

# **Selected Financial Information**

## **For the Three Months Ended June 30, 2016**



**JAPAN POST BANK Co., Ltd.**  
**August 12, 2016**

# Contents

## Financial Highlights

1. Overview of FY2017/3 1Q Results.....P. 2	5. Asset Management Status.....P. 7
2. Trend of Net Interest Income and Interest Rate Spread.....P. 4	6. Trend of Deposit Balance.....P. 9
3. Net Fees and Commissions.....P. 5	7. Trend of Capital Adequacy Ratio.....P.10
4. Trend of General and Administrative Expenses.....P. 6	

## Financial Data

1. Summarized Balance Sheets.....P.12	11. Problem Assets Disclosed under the Financial Reconstruction Act.....P.23
2. Income Analysis.....P.13	12. Capital.....P.24
3. Selected Ratios.....P.14	13. Selected Business Results.....P.25
4. Interest Rate Spread.....P.14	(Reference) Asset Balance by Portfolio..... P.27
5. Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities.....P.15	(Reference) Securitized Products Exposure..... P.28
6. Asset Management Status.....P.17	
7. Unrealized Gains (Losses) on Financial Assets.....P.18	
8. General and Administrative Expenses.....P.20	
9. Loans by Industry.....P.21	
10. Balances by Type of Deposit.....P.22	

Note: All Japanese yen figures in the financial statements of JAPAN POST BANK Co., Ltd. (the “Bank”) have been rounded down. Accordingly, the total of each account may not be equal to the combined total of individual items.

## Financial Highlights

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# 1. Overview of FY2017/3 1Q Results

- Gross operating profit decreased by ¥25.5 bn from the three months ended June 30, 2015, to ¥353.6 bn for the three months ended June 30, 2016. Net interest income for the three months ended June 30, 2016 decreased by ¥47.3 bn from the three months ended June 30, 2015, mainly due to a decrease in interest on Japanese government bonds. Net fees and commissions for the three months ended June 30, 2016 decreased by ¥2.0 bn from the three months ended June 30, 2015. Net other operating income for the three months ended June 30, 2016 increased by ¥23.8 bn from the three months ended June 30, 2015, due to an increase in gains (losses) on foreign exchanges, etc.
- General and administrative expenses decreased by ¥0.2 bn from the three months ended June 30, 2015, to ¥267.2 bn for the three months ended June 30, 2016.
- In the adverse business environment with the further decline in interest rates as a result of the “quantitative and qualitative monetary easing with a negative interest rate” implemented by the Bank of Japan, net operating profit decreased by ¥25.2 bn from the three months ended June 30, 2015, to ¥86.4 bn for the three months ended June 30, 2016.
- Non-recurring gains (losses) for the three months ended June 30, 2016 increased by ¥4.3 bn from the three months ended June 30, 2015, due to an increase in gains (losses) on money held in trust, etc. Net ordinary income decreased by ¥20.9 bn from the three months ended June 30, 2015, to ¥92.9 bn for the three months ended June 30, 2016.
- Net income decreased by ¥11.3 bn from the three months ended June 30, 2015, to ¥67.8 bn for the three months ended June 30, 2016, which equated to 22.6% of the earnings forecasts of ¥300.0 bn in net income for the fiscal year ending March 31, 2017, generally in accordance with the Bank's plan.

## Results of Operations

(¥bn, %)

	For the three months ended June 30, 2016
Ordinary income	459.9
Increase (decrease) from the three months ended June 30, 2015	(22.7) (4.7)%
Net ordinary income	92.9
Increase (decrease) from the three months ended June 30, 2015	(20.9) (18.3)%
Net income	67.8
Increase (decrease) from the three months ended June 30, 2015	(11.3) (14.3)%

(¥bn, %)

	Earnings forecasts for the fiscal year ending March 31, 2017	Progress
Net ordinary income	420.0	22.1%
Net income	300.0	22.6%

# 1. Overview of FY2017/3 1Q Results

## Results of Operations

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Gross operating profit	353.6	379.1	(25.5)
Net interest income	308.0	355.3	(47.3)
Net fees and commissions	21.7	23.8	(2.0)
Net other operating income (loss)	23.8	0.0	23.8
Gains (losses) on foreign exchanges	21.6	0.2	21.4
Gains (losses) on bonds	1.9	(0.1)	2.1
General and administrative expenses (*)	267.2	267.5	(0.2)
Provision for general reserve for possible loan losses	(0.0)	—	(0.0)
Net operating profit	86.4	111.6	(25.2)
Non-recurring gains (losses)	6.5	2.2	4.3
Gains (losses) on money held in trust	7.6	4.1	3.4
Net ordinary income	92.9	113.8	(20.9)
Net income	67.8	79.2	(11.3)
ROE (**) (***)	2.36%	2.74%	(0.38)%
OHR (****)	75.57%	70.55%	5.02 %

## Financial Condition

	As of		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	March 31, 2016 (B)	
Assets	207,819.5	207,056.0	763.4
Cash and due from banks	48,483.3	45,895.0	2,588.3
Call loans	695.0	978.8	(283.8)
Receivables under securities borrowing transactions	7,976.2	7,923.2	53.0
Money held in trust	3,423.0	3,561.1	(138.0)
Securities	142,079.9	144,076.8	(1,996.9)
Loans	2,492.1	2,542.0	(49.9)
Liabilities	196,287.5	195,547.8	739.6
Deposits	179,429.0	177,871.9	1,557.0
Payables under securities lending transactions	12,419.3	13,123.5	(704.2)
Net assets	11,531.9	11,508.1	23.7
Total shareholders' equity	8,578.9	8,605.2	(26.2)
Total valuation and translation adjustments	2,952.9	2,902.8	50.0

\* General and administrative expenses exclude non-recurring losses.

