	¥28,107	¥28,107	¥576	¥576
Total		—	—	¥576	¥576

Notes: 1. The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.  
2. "Sold" represents transactions in which the credit risk is accepted.

As of March 31, 2022

Category	Type	Millions of yen			
		Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value	Unrealized gains/losses
OTC	Credit default swaps:				
	Sold	¥28,223	¥14,000	¥330	¥330
Total		—	—	¥330	¥330

Notes: 1. The above transactions are stated at fair value and unrealized gains (losses) are charged to income or expenses in the consolidated statements of income.  
2. "Sold" represents transactions in which the credit risk is accepted.

2. Derivatives for which hedge accounting is applied

For derivative transactions for which hedge accounting is applied, the contract amount at the balance sheet date for each type of underlying instruments for each hedge accounting method, the principal equivalent amount stipulated in the contract, and the fair value are as follows. The amount shown as the contract amount, etc., does not show market risk related to the derivative transactions.

(1) Interest rate-related derivatives  
As of March 31, 2021

Hedge accounting method	Type	Primary hedged instrument	Millions of yen		
			Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value
Standard treatment	Interest rate swap transactions: Pay floating swaps, receive fixed swaps	Available-for-sale securities (Japanese government bonds and foreign securities), Deposits	¥3,400,000	¥3,400,000	¥ 40,662
	Pay fixed swaps, receive floating swaps		4,736,647	3,574,948	(233,971)
Total			—	—	¥(193,308)

Note: The deferred hedge accounting method is applied as the hedge accounting method for interest rate risks arising from financial assets and liabilities.

As of March 31, 2022

Hedge accounting method	Type	Primary hedged instrument	Millions of yen		
			Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value
Standard treatment	Interest rate swap transactions: Pay floating swaps, receive fixed swaps	Available-for-sale securities (Japanese government bonds and foreign securities), Deposits	¥3,400,000	¥3,400,000	¥ 13,672
	Pay fixed swaps, receive floating swaps		4,027,585	3,634,563	(135,712)
Total			—	—	¥(122,039)

Note: The deferred hedge accounting method is applied as the hedge accounting method for interest rate risks arising from financial assets and liabilities.

(2) Currency-related derivatives  
As of March 31, 2021

Hedge accounting method	Type	Primary hedged instrument	Millions of yen		
			Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value
Standard treatment	Currency swaps	Available-for-sale securities (Foreign securities)	¥8,073,418	¥7,167,516	¥(409,961)
			911,908	532,259	(39,259)
Accounting method for recognizing gains and losses on hedged items	Foreign exchange forward contracts: Sold	Available-for-sale securities (Foreign securities)	3,096,033	—	(142,741)
			—	—	¥(591,962)
Total			—	—	¥(591,962)

Note: The deferred hedge accounting method is primarily used to hedge the risk from market exchange rate fluctuations for foreign currency-denominated securities.

As of March 31, 2022

Hedge accounting method	Type	Primary hedged instrument	Millions of yen		
			Contract amount, etc.	Portion of contract amount, etc., exceeding one year	Fair value
Standard treatment	Currency swaps	Available-for-sale securities (Foreign securities)	¥8,654,075	¥7,754,729	¥(762,397)
			477,496	316,058	(67,700)
Accounting method for recognizing gains and losses on hedged items	Foreign exchange forward contracts: Sold	Available-for-sale securities (Foreign securities)	738,004	—	(50,837)
			641,528	635,047	(Note 2)
Total			—	—	¥(880,935)

Notes: 1. The deferred hedge accounting method is primarily used to hedge the risk from market exchange rate fluctuations for foreign currency-denominated securities.  
2. Derivatives under the allocation method, such as foreign exchange forward contracts, are treated as being an inseparable part of the securities being hedged, and their fair value is therefore included in that of the corresponding securities under Note "Financial Instruments."

(3) Equity-related derivatives

As of March 31, 2021

There were no equity-related derivatives.

As of March 31, 2022

There were no equity-related derivatives.

(4) Bond-related derivatives

As of March 31, 2021

There were no bond-related derivatives.

As of March 31, 2022

There were no bond-related derivatives.



## (Retirement benefits)

### 1. Outline of employees' retirement benefit plans adopted by the Group

The Group has a lump-sum retirement payment plan for employees based on its retirement benefit rule.

In addition, started from October 1, 2015, the new retirement pension plan has been applied to the Bank. The plan is based on the "Act for Partial Amendment of the Act on National Public Officers' Retirement Allowance, etc., for the Purpose of Review over the Levels of the Retirement Benefits for National Public Officers (Act No. 96 of 2012)," which was introduced as a new pension system to replace the discontinued occupational portion (third-tier portion) of the mutual pension.

### 2. Defined-benefit plan

#### (1) Reconciliations of the projected benefit obligation at the beginning and the end of the fiscal years

Category	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Projected benefit obligation at the beginning of the fiscal year	¥134,232	¥133,542
Service cost	6,851	6,737
Interest cost on projected benefit obligation	935	934
Net actuarial (gains) losses arising during the fiscal year	(351)	746
Retirement benefits paid	(5,443)	(7,127)
Prior service cost arising during the fiscal year	(2,542)	—
Other	(139)	(84)
Projected benefit obligation at the end of the fiscal year	¥133,542	¥134,749

Note: Since the Group revised the lump-sum retirement payment plan due to the extension of the retirement age from 60 to 65, prior service cost was incurred for the fiscal year ended March 31, 2021.

#### (2) Reconciliations of the projected benefit obligation at the end of the fiscal years and the liability for retirement benefits recorded on the consolidated balance sheets

Category	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Unfunded projected benefit obligation	¥133,542	¥134,749
The liability for retirement benefits recorded on the consolidated balance sheets	¥133,542	¥134,749

#### (3) Total retirement benefit costs and components

Category	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Service cost	¥ 6,851	¥ 6,737
Interest cost on projected benefit obligation	935	934
Amortization of net actuarial (gains) losses	(761)	(428)
Amortization of prior service cost	(1,330)	(1,415)
Other	32	18
Total retirement benefit costs related to the defined-benefit plan	¥ 5,727	¥ 5,846

#### (4) Adjustments for retirement benefits

Adjustments for retirement benefits (before tax effect) consisted of the following:

Category	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Prior service cost	¥1,211	¥(1,415)
Net actuarial (gains) losses	(409)	(1,175)
Total	¥ 802	¥(2,590)

#### (5) Accumulated adjustments for retirement benefits

Accumulated adjustments for retirement benefits (before tax effect) consisted of the following:

Category	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Unrecognized prior service cost	¥6,920	¥5,505
Unrecognized net actuarial gains (losses)	1,277	102
Total	¥8,198	¥5,607

#### (6) Assumptions used in the calculation of projected benefit obligation

The major assumptions used in the calculation of projected benefit obligation

Category	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Discount rate	0.7%	0.7%

## (Stock options, etc.)

For the fiscal year ended March 31, 2021

There were no stock options.

For the fiscal year ended March 31, 2022

There were no stock options.

## Deferred tax assets/liabilities

### 1. The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Deferred tax assets:		
Reserve for possible loan losses	¥ 0	¥ 0
Liability for retirement benefits	40,900	41,270
Accrued enterprise taxes	5,036	2,765
Net deferred losses on hedges	167,565	240,093
Reserve for reimbursement of deposits	22,610	18,011
Depreciation	7,762	7,012
Unrealized losses of money held in trust	3,123	3,073
Other	32,076	25,390
Subtotal deferred tax assets	279,076	337,619
Valuation allowance	(21)	(39)
Total deferred tax assets	279,054	337,579
Deferred tax liabilities:		
Net unrealized gains on available-for-sale securities	(1,098,729)	(614,424)
Other	(6,411)	(29,479)
Total deferred tax liabilities	(1,105,140)	(643,904)
Net deferred tax liabilities	¥ (826,086)	¥(306,324)

## 2. The reconciliation of the effective statutory tax rate of the Group to the effective income tax rate

	As of March 31, 2021	As of March 31, 2022
Effective statutory tax rate	30.62%	<b>30.62%</b>
Adjustments for:		
Permanent differences (e.g., Entertainment expenses)	0.00	<b>0.00</b>
Permanent differences (e.g., Cash dividends received)	(0.80)	<b>(0.59)</b>
Per capita inhabitants' taxes, etc.	0.07	<b>0.05</b>
Income tax credit	(2.28)	<b>(1.80)</b>
Other	1.20	<b>0.39</b>
Effective income tax rate	28.81%	<b>28.66%</b>

### (Revenue recognition)

#### 1. Disaggregation of revenue from contracts with customers

	Millions of yen For the fiscal year ended March 31, 2022
Fees and commissions:	<b>¥155,244</b>
Exchange and settlement-related fees	<b>87,649</b>
Other ordinary income	<b>390</b>
Revenue from contracts with customers	<b>¥155,634</b>

#### 2. Useful information in understanding revenue

Main performance obligations in revenue from contracts with customers are the provision of exchange and settlement services, and the Group has an obligation to provide services every time its customer makes a request. The performance obligation is in principle deemed satisfied when an exchange transaction or a settlement is completed, and the Group recognizes revenue.

No estimate of significant variable consideration and financing component is included in revenue from contracts with customers.

#### 3. Useful information in understanding revenue for the fiscal year ended March 31, 2022 and for the following fiscal years

Notes are omitted due to immateriality.

### (Segment information, etc.)

#### Segment information

Segment information is omitted since the Group comprises of only one segment, which is defined as banking services.

### Related information

For the fiscal year ended March 31, 2021

#### 1. Information about services

Information about services is omitted since income from securities investment accounted for more than 90% of the total income in the consolidated statements of income.

#### 2. Information about geographical areas

##### (1) Ordinary income

Information about ordinary income by geographical area is omitted as ordinary income from external customers in Japan accounted for more than 90% of the total ordinary income in the consolidated statements of income.

##### (2) Tangible fixed assets

Information about tangible fixed assets by geographical areas is omitted as related assets located in Japan accounted for more than 90% of the tangible fixed assets in the consolidated balance sheets.

#### 3. Information about major customers

Information about major customers is omitted as there was no single external customer that accounted for 10% or more of the total ordinary income in the consolidated statements of income.

For the fiscal year ended March 31, 2022

#### 1. Information about services

Information about services is omitted since income from securities investment accounted for more than 90% of the total income in the consolidated statement of income.

#### 2. Information about geographical areas

##### (1) Ordinary income

Information about ordinary income by geographical area is omitted as ordinary income from external customers in Japan accounted for more than 90% of the total ordinary income in the consolidated statements of income.

##### (2) Tangible fixed assets

Information about tangible fixed assets by geographical areas is omitted as related assets located in Japan accounted for more than 90% of the tangible fixed assets in the consolidated balance sheets.

#### 3. Information about major customers

Information about major customers is omitted as there was no single external customer that accounted for 10% or more of the total ordinary income in the consolidated statements of income.

#### Information about losses on impairment of fixed assets by reported segments

The related information is omitted as the Group comprises only one segment, which is defined as banking service.

#### Information about amortization of goodwill and unamortized balance by reported segments

There was no amortization of goodwill or unamortized balance.

#### Information about recognized gain on negative goodwill by reported segments

There were no recognized gains on negative goodwill.

## Related party transactions

### 1. Transactions with related parties

#### Transactions between the Group and related parties

##### (1) Transactions between the Group and the parent company, or major corporate shareholders

For the fiscal year ended March 31, 2021

Type	Parent company	
Name of company, etc.	JAPAN POST HOLDINGS Co., Ltd.	
Location	Chiyoda-ku, Tokyo	
Capital	¥3,500,000 million	
Business description	A holding company	
Ownership of voting rights held	89.00% of the Bank's shares (direct)	
Nature of transactions	Management of JAPAN POST GROUP Concurrent holding of positions by executive management directors Contract for using IT system service	
Details of transactions	Payment of brand royalty fees (*)	Payment of IT system service charge (**)
Transaction amount	¥4,210 million	¥8,372 million
Account	Other liabilities	Other liabilities
Outstanding balance at the end of the fiscal year	¥385 million	¥1,616 million

Transaction conditions and policies on determining transaction conditions, etc.

\*The Bank belongs to JAPAN POST GROUP and receives benefits from the brand value of JAPAN POST GROUP that reflects the Bank's performance, and pays brand royalty fees calculated at a certain rate of the average deposit balance for the previous fiscal year, which is considered as the representative performance metric.

\*\*Payment is made for IT system service within JAPAN POST GROUP at rates determined based on the arm's length principle.

For the fiscal year ended March 31, 2022

Type	Parent company	
Name of company, etc.	JAPAN POST HOLDINGS Co., Ltd.	
Location	Chiyoda-ku, Tokyo	
Capital	¥3,500,000 million	
Business description	A holding company	
Ownership of voting rights held	89.00% of the Bank's shares (direct)	
Nature of transactions	Management of JAPAN POST GROUP Concurrent holding of positions by executive management directors Contract for using IT system service	
Details of transactions	Payment of brand royalty fees (*)	Payment of IT system service charge (**)
Transaction amount	¥4,326 million	¥17,594 million
Account	Other liabilities	Other liabilities
Outstanding balance at the end of the fiscal year	¥396 million	¥1,610 million

Transaction conditions and policies on determining transaction conditions, etc.

\*The Bank belongs to JAPAN POST GROUP and receives benefits from the brand value of JAPAN POST GROUP that reflects the Bank's performance, and pays brand royalty fees calculated at a certain rate of the average deposit balance for the previous fiscal year, which is considered as the representative performance metric.

\*\*Payment is made for IT system service within JAPAN POST GROUP at rates determined based on the arm's length principle.

##### (2) Transactions between the Group and unconsolidated subsidiaries or affiliates

For the fiscal year ended March 31, 2021

There were no transactions between the Group and unconsolidated subsidiaries or affiliates.

For the fiscal year ended March 31, 2022

There were no transactions between the Group and unconsolidated subsidiaries or affiliates.

##### (3) Transactions between the Group and companies with the same parent or subsidiaries of the Group's affiliates

For the fiscal year ended March 31, 2021

Type	Subsidiary of parent company				
Name of company, etc.	JAPAN POST Co., Ltd.				
Location	Chiyoda-ku, Tokyo				
Capital	¥400,000 million				
Business description	Postal counter operations, etc. Postal business and domestic/international logistics business				
Ownership of voting rights held	Nil				
Nature of transactions	Concurrent holding of positions by executive management directors Commissions on bank agency services, etc. Bank counter services agreement Consignment contracts for logistics operations				
Details of transactions	Payment of commissions on bank agency services, etc. (*) Receipt and payment of funds related to bank agency services Payment of consignment fees for logistics operations (****)				
Transaction amount	¥366,358 million	¥962,904 million	— (***)	¥2,866 million	
Account	Other liabilities	Other assets (**)	Other assets (***)	Other liabilities	Accrued expenses
Outstanding balance at the end of the fiscal year	¥36,516 million	¥810,000 million	¥10,279 million	¥306 million	¥50 million

Transaction conditions and policies on determining transaction conditions, etc.

\*The figures are determined based on costs, etc., incurred in connection with commissions on bank agency services, etc.

\*\*The figures represent advance payments of funds necessary for delivery of deposits in bank agency services. The transaction amounts are presented on an average balance basis for the fiscal year ended March 31, 2021.

\*\*\*The figures represent the unsettled amount between the Bank and JAPAN POST Co., Ltd. in connection with receipt/payment operations with customers in bank agency services. Transaction amounts are not presented because, being settlement transactions, these amounts are substantial.

\*\*\*\*Payment is made for consigned operations, such as loading and unloading, storage, and delivery of articles at rates determined based on the arm's length principle.

Note: In addition to the above transactions, pursuant to the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network, from the fiscal year ended March 31, 2020, of the costs necessary to maintain the post office network, the costs that are indispensable for securing the universal services (except for those incurred by JAPAN POST Co., Ltd.) are covered by the subsidy from the Organization for Postal Savings, Postal Life Insurance and Post Office Network granted to JAPAN POST Co., Ltd. The subsidy has been funded by contributions from the Bank and JAPAN POST INSURANCE Co., Ltd. The contribution made by the Bank for the fiscal year ended March 31, 2021 was ¥237,439 million.