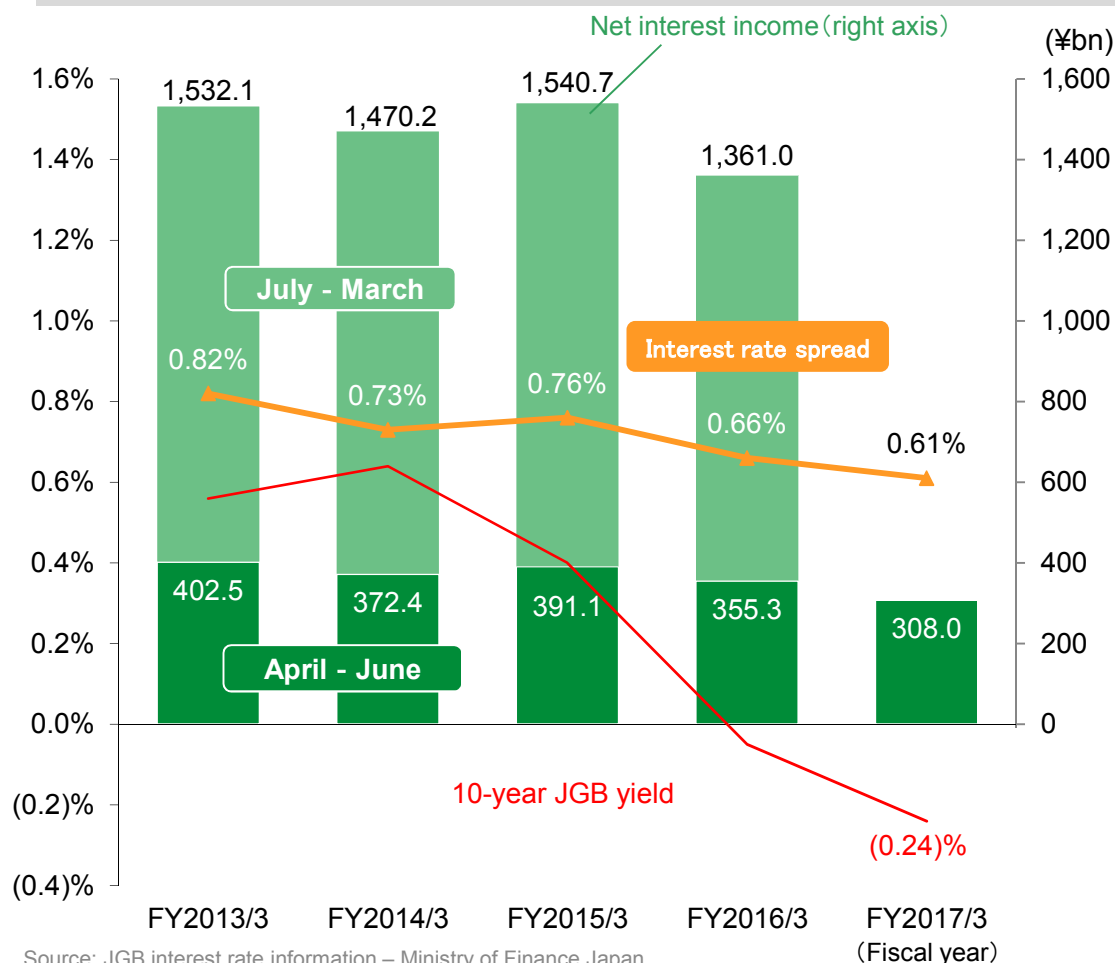
\*\* ROE = net income / [(sum of total net assets at the beginning and the end of the period) / 2] x 100

\*\*\* ROE is annualized.

\*\*\*\* OHR = (general and administrative expenses / gross operating profit) x 100

## 2. Trend of Net Interest Income and Interest Rate Spread

■ Net interest income was ¥308.0 billion and interest rate spread was 0.61% for the three months ended June 30, 2016.



Source: JGB interest rate information – Ministry of Finance Japan

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

2. For a part of interest income and expenses, transactions between "domestic" and "overseas" are offset to calculate totals. As a result, the total of each account may not be equal to the combined total of "domestic" and "overseas" of each item.

3. Interest rate spread of FY2017/3 is annualized.

Domestic		For the three months ended		Increase (Decrease)
		June 30, 2016 (A)	June 30, 2015 (B)	(A) – (B)
Net interest income		268.6	298.6	(30.0)
Interest income		328.6	366.0	(37.3)
Interest income on Japanese government bonds		212.7	257.4	(44.6)
Interest expenses		60.0	67.4	(7.3)

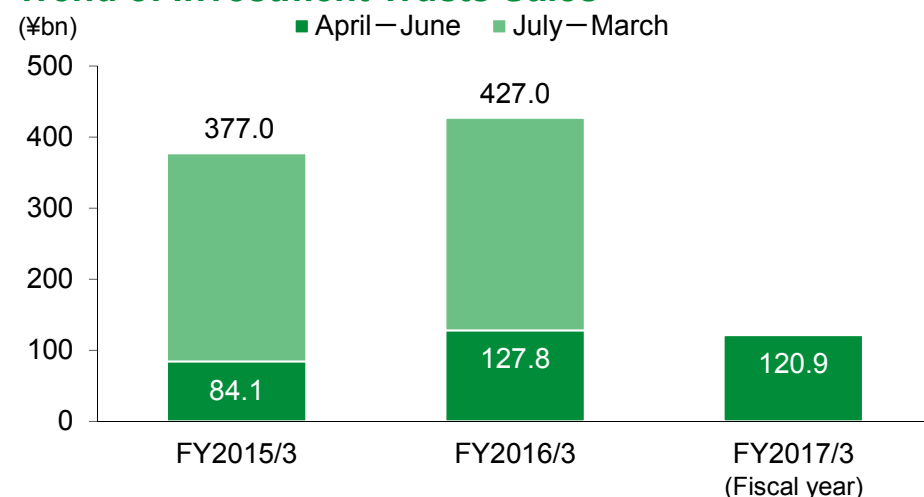
Overseas		For the three months ended		Increase (Decrease)
		June 30, 2016 (A)	June 30, 2015 (B)	(A) – (B)
Net interest income		39.3	56.7	(17.3)
Interest income		131.0	130.9	0.0
Interest income on foreign securities		130.6	129.7	0.9
Interest expenses		91.6	74.2	17.3

Total		For the three months ended		Increase (Decrease)
		June 30, 2016 (A)	June 30, 2015 (B)	(A) – (B)
Net interest income		308.0	355.3	(47.3)
Interest income		389.7	444.0	(54.2)
Interest expenses		81.7	88.6	(6.9)

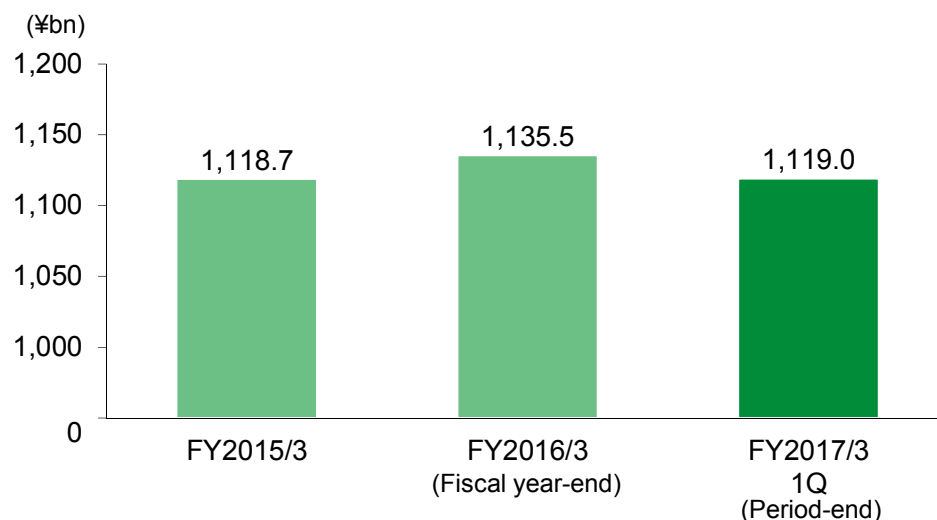
### 3. Net Fees and Commissions

■ Net fees and commissions decreased by ¥2.0 bn from the three months ended June 30, 2015, to ¥21.7 bn for the three months ended June 30, 2016.

#### Trend of Investment Trusts Sales



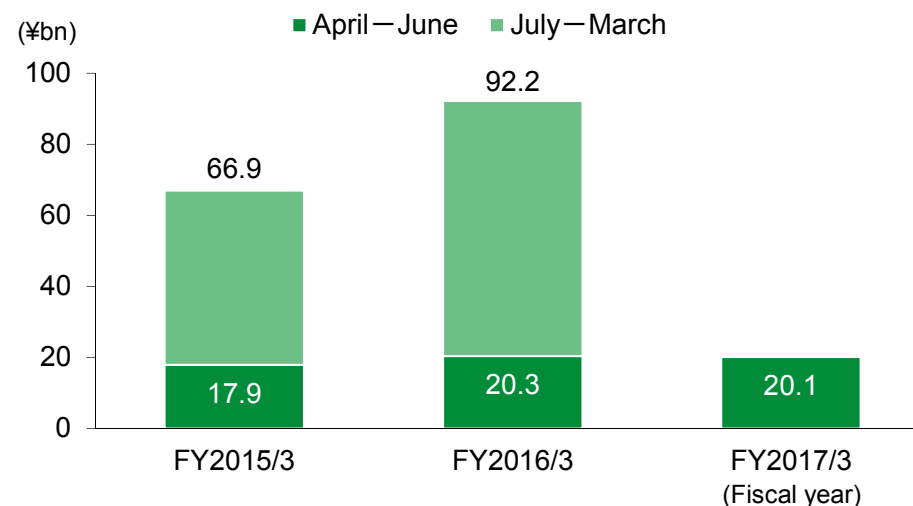
#### Trend of Net Assets of Investment Trusts



(¥bn)

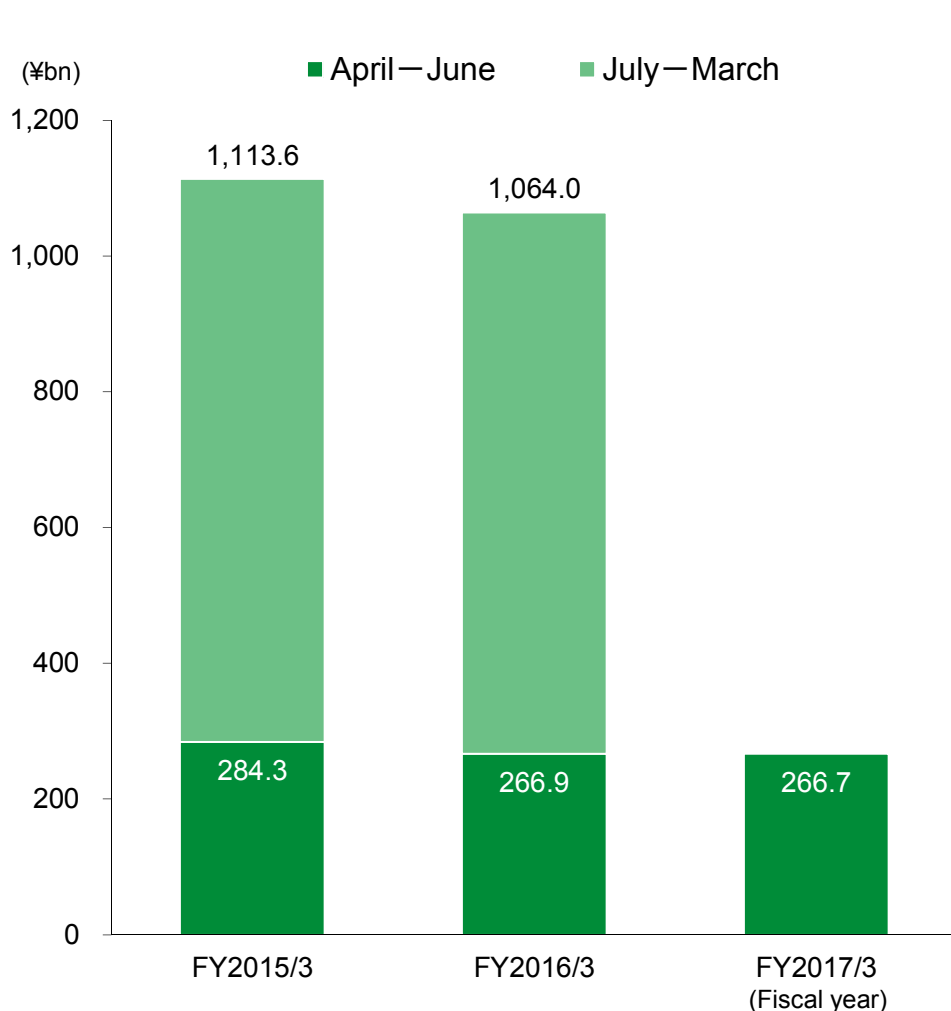
	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Net fees and commissions relating to	21.7	23.8	(2.0)
Exchange and settlement transactions	14.9	15.0	(0.1)
ATMs	1.8	1.9	(0.1)
Investment trusts	2.4	3.7	(1.3)
Others	2.5	3.0	(0.4)