For the fiscal year ended March 31, 2022

Type	Subsidiary of parent company				
Name of company, etc.	JAPAN POST Co., Ltd.				
Location	Chiyoda-ku, Tokyo				
Capital	¥400,000 million				
Business description	Postal counter operations, etc. Postal business and domestic/international logistics business				
Ownership of voting rights held	Nil				
Nature of transactions	Concurrent holding of positions by executive management directors Commissions on bank agency services, etc. Bank counter services agreement Consignment contracts for logistics operations				
Details of transactions	Payment of commissions on bank agency services, etc. (*) Receipt and payment of funds related to bank agency services Payment of consignment fees for logistics operations (****)				
Transaction amount	¥353,214 million	¥854,136 million	— (***)	¥2,855 million	
Account	Other liabilities	Other assets (**)	Other liabilities (***)	Other liabilities	Accrued expenses
Outstanding balance at the end of the fiscal year	¥33,290 million	¥810,000 million	¥17,978 million	¥269 million	¥49 million

Transaction conditions and policies on determining transaction conditions, etc.

\*The figures are determined based on costs, etc., incurred in connection with commissions on bank agency services, etc.

\*\*The figures represent advance payments of funds necessary for delivery of deposits in bank agency services. The transaction amounts are presented on an average balance basis for the fiscal year ended March 31, 2022.

\*\*\*The figures represent the unsettled amount between the Bank and JAPAN POST Co., Ltd. in connection with receipt/payment operations with customers in bank agency services. Transaction amounts are not presented because, being settlement transactions, these amounts are substantial.

\*\*\*\*Payment is made for consigned operations, such as loading and unloading, storage, and delivery of articles at rates determined based on the arm's length principle.

Note: In addition to the above transactions, pursuant to the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network, from the fiscal year ended March 31, 2020, of the costs necessary to maintain the post office network, the costs that are indispensable for securing the universal services (except for those incurred by JAPAN POST Co., Ltd.) are covered by the subsidy from the Organization for Postal Savings, Postal Life Insurance and Post Office Network granted to JAPAN POST Co., Ltd. The subsidy has been funded by contributions from the Bank and JAPAN POST INSURANCE Co., Ltd. The contribution made by the Bank for the fiscal year ended March 31, 2022 was ¥237,040 million.

(4) Transactions between the Group and directors and/or executive officers, or major individual shareholders

For the fiscal year ended March 31, 2021

There were no transactions between the Group and directors and/or executive officers, or major individual shareholders.

For the fiscal year ended March 31, 2022

There were no transactions between the Group and directors and/or executive officers, or major individual shareholders.

## 2. Notes related to the parent company and/or significant affiliates

### (1) Information on the parent company

JAPAN POST HOLDINGS Co., Ltd. (Listed on the Tokyo Stock Exchange)

### (2) Information on significant affiliates

There were no significant affiliates.

## (Per share data)

	Yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net assets per share	¥3,033.03	¥2,739.60
Net income per share	74.72	94.71

Notes: 1. Diluted net income per share is not presented since there has been no potential dilution.  
2. Net assets per share were calculated based on the following:

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
Net assets	¥11,394,827	¥10,302,261
Amounts deducted from net assets	24,739	32,041
Non-controlling interests	24,739	32,041
Net assets attributable to common stock at the end of the fiscal year	11,370,088	10,270,220
Number of common stock at the end of the fiscal year used for the calculation of net assets per share (Thousand shares)	3,748,753	3,748,789

3. Net income per share was calculated based on the following:

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net income attributable to owners of parent	¥ 280,130	¥ 355,070
Amount not attributable to common shareholders	—	—
Net income attributable to owners of parent attributable to common stock	280,130	355,070
Average number of common stock outstanding during the fiscal year (Thousand shares)	3,748,730	3,748,758

4. To calculate net assets per share, the treasury stock held by the stock benefit trust was included in the treasury stock deducted from the number of common stock outstanding at the end of the fiscal year. To calculate net income per share, the treasury stock held by the stock benefit trust was included in the treasury stock deducted to calculate the average number of outstanding shares for the fiscal year. In the calculation of net assets per share, the number of treasury stock deducted as of March 31, 2021 and 2022 was 721 thousand shares and 685 thousand shares, respectively. In the calculation of net income per share, the number of treasury stock deducted to calculate the average number of outstanding shares for the fiscal years ended March 31, 2021 and 2022 was 744 thousand shares and 716 thousand shares, respectively.

## (Significant subsequent events)

There were no subsequent events.

## Consolidated Supplementary Schedules

### Borrowed money and lease obligations

Category	Millions of yen		%	
	Amount at the beginning of the fiscal year	Amount at the end of the fiscal year	Average interest rate (*)	Maturity for repayment
Borrowed money:	¥3,917,500	¥5,603,600	—%	—
Borrowings (**)	3,917,500	5,603,600	—	April 2022—December 2025
Lease obligations (***)	5	3	—	April 2022—July 2025

\*Average interest rate is calculated (weighted average) by the interest rate and the amount at the end of the fiscal years ended March 31.

\*\*Borrowings are interest-free.

\*\*\*The average interest rate of lease obligations is not presented above because lease obligations are recorded in the consolidated balance sheets in the amount before deducting interest included in the total amount of lease payments.

Note: Scheduled repayment amounts of borrowings and lease obligations within five years subsequent to the fiscal year are as follows:

	Millions of yen				
	One Year or Less	> One and ≤ Two Years	> Two and ≤ Three Years	> Three and ≤ Four Years	> Four and ≤ Five Years
Borrowings	¥5,587,000	¥6,200	¥5,200	¥5,200	¥—
Lease obligations	1	1	1	0	—

As the banking service is engaged in the acceptance of deposits and funding from and investments on the call and bill markets as operating activities, the schedule of borrowed money and lease obligations states the breakdown of "Borrowed money" and lease obligations included in "Other liabilities," both of which are under "Liabilities" in the consolidated balance sheets.

Reference: No promissory note-type commercial paper was issued in the funding conducted as part of sales activities.

## Asset retirement obligations

The schedule of asset retirement obligations is omitted as the amounts of asset retirement obligations at the beginning and the end of the fiscal year ended March 31, 2022 accounted for 1% or less of the amounts of total liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2022.



## Independent auditor's report

To the Board of Directors of JAPAN POST BANK Co., Ltd.:

### Opinion

We have audited the accompanying consolidated financial statements of JAPAN POST BANK Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2022, the consolidated statements of income, comprehensive income, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Reasonableness of the valuation of available-for-sale securities categorized within Level 2 and Level 3

The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet of the Group as of March 31, 2022, securities of ¥139,577,368 million were recognized, accounting for approximately 59% of the consolidated total assets.</p> <p>The Group manages funds raised primarily through deposits by investing them in securities, including Japanese government bonds, Japanese corporate bonds, foreign bonds and investment trusts. As described in the Note "Financial instruments, 3. Fair value information by level within the fair value hierarchy," available-for-sale securities booked at fair value on the balance sheet include Japanese corporate bonds and Others ("Bonds") of ¥15,854,418 million, which were categorized within Level 2, and Bonds of ¥214,995 million, which were categorized within Level 3. The Group calculated the fair value based on prices mainly obtained from third parties including information vendors and brokers. However, as described in the Note "Significant accounting estimates," directly or indirectly observable market inputs such as spreads estimated based on prices of similar securities and unobservable market inputs including significant estimates, are used as key assumptions in the prices obtained from third parties.</p> <p>These key assumptions may be affected by a sudden change in market environment or a distortion in the financial markets that results in, for example, a significant widening of bid-ask spreads or a significant increase in liquidity risk premiums, and in particular, for the fair-value valuation of certain illiquid Bonds categorized within Level 2 and Level 3 (such as private placement bonds and securitized products), their estimates may have high estimation uncertainty. Accordingly,</p>	<p>The primary procedures we performed to assess whether the valuation of certain illiquid Bonds categorized within Level 2 and Level 3 was reasonable included the following:</p> <p><b>(1) Internal control testing</b> We tested the design and operating effectiveness of certain of the Group's internal controls relevant to the valuation of certain Bonds categorized within Level 2 and Level 3. In this assessment, we focused our testing on the following controls:</p> <ul style="list-style-type: none"> <li>controls to validate the reasonableness of the price to be used as fair value through the comparison with prices obtained from multiple third parties; and</li> <li>controls to validate the reasonableness of the price to be used as fair value through the examination of spreads estimated based on prices.</li> </ul> <p><b>(2) Assessment of the reasonableness of fair value</b> For the individually selected Bonds categorized within Level 2 and Level 3 of which prices varied widely amongst various third parties as well as securitized products, we involved financial instrument valuation specialists from our member network firm and performed the following procedures:</p> <ul style="list-style-type: none"> <li>We assessed whether the price used by the Group as fair value was within a reasonable range by comparing it with the prices obtained directly from third parties; and</li> <li>We assessed whether the price used by the Group as fair value was within a reasonable range by comparing it with the price independently estimated.</li> </ul>

using the prices obtained from third parties as fair value involved significant management judgment, and the use of a price based on inappropriate assumptions may have a significant impact on the consolidated financial statements.

We, therefore, determined that our assessment of the reasonableness of the valuation of certain illiquid Bonds categorized within Level 2 and Level 3 was of most significance in our audit of the consolidated financial statements for the current fiscal year, and accordingly, determined a key audit matter.

#### Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Management and the Audit Committee 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the executive officers' and directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ MAENO Atsuji  
Designated Engagement Partner  
Certified Public Accountant

/S/ KANNO Masako  
Designated Engagement Partner  
Certified Public Accountant

/S/ OKADA Hideki  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
September 16, 2022

#### Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.

# Non-Consolidated Financial Statements

## NON-CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
<b>Assets:</b>		
Cash and due from banks	¥ 60,768,034	¥ 66,664,253
Cash	303,841	316,506
Due from banks	60,464,192	66,347,746
Call loans	1,390,000	2,470,000
Receivables under resale agreements	9,721,360	9,861,753
Monetary claims bought	362,212	397,301
Trading account securities	13	11
Trading Japanese government bonds	13	11
Money held in trust	5,547,574	5,828,283
Securities	138,183,264	139,549,103
Japanese government bonds	50,493,477	49,259,766
Japanese local government bonds	5,493,814	5,580,874
Short-term corporate bonds	1,869,535	1,434,510
Japanese corporate bonds	9,145,414	9,118,414
Japanese stocks	13,755	20,533
Other securities	71,167,266	74,135,001
Loans	4,691,723	4,441,967
Loans on deeds	4,592,100	4,355,357
Overdrafts	99,623	86,609
Foreign exchanges	80,847	213,924
Due from foreign banks	80,847	213,924
Other assets	2,857,518	3,250,352
Domestic exchange settlement accounts—debit	24,717	23,922
Prepaid expenses	3,992	5,013
Accrued income	178,038	175,194
Initial margins for future transactions	150,929	155,295
Variation margins for future transactions	147	—
Derivatives other than trading	114,058	77,504
Cash collateral paid for financial instruments	313,549	706,710
Other	2,072,084	2,106,711
Tangible fixed assets	197,940	192,819
Buildings	84,074	79,117
Land	67,250	64,023
Construction in progress	91	4
Other	46,523	49,673
Intangible fixed assets	47,992	53,367
Software	29,214	34,171
Other	18,777	19,196
Reserve for possible loan losses	(935)	(1,054)
<b>Total assets</b>	<b>¥223,847,547</b>	<b>¥232,922,083</b>

	Millions of yen	
	As of March 31, 2021	As of March 31, 2022
<b>Liabilities:</b>		
Deposits	¥189,593,469	¥193,441,929
Transfer deposits	9,150,117	10,749,849
Ordinary deposits	90,808,248	100,213,694
Savings deposits	612,591	699,203
Time deposits	4,709,291	4,352,435
Special deposits	738,060	591,662
TEIGAKU deposits	83,436,358	76,670,153
Other deposits	138,801	164,930
Payables under repurchase agreements	14,886,481	19,461,646
Payables under securities lending transactions	1,504,543	1,514,438
Borrowed money	3,917,500	5,603,600
Borrowings	3,917,500	5,603,600
Foreign exchanges	514	697
Foreign bills payable	514	697
Other liabilities	1,535,953	2,124,933
Domestic exchange settlement accounts—credit	37,070	39,916
Income taxes payable	45,974	16,596
Accrued expenses	242,335	122,358
Unearned income	59	758
Derivatives other than trading	905,395	1,163,483
Cash collateral received for financial instruments	—	9,504
Asset retirement obligations	143	39
Other	304,973	772,276
Reserve for bonuses	7,408	7,238
Reserve for employees' retirement benefits	141,740	140,355
Reserve for employee stock ownership plan trust	535	515
Reserve for management board benefit trust	303	365
Reserve for reimbursement of deposits	73,830	58,813
Deferred tax liabilities	823,134	303,985
<b>Total liabilities</b>	<b>212,485,414</b>	<b>222,658,520</b>
<b>Net assets:</b>		
Capital stock	3,500,000	3,500,000
Capital surplus	4,296,285	3,500,000
Legal capital surplus	3,500,000	3,500,000
Other capital surplus	796,285	—
Retained earnings	2,749,408	2,413,168
Other retained earnings	2,749,408	2,413,168
Retained earnings brought forward	2,749,408	2,413,168
Treasury stock	(1,300,844)	(902)
<b>Total shareholders' equity</b>	<b>9,244,849</b>	<b>9,412,266</b>
Net unrealized gains (losses) on available-for-sale securities	2,487,770	1,390,288
Net deferred gains (losses) on hedges	(370,486)	(538,991)
<b>Total valuation and translation adjustments</b>	<b>2,117,283</b>	<b>851,297</b>
<b>Total net assets</b>	<b>11,362,133</b>	<b>10,263,563</b>
<b>Total liabilities and net assets</b>	<b>¥223,847,547</b>	<b>¥232,922,083</b>



## NON-CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Ordinary income</b>	¥1,946,224	¥1,977,080
Interest income	1,198,278	1,369,747
Interest on loans	10,186	10,257
Interest and dividends on securities	1,161,897	1,333,053
Interest on call loans	191	139
Interest on receivables under resale agreements	(3,675)	(4,608)
Interest on receivables under securities borrowing transactions	331	886
Interest on deposits with banks	28,031	28,640
Other interest income	1,315	1,378
Fees and commissions	157,376	157,710
Fees and commissions on domestic and foreign exchanges	86,754	85,458
Other fees and commissions	70,621	72,251
Other operating income	293,684	87,477
Gains on foreign exchanges	254,666	78,954
Gains on sales of bonds	38,503	8,267
Income from derivatives other than for trading or hedging	513	256
Other ordinary income	296,886	362,144
Reversal of reserve for possible loan losses	59	—
Recoveries of written-off claims	24	21
Gains on sales of stocks and other securities	8,654	46,605
Gains on money held in trust	277,072	287,550
Other	11,074	27,967
<b>Ordinary expenses</b>	1,551,899	1,485,620
Interest expenses	241,154	226,651
Interest on deposits	38,323	20,984
Interest on payables under repurchase agreements	13,368	1,657
Interest on payables under securities lending transactions	6,908	2,597
Interest on commercial paper	250	—
Interest on borrowings	1,000	—
Interest on interest rate swaps	180,581	199,557
Other interest expenses	721	1,855
Fees and commissions	29,433	30,310
Fees and commissions on domestic and foreign exchanges	5,096	3,926
Other fees and commissions	24,336	26,383
Other operating expenses	64,484	71,513
Losses on sales of bonds	64,484	71,513
General and administrative expenses	1,008,089	979,067
Other ordinary expenses	208,738	178,078
Provision for reserve for possible loan losses	—	125
Losses on sales of stocks and other securities	197,135	171,444
Losses on devaluation of stocks and other securities	—	744
Losses on money held in trust	4,323	878
Other	7,279	4,884
<b>Net ordinary income</b>	¥ 394,325	¥ 491,459