#### Trend of Variable Annuities Policies Sales



## 4. Trend of General and Administrative Expenses

■ General and administrative expenses decreased by ¥0.2 billion from the three months ended June 30, 2015, to ¥266.7 billion for the three months ended June 30, 2016.

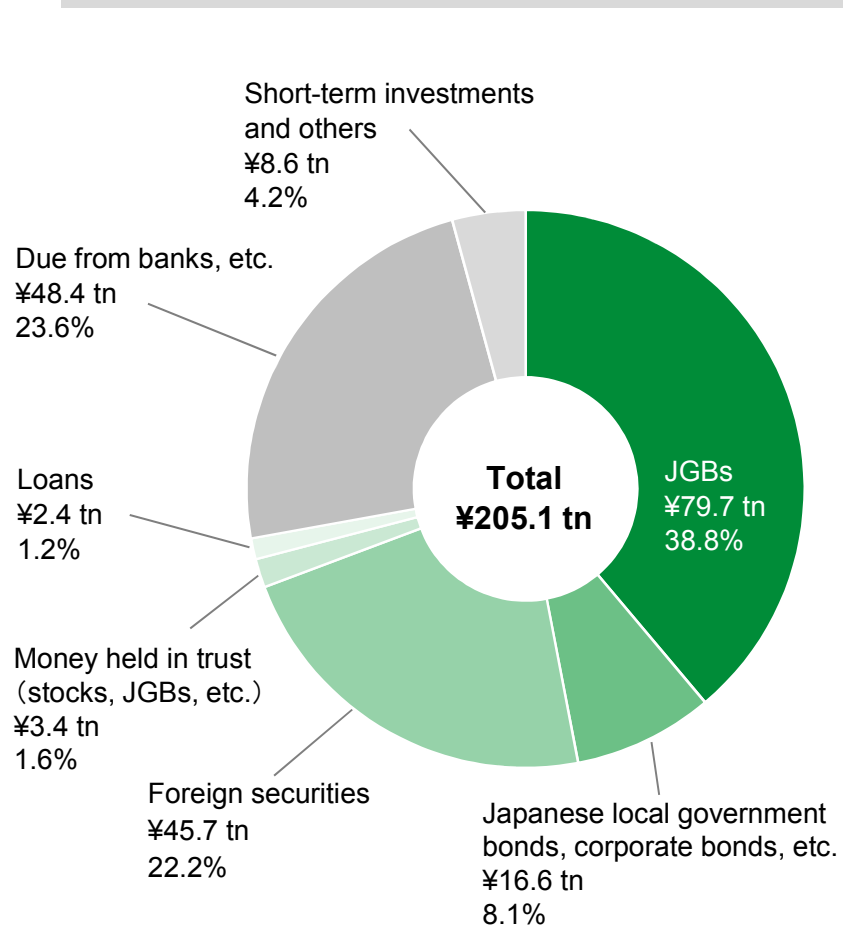


	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Personnel expenses (*)	30.8	30.1	0.6
Salaries and allowances	25.4	25.0	0.4
Non-personnel expenses	216.0	217.8	(1.8)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	155.8	156.0	(0.2)
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	2.0	2.4	(0.3)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	16.5	16.1	0.4
Taxes and dues	19.8	18.9	0.9
Total	266.7	266.9	(0.2)

\* Personnel expenses include non-recurring losses.

## 5. Asset Management Status

■ Securities, which consisted of JGBs, etc., were ¥142.0 trillion, while loans were ¥2.4 trillion as of June 30, 2016.



(¥bn)					
Categories	As of June 30, 2016 (A)	%	As of March 31, 2016 (B)	%	Increase (Decrease) (A) – (B)
Securities	142,079.9	69.2	144,076.8	70.3	(1,996.9)
Japanese government bonds	79,725.9	38.8	82,255.6	40.1	(2,529.6)
Japanese local government bonds, corporate bonds, etc. (*)	16,632.2	8.1	16,425.6	8.0	206.6
Foreign securities	45,721.7	22.2	45,395.5	22.1	326.1
Foreign bonds	18,823.5	9.1	19,829.5	9.6	(1,005.9)
Investment trusts	26,856.9	13.0	25,520.9	12.4	1,335.9
Money held in trust (stocks, JGBs, etc.)	3,423.0	1.6	3,561.1	1.7	(138.0)
Domestic stocks	1,779.3	0.8	1,878.6	0.9	(99.3)
Loans	2,492.1	1.2	2,542.0	1.2	(49.9)
Due from banks, etc. (**)	48,408.3	23.6	45,769.1	22.3	2,639.2
Short-term investments and others (***)	8,696.6	4.2	8,927.5	4.3	(230.8)
Total	205,100.1	100.0	204,876.6	100.0	223.4

\* "Japanese local government bonds, corporate bonds, etc." consists of Japanese local government bonds, commercial paper, Japanese corporate bonds, etc.