	Millions of yen	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
<b>Extraordinary income</b>	¥ —	¥ 6,379
Gains on sales and disposals of fixed assets	—	6,379
<b>Extraordinary loss</b>	1,564	696
Losses on sales and disposals of fixed assets	557	681
Losses on impairment of fixed assets	1,006	15
<b>Income before income taxes</b>	392,760	497,141
Income taxes—current	124,123	104,295
Income taxes—deferred	(11,200)	37,901
Total income taxes	112,923	142,196
<b>Net income</b>	¥279,837	¥354,945

## NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

For the fiscal year ended March 31, 2021

	Millions of yen						
	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward		
Balance at the beginning of the fiscal year	¥3,500,000	¥3,500,000	¥796,285	¥4,296,285	¥2,563,307	¥(1,300,881)	¥9,058,711
Cumulative effects of changes in accounting policies							—
Restated balance	3,500,000	3,500,000	796,285	4,296,285	2,563,307	(1,300,881)	9,058,711
Changes during the fiscal year							
Cash dividends					(93,736)		(93,736)
Net income					279,837		279,837
Repurchase of treasury stock						(295)	(295)
Disposal of treasury stock						332	332
Cancellation of treasury stock							—
Transfer from retained earnings to capital surplus							—
Net changes in items other than shareholders' equity					186,100	36	186,137
Total changes during the fiscal year	—	—	—	—	186,100	36	186,137
Balance at the end of the fiscal year	¥3,500,000	¥3,500,000	¥796,285	¥4,296,285	¥2,749,408	¥(1,300,844)	¥9,244,849

	Millions of yen			
	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	¥ 256,880	¥(327,940)	¥ (71,060)	¥ 8,987,651
Cumulative effects of changes in accounting policies				—
Restated balance	256,880	(327,940)	(71,060)	8,987,651
Changes during the fiscal year				
Cash dividends				(93,736)
Net income				279,837
Repurchase of treasury stock				(295)
Disposal of treasury stock				332
Cancellation of treasury stock				—
Transfer from retained earnings to capital surplus				—
Net changes in items other than shareholders' equity	2,230,890	(42,546)	2,188,344	2,188,344
Total changes during the fiscal year	2,230,890	(42,546)	2,188,344	2,374,481
Balance at the end of the fiscal year	¥2,487,770	¥(370,486)	¥2,117,283	¥11,362,133

For the fiscal year ended March 31, 2022

	Millions of yen						
	Shareholders' equity						
	Capital stock	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward		
Balance at the beginning of the fiscal year	¥3,500,000	¥3,500,000	¥ 796,285	¥ 4,296,285	¥2,749,408	¥(1,300,844)	¥9,244,849
Cumulative effects of changes in accounting policies					(119)		(119)
Restated balance	3,500,000	3,500,000	796,285	4,296,285	2,749,289	(1,300,844)	9,244,730
Changes during the fiscal year							
Cash dividends					(187,473)		(187,473)
Net income					354,945		354,945
Repurchase of treasury stock						(195)	(195)
Disposal of treasury stock						260	260
Cancellation of treasury stock							—
Transfer from retained earnings to capital surplus					503,592	503,592	(503,592)
Net changes in items other than shareholders' equity					(796,285)	(796,285)	(336,120)
Total changes during the fiscal year	—	—	(796,285)	(796,285)	(336,120)	1,299,942	167,535
Balance at the end of the fiscal year	¥3,500,000	¥3,500,000	¥ —	¥ 3,500,000	¥2,413,168	¥ (902)	¥9,412,266

	Millions of yen			
	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	¥ 2,487,770	¥(370,486)	¥ 2,117,283	¥11,362,133
Cumulative effects of changes in accounting policies				(119)
Restated balance	2,487,770	(370,486)	2,117,283	11,362,013
Changes during the fiscal year				
Cash dividends				(187,473)
Net income				354,945
Repurchase of treasury stock				(195)
Disposal of treasury stock				260
Cancellation of treasury stock				—
Transfer from retained earnings to capital surplus				—
Net changes in items other than shareholders' equity	(1,097,481)	(168,504)	(1,265,985)	(1,265,985)
Total changes during the fiscal year	(1,097,481)	(168,504)	(1,265,985)	(1,098,450)
Balance at the end of the fiscal year	¥ 1,390,288	¥(538,991)	¥ 851,297	¥10,263,563

# Financial Data (Non-Consolidated)

## KEY FINANCIAL INDICATORS

### Key Financial Indicators

Fiscal years ended March 31

	Millions of yen	
	2022	2021
Ordinary income	¥ 1,977,080	¥ 1,946,224
Net ordinary income	491,459	394,325
Net income	354,945	279,837
Capital stock	3,500,000	3,500,000
Shares outstanding (thousand shares)	3,749,545	4,500,000
Net assets	10,263,563	11,362,133
Total assets	232,922,083	223,847,547
Deposits	193,441,929	189,593,469
Loans	4,441,967	4,691,723
Securities	139,549,103	138,183,264
Net assets per share (yen)	2,737.83	3,030.90
Dividends per share (yen)	50.00	50.00
[Interim dividends per share] (yen)	[0.00]	[0.00]
Net income per share (yen)	94.68	74.64
Diluted net income per share (yen)	—	—
Capital adequacy ratio (non-consolidated, domestic standard)	15.54%	15.51%
Dividend payout ratio	52.80%	66.98%
Employees	12,169	12,408

Notes: 1. To calculate net assets per share, the treasury stock deducted from the number of common stock outstanding as of the end of the period included treasury stock held by the stock benefit trust. To calculate net income per share, the treasury stock deducted to calculate the average number of outstanding shares for the period included treasury stock held by the stock benefit trust.  
 2. Diluted net income per share is not presented since there has been no potential dilution for the fiscal years ended March 31, 2022 and 2021.  
 3. Capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006).  
 4. Dividend payout ratio was calculated by dividing dividends per share of common stock by net income per share.  
 5. The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. In addition, the figures do 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)).

## EARNINGS

### Income Analysis

Fiscal years ended March 31

	Millions of yen	
	2022	2021
Gross operating profit:	¥1,290,865	¥ 1,319,027
(Excluding gains (losses) on bonds)	1,354,111	1,345,007
Domestic gross operating profit:	512,363	542,246
(Excluding gains (losses) on bonds)	530,026	583,914
Net interest income	402,257	455,698
Net fees and commissions	127,631	127,875
Net trading income	—	—
Net other operating income (loss)	(17,525)	(41,327)
(Gains (losses) on bonds)	(17,663)	(41,667)
Overseas gross operating profit:	778,501	776,780
(Excluding gains (losses) on bonds)	824,084	761,093
Net interest income	745,243	506,185
Net fees and commissions	(231)	67
Net trading income	—	—
Net other operating income (loss)	33,490	270,527
(Gains (losses) on bonds)	(45,582)	15,687
General and administrative expenses:	(980,906)	(1,010,175)
Personnel expenses	(116,943)	(119,374)
Non-personnel expenses	(819,027)	(834,256)
Taxes and dues	(44,935)	(56,544)
Operating profit (before provision for general reserve for possible loan losses)	309,959	308,852
Core net operating profit	373,204	334,832
(Excluding gains (losses) on cancellation of investment trusts)	259,888	285,993
Provision for general reserve for possible loan losses	(9)	—
Net operating profit:	309,949	308,852
Gains (losses) on bonds	(63,245)	(25,980)
Non-recurring gains (losses):	181,509	85,473
Gains (losses) related to stocks	(125,583)	(188,480)
Gains (losses) on money held in trust	286,671	272,749
Other non-recurring gains (losses)	20,421	1,204
Net ordinary income	491,459	394,325
Extraordinary income (loss):	5,682	(1,564)
Gains (losses) on sales and disposals of fixed assets	5,698	(557)
Losses on impairment of fixed assets	(15)	(1,006)
Income before income taxes	497,141	392,760
Income taxes—current	(104,295)	(124,123)
Income taxes—deferred	(37,901)	11,200
Net income	354,945	279,837
Credit-related expenses:	(9)	(23)
Provision for general reserve for possible loan losses	(9)	(23)
Write-off of loans	—	—
Provision for specific reserve for possible loan losses	—	—
Recoveries of written-off loans	—	—

Notes: 1. Net interest income is calculated by deducting interest expenses (excluding the expenses in relation to money held in trust) from interest income.  
 2. Core net operating profit = Operating profit (before provision for general reserve for possible loan losses) – Gains (losses) on bonds  
 3. General and administrative expenses exclude non-recurring losses.  
 4. Credit-related expenses are those expenses related to problem assets disclosed under the Financial Reconstruction Act.  
 5. Numbers in parenthesis indicate the amount of loss or expense.

## Gross Operating Profit and Gross Operating Profit Margin

Fiscal years ended March 31

	Millions of yen	
	2022	2021
Gross operating profit	¥1,290,865	¥1,319,027
Gross operating profit margin	0.59%	0.62%

Notes: 1. Gross operating profit = net interest income + net fees and commissions + net other operating income (loss)  
2. Gross operating profit margin = [gross operating profit / average balance of interest-earning assets] x 100

## Net Operating Profit, Operating Profit (Before Provision for General Reserve for Possible Loan Losses), Core Net Operating Profit, and Core Net Operating Profit (Excluding Gains (Losses) on Cancellation of Investment Trusts)

Fiscal years ended March 31

	Millions of yen	
	2022	2021
Net operating profit	¥309,949	¥308,852
Operating profit (before provision for general reserve for possible loan losses)	309,959	308,852
Core net operating profit	373,204	334,832
Core net operating profit (excluding gains (losses) on cancellation of investment trusts)	259,888	285,993

## Net Interest Income, Net Fees and Commissions, Net Trading Income, and Net Other Operating Income (Loss)

Fiscal years ended March 31

	Millions of yen		
	2022		
	Domestic	Overseas	Total
Net interest income:	¥402,257	¥745,243	¥1,147,500
Interest income	446,743	991,619	1,369,747
Interest expenses	44,486	246,376	222,246
Net fees and commissions:	127,631	(231)	127,400
Fees and commissions income	157,355	354	157,710
Fees and commissions expenses	29,724	586	30,310
Net trading income:	—	—	—
Trading gains	—	—	—
Trading losses	—	—	—
Net other operating income (loss):	(17,525)	33,490	15,964
Other operating income	433	87,044	87,477
Other operating expenses	17,958	53,554	71,513

	Millions of yen		
	2021		
	Domestic	Overseas	Total
Net interest income:	¥455,698	¥506,185	¥ 961,884
Interest income	518,305	751,460	1,198,278
Interest expenses	62,606	245,274	236,393
Net fees and commissions:	127,875	67	127,943
Fees and commissions income	156,939	436	157,376
Fees and commissions expenses	29,063	369	29,433
Net trading income:	—	—	—
Trading gains	—	—	—
Trading losses	—	—	—
Net other operating income (loss):	(41,327)	270,527	229,200
Other operating income	3,187	290,497	293,684
Other operating expenses	44,514	19,969	64,484

Notes: 1. "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").  
2. Interest expenses exclude expenses corresponding to money held in trust (fiscal year ended March 31, 2022, ¥4,404 million; fiscal year ended March 31, 2021, ¥4,760 million).  
3. Interest income on "domestic" includes interest on transactions between "domestic" and "overseas" (fiscal year ended March 31, 2022, ¥68,616 million; fiscal year ended March 31, 2021, ¥71,487 million).  
4. For a part of interest income and expenses as well as other operating income and expenses, transactions between "domestic" and "overseas" are offset to calculate totals. As a result, the total of each account may not be equal to the combined total of "domestic" and "overseas" of each item.

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

Fiscal years ended March 31

### Domestic

	Millions of yen					
	2022			2021		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets:	¥211,342,025	¥446,743	0.21%	¥204,928,217	¥518,305	0.25%
Loans	4,620,369	10,120	0.21	5,888,523	10,060	0.17
Securities	69,451,545	341,824	0.49	70,330,066	410,942	0.58
Due from banks, etc.	60,361,005	29,872	0.04	56,799,558	29,230	0.05
Interest-bearing liabilities:	204,529,496	44,486	0.02	197,783,193	62,606	0.03
Deposits	192,386,838	20,984	0.01	188,043,501	38,323	0.02
Payables under securities lending transactions	17,507	17	0.09	155,875	155	0.09

### Overseas

	Millions of yen					
	2022			2021		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets:	¥70,834,616	¥991,619	1.39%	¥67,100,563	¥751,460	1.11%
Loans	26,122	137	0.52	23,763	125	0.52
Securities	70,670,623	991,228	1.40	66,938,098	750,955	1.12
Due from banks, etc.	—	—	—	—	—	—
Interest-bearing liabilities:	70,222,165	246,376	0.35	67,508,045	245,274	0.36
Payables under securities lending transactions	1,458,983	2,579	0.17	1,482,339	6,752	0.45

### Total

	Millions of yen					
	2022			2021		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets:	¥217,361,148	¥1,369,747	0.63%	¥210,430,410	¥1,198,278	0.56%
Loans	4,646,492	10,257	0.22	5,912,287	10,186	0.17
Securities	140,122,168	1,333,053	0.95	137,268,164	1,161,897	0.84
Due from banks, etc.	60,361,005	29,872	0.04	56,799,558	29,230	0.05
Interest-bearing liabilities:	209,936,168	222,246	0.10	203,692,867	236,393	0.11
Deposits	192,386,838	20,984	0.01	188,043,501	38,323	0.02
Payables under securities lending transactions	1,476,490	2,597	0.17	1,638,214	6,908	0.42

Notes: 1. Income and expenses for money held in trust are included in "other income" and "other expenses," respectively. Accordingly, the average balance of money held in trust (fiscal year ended March 31, 2022, ¥4,160,954 million; fiscal year ended March 31, 2021, ¥4,102,197 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (fiscal year ended March 31, 2022, ¥4,160,954 million; fiscal year ended March 31, 2021, ¥4,102,197 million) and the corresponding interest (fiscal year ended March 31, 2022, ¥4,404 million; fiscal year ended March 31, 2021, ¥4,760 million) are excluded from interest-bearing liabilities.

2. Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

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

## Changes in Interest Income and Expenses

Fiscal years ended March 31

### Domestic

	Millions of yen					
	2022			2021		
	Balance-related change	Interest-related change	Net change	Balance-related change	Interest-related change	Net change
Interest income:	¥15,795	¥(87,356)	¥(71,561)	¥ 21,273	¥(132,064)	¥(110,791)
Loans	(2,431)	2,490	59	1,882	(2,877)	(995)
Securities	(5,073)	(64,043)	(69,117)	(10,178)	(71,388)	(81,567)
Due from banks, etc.	1,789	(1,147)	641	2,044	(1,688)	356
Interest expenses:	2,069	(20,190)	(18,120)	2,854	(19,606)	(16,751)
Deposits	865	(18,205)	(17,339)	1,474	(18,247)	(16,773)
Payables under securities lending transactions	(138)	0	(138)	(73)	(0)	(73)

### Overseas

	Millions of yen					
	2022			2021		
	Balance-related change	Interest-related change	Net change	Balance-related change	Interest-related change	Net change
Interest income:	¥43,721	¥196,437	¥240,159	¥ 44,782	¥ (82,751)	¥ (37,969)
Loans	12	(1)	11	68	0	68
Securities	43,783	196,490	240,273	44,357	(80,879)	(36,521)
Due from banks, etc.	—	—	—	(29)	—	(29)
Interest expenses:	9,678	(8,576)	1,101	22,597	(139,669)	(117,071)
Payables under securities lending transactions	(104)	(4,068)	(4,173)	(12,747)	(29,875)	(42,623)

### Total

	Millions of yen					
	2022			2021		
	Balance-related change	Interest-related change	Net change	Balance-related change	Interest-related change	Net change
Interest income:	¥40,459	¥131,009	¥171,469	¥ 43,120	¥(162,856)	¥(119,736)
Loans	(2,446)	2,516	70	1,914	(2,841)	(927)
Securities	24,587	146,568	171,155	20,418	(138,507)	(118,088)
Due from banks, etc.	1,789	(1,147)	641	2,045	(1,718)	326
Interest expenses:	7,080	(21,228)	(14,147)	12,554	(117,353)	(104,799)
Deposits	865	(18,205)	(17,339)	1,474	(18,247)	(16,773)
Payables under securities lending transactions	(624)	(3,687)	(4,311)	(12,760)	(29,936)	(42,697)

Notes: 1. Factors that increase or decrease both balance and interest rate are allocated based on the proportion of the increase or decrease in the balance and interest rate.

2. Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

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

## General and Administrative Expenses

Fiscal years ended March 31

	Millions of yen			
	2022		2021	
	Amount	%	Amount	%
Personnel expenses:	¥115,104	11.75	¥ 117,288	11.63
Salaries and allowances	94,057	9.60	96,068	9.52
Others	21,047	2.14	21,219	2.10
Non-personnel expenses:	819,027	83.65	834,256	82.75
Commissions on bank agency services, etc., paid to JAPAN POST Co., Ltd.	353,214	36.07	366,358	36.34
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network (Note)	237,040	24.21	237,439	23.55
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	55,381	5.65	57,436	5.69
Rent for land, buildings and others	10,914	1.11	11,531	1.14
Expenses on consigned businesses	66,010	6.74	67,002	6.64
Depreciation and amortization	37,601	3.84	34,943	3.46
Communication and transportation expenses	14,248	1.45	15,279	1.51
Maintenance expenses	15,168	1.54	13,378	1.32
IT expenses	13,059	1.33	12,914	1.28
Others	16,387	1.67	17,971	1.78
Taxes and dues	44,935	4.58	56,544	5.60
<b>Total</b>	<b>¥979,067</b>	<b>100.00</b>	<b>¥1,008,089</b>	<b>100.00</b>

Note: The Bank makes payments of contributions to the Organization for Postal Savings, Postal Life Insurance and Post Office Network in accordance with Article 18-3 of the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network.

## DEPOSITS

### Balances by Type of Deposit

As of March 31

#### Ending Balances

	Millions of yen			
	2022		2021	
	Amount	%	Amount	%
Liquid deposits:	¥112,254,409	58.03	¥101,309,018	53.43
Transfer deposits	10,749,849	5.55	9,150,117	4.82
Ordinary deposits, etc.	100,805,356	52.11	91,546,309	48.28
Savings deposits	699,203	0.36	612,591	0.32
Fixed-term deposits:	81,022,589	41.88	88,145,649	46.49
Time deposits	4,352,435	2.24	4,709,291	2.48
TEIGAKU deposits	76,670,153	39.63	83,436,358	44.00
Other deposits	164,930	0.08	138,801	0.07
Subtotal	193,441,929	100.00	189,593,469	100.00
Negotiable certificates of deposit	—	—	—	—
<b>Total</b>	<b>¥193,441,929</b>	<b>100.00</b>	<b>¥189,593,469</b>	<b>100.00</b>

Fiscal years ended March 31

#### Average Balances

	Millions of yen			
	2022		2021	
	Amount	%	Amount	%
Liquid deposits:	¥107,384,771	55.81	¥ 96,053,067	51.08
Transfer deposits	10,025,532	5.21	8,686,730	4.61
Ordinary deposits, etc.	96,703,365	50.26	86,803,482	46.16
Savings deposits	655,873	0.34	562,854	0.29
Fixed-term deposits:	84,779,519	44.06	91,763,655	48.79
Time deposits	4,533,450	2.35	4,940,369	2.62
TEIGAKU deposits	80,246,068	41.71	86,823,285	46.17
Other deposits	222,547	0.11	226,778	0.12
Subtotal	192,386,838	100.00	188,043,501	100.00
Negotiable certificates of deposit	—	—	—	—
<b>Total</b>	<b>¥192,386,838</b>	<b>100.00</b>	<b>¥188,043,501</b>	<b>100.00</b>

## Time Deposits by Time to Maturity

As of March 31

		Millions of yen	
		2022	2021
Less than three months	Time deposits:	¥1,328,376	¥1,443,083
	Fixed interest rates	1,328,376	1,443,083
	Floating interest rates	—	—
	Other time deposits	—	—
≥ Three and < six months	Time deposits:	860,990	953,518
	Fixed interest rates	860,990	953,518
	Floating interest rates	—	—
	Other time deposits	—	—
≥ Six months and < one year	Time deposits:	1,672,055	1,813,541
	Fixed interest rates	1,672,055	1,813,541
	Floating interest rates	—	—
	Other time deposits	—	—
≥ One and < two years	Time deposits:	187,504	168,008
	Fixed interest rates	187,504	168,008
	Floating interest rates	—	—
	Other time deposits	—	—
≥ Two and < three years	Time deposits:	181,160	165,987
	Fixed interest rates	181,160	165,987
	Floating interest rates	—	—
	Other time deposits	—	—
Three years or more	Time deposits:	122,347	165,151
	Fixed interest rates	122,347	165,151
	Floating interest rates	—	—
	Other time deposits	—	—
Total	Time deposits:	¥4,352,435	¥4,709,291
	Fixed interest rates	4,352,435	4,709,291
	Floating interest rates	—	—
	Other time deposits	—	—

## TEIGAKU Deposits by Time to Maturity

As of March 31

		Millions of yen	
		2022	2021
Less than one year		¥ 6,887,775	¥11,978,486
≥ One and < three years		11,717,855	10,752,458
≥ Three and < five years		13,443,028	11,523,210
≥ Five and < seven years		23,932,579	21,295,472
Seven years or more		20,688,915	27,886,729
Total		¥76,670,153	¥83,436,358

Note: Figures have been calculated based on the assumption that all deposits will be held to maturity.

## LOANS

### Loans by Category

As of March 31

#### Ending Balances

	Millions of yen	
	2022	2021
Domestic:		
Loans on notes	—	—
Loans on deeds	¥4,328,536	¥4,566,528
Overdrafts	86,609	99,623
Notes discounted	—	—
Subtotal	4,415,145	4,666,152
Overseas:		
Loans on notes	—	—
Loans on deeds	26,821	25,571
Overdrafts	—	—
Notes discounted	—	—
Subtotal	26,821	25,571
Total	¥4,441,967	¥4,691,723

Fiscal years ended March 31

#### Average Balances

	Millions of yen	
	2022	2021
Domestic:		
Loans on notes	—	—
Loans on deeds	¥4,533,517	¥5,781,276
Overdrafts	86,852	107,247
Notes discounted	—	—
Subtotal	4,620,369	5,888,523
Overseas:		
Loans on notes	—	—
Loans on deeds	26,122	23,763
Overdrafts	—	—
Notes discounted	—	—
Subtotal	26,122	23,763
Total	¥4,646,492	¥5,912,287

### Loans by Time to Maturity

As of March 31

		Millions of yen	
		2022	2021
One year or less	Loans:	¥1,958,545	¥2,278,639
	Floating interest rates	/	/
	Fixed interest rates	/	/
> One and ≤ three years	Loans:	415,889	472,875
	Floating interest rates	85,373	135,746
	Fixed interest rates	330,515	337,128
> Three and ≤ five years	Loans:	511,226	527,795
	Floating interest rates	80,970	108,264
	Fixed interest rates	430,255	419,531
> Five and ≤ seven years	Loans:	235,622	172,897
	Floating interest rates	26,783	10,444
	Fixed interest rates	208,838	162,453
> Seven and ≤ ten years	Loans:	514,393	493,195
	Floating interest rates	8,365	11,943
	Fixed interest rates	506,027	481,251
Over ten years	Loans:	806,289	746,320
	Floating interest rates	18,783	14,958
	Fixed interest rates	787,505	731,361
No designated term	Loans:	—	—
	Floating interest rates	—	—
	Fixed interest rates	—	—
Total		¥4,441,967	¥4,691,723

Notes: 1. Loans to the Organization for Postal Savings, Postal Life Insurance and Post Office Network include loans for which the interest rate is revised (5 years/10 years), and those loans are recorded as fixed interest rate loans.

2. Loans to depositors (maturities of two years or less) are treated as having time to maturity of one year or less.

3. Loans with maturities of one year or less have not been categorized into fixed and floating interest rate instruments.

### Loans and Acceptances and Guarantees by Type of Collateral

As of March 31

#### Loans by Type of Collateral

	Millions of yen	
	2022	2021
Securities	—	—
Receivables	¥ 81,437	¥ 95,165
Merchandise	—	—
Real estate	—	—
Others	—	—
Subtotal	81,437	95,165
Guarantees	27,829	28,270
Credit	4,332,699	4,568,287
Total	¥4,441,967	¥4,691,723



## Acceptances and Guarantees by Type of Collateral

	Millions of yen	
	2022	2021
Securities	—	—
Receivables	—	—
Merchandise	—	—
Real estate	—	—
Others	—	—
Subtotal	—	—
Guarantees	—	—
Credit	—	—
Total	—	—

## Loans by Purpose

As of March 31

	Millions of yen			
	2022		2021	
	Amount	%	Amount	%
Funds for capital investment	¥ 27,254	0.61	¥ 24,608	0.52
Funds for working capital	4,414,712	99.38	4,667,114	99.47
Total	¥4,441,967	100.00	¥4,691,723	100.00

## Loans by Industry

As of March 31

	Millions of yen			
	2022		2021	
	Amount	%	Amount	%
Domestic (excluding Japan Offshore Market accounts)	¥4,415,145	100.00	¥4,666,152	100.00
Agriculture, forestry, fisheries, and mining	—	—	—	—
Manufacturing	92,847	2.10	81,669	1.75
Utilities, information/communications, and transportation	130,030	2.94	137,714	2.95
Wholesale and retail	18,836	0.42	34,255	0.73
Finance and insurance	606,744	13.74	739,510	15.84
Construction and real estate	96,815	2.19	63,184	1.35
Services and goods rental/leasing	81,943	1.85	84,214	1.80
Central and local governments	3,304,344	74.84	3,428,219	73.46
Others	83,582	1.89	97,383	2.08
Overseas and Japan Offshore Market accounts	26,821	100.00	25,571	100.00
Governments	—	—	—	—
Others	26,821	100.00	25,571	100.00
Total	¥4,441,967		¥4,691,723	

Notes: 1. "Domestic" represents loans to residents of Japan, while "overseas" represents loans to non-residents of Japan.

2. Of "Finance and insurance," loans to the Organization for Postal Savings, Postal Life Insurance and Post Office Network, were ¥246,483 million and ¥340,563 million as of March 31, 2022 and March 31, 2021, respectively.

## Loans to Individuals and Small and Medium-size Enterprises

As of March 31

	Millions of yen	
	2022	2021
Total loans (A)	¥4,441,967	¥4,691,723
Loans to individuals and small and medium-size enterprises (B)	86,082	99,623
(B)/(A)	1.93%	2.12%

Note: Individuals and small and medium-size enterprises are defined as companies with capital of ¥300 million or less (¥100 million or less for wholesalers and ¥50 million or less for retail and service businesses) or companies with full-time employees of 300 workers or less (100 employees or less for wholesalers, 50 employees or less for retail businesses, and 100 employees or less for service businesses) and individuals.

## Risk-Monitored Loans

As of March 31

	Millions of yen	
	2022	2021
Loans to borrowers classified as bankrupt or quasi-bankrupt	—	—
Loans to borrowers classified as doubtful	¥ 0	—
Past-due loans for three months or more	—	—
Restructured loans	—	—
Subtotal	0	—
Loans to borrowers classified as normal	4,658,094	¥4,774,980
Total	¥4,658,094	¥4,774,980

## Problem Assets Disclosed under the Financial Reconstruction Act

As of March 31

	Millions of yen	
	2022	2021
Loans to borrowers classified as bankrupt or quasi-bankrupt	—	—
Loans to borrowers classified as doubtful	¥ 0	—
Loans requiring close monitoring	—	—
Subtotal (A)	0	—
Loans to borrowers classified as normal	4,658,094	¥4,774,980
Total (B)	¥4,658,094	¥4,774,980
Non-performing loan ratio (A)/(B)	0.00%	—

## Reserve for Possible Loan Losses

Fiscal years ended March 31

	Millions of yen			
	2022			
	Balance at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Balance at the end of the fiscal year
General reserve for possible loan losses	¥280	¥ 289	¥280	¥ 289
Specific reserve for possible loan losses	655	764	655	764
Total	¥935	¥1,054	¥935	¥1,054

	Millions of yen			
	2021			
	Balance at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Balance at the end of the fiscal year
General reserve for possible loan losses	¥ 258	¥280	¥ 258	¥280
Specific reserve for possible loan losses	772	655	772	655
Total	¥1,031	¥935	¥1,031	¥935

## SECURITIES

### Average Balance by Type of Trading Book Securities

Fiscal years ended March 31

	Millions of yen	
	2022	2021
Trading book Japanese government bonds	¥27	¥27
Trading book Japanese local government bonds	—	—
Trading book government guaranteed bonds	—	—
Other trading book securities	—	—
<b>Total</b>	<b>¥27</b>	<b>¥27</b>

### Securities by Time to Maturity

As of March 31

	Millions of yen							
	2022							
	One year or less	> One and ≤ three years	> Three and ≤ five years	> Five and ≤ seven years	> Seven and ≤ ten years	Over ten years	No designated term	Total
Japanese government bonds	¥14,587,103	¥ 7,035,658	¥ 3,382,006	¥ 3,134,266	¥ 6,539,832	¥14,580,899	¥ —	¥ 49,259,766
Japanese local government bonds	751,095	1,588,121	1,372,176	820,170	1,049,310	—	—	5,580,874
Short-term corporate bonds	1,434,510	—	—	—	—	—	—	1,434,510
Japanese corporate bonds	1,032,028	2,460,902	2,066,608	1,324,310	971,530	1,263,035	—	9,118,414
Japanese stocks	—	—	—	—	—	—	20,533	20,533
Other securities:	2,321,470	6,693,780	4,891,235	4,990,116	3,813,683	5,113,236	46,311,479	74,135,001
Foreign bonds	2,321,470	6,692,117	4,877,837	4,296,957	3,155,104	3,166,202	—	24,509,689
Investment trusts	—	—	—	631,517	645,907	1,945,521	46,311,479	49,534,425
Foreign stocks	—	—	—	—	—	—	—	—
<b>Total</b>	<b>¥20,126,207</b>	<b>¥17,778,462</b>	<b>¥11,712,027</b>	<b>¥10,268,863</b>	<b>¥12,374,356</b>	<b>¥20,957,171</b>	<b>¥46,332,013</b>	<b>¥139,549,103</b>

	Millions of yen							
	2021							
	One year or less	> One and ≤ three years	> Three and ≤ five years	> Five and ≤ seven years	> Seven and ≤ ten years	Over ten years	No designated term	Total
Japanese government bonds	¥ 8,649,610	¥20,250,996	¥1,363,240	¥ 4,479,727	¥ 4,786,847	¥10,963,054	¥ —	¥ 50,493,477
Japanese local government bonds	740,045	1,571,253	1,430,374	784,542	967,598	—	—	5,493,814
Short-term corporate bonds	1,869,535	—	—	—	—	—	—	1,869,535
Japanese corporate bonds	1,010,519	2,414,872	1,940,009	1,448,959	1,044,624	1,286,428	—	9,145,414
Japanese stocks	—	—	—	—	—	—	13,755	13,755
Other securities:	2,817,159	5,366,470	4,137,454	3,329,780	3,545,199	6,622,653	45,348,548	71,167,266
Foreign bonds	2,816,908	5,365,773	4,133,086	3,311,025	2,553,306	5,325,015	—	23,505,116
Investment trusts	—	—	—	—	946,477	1,296,161	45,348,548	47,591,186
Foreign stocks	—	—	—	—	—	—	—	—
<b>Total</b>	<b>¥15,086,869</b>	<b>¥29,603,593</b>	<b>¥8,871,079</b>	<b>¥10,043,009</b>	<b>¥10,344,270</b>	<b>¥18,872,136</b>	<b>¥45,362,304</b>	<b>¥138,183,264</b>