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

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

## 5. Asset Management Status

■ Net unrealized gains on available-for-sale securities after taking into consideration of gains (losses) from hedge accounting were ¥4,257.9 billion (before application of tax effect accounting).

(¥bn)

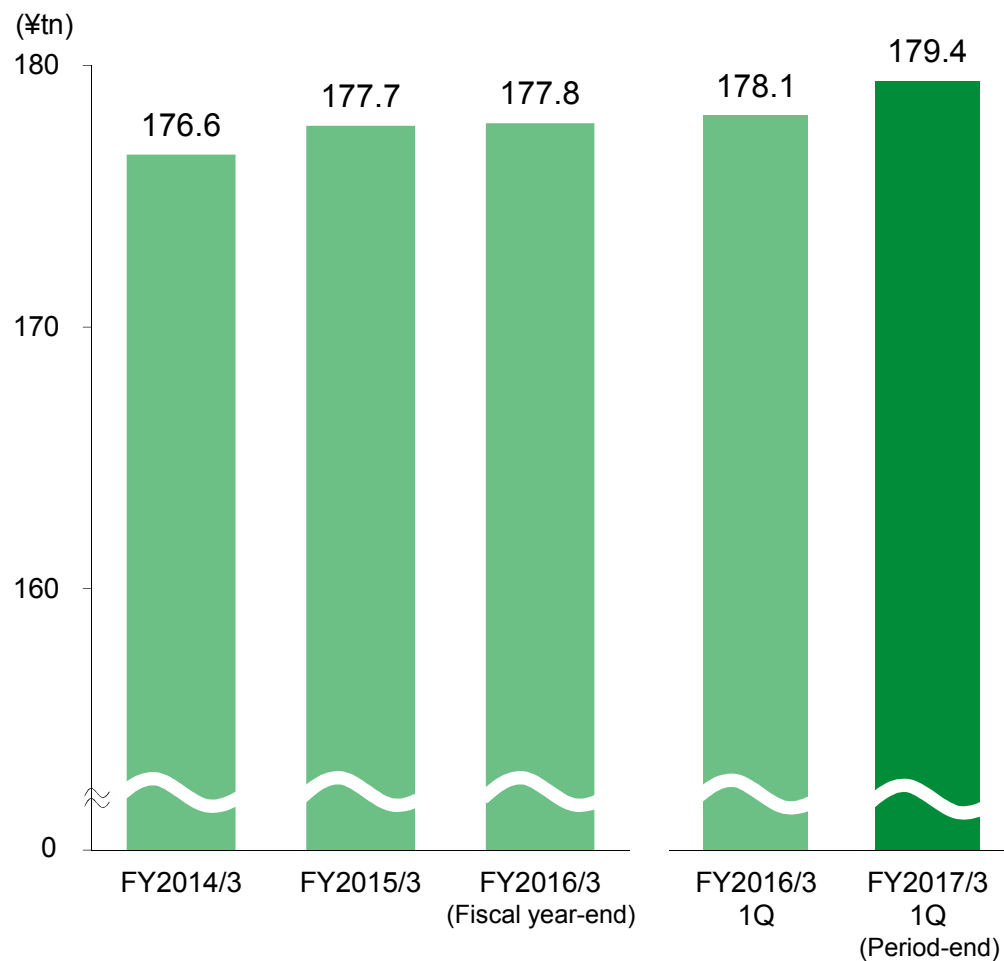
	As of June 30, 2016		As of March 31, 2016	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Held-to-maturity securities	49,817.3	2,223.7	52,052.5	2,208.3

(¥bn)

	As of June 30, 2016		As of March 31, 2016	
	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)
Available-for-sale	95,913.1	4,557.4	95,847.5	4,791.7
Available-for-sale securities (A)	92,490.0	2,986.9	92,286.3	3,872.4
Japanese government bonds	33,805.7	1,904.6	34,358.2	1,744.7
Foreign bonds	18,726.8	700.2	19,732.7	1,967.8
Investment trusts	26,838.2	81.0	25,520.9	(128.0)
Effect of fair value hedge accounting (B)		788.2		35.3
Money held in trust (C)	3,423.0	782.3	3,561.1	883.8
Domestic stocks	1,779.3	725.9	1,878.6	829.8
Derivatives for which deferred hedge accounting is applied (D)	9,020.3	(299.5)	7,719.8	(605.3)
Total (A) + (B) + (C) + (D)		4,257.9		4,186.4

## 6. Trend of Deposit Balance

■ Deposit balance as of June 30, 2016 was ¥179.4 trillion, which remained stable.



	As of June 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Liquid deposits	65.2	63.8	1.4
Transfer deposits	13.3	13.8	(0.5)
Ordinary deposits, etc.	51.6	49.5	2.0
Savings deposits	0.3	0.3	(0.0)
Fixed-term deposits	113.9	113.8	0.1
Time deposits	11.0	11.4	(0.3)
TEIGAKU deposits, etc.	102.8	102.4	0.4
Other deposits	0.1	0.1	(0.0)
Total	179.4	177.8	1.5

(¥tn)

## 7. Trend of Capital Adequacy Ratio

■ Capital adequacy ratio (non-consolidated, domestic standard) was 24.64% as of June 30, 2016.