### Balance by Type of Securities

As of March 31

#### Ending Balances

	Millions of yen	
	2022	2021
<b>Domestic:</b>		
Japanese government bonds	¥ 49,259,766	¥ 50,493,477
Japanese local government bonds	5,580,874	5,493,814
Short-term corporate bonds	1,434,510	1,869,535
Japanese corporate bonds	9,118,414	9,145,414
Japanese stocks	20,533	13,755
Other securities	1,514,903	618,752
Subtotal	66,929,004	67,634,749
<b>Overseas:</b>		
Other securities:	72,620,098	70,548,514
Foreign bonds	24,509,689	23,505,116
Investment trusts	48,107,730	47,040,783
Foreign stocks	—	—
Subtotal	72,620,098	70,548,514
<b>Total</b>	<b>¥139,549,103</b>	<b>¥138,183,264</b>

Fiscal years ended March 31

#### Average Balances

	Millions of yen	
	2022	2021
<b>Domestic:</b>		
Japanese government bonds	¥ 50,587,711	¥ 52,505,182
Japanese local government bonds	5,604,412	5,687,442
Short-term corporate bonds	2,675,895	1,626,723
Japanese corporate bonds	9,211,655	9,001,391
Japanese stocks	17,527	5,236
Other securities	1,354,342	1,504,088
Subtotal	69,451,545	70,330,066
<b>Overseas:</b>		
Other securities:	70,670,623	66,938,098
Foreign bonds	23,674,708	22,313,823
Investment trusts	46,992,628	44,622,132
Foreign stocks	—	—
Subtotal	70,670,623	66,938,098
<b>Total</b>	<b>¥140,122,168</b>	<b>¥137,268,164</b>

## Asset Management Status

As of March 31

	Millions of yen			
	2022		2021	
	Outstanding assets	%	Outstanding assets	%
Due from banks, etc.	¥ 66,622,875	29.00	¥ 60,667,097	27.50
Call loans	2,470,000	1.07	1,390,000	0.63
Receivables under resale agreements	9,861,753	4.29	9,721,360	4.40
Money held in trust	5,828,283	2.53	5,547,574	2.51
Securities:	139,549,103	60.75	138,183,264	62.64
Japanese government bonds	49,259,766	21.44	50,493,477	22.88
Japanese local government bonds	5,580,874	2.42	5,493,814	2.49
Short-term corporate bonds	1,434,510	0.62	1,869,535	0.84
Japanese corporate bonds	9,118,414	3.96	9,145,414	4.14
Japanese stocks	20,533	0.00	13,755	0.00
Other securities:	74,135,001	32.27	71,167,266	32.26
Foreign bonds	24,509,689	10.67	23,505,116	10.65
Investment trusts	49,534,425	21.56	47,591,186	21.57
Loans	4,441,967	1.93	4,691,723	2.12
Others	920,646	0.40	394,410	0.17
<b>Total</b>	<b>¥229,694,629</b>	<b>100.00</b>	<b>¥220,595,431</b>	<b>100.00</b>

Notes: 1. "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.  
2. Investment trusts are mainly invested in foreign bonds. Investment trusts include private equity funds, etc.

## Foreign Bonds

As of March 31

### Foreign Bonds by Currency

	Millions of yen			
	2022		2021	
	Outstanding assets	%	Outstanding assets	%
Japanese yen	¥ 3,692,065	15.06	¥ 3,922,700	16.68
U.S. dollar	16,495,886	67.30	15,474,801	65.83
Euro	3,241,977	13.22	3,211,662	13.66
Others	1,079,760	4.40	895,951	3.81
<b>Total</b>	<b>¥24,509,689</b>	<b>100.00</b>	<b>¥23,505,116</b>	<b>100.00</b>

## Money Held in Trust

As of March 31

### Assets by Type

	Millions of yen			
	2022		2021	
	Outstanding assets	%	Outstanding assets	%
Domestic stocks	¥2,024,619	36.03	¥2,261,772	44.29
Domestic bonds	1,406,103	25.02	1,545,190	30.26
Others	2,188,118	38.94	1,299,148	25.44
<b>Total</b>	<b>¥5,618,841</b>	<b>100.00</b>	<b>¥5,106,111</b>	<b>100.00</b>

### Assets by Currency

	Millions of yen			
	2022		2021	
	Outstanding assets	%	Outstanding assets	%
Japanese yen	¥5,618,834	99.99	¥5,105,922	99.99
U.S. dollar	7	0.00	189	0.00
Euro	—	—	—	—
Others	—	—	—	—
<b>Total</b>	<b>¥5,618,841</b>	<b>100.00</b>	<b>¥5,106,111</b>	<b>100.00</b>

## Securitized Product Exposure

As of March 31, 2022 and March 31, 2021, the Bank held the following securitized products.

The Bank's holdings of securitized products were limited to securitization exposure as a final investor. The Bank has never originated any securitized products and thus has no exposure as an originator and no exposure to special purpose entities (SPEs) that should be consolidated.

As of March 31

Region		Millions of yen		
		2022	2021	Credit ratings
		Acquisition cost	Net unrealized gains (losses)	
Domestic	Residential mortgage-backed securities (RMBS)	¥1,317,081	¥ 4,358	AAA
	Bonds held to maturity	331,835	(4,374)	AAA
	Other securities	985,245	8,733	AAA
	Collateralized loan obligations (CLO)	—	—	—
	Other securitized products	236,597	(156)	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—
	Collateralized debt obligations (CDO)	735	19	AAA
	<b>Subtotal</b>	<b>1,554,414</b>	<b>4,220</b>	
Overseas	Residential mortgage-backed securities (RMBS)	38,004	5,782	AAA
	Collateralized loan obligations (CLO)	1,602,388	168,008	AAA
	Bonds held to maturity	681,912	62,584	AAA
	Other securities	920,476	105,423	AAA
	<b>Subtotal</b>	<b>1,640,393</b>	<b>173,791</b>	
<b>Total</b>		<b>¥3,194,807</b>	<b>¥178,012</b>	

Region		Millions of yen		
		Acquisition cost	2021 Net unrealized gains (losses)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	¥1,354,370	¥19,045	AAA
	Bonds held to maturity	282,293	(1,561)	AAA
	Other securities	1,072,076	20,606	AAA
	Collateralized loan obligations (CLO)	—	—	—
	Other securitized products	225,448	33	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—
	Collateralized debt obligations (CDO)	870	28	AAA
	Subtotal	1,580,689	19,106	
Overseas	Residential mortgage-backed securities (RMBS)	54,999	3,897	AAA
	Collateralized loan obligations (CLO)	2,036,348	36,013	AAA
	Bonds held to maturity	—	—	—
	Other securities	2,036,348	36,013	AAA
	Subtotal	2,091,347	39,911	
<b>Total</b>		<b>¥3,672,037</b>	<b>¥59,017</b>	

- Notes: 1. Numbers in the table are for internal management purposes and differ from financial accounting figures.  
2. The underlying assets provided are only those from multiple debtors comprising securitized products.  
3. The above table does not include securitized products that might be included in investment trusts.  
4. Net unrealized gains (losses) do not reflect the effect of foreign exchange hedging. No hedging activities against credit risks were made.  
5. Other securitized products are securitized products of which major underlying assets are auto loan claims.  
6. Excludes U.S. GSE related items.  
7. Overseas collateralized loan obligations (CLOs) are only those in the United States. Net unrealized gains (losses) on overseas CLOs, including foreign exchange hedging, were as follows: Bonds held to maturity (fair value hedge not applicable) were ¥(9,767) million as of March 31, 2022. Other securities (fair value hedge applicable) were ¥(5,963) million as of March 31, 2022 (¥1,916 million as of March 31, 2021).

## RATIOS

### Net Ordinary Income to Assets and Equity

Fiscal years ended March 31

	%	
	2022	2021
Net ordinary income to assets	0.21	0.18
Net ordinary income to equity	4.54	3.87

- Notes: 1. Net ordinary income to assets = net ordinary income / [(sum of total assets at the beginning and the end of the fiscal year) / 2] x 100  
2. Net ordinary income to equity = net ordinary income / [(sum of total net assets at the beginning and the end of the fiscal year) / 2] x 100

### Net Income to Assets and Equity

Fiscal years ended March 31

	%	
	2022	2021
Net income to assets (ROA)	0.15	0.12
Net income to equity (ROE)	3.28	2.75

- Notes: 1. ROA = net income / [(sum of total assets at the beginning and the end of the fiscal year) / 2] x 100  
2. ROE = net income / [(sum of total net assets at the beginning and the end of the fiscal year) / 2] x 100

### Overhead Ratio

Fiscal years ended March 31

	%	
	2022	2021
Overhead ratio (OHR)	75.98	76.58

Note: OHR = [general and administrative expenses (excluding non-recurring expenses) / gross operating profit] x 100

### Interest Rate Spread

Fiscal years ended March 31

	%	
	2022	2021
Domestic:		
Yield on interest-earning assets	0.21	0.25
Interest rate on interest-bearing liabilities	0.02	0.03
Interest rate spread	0.18	0.22
Overseas:		
Yield on interest-earning assets	1.39	1.11
Interest rate on interest-bearing liabilities	0.35	0.36
Interest rate spread	1.04	0.75
Total:		
Yield on interest-earning assets	0.63	0.56
Interest rate on interest-bearing liabilities	0.10	0.11
Interest rate spread	0.52	0.45

### Loan-Deposit Ratio

As of March 31

	Millions of yen		
	2022		
	Domestic	Overseas	Total
Loans (A)	¥ 4,415,145	¥26,821	¥ 4,441,967
Deposits (B)	193,441,929	—	193,441,929
Loan-deposit ratio (A)/(B)	2.28%	—	2.29%
Loan-deposit ratio (average for the fiscal year)	2.40%	—	2.41%

	Millions of yen		
	2021		
	Domestic	Overseas	Total
Loans (A)	¥ 4,666,152	¥25,571	¥ 4,691,723
Deposits (B)	189,593,469	—	189,593,469
Loan-deposit ratio (A)/(B)	2.46%	—	2.47%
Loan-deposit ratio (average for the fiscal year)	3.13%	—	3.14%

### Security-Deposit Ratio

As of March 31

	Millions of yen		
	2022		
	Domestic	Overseas	Total
Securities (A)	¥ 66,929,004	¥72,620,098	¥139,549,103
Deposits (B)	193,441,929	—	193,441,929
Security-deposit ratio (A)/(B)	34.59%	—	72.14%
Security-deposit ratio (average for the fiscal year)	36.09%	—	72.83%

	Millions of yen		
	2021		
	Domestic	Overseas	Total
Securities (A)	¥ 67,634,749	¥70,548,514	¥138,183,264
Deposits (B)	189,593,469	—	189,593,469
Security-deposit ratio (A)/(B)	35.67%	—	72.88%
Security-deposit ratio (average for the fiscal year)	37.40%	—	72.99%

## OTHERS

### Over-the-Counter Sales of Japanese Government Bonds

Fiscal years ended March 31

	Millions of yen	
	2022	2021
Long-term bonds	¥ 5,463	¥ 1,071
Medium-term bonds	0	0
Bonds for individuals	89,039	61,306
<b>Total</b>	<b>¥94,503</b>	<b>¥62,377</b>

### Domestic Exchanges

Fiscal years ended March 31

#### Remittances

	Millions of yen			
	2022		2021	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Sent	40,948	¥35,727,091	37,802	¥32,622,794
Received	150,078	34,406,887	144,924	33,080,173

Note: All remittances are transferred through the Interbank Data Telecommunication System ("Zengin Net").

## CAPITAL POSITION

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

As of March 31

		Millions of yen	
		2022	2021
Core Capital: instruments and reserves	Directly issued qualifying common stock or preferred stock mandatorily converted into common stock capital plus related capital surplus and retained earnings	¥9,224,792	¥9,057,375
	of which: Capital and capital surplus	7,000,000	7,796,285
	of which: Retained earnings	2,413,168	2,749,408
	of which: Treasury stock (deduction)	902	1,300,844
	of which: Cash dividends to be paid (deduction)	187,473	187,473
	of which: Other than above	—	—
	Subscription rights to common stock or preferred stock mandatorily converted into common stock	—	—
	Reserves included in Core Capital: instruments and reserves	289	280
	of which: General reserve for possible loan losses	289	280
	of which: Eligible reserve	—	—
	Eligible non-cumulative perpetual preferred stock subject to phase out arrangement included in Core Capital: instruments and reserves	—	—
	Eligible capital instrument subject to phase out arrangement included in Core Capital: instruments and reserves	—	—
	Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	—	—
	45% of revaluation reserve for land included in Core Capital: instruments and reserves	—	—
	<b>Core Capital: instruments and reserves (A)</b>	<b>9,225,082</b>	<b>9,057,656</b>
Core Capital: regulatory adjustments	Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	37,024	33,294
	of which: Goodwill (net of related tax liability)	—	—
	of which: Other intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	37,024	33,294
	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—
	Shortfall of eligible provisions to expected losses	—	—
	Securitization gain on sale	—	—
	Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
	Prepaid pension costs	—	—
	Investments in own shares (excluding those reported in the Net Assets section)	—	—
	Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Holding Company Group	—	—
	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ('Other Financial Institutions'), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ('Non-significant Investment') (amount above the 10% threshold)	—	—

		Millions of yen	
		2022	2021
Core Capital: regulatory adjustments	Amount exceeding the 10% threshold on specified items	—	—
	of which: Significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
	of which: Mortgage servicing rights	—	—
	of which: Deferred tax assets arising from temporary differences (net of related tax liability)	—	—
	Amount exceeding the 15% threshold on specified items	—	—
	of which: Significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
	of which: Mortgage servicing rights	—	—
	of which: Deferred tax assets arising from temporary differences (net of related tax liability)	—	—
	Core Capital: regulatory adjustments (B)	37,024	33,294
	Total capital	Total capital (A)-(B)=(C)	¥ 9,188,057
Risk-weighted assets	Credit risk-weighted assets	¥56,529,128	¥55,604,917
	of which: Total of items included in risk-weighted assets subject to transitional arrangements	—	—
	of which: Other Financial Institutions Exposures	—	—
	of which: Other than the above	—	—
	Market risk equivalent / 8%	—	—
	Operational risk equivalent / 8%	2,560,397	2,552,200
	Credit risk-weighted assets adjustments	—	—
	Operational risk equivalent adjustments	—	—
	Total amount of risk-weighted assets (D)	¥59,089,525	¥58,157,118
	Capital adequacy ratio	Capital adequacy ratio (C)/(D) (%)	15.54

Note: The Bank received a certain procedure by the independent audit corporation KPMG AZSA LLC for its assessment method for capital adequacy ratios in accordance with the Japanese Institute of Certified Public Accountants (JICPA) Business Practice Guideline 4465: "Business practices concerning agreed upon procedures for the calculation of capital adequacy ratio and leverage ratio." Of note, a portion of the procedure did not involve auditing of consolidated financial statements or internal control auditing of financial reports. The audit corporation reported to the Bank the results of its procedures within the scope of its agreement with the Bank and did not issue an audit opinion or conclusion regarding the capital adequacy ratio or the capital adequacy assessment process of the internal control system.

## INSTRUMENTS FOR RAISING CAPITAL

### Outline of Instruments for Raising Capital

The Bank raises capital through the issuance of common shares. Current issuance is as follows:

- Total issued and outstanding common shares: 3,749,545,020 shares (including 70,000 shares of treasury stock)

## ASSESSMENT OF CAPITAL ADEQUACY

When creating or making major revisions to its business plans, the Bank performs stress tests based on multiple forward-looking scenarios. From the standpoint of business sustainability, the Bank assesses the adequacy of its own capital with regard to regulatory capital based on capital adequacy regulations and economic capital (risk capital) based on internal risk assessment methods. The findings are then reported to the ALM Committee, the Executive Committee and the Board of Directors.