	As of June 30, 2016 (A)	As of March 31, 2016 (B)	(¥bn, %) Increase (Decrease) (A) – (B)
Total capital (a)	8,567.2	8,499.3	67.8
Total amount of risk-weighted assets (b)	34,757.6	32,218.5	2,539.1
Credit risk-weighted assets	31,792.3	29,253.2	2,539.1
Capital adequacy ratio (a) / (b)	24.64%	26.38%	(1.73)%

## Financial Data

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# 1. Summarized Balance Sheets

	As of June 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
<b>Total assets</b>	<b>207,819,504</b>	<b>207,056,039</b>	<b>763,464</b>
Cash and due from banks	48,483,395	45,895,068	2,588,327
Call loans	695,000	978,837	(283,837)
Receivables under securities borrowing transactions	7,976,238	7,923,229	53,009
Monetary claims bought	182,494	178,509	3,985
Trading account securities	42	187	(145)
Money held in trust	3,423,076	3,561,110	(138,033)
Securities	142,079,928	144,076,834	(1,996,905)
Loans	2,492,148	2,542,049	(49,900)
Foreign exchanges	25,414	25,328	85
Other assets	2,188,691	1,573,316	615,375
Tangible fixed assets	180,806	182,733	(1,926)
Intangible fixed assets	43,323	44,865	(1,542)
Customers' liabilities for acceptances and guarantees	50,000	75,000	(25,000)
Reserve for possible loan losses	(1,056)	(1,030)	(25)

	As of June 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
<b>Total liabilities and net assets</b>	<b>207,819,504</b>	<b>207,056,039</b>	<b>763,464</b>
<b>Total liabilities</b>	<b>196,287,568</b>	<b>195,547,888</b>	<b>739,679</b>
Deposits	179,429,083	177,871,986	1,557,097
Call money	41,678	22,536	19,142
Payables under repurchase agreements	567,424	554,522	12,901
Payables under securities lending transactions	12,419,316	13,123,558	(704,241)
Foreign exchanges	167	338	(171)
Other liabilities	2,397,950	2,532,920	(134,970)
Reserve for bonuses	1,906	6,020	(4,113)
Reserve for employees' retirement benefits	149,607	149,720	(112)
Reserve for management board benefit trust	43	—	43
Deferred tax liabilities	1,230,390	1,211,286	19,104
Acceptances and guarantees	50,000	75,000	(25,000)
<b>Total net assets</b>	<b>11,531,935</b>	<b>11,508,150</b>	<b>23,784</b>
Capital stock	3,500,000	3,500,000	—
Capital surplus	4,296,285	4,296,285	—
Retained earnings	2,083,116	2,108,969	(25,852)
Treasury stock	(1,300,417)	(1,299,999)	(418)
<b>Total shareholders' equity</b>	<b>8,578,985</b>	<b>8,605,256</b>	<b>(26,270)</b>
Net unrealized gains (losses) on available-for-sale securities	3,160,751	3,322,827	(162,075)
Net deferred gains (losses) on hedges	(207,800)	(419,932)	212,131
<b>Total valuation and translation adjustments</b>	<b>2,952,950</b>	<b>2,902,894</b>	<b>50,055</b>

(Millions of yen)

## 2. Income Analysis

	For the three months ended		(A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Gross operating profit	353,628	379,175	(25,546)
Net interest income	308,004	355,340	(47,336)
Net fees and commissions	21,771	23,804	(2,033)
Net other operating income (loss)	23,853	30	23,823
Gains (losses) on foreign exchanges	21,656	228	21,427
Gains (losses) on bonds	1,903	(197)	2,101
General and administrative expenses	(267,245)	(267,516)	271
Personnel expenses	(31,341)	(30,705)	(636)
Non-personnel expenses	(216,038)	(217,898)	1,860
Taxes and dues	(19,865)	(18,912)	(952)
Operating profit (before provision for general reserve for possible loan losses)	86,383	111,659	(25,275)
Provision for general reserve for possible loan losses	17	—	17
<b>Net operating profit</b>	<b>86,400</b>	<b>111,659</b>	<b>(25,258)</b>
Non-recurring gains (losses)	6,575	2,229	4,346
Gains (losses) on money held in trust	7,606	4,124	3,481
<b>Net ordinary income</b>	<b>92,975</b>	<b>113,888</b>	<b>(20,912)</b>

Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥530 million and ¥545 million recorded as profits for the three months ended June 30, 2016 and 2015, respectively).

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

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

(Millions of yen)			
	For the three months ended		(A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Extraordinary income (loss)	(138)	(347)	209
Gains (losses) on sales and disposal of fixed assets	(138)	(347)	209
<b>Income before income taxes</b>	<b>92,837</b>	<b>113,540</b>	<b>(20,702)</b>
Income taxes – current	(27,353)	(31,129)	3,775
Income taxes – deferred	2,400	(3,140)	5,541
<b>Total income taxes</b>	<b>(24,953)</b>	<b>(34,269)</b>	<b>9,316</b>
<b>Net income</b>	<b>67,884</b>	<b>79,270</b>	<b>(11,386)</b>
Gains (losses) on money held in trust	7,606	4,124	3,481
Dividends and interest income	4,803	7,132	(2,328)
Gains (losses) on sales of stocks	9,140	9	9,130
Impairment losses	(3,421)	—	(3,421)
Withholding income tax, etc.	(2,915)	(3,017)	101
Credit-related expenses	9	12	(3)
Provision for general reserve for possible loan losses	9	12	(3)
Write-off of loans	—	—	—
Provision for specific reserve for possible loan losses	—	—	—
Recoveries of written-off loans	—	—	—

### 3. Selected Ratios

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Net income to assets (ROA)	0.13%	0.15%	(0.02)%
Net income to equity (ROE)	2.36	2.74	(0.38)
Overhead ratio (OHR)	75.57	70.55	5.02
Expense-to-deposit ratio	0.60	0.60	(0.00)

Notes: 1. ROA = net income / [(sum of total assets at the beginning and the end of the period) / 2] x 100  
 2. ROE = net income / [(sum of total net assets at the beginning and the end of the period) / 2] x 100  
 3. OHR = (general and administrative expenses / gross operating profit) x 100  
 4. Expense-to-deposit ratio = (general and administrative expenses / average deposit balances) x 100  
 5. ROA, ROE and Expense-to-deposit ratio are annualized.

### 4. Interest Rate Spread

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Yield on interest-earning assets (a)	0.78%	0.88%	(0.10)%
Interest rate on interest-bearing liabilities (b)	0.17	0.18	(0.01)
Interest rate spread (a) - (b)	0.61	0.70	(0.08)

Note: All numbers are annualized.