For the capital adequacy assessment based on regulatory capital, the Bank ensures regulatory levels are satisfied based on calculations of regulatory ratios, including the capital adequacy ratio.

For the capital adequacy assessment based on economic capital, the Bank monitors capital adequacy by comparing the actual amount of risk taken to risk capital, which is allocated according to credit risk, market risk and operational risk when business plans are created, within the framework for integrated risk management. The Bank assesses the quality of its capital by examining the proportion of total stockholders' equity attributable to common stock to its risk capital.

The results of these assessments are reported periodically to the ALM Committee, the Executive Committee and the Board of Directors for the purpose of enhancing capital adequacy.

### Total Required Capital (Non-Consolidated)

As of March 31

		Millions of yen	
		2022	2021
(1) Capital requirement for credit risk:		¥ 487,815	¥ 504,716
	Portfolios applying the standardized approach	466,726	481,889
	Securitization exposures	16,933	19,654
	CVA risk equivalent	3,624	2,586
	Central Counterparty-related exposures	531	586
(2) Capital requirement for credit risk of exposures relating to funds		1,773,349	1,719,479
(3) Capital requirement for market risk:		—	—
(4) Capital requirement for operational risk:		102,415	102,088
	The basic indicator approach	102,415	102,088
Total capital requirements (1) + (2) + (3) + (4)		¥2,363,581	¥2,326,284

Notes: 1. Capital requirement for credit risk: Credit risk-weighted assets x 4%  
2. Capital requirement for operational risk: (Operational risk equivalent / 8%) x 4%  
3. Total capital requirements: Denominator of capital adequacy ratio x 4%

## Exposure Amount of Capital Required for Credit Risk (On-Balance Sheet Items)

As of March 31

Item	(Reference) Risk weight (%)	Millions of yen	
		2022	2021
1 Cash	0	¥ 0	¥ 0
2 Japanese government and the Bank of Japan	0	0	0
3 Foreign central governments and central banks	0-100	8,182	8,108
4 Bank for International Settlements, etc.	0	—	—
5 Non-central government public sector entities	0	0	0
6 Foreign non-central government public sector entities	20-100	6,646	13,859
7 Multilateral Development Banks	0-100	0	0
8 Japan Finance Organization for Municipalities	10-20	2,640	2,720
9 Japanese government agencies	10-20	10,126	10,608
10 Three regional public corporations	20	494	516
11 Financial institutions and Type I Financial Instruments Business Operators	20-100	79,260	72,097
12 Corporates	20-100	279,584	269,910
13 Small and medium-size enterprises and individuals	75	—	—
14 Mortgage loans	35	—	—
15 Project finance (acquisition of real estate)	100	204	—
16 Past-due loans (three months or more)	50-150	0	0
17 Unsettled bills	20	—	—
18 Loans guaranteed by Credit Guarantee Corporation, etc.	0-10	—	—
19 Loans guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	10	—	—
20 Investments in capital and others	100-1250	813	543
Exposure to investments, etc.	100	813	543
Exposure to critical investments	1250	—	—
21 Other than above	100-250	39,978	48,516
Exposures to fund procurement methods by other financial institutions, etc., other than those corresponding to common shares, other TLAC liabilities, etc.	250	22,959	27,662
Exposures to specific items that are not included in adjustment items	250	8,619	12,237
Exposures to other TLAC liabilities of banking and financial entities that are outside the scope of regulatory consolidation and where the bank owns more than 10% of the issued share capital	250	—	—
Exposures to other TLAC liabilities of banking and financial entities that are outside the scope of regulatory consolidation and where the bank does not own more than 10% of the issued share capital (amount above 5% threshold)	150	—	—
Exposures other than those listed above	100	8,400	8,616
22 Securitization transactions	—	16,903	19,619
Compliant with STC criteria	—	—	—
Non-compliant with STC criteria	—	16,903	19,619
23 Re-securitization transactions	—	29	34
24 Exposures relating to funds	—	1,773,349	1,719,479
25 Amounts included in risk-weighted assets due to transitional arrangements	—	—	—
26 Amounts related to exposures to fund procurement methods of other financial institutions, and such like, where such amounts are not included in risk-weighted assets due to transitional arrangements	—	—	—
Total	—	¥2,218,214	¥2,166,014

Notes: 1. Capital requirements are calculated using the following formula:  
Credit risk-weighted assets x 4%  
2. Risk weightings are stipulated in the FSA Bank Capital Adequacy Ratio Notification.

## Amount of Capital Required for Credit Risk (Off-Balance Sheet Items)

As of March 31

Item	(Reference) CCF (%)	Millions of yen	
		2022	2021
1 Commitments cancelable automatically or unconditionally at any time	0	¥ 0	¥ 0
2 Commitments with an original maturity up to one year	20	80	466
3 Short-term trade contingent liabilities	20	—	—
4 Contingent liabilities arising from specific transactions	50	—	—
(Guaranteed principal amounts held in some trusts under the transitional provisions)	50	—	—
5 NIFs and RUFs	50	—	—
6 Commitments with an original maturity over one year	50	325	335
7 Contingent liabilities arising from directly substituted credit	100	12,716	16,622
(Secured with loan guarantees)	100	—	—
(Secured with securities)	100	—	—
(Secured with acceptances)	100	—	—
(Guaranteed principal amounts held in some trusts outside of the transitional arrangements)	100	—	—
(Credit derivative protection provided)	100	10,516	12,982
8 Sale and repurchase agreements and asset sales with recourse (after deductions)	—	—	—
Assets sold with repurchase agreements or assets sold with right of claim (before deductions)	100	—	—
Deductions	—	—	—
9 Forward asset purchases, forward deposits and partly-paid shares and securities	100	—	—
10 Securities lending, cash or securities collateral provision, or repo-style transactions	100	23,253	35,860
11 Derivative transactions and long-settlement transactions	—	2,420	1,724
Current exposure method	—	—	1,724
Derivative transactions	—	—	1,724
(1) Foreign exchange-related transactions	—	—	4,456
(2) Interest rate-related transactions	—	—	410
(3) Gold-related transactions	—	—	—
(4) Equity-related transactions	—	—	—
(5) Precious metal-related transactions (excluding gold)	—	—	—
(6) Other commodity-related transactions	—	—	—
(7) Credit derivative transactions (counterparty risk)	—	—	1
Write-off of credit equivalent amounts under master netting agreement (deduction)	—	—	3,144
Long-settlement transactions	—	—	0
SA-CCR	—	2,420	—
Derivative transactions	—	2,416	—
Long-settlement transactions	—	3	—
12 Unsettled transactions	—	—	—
13 Unexecuted portion within eligible servicer cash advance credit facility related to securitization exposure	0-100	—	—
14 Off-balance sheet securitization exposure other than the above	—	—	—
Total	—	¥38,795	¥55,009

Notes: 1. Capital requirements are calculated using the following formula:  
Credit risk-weighted assets x 4%  
2. CCFs are stipulated in the FSA Bank Capital Adequacy Ratio Notification.  
3. Credit equivalent amounts for derivative transactions and long-settlement transactions are calculated using the Current Exposure Method as of March 31, 2021 and SA-CCR as of March 31, 2022.

## CREDIT RISK

### Outline of Credit Risk Management Policies and Procedures

See Pages 96–98 (Credit Risk Management).

### Qualified Rating Agencies Used

#### • Qualified Rating Agencies Used to Determine Risk Weights

In determining risk weights, the Bank utilizes the credit ratings of four rating agencies, specifically, Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and S&P Global Ratings (S&P), in addition to the Organisation for Economic Co-operation and Development (OECD).

#### • Qualified Rating Agencies Used to Determine Risk Weight by Exposure Category

The Bank uses the following qualified rating agencies for each of the following risk exposure categories.

In the case where multiple credit rating agencies provide ratings, the Bank selects the credit rating that yields the second smallest risk weight in accordance with the Capital Adequacy Notification.

Exposure	Rating agencies	
Central governments and central banks	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Non-central government public sector entities		R&I, JCR, Moody's, S&P
Foreign non-central government public sector entities		Moody's, S&P, OECD
Multilateral Development Banks		Moody's, S&P
Japan Finance Organization for Municipalities		R&I, JCR, Moody's, S&P
Japanese government agencies		R&I, JCR, Moody's, S&P
Three regional public corporations		R&I, JCR, Moody's, S&P
Financial institutions and Type I Financial Instruments Business Operators	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Corporates	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P
Securitization transactions		R&I, JCR, Moody's, S&P

### Exposure by Region, Industry, and Remaining Period

As of March 31

#### Exposure by Region and Industry, Past Due Loans for Three Months or More

Region	Industry	Millions of yen					Past due loans for three months or more
		2022					
		Loans, deposits, etc.	Securities	Derivatives	Others	Total	
Domestic	Agriculture, forestry, fisheries, and mining	—	—	—	—	—	—
	Manufacturing	¥ 104,875	¥ 1,377,502	—	¥ 983	¥ 1,483,362	—
	Utilities, information/communications, and transportation	945,160	3,745,584	—	35,284	4,726,029	—
	Wholesale and retail	120,855	377,272	—	20	498,148	—
	Finance and insurance	78,073,658 (—)	5,477,131	¥128,429	30,043	83,709,262 (—)	—
	Construction and real estate	117,084	188,635	—	4	305,724	—
	Services and goods rental/leasing	85,985	676,685	—	64,039	826,710	—
	Central and local governments	3,552,197	55,283,346	—	83,380	58,918,924	—
	Others	349,432	—	—	379,867	729,300	¥1
	Total	83,349,249 (—)	67,126,160	128,429	593,624	151,197,464 (—)	1
Foreign	Sovereigns	20,100	8,526,903	—	18	8,547,021	—
	Financial institutions	1,471,099	4,979,943	173,197	971	6,625,211	—
	Others	1,460,928	6,161,903	24,873	122	7,647,827	—
	Total	2,952,127	19,668,749	198,070	1,112	22,820,059	—
Investment trust, etc.		5,475,207	50,570,640	—	—	56,045,847	—
Grand total		¥91,776,584 (—)	¥137,365,550	¥326,499	¥594,737	¥230,063,371 (—)	¥1



		Millions of yen						
		2021						
Region	Industry	Loans, deposits, etc.	Securities	Derivatives	Others	Total	Past due loans for three months or more	
Domestic	Agriculture, forestry, fisheries, and mining	—	—	—	—	—	—	
	Manufacturing	¥ 105,688	¥ 1,532,239	—	¥ 1,120	¥ 1,639,048	—	
	Utilities, information/communications, and transportation	953,353	3,714,700	—	27,839	4,695,893	—	
	Wholesale and retail	138,370	462,248	—	10	600,629	—	
	Finance and insurance	92,642,995 (377,287)	5,267,190	¥100,626	31,238	98,042,051 (377,287)	—	
	Construction and real estate	117,199	207,375	—	5	324,580	—	
	Services and goods rental/leasing	90,248	1,065,307	—	60,128	1,215,684	—	
	Central and local governments	3,770,218	56,054,219	—	20,035	59,844,474	—	
	Others	440,303	10,505	—	423,470	874,279	¥0	
	<b>Total</b>	<b>98,258,379 (377,287)</b>	<b>68,313,787</b>	<b>100,626</b>	<b>563,848</b>	<b>167,236,641 (377,287)</b>	<b>0</b>	
Foreign	Sovereigns	7,000	8,137,517	—	254	8,144,772	—	
	Financial institutions	3,061,051	4,765,244	140,215	45	7,966,556	—	
	Others	3,246,350	5,772,426	2,632	81	9,021,490	—	
<b>Total</b>	<b>6,314,401</b>	<b>18,675,188</b>	<b>142,847</b>	<b>381</b>	<b>25,132,819</b>	<b>—</b>		
Investment trust, etc.	4,765,748	47,883,913	—	—	52,649,662	—		
<b>Grand total</b>	<b>¥109,338,529 (377,287)</b>	<b>¥134,872,890</b>	<b>¥243,473</b>	<b>¥564,229</b>	<b>¥245,019,122 (377,287)</b>	<b>¥0</b>		

Notes: 1. Loans, deposits, etc., comprise loans, due from banks, call loans, and off-balance sheet assets other than derivatives. Figures in parentheses are collateral provided (off-balance sheet assets) to the Organization for Postal Savings, Postal Life Insurance and Post Office Network noted elsewhere.  
2. Securities include government bonds, local government bonds, corporate bonds, etc.  
3. Derivatives comprise such instruments as foreign exchange forward contracts and interest rate swaps, etc.  
4. "Past-due loans for three months or more" means the payment of principal or interest is past due three months or more from the day following the scheduled payment date.  
5. The amount of exposure includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.  
6. Investment trusts and other funds are recorded in investment trust, etc.

As of March 31

**Exposure by Time to Maturity**

		Millions of yen				
		2022				
Time to maturity		Loans, deposits, etc.	Securities	Derivatives	Others	Total
One year or less		¥15,251,120 (—)	¥ 20,105,265	¥ 10,820	¥117,005	¥ 35,484,211 (—)
> One and ≤ three years		720,488	17,153,287	8,794	—	17,882,570
> Three and ≤ five years		828,286	11,412,789	217,393	43	12,458,513
> Five and ≤ seven years		235,687	9,302,351	5,361	—	9,543,400
> Seven and ≤ ten years		514,516	10,938,669	45,818	—	11,499,005
Over ten years		806,724	17,862,012	38,310	—	18,707,048
No designated term		67,944,552	20,533	—	477,688	68,442,775
Investment trust, etc.		5,475,207	50,570,640	—	—	56,045,847
<b>Total</b>		<b>¥91,776,584 (—)</b>	<b>¥137,365,550</b>	<b>¥326,499</b>	<b>¥594,737</b>	<b>¥230,063,371 (—)</b>

		Millions of yen				
		2021				
Time to maturity		Loans, deposits, etc.	Securities	Derivatives	Others	Total
One year or less		¥ 39,348,540 (377,287)	¥ 15,157,597	¥ 6,796	¥ 65,086	¥ 54,578,020 (377,287)
> One and ≤ three years		928,049	29,191,869	106,042	—	30,225,960
> Three and ≤ five years		808,954	8,507,740	123,930	43	9,440,669
> Five and ≤ seven years		222,664	9,767,176	6,704	—	9,996,545
> Seven and ≤ ten years		493,195	8,884,557	—	—	9,377,752
Over ten years		746,928	15,466,278	—	—	16,213,207
No designated term		62,024,448	13,755	—	499,099	62,537,303
Investment trust, etc.		4,765,748	47,883,913	—	—	52,649,662
<b>Total</b>		<b>¥109,338,529 (377,287)</b>	<b>¥134,872,890</b>	<b>¥243,473</b>	<b>¥564,229</b>	<b>¥245,019,122 (377,287)</b>

Notes: 1. Loans, deposits, etc., comprise loans, due from banks, call loans, and off-balance sheet assets other than derivatives. Figures in parentheses are collateral provided (off-balance sheet assets) to the Organization for Postal Savings, Postal Life Insurance and Post Office Network noted elsewhere.  
2. Securities include government bonds, local government bonds, corporate bonds, etc.  
3. Derivatives comprise such instruments as foreign currency swaps and interest rate swaps, etc.  
4. The amount of exposure includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.  
5. Investment trusts and other funds are recorded in investment trust, etc.

**Loan Write-Offs by Industry and Counterparty**

There were no write-offs of loans during the fiscal years ended March 31, 2022 and 2021.