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

### (1) Domestic

(Millions of yen, %)

	For the three months ended						Increase (Decrease) (A) – (B)
	June 30, 2016 (A)			June 30, 2015 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	192,646,152	328,672	0.68%	192,298,710	366,047	0.76%	(0.07)%
Loans	2,505,887	4,707	0.75	2,748,218	6,606	0.96	(0.21)
Securities	96,502,542	247,628	1.02	119,991,573	296,275	0.99	0.03
Due from banks, etc.	46,823,012	5,984	0.05	33,735,193	8,079	0.09	(0.04)
Interest-bearing liabilities	183,967,376	60,056	0.13	184,123,507	67,413	0.14	(0.01)
Deposits	178,505,661	53,364	0.11	177,699,826	59,295	0.13	(0.01)

### (2) Overseas

(Millions of yen, %)

	For the three months ended						Increase (Decrease) (A) – (B)
	June 30, 2016 (A)			June 30, 2015 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	45,062,361	131,043	1.16%	35,569,731	130,976	1.47%	(0.31)%
Loans	3,300	2	0.35	543	0	0.45	(0.09)
Securities	44,907,490	130,673	1.16	34,414,783	129,725	1.51	(0.34)
Due from banks, etc.	90,744	309	1.36	1,099,031	1,206	0.44	0.92
Interest-bearing liabilities	44,038,354	91,655	0.83	32,715,751	74,270	0.91	(0.07)
Deposits	—	—	—	—	—	—	—

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

(3) Total

(Millions of yen, %)

	For the three months ended						Increase (Decrease) (A) – (B)
	June 30, 2016 (A)			June 30, 2015 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	199,018,476	389,752	0.78%	200,652,234	444,012	0.88%	(0.10)%
Loans	2,509,187	4,710	0.75	2,748,762	6,606	0.96	(0.21)
Securities	141,410,032	378,302	1.07	154,406,357	426,001	1.10	(0.03)
Due from banks, etc.	46,913,757	6,293	0.05	34,834,224	9,285	0.10	(0.05)
Interest-bearing liabilities	189,315,692	81,748	0.17	189,623,051	88,671	0.18	(0.01)
Deposits	178,505,661	53,364	0.11	177,699,826	59,295	0.13	(0.01)

- Notes: 1. “Domestic” represents yen-denominated transactions while “overseas” represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in “overseas”).
2. Income and expenses for money held in trust are included in “other ordinary income” and “other ordinary expenses,” respectively. Accordingly, the average balance of money held in trust (three months ended June 30, 2016, ¥2,653,054 million; three months ended June 30, 2015, ¥2,333,587 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (three months ended June 30, 2016, ¥2,653,054 million; three months ended June 30, 2015, ¥2,333,587 million) and the corresponding interest (three months ended June 30, 2016, ¥4,797 million; three months ended June 30, 2015, ¥4,545 million) are excluded from interest-bearing liabilities.
3. For investment trusts, there was no distribution of profits, which was deducted from the book value as the repayment of principal, for the three months ended June 30, 2016 (¥2,093 million for the three months ended June 30, 2015).
4. Average balance and interest on transactions between “domestic” and “overseas” are offset to calculate totals.
5. “Due from banks, etc.” consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.
6. Earnings yield is annualized.

## 6. Asset Management Status

(Millions of yen, %)

	As of June 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Due from banks, etc.	48,408,315	23.60	45,769,105	22.33	2,639,209
Call loans	695,000	0.33	978,837	0.47	(283,837)
Receivables under securities borrowing transactions	7,976,238	3.88	7,923,229	3.86	53,009
Money held in trust	3,423,076	1.66	3,561,110	1.73	(138,033)
Domestic stocks	1,779,325	0.86	1,878,626	0.91	(99,300)
Foreign stocks	0	0.00	0	0.00	(0)
Domestic bonds	1,294,480	0.63	1,293,411	0.63	1,069
Securities	142,079,928	69.27	144,076,834	70.32	(1,996,905)
Japanese government bonds	79,725,975	38.87	82,255,654	40.14	(2,529,679)
Japanese local government bonds	5,991,795	2.92	5,856,509	2.85	135,286
Commercial paper	204,995	0.09	204,995	0.10	0
Japanese corporate bonds	10,434,066	5.08	10,362,715	5.05	71,351
Japanese stocks	1,390	0.00	1,390	0.00	—
Other securities	45,721,704	22.29	45,395,569	22.15	326,135
Foreign bonds	18,823,574	9.17	19,829,503	9.67	(1,005,929)
Investment trusts	26,856,946	13.09	25,520,966	12.45	1,335,979
Loans	2,492,148	1.21	2,542,049	1.24	(49,900)
Others	25,456	0.01	25,516	0.01	(59)
Total	205,100,164	100.00	204,876,683	100.00	223,480

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.

## 7. Unrealized Gains (Losses) on Financial Assets

### (1) Held-to-maturity Securities

(Millions of yen)

	As of June 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese government bonds	45,920,262	2,099,394	47,897,398	2,063,032	(1,977,135)	36,362
Japanese local government bonds	285,894	2,640	341,147	3,954	(55,252)	(1,313)
Japanese corporate bonds	3,514,411	104,314	3,717,263	110,702	(202,851)	(6,388)
Others	96,744	17,366	96,744	30,670	—	(13,303)
Foreign bonds	96,744	17,366	96,744	30,670	—	(13,303)
Total	49,817,313	2,223,715	52,052,553	2,208,359	(2,235,240)	15,356

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

### (2) Available-for-sale Securities (Excluding Available-for-sale Securities That are Deemed to be Extremely Difficult to Determine a Fair Value)

(Millions of yen)

	As of June 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Bonds	46,636,263	2,218,789	46,724,064	2,037,834	(87,801)	180,955
Japanese government bonds	33,805,712	1,904,693	34,358,255	1,744,753	(552,543)	159,939
Japanese local government bonds	5,705,900	132,752	5,515,361	125,743	190,539	7,008
Commercial paper	204,995	—	204,995	—	0	—
Japanese corporate bonds	6,919,654	181,343	6,645,451	167,337	274,202	14,006
Others	45,853,780	768,118	45,562,334	1,834,648	291,445	(1,066,530)
Foreign bonds	18,726,829	700,274	19,732,759	1,967,868	(1,005,929)	(1,267,594)
Investment trusts	26,838,271	81,067	25,520,966	(128,070)	1,317,304	209,138
Total	92,490,043	2,986,908	92,286,398	3,872,483	203,644	(885,575)

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

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

3. Of net unrealized gains (losses) shown above, ¥788,285 million and ¥35,341 million are respectively included in the statements of income as losses for the three months ended June 30, 2016 and the fiscal year ended March 31, 2016 because of the application of fair value hedge accounting.