**Year-End Balances and Changes During the Fiscal Year of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses, and Loan Loss Reserve for Specific Overseas Countries****By Region****Balance at the end of the fiscal year**

As of March 31

		Millions of yen	
		2022	2021
General reserve for possible loan losses		¥170	¥161
Specific reserve for possible loan losses		—	—
Loan loss reserve for specific overseas countries		—	—

**Changes during the fiscal year**

Fiscal years ended March 31

		Millions of yen	
		2022	2021
General reserve for possible loan losses		¥9	¥23
Specific reserve for possible loan losses		—	—
Loan loss reserve for specific overseas countries		—	—

Notes: 1. Breakdowns by domestic and overseas amounts are not disclosed as the Bank only booked general reserve for possible loan losses.  
2. Since the reserves for possible loan losses noted are those for problem assets disclosed under the Financial Reconstruction Act, they do not match the figures for balance of reserve for possible loan losses and changes during the fiscal year on page 175.

## By Industry

### Balance at the end of the fiscal year

As of March 31

	Millions of yen	
	2022	2021
General reserve for possible loan losses	¥170	¥161
Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—

### Changes during the fiscal year

Fiscal years ended March 31

	Millions of yen	
	2022	2021
General reserve for possible loan losses	¥9	¥23
Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—

Notes: 1. Breakdowns by industry are not disclosed as the Bank only booked general reserve for possible loan losses.  
2. Since the reserves for possible loan losses noted are those for problem assets disclosed under the Financial Reconstruction Act, they do not match the figures for balance of reserve for possible loan losses and changes during the fiscal year on page 175.

## Exposure by Risk Weight Classification

As of March 31

Risk weight	Millions of yen			
	2022		2021	
	Rated	Not rated	Rated	Not rated
0%	¥134,364,417	¥ 7,732,555	¥126,777,336	¥32,332,048
2%	—	476,632	—	653,415
4%	—	—	—	—
10%	230,454	3,191,669	267,093	3,332,155
20%	17,122,618	61,816	18,844,568	64,587
35%	—	—	—	—
50%	6,639,650	—	6,131,991	—
75%	—	—	—	—
100%	2,227,643	1,552,900	2,218,218	1,624,421
150%	—	0	—	—
250%	64,014	251,769	91,004	307,994
1250%	—	—	—	—
Others	—	101,381	—	101,911
Investment trust, etc.	—	56,045,847	—	52,649,662
<b>Total</b>	<b>¥160,648,798</b>	<b>¥69,414,573</b>	<b>¥154,330,213</b>	<b>¥91,066,196</b>

Notes: 1. Ratings are limited to those rated by qualified rating agencies.  
2. The amount of exposure includes balances before the deduction of specific reserve for possible loan losses and after application of the credit risk mitigation methods.  
3. The portion of exposure from assets qualified for credit risk mitigation methods is allocated to risk weight categories after the application of credit risk mitigation methods. As of March 31, 2022, the Bank changed to the Comprehensive Approach of applying collateral. As a result, the exposure amount of assets to which eligible financial collateral was applied has been reduced.  
4. "Others" includes clearing funds contributed to a qualifying central counterparty.  
5. Investment trusts and other funds are recorded in investment trust, etc. The weighted average of risk weights was 79.10% as of March 31, 2022 (compared with 81.64% as of March 31, 2021).

## CREDIT RISK MITIGATION METHODS

### Outline of Risk Management Policies and Procedures

The Bank applies "credit risk mitigation methods" as stipulated in the Capital Adequacy Notification in calculating its capital adequacy ratio. Credit risk mitigation methods involve taking into consideration the benefits of collateral and guarantees in the calculation of its capital adequacy ratio and can be appropriately applied to eligible financial collateral, the netting of loans against the Bank's self deposits, and guarantees and credit derivatives.

#### • Categories of Eligible Financial Collateral

Cash, self deposits, and securities are the only types of eligible financial collateral used by the Bank.

#### • Outline of Policies and Procedures for the Assessment and Management of Collateral

As of March 31, 2022, the Bank changed from the Simple Approach stipulated in the Capital Adequacy Notification to the Comprehensive Approach when applying eligible financial collateral.

The Bank has established internal procedures that enable timely sales or acquisition of eligible financial collateral based on collateral contracts, including terms and conditions, signed prior to any of these transactions.

#### • Outline of Policies and Procedures for the Netting of Loans and Self Deposits and the Types of Transactions and Scope for which Netting Can Be Applied

The Bank regards the netted amount of loans and self deposits as the amount of exposure used in the calculation of the capital adequacy ratio in accordance with special clauses on netting in banking transaction agreements, etc.

Currently, there are no such transactions.

#### • Explanation of the Credit Worthiness and Types of Guarantors and Major Counterparties in Credit Derivative Transactions

The major guarantors used by the Bank are the national government, etc., whose risk weights are lower than debts. In addition, credit derivative clients are financial institutions whose risk weights are lower than reference debt.

#### • Outline of Policies and Procedures for Legally Applying Close-Out Netting Contracts for Derivative Transactions as well as Repurchase Transaction Agreements and the Type and Scope of Transactions to which this Method Is Applied

The Bank refers to the regulations of each country regarding the transactions and takes into account the effect of derivative transactions such as interest rate swaps and currency swaps for which close-out netting agreements have been concluded.

#### • Information on the Concentration of Credit and Market Risk Arising from the Application of Credit Risk Mitigation Methods

The principal credit risk mitigation method utilizes eligible financial collateral secured by cash and self deposits. As a result, there is no concentration of credit and market risk.

### Exposure After Applying Credit Risk Mitigation

As of March 31

Item	Millions of yen			
	2022		2021	
	Exposure	%	Exposure	%
Eligible financial collateral	¥31,202,008	92.83	¥24,748,981	91.22
Guarantees and credit derivatives	2,407,220	7.16	2,379,347	8.77
<b>Total</b>	<b>¥33,609,228</b>	<b>100.00</b>	<b>¥27,128,329</b>	<b>100.00</b>

Notes: 1. The categories of eligible financial collateral used by the Bank include cash, self deposits, and securities.  
2. The major guarantor used by the Bank is the central government, etc. The use of these guarantors lowers risk weights more than non-guaranteed debts.  
3. Credit derivative clients are financial institutions whose risk weights are lower than reference debt.  
4. Excludes exposure in funds included in investment trusts, etc.

## DERIVATIVE TRANSACTIONS AND LONG-SETTLEMENT TRANSACTIONS

### Outline of Risk Management Policies and Procedures

#### • Policy on Collateral Security and Reserve Calculation and Impact of Additional Collateral Demanded on Deterioration of Credit Quality

The Bank signs, as necessary, credit risk mitigation contracts with counterparties in derivative transactions that involve regular transfers of collateral determined in accordance with replacement costs and the likes. Under these contracts, the Bank must provide the counterparty with additional collateral in the event of deterioration in the Bank's credit quality. However, the impact of the additional collateral is deemed to be minor.

The Bank's policy on reserve calculation related to derivative transactions is the same as that applied to ordinary on-balance sheet assets.

#### • Policy on Credit Limit and Risk Capital Allocation Method

The Bank assigns debtors credit ratings to all derivative transaction counterparties. The Bank sets credit limits based on these ratings and conducts regular monitoring on a daily basis to ensure appropriate management of credit risk. In addition, as of March 31, 2022, the Bank changed its method of calculating credit equivalent amounts as part of its credit risk management from the Current Exposure Method to the Standardized Approach for Counterparty Credit Risk (SA-CCR).

The risk capital allocations for derivative transactions are the same as other transactions.

### Credit Equivalent Amounts of Derivative Transactions and Long-Settlement Transactions

As of March 31

	Millions of yen	
	2022	2021
Gross replacement costs	¥ 78,070	¥112,433
Gross add-on amounts	/	601,661
Gross credit equivalents	634,606	714,094
Currency-related transactions	302,815	559,254
Interest rate-related transactions	331,328	154,635
Equity-related transactions	—	—
Credit derivative transactions (counterparty risk)	—	201
Long-settlement transactions	462	3
Write-off of credit equivalent amounts due to netting (deduction)	/	470,617
Net credit equivalents	/	243,476
Collateral held	42,021	4,488
Marketable securities	32,517	4,488
Cash	9,504	—
Collateral paid	966,963	/
Marketable securities	260,252	/
Cash	706,710	/
Net credit equivalent amounts (after considering credit risk mitigation benefits due to collateral)	326,961	243,476

Notes: 1. As of March 31, 2022, the Bank changed its method of calculating credit equivalent amounts from the Current Exposure Method to SA-CCR.  
2. Derivative transactions and long-settlement transactions are recorded only for transactions that require the calculation of credit equivalent amounts.  
3. Does not include exposure in funds that include investment trusts, etc.  
4. Gross replacement costs for which reconstruction costs were less than zero are not included.  
5. Credit risk mitigation benefits due to collateral as of March 31, 2021 are considered in risk weighting, but not in credit equivalent amounts.  
6. Write-off of credit equivalent amounts due to netting as of March 31, 2021 is equal to the figure obtained by subtracting credit equivalent amounts prior to credit risk mitigation with collateral from the sum of aggregated gross replacement costs and total gross add-ons.

### Notional Principal Amounts of Credit Derivatives

As of March 31

	Millions of yen	
	2022	2021
Total return swap	¥1,600	¥33,584
Protection purchased	1,600	33,584
Used for credit risk mitigation	1,600	31,729
Protection provided	—	—

Note: Excludes credit derivatives included in investment trusts and other funds.

## SECURITIZATION EXPOSURE

### Outline of Risk Management Policies and Risk Characteristics

The Bank is exposed to risk associated with securitization as an investor. For the acquisition of securitized instruments, the Bank examines closely the quality of underlying assets, the structure of senior and subordinate rights, and the details of the securitization scheme. In view of these procedures, it assigns ratings to debtors as with other marketable securities and makes acquisitions within the credit limits. Following acquisition, the Bank monitors deterioration in the quality of underlying assets, a change in the composition of underlying assets or other development. Furthermore, credit risks related to securitized instruments are included in the calculation of the credit risk amount, while related interest rate risks are included in the calculation of the market risk amount. In addition, the Bank also recognizes market liquidity risk. The status of market risk, credit risk and market liquidity risk is reported to the Executive Committee and other organizational bodies.

Re-securitization exposure is the same as securitization exposure.

### Outline of Establishment and Operation of System Prescribed by Section 1-1 to 1-4, Article 248 of the Public Notices on Capital Adequacy Ratios of Financial Instruments Business Operators

With regards to securitization exposure, the Bank has a system for ascertaining information relating to comprehensive risk characteristics and performance on a timely basis. Specifically, in addition to regularly reviewing ratings assigned to debtors, the Bank reviews ratings assigned to debtors when necessary if there has been deterioration in the quality of underlying assets, a change in the composition of underlying assets or other development that affects a debtor rating.

Re-securitization exposure is the same as securitization exposure.

### Policy on Using Securitization Transactions as a Credit Risk Mitigation Method

The Bank does not use securitization transactions as a credit risk mitigation method.

### Method Applied for the Calculation of Credit Risk-Weighted Asset Amounts with Regard to Securitization Exposure

The Bank applies the External Rating-Based Approach and the Standardized Approach stipulated in the Capital Adequacy Notification to calculate credit risk-weighted asset amounts related to securitization exposure.

### Type of Securitization Conduit Used for Any Securitization Transactions Related to Third-party Assets Using Securitization Conduits and Whether Securitization Exposures Related to such Securitization Transactions Are Held

The Bank does not conduct securitization transactions related to third-party assets using securitization conduits.

### Subsidiaries, Affiliates and Other such Entities Holding Securitization Exposures Related to Securitization Transactions Conducted by the Bank

There are no subsidiaries, affiliates or other such entities holding securitization exposures related to securitization transactions conducted by the Bank.

### Qualified Rating Agencies Used to Determine Risk Weight by Type of Securitization Exposure

The Bank adopts the credit ratings of the following qualified rating agencies to calculate credit risk-weighted asset amounts related to securitization exposure.

- Rating and Investment Information, Inc. (R&I)
- Japan Credit Rating Agency, Ltd. (JCR)
- Moody's Investors Service, Inc. (Moody's)
- S&P Global Ratings (S&P)

### Investments in Securitization Transactions

#### Securitization Exposure and Breakdown by Type of Main Underlying Assets (Excludes Re-Securitization Exposure)

As of March 31

Type of underlying assets	Millions of yen	
	2022	2021
Mortgage loans	¥ 212,326	¥ 198,143
Auto loans	176,926	182,148
Leases	5,389	4,484
Accounts receivable	54,286	38,818
Corporate loans	1,680,066	2,043,193
Others	—	—
<b>Total</b>	<b>¥2,128,995</b>	<b>¥2,466,789</b>

Notes: 1. There are no off-balance sheet transactions.  
2. Excludes securitization exposure included in investment trust, etc.

### Re-Securitization Exposure and Breakdown by Type of Main Underlying Assets

As of March 31

Type of underlying assets	Millions of yen	
	2022	2021
Mortgage loans	¥735	¥870
Auto loans	—	—
Leases	—	—
Accounts receivable	—	—
Corporate loans	—	—
Others	—	—
<b>Total</b>	<b>¥735</b>	<b>¥870</b>

Notes: 1. There are no off-balance sheet transactions.  
2. Excludes re-securitization exposure included in investment trust, etc.

#### Balance by Risk Weight of Securitization Exposure and Amount of Capital Requirements (Excluding Re-Securitization Exposure)

As of March 31

Risk weight	Millions of yen			
	2022		2021	
	Balance	Capital requirements	Balance	Capital requirements
≥15% and ≤20%	¥2,128,995	¥16,903	¥2,466,789	¥19,619
>20% and ≤45%	—	—	—	—
>45% and ≤70%	—	—	—	—
>70% and ≤140%	—	—	—	—
>140% and ≤225%	—	—	—	—
>225% and ≤420%	—	—	—	—
>420% and <1250%	—	—	—	—
1250%	—	—	—	—
<b>Total</b>	<b>¥2,128,995</b>	<b>¥16,903</b>	<b>¥2,466,789</b>	<b>¥19,619</b>

Notes: 1. There are no off-balance sheet transactions.  
2. Excludes securitization exposure included in investment trust, etc.  
3. Capital requirements are calculated using the following formula: Credit risk-weighted assets x 4%

#### Balance by Risk Weight of Re-Securitization Exposure and Amount of Capital Requirements

As of March 31

Risk weight	Millions of yen			
	2022		2021	
	Balance	Capital requirements	Balance	Capital requirements
100%	¥735	¥29	¥870	¥34
>100% and <1250%	—	—	—	—
1250%	—	—	—	—
<b>Total</b>	<b>¥735</b>	<b>¥29</b>	<b>¥870</b>	<b>¥34</b>

Notes: 1. There are no off-balance sheet transactions.  
2. Excludes re-securitization exposure included in investment trust, etc.  
3. There were no credit risk mitigation methods applied to re-securitization exposure.  
4. Capital requirements are calculated using the following formula:  
Credit risk-weighted assets x 4%

## Accounting Policy for Securitization Transactions

The Bank complies with the "Accounting Standard for Financial Instruments" (ASBJ statement No. 10), etc., in recognizing the initiation and extinguishment of financial assets and liabilities in securitization transactions and assessing and booking these assets and liabilities.

## OPERATIONAL RISK

### Outline of Policies and Procedures for Risk Management

See Page 99 (Operational Risk Management).

### Method Applied for the Calculation of Operational Risk Equivalent Amounts

The Bank adopts the Basic Indicator Approach stipulated in the Capital Adequacy Notification to calculate operational risk equivalent amounts based on capital adequacy regulations.

## INVESTMENTS, STOCKS, AND OTHER EXPOSURES

### Outline of Risk Management Policies and Procedures

Among exposures to investments, stocks, and other exposures, the Bank manages risk for available-for-sale securities in accordance with Market Risk Management/Market Liquidity Risk Management (Pages 94–95) and Credit Risk Management (Pages 96–98).