4. Investment trusts are mainly invested in foreign bonds.

5. No impairment losses were recognized on available-for-sale securities for the three months ended June 30, 2016 and the fiscal year ended March 31, 2016.

## 7. Unrealized Gains (Losses) on Financial Assets

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

(Millions of yen)

	As of June 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Money held in trust classified as available-for-sale	3,423,076	782,305	3,561,110	883,889	(138,033)	(101,583)
Domestic stocks	1,779,325	725,904	1,878,626	829,857	(99,300)	(103,952)
Foreign stocks	0	(0)	0	(0)	(0)	(0)
Domestic bonds	1,294,480	56,401	1,293,411	54,032	1,069	2,369

Notes: 1. The amount on the balance sheet shown above is stated at the average market price of the final month for the period for equity securities and at the market price at the balance sheet date for other securities.

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

3. Impairment losses on money held in trust which is classified as available-for-sale for the three months ended June 30, 2016 and the fiscal year ended March 31, 2016 amounted to ¥3,421 million and ¥1,588 million, respectively.

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

(Millions of yen)

	As of June 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	5,711,402	(483,332)	3,987,422	(409,837)	1,723,979	(73,494)
Currency swaps	3,235,905	187,720	3,651,466	(182,201)	(415,560)	369,921
Foreign exchange forward contracts	73,077	(3,919)	80,937	(13,267)	(7,859)	9,347
Total	9,020,385	(299,531)	7,719,826	(605,306)	1,300,559	305,774

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

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

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

(Millions of yen)

	As of June 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Total net unrealized gains (losses)	4,257,967	4,186,407	71,560

Note: Total net unrealized gains (losses) exclude gains (losses) which are included in the statements of income because of the application of fair value hedge accounting.

## 8. General and Administrative Expenses

(Millions of yen, %)

	For the three months ended				Increase (Decrease) (A) – (B)
	June 30, 2016 (A)		June 30, 2015 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	30,811	11.55	30,159	11.29	652
Salaries and allowances	25,447	9.54	25,025	9.37	422
Others	5,364	2.01	5,134	1.92	229
Non-personnel expenses	216,038	80.99	217,898	81.61	(1,860)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	155,809	58.41	156,047	58.45	(238)
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*)	2,092	0.78	2,465	0.92	(372)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	16,541	6.20	16,116	6.03	425
Rent for land, buildings and others	3,116	1.16	2,935	1.09	180
Expenses on consigned businesses	12,865	4.82	13,086	4.90	(221)
Depreciation and amortization	8,688	3.25	8,916	3.33	(227)
Communication and transportation expenses	4,881	1.83	4,922	1.84	(40)
Maintenance expenses	3,222	1.20	3,042	1.13	179
IT expenses	3,492	1.30	4,302	1.61	(810)
Others	5,327	1.99	6,062	2.27	(735)
Taxes and dues	19,865	7.44	18,912	7.08	952
Total	266,715	100.00	266,971	100.00	(255)

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

## 9. Loans by Industry

(Millions of yen, %)

	As of June 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Agriculture, forestry, fisheries, and mining	—	—	—	—	—
Manufacturing	21,803	0.87	51,808	2.03	(30,004)
Utilities, information/communications, and transportation	82,882	3.32	83,769	3.29	(886)
Wholesale and retail	—	—	—	—	—
Finance and insurance	1,531,233	61.44	1,525,987	60.02	5,245
Construction and real estate	12,099	0.48	12,112	0.47	(12)
Services and goods rental/leasing	26,063	1.04	26,132	1.02	(69)
Central and local governments	630,160	25.28	638,140	25.10	(7,979)
Others	187,906	7.53	204,099	8.02	(16,192)
Total	2,492,148	100.00	2,542,049	100.00	(49,900)

Note: Of “Finance and insurance,” loans to the Management Organization for Postal Savings and Postal Life Insurance were ¥1,213,564 million and ¥1,216,710 million as of June 30, 2016 and March 31, 2016, respectively.

## 10. Balances by Type of Deposit

	(Millions of yen, %)				
	As of June 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Liquid deposits	65,297,809	36.39	63,834,943	35.88	1,462,866
Transfer deposits	13,305,205	7.41	13,874,601	7.80	(569,395)
Ordinary deposits, etc.	51,604,340	28.76	49,571,866	27.86	2,032,474
Savings deposits	388,262	0.21	388,475	0.21	(212)
Fixed-term deposits	113,969,520	63.51	113,852,874	64.00	116,645
Time deposits	11,085,527	6.17	11,441,153	6.43	(355,626)
TEIGAKU deposits, etc.	102,883,113	57.33	102,410,683	57.57	472,429
Other deposits	161,753	0.09	184,168	0.10	(22,414)
Subtotal	179,429,083	100.00	177,871,986	100.00	1,557,097
Negotiable certificates of deposit	—	—	—	—	—
Total	179,429,083	100.00	177,871,986	100.00	1,557,097
Deposits including accrued interest	180,892,617		179,307,785		1,584,832

Notes: 1. Liquid deposits = Transfer deposits + Ordinary deposits, etc. + Savings deposits

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

2. Fixed-term deposits = Time deposits + TEIGAKU deposits, etc. + Special deposits (Education installment savings equivalent)

TEIGAKU deposits, etc. = TEIGAKU deposits