#### 1. Balance Sheet Amounts and Fair Values

As of March 31

	Millions of yen			
	2022		2021	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Exposure to listed equities, etc. (Note 1)	—	—	—	—
Exposure to investments or equities, etc., other than above (Note 2)	¥20,331	/	¥13,576	/
<b>Total</b>	<b>¥20,331</b>	<b>/</b>	<b>¥13,576</b>	<b>/</b>

Notes: 1. The number represents stocks with fair value.  
2. The number represents stocks that do not have a market price.  
3. The figures in the above table do not include exposure to instruments embedded in investment trust, etc. The same applies below.

#### 2. Gains (Losses) on Sale or Write-Off of Investment or Equity Exposures

Fiscal years ended March 31

	Millions of yen	
	2022	2021
Gains (Losses):	¥(744)	—
Gains	—	—
Losses	—	—
Write-offs	744	—

Note: The gains and losses in the above table are recorded as gains (losses) on sales of stock, etc., on the statements of income.

### 3. Unrealized Gains (Losses) Recognized on the Balance Sheets But Not on the Statements of Income

As of March 31

	Millions of yen	
	2022	2021
Unrealized gains (losses) recognized on the balance sheets but not on the statements of income	—	—

Note: The number represents unrealized gains (losses) on stocks with fair value.

### 4. Unrealized Gains (Losses) Not Recognized on the Balance Sheets or the Statements of Income

As of March 31

	Millions of yen	
	2022	2021
Unrealized gains (losses) not recognized on the balance sheets or the statements of income	—	—

Note: The number represents unrealized gains (losses) on stocks of subsidiaries and affiliates with fair value.

## EXPOSURES RELATING TO FUNDS

As of March 31

Calculation method	Millions of yen			
	2022		2021	
	Balance	Capital requirements	Balance	Capital requirements
Exposures where fund components are identifiable (look-through approach) (note 3)	¥55,852,532	¥1,736,834	¥52,531,646	¥1,689,008
Exposures not included in any categories above where investment mandates of funds are known (mandate-based approach) (note 4)	0	0	—	—
Exposures not included in any categories above where there is a high probability of the weighted average risk weight applied to fund components being less than 250% (note 5)	110,168	11,016	61,535	6,153
Exposures not included in any categories above where there is a high probability of the weighted average risk weight applied to fund components being less than 400% (note 5)	47,279	7,564	11,535	1,845
Exposures not included in any categories above (Fall-back approach) (note 6)	35,867	17,933	44,944	22,472
<b>Total</b>	<b>¥56,045,847</b>	<b>¥1,773,349</b>	<b>¥52,649,662</b>	<b>¥1,719,479</b>

Notes: 1. The amount of required capital is the amount arrived at after multiplying credit risk assets by 4%.  
2. Risk weight is specified in the Equity Ratio Notification.  
3. As stipulated in Article 76 5-2 of the FSA Bank Capital Adequacy Ratio Notification.  
4. As stipulated in Article 76 5-6 of the FSA Bank Capital Adequacy Ratio Notification.  
5. As stipulated in Article 76 5-9 of the FSA Bank Capital Adequacy Ratio Notification.  
6. As stipulated in Article 76 5-10 of the FSA Bank Capital Adequacy Ratio Notification.

## INTEREST RATE RISK

### Risk Management Policy and Procedure Overview

Interest rate risk in the banking book (IRRBB) refers to the risk of losses caused by interest rate fluctuations which affect the value of assets and liabilities (including off balance sheet items) and the earnings generated from assets and liabilities. As part of IRRBB monitoring, the Bank measures interest rate sensitivity (10BPV) on a daily basis, as well as  $\Delta$ EVE (measuring amount of decreased economic value of equity, based on interest rate shocks listed in disclosed notifications) and  $\Delta$ NII (measuring amount of decreased net interest income for the measurement period in response to an interest rate shock (12-month period from the calculation base date), based on interest rate shocks listed in disclosed notifications) both on a monthly basis. Both of them are used to evaluate the adequacy of equity capital. As to overall market risks including interest rate risks, the Bank measures market VaR (Value at Risk) on a daily basis. This monitoring verifies that market VaR is within the capital allocation amount range (refer to "Market Risk Management/Market Liquidity Risk Management" on Pages 94–95 for details).

### Overview of Interest Rate Risk Calculation Methods

IRRBB is measured by estimating future cash flows mainly from assets and liabilities.

### Interest Rate Risk Status

As of March 31

IRRBB1: Interest Rate Risk

Item No.		Millions of yen			
		$\Delta$ EVE		$\Delta$ NII	
		A 2022	B 2021	C 2022	D 2021
1	Upward parallel shift	¥1,053,364	¥ 567,767	¥331,727	¥254,339
2	Downward parallel shift	1,095,093	2,274,001	2,296	(4,553)
3	Steeper	/	/	/	/
4	Flattener	/	/	/	/
5	Short-term interest rate up	/	/	/	/
6	Short-term interest rate down	/	/	/	/
7	Maximum	1,095,093	2,274,001	331,727	254,339
		E		F	
		2022		2021	
8	Equity capital	¥9,188,057		¥9,024,361	

Notes: 1. Decreased economic value and interest income are shown as positive values.

2. Key assumptions for  $\Delta$ EVE and  $\Delta$ NII calculations are as follows:

- The Bank has applied an internal model to allocate the estimated balance and termination dates of liquid deposits that have remained on deposit in the Bank for a long term without being withdrawn, (so-called "core deposits"). The average repricing maturities of liquid deposits are 3.1 years. The longest repricing maturities are 10 years.
- Interest rate risk relating to TEIGAKU deposits is calculated based on an estimated future cash flow using an internal model.
- The Bank aggregates  $\Delta$ EVE of JPY, USD, EUR, GBP, and AUD taking into account the correlation between each different currency. On the other hand, the Bank adds only positive  $\Delta$ EVE of the other currencies.  $\Delta$ NII is the simple sum of  $\Delta$ NII measured for each currency.
- Spread levels are included in discount rates and cash flows.

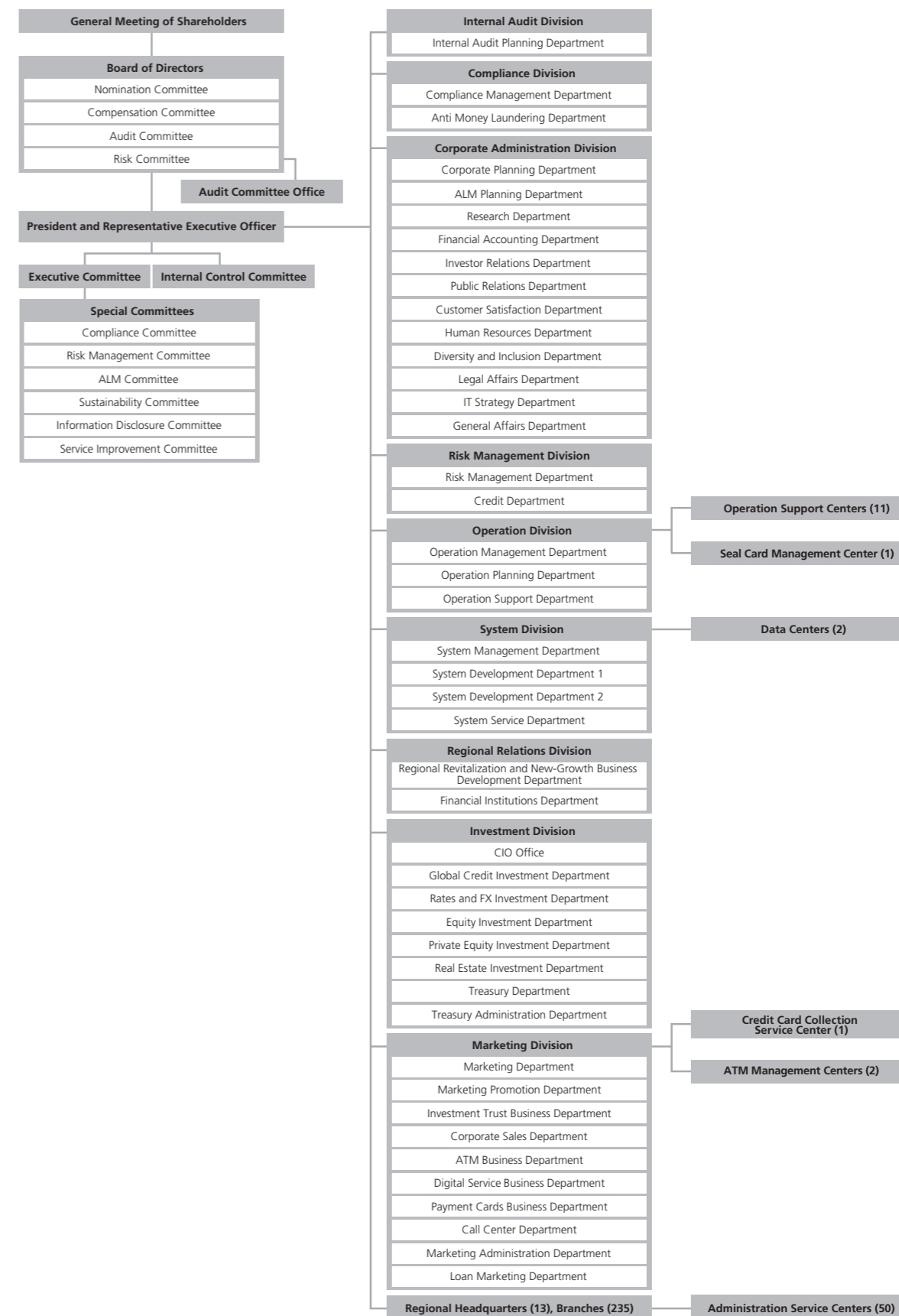
3. The Bank confirms that it has secured sufficient capital to counter measured interest rate risk.

4. According to the "Comprehensive Guidelines for Supervision of Major Banks, etc." prescribed by the Financial Services Agency (FSA), "Because JAPAN POST BANK is obligated legally to hold a portion of its assets in JGBs and other "safe" assets, the FSA takes this special information into consideration in its oversight of the Bank in terms of the application of the materiality test."

## Corporate Data

### Organization

(As of July 1, 2022)



# Shareholder Information

(As of March 31, 2022)

## Number of Shares

Total number of authorized shares	18,000,000,000 shares
Total number of outstanding shares	3,749,545,020 shares
Total number of shareholders	436,231

Note: The treasury stock does not include the Bank's shares held by the stock benefit trust (685,900 shares).

## Major Shareholders

	Name of shareholder	Number of shares held	Shareholding ratio (%)
1	JAPAN POST HOLDINGS Co., Ltd.	3,337,032,700	88.99
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	60,523,200	1.61
3	Custody Bank of Japan, Ltd. (Trust Account)	13,426,800	0.35
4	Japan Post Bank Employee Shareholding Association	11,282,000	0.30
5	STATE STREET BANK WEST CLIENT-TREATY 505234	10,782,600	0.28
6	STATE STREET BANK AND TRUST COMPANY 505103	6,323,579	0.16
7	BNYM TREATY DTT 15	3,214,303	0.08
8	STATE STREET BANK AND TRUST COMPANY 505225	2,822,900	0.07
9	JP MORGAN CHASE BANK 385771	2,740,644	0.07
10	THE BANK OF NEW YORK MELLON 140044	2,581,973	0.06

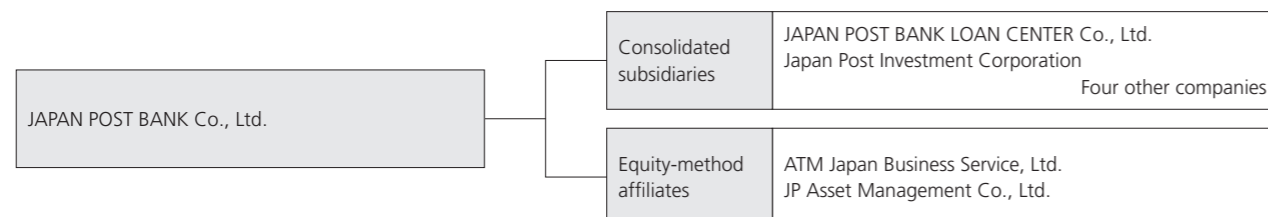
Note: The shareholding ratio has been calculated excluding treasury stock (70,000 shares) and has been rounded down to the second decimal place.

## Affiliated Companies

	Name/ Location	Issued capital (millions of yen)	Main business	Date of Establishment	Holding as percentage (%)
Consolidated subsidiaries	JAPAN POST BANK LOAN CENTER Co., Ltd. Triton Square Tower X 43F, 8-10, Harumi 1-chome, Chuo-ku, Tokyo	2,000	Credit guarantee operations for account overdraft lending services of the Bank and administrative agency services	May 28, 1980	100.00
	Japan Post Investment Corporation 3-1, Otemachi 2-chome, Chiyoda-ku, Tokyo	750	Investment management operations of securities and investment advisory business	February 9, 2018	50.00 [25.00]
	Four other companies	—	—	—	—
Equity-method affiliates	ATM Japan Business Service, Ltd. 30-5, Hamamatsucho 1-chome, Minato-ku, Tokyo	100	Management of ATMs, for example cash loading and withdrawal	August 30, 2012	35.00
	JP Asset Management Co., Ltd. 5-11, Nihonbashi-honcho 1-chome, Chuo-ku, Tokyo	500	Investment management business, type II financial instruments business	August 18, 2015	45.00

Note: Data in parentheses in the "Holdings as percentage" column represent the ownership percentage (superscription) of persons who are found to exercise their voting rights in accordance with the wishes of the first Company, etc., due to a close relationship therewith in terms of investment, personnel, funds, technology, transactions or other matters or persons who have agreed to exercise their voting rights in accordance with the wishes of the first Company, etc.

### • Business organization chart: The Bank and its affiliated companies



Note: In addition to the above, there are two non-consolidated subsidiaries not accounted for by the equity method.

# JAPAN POST GROUP Charter of Corporate Conduct

## (1) Earn the trust of customers

- We earn the trust of customers by adopting their perspective and meeting their expectations.
- We protect and manage information strictly so that customers can use our services with peace of mind.
- We fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner.

## (2) Observe ethical standards

- We continue to conduct business activities with sincerity by complying with laws, regulations, social standards and internal rules.
- We stand firmly against antisocial forces and organizations that threaten the order and safety of civil society.
- We maintain workplace discipline by clearly defining responsibilities and authority and fairly evaluating performance and results.

## (3) Place priority on coexistence

- We actively promote environmental conservation and make a significant contribution to society through business activities.
- We aim for sustainable coexistence by placing importance on maintaining dialogues with diverse stakeholders.
- We respect human rights and provide safe and pleasant workplaces.

## (4) Create value

- We will create new convenience for customers and provide them with high-quality services.
- We will create stable value by providing universal services in our three core businesses through the JAPAN POST GROUP network.
- We will utilize teamwork and create corporate value for the JAPAN POST GROUP by promoting mutual understanding and cooperation among employees and encouraging each and every employee to fulfill their roles and responsibilities.

## (5) Be a source of change

- We will apply technological innovation and continually make innovative changes internally to provide stable services to our customers.
- We exercise our creativity from a broad viewpoint and lofty perspective to promote the Group's development.
- We aggressively take on the challenge of conducting global business activities.

# Corporate Profile

(As of March 31, 2022)

Corporate name	JAPAN POST BANK Co., Ltd.
Date of establishment	September 1, 2006
Director, President and Representative Executive Officer	Norito Ikeda
Address of head office	2-3-1 Otemachi, Chiyoda-ku, Tokyo 100-8793, Japan
Total assets	¥232,922 billion
Total net assets	¥10,263 billion
Capital	¥3,500 billion
Number of employees*	12,169
Securities identification code	7182 (Tokyo Stock Exchange Prime Market)

\* The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figure does not include part-time employees (including the indefinite-term employees (associates) based on the indefinite-term employment conversion system).

## Website

Corporate overview of the Bank together with press releases, financial, IR and other information.

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JAPAN POST BANK Co., Ltd.

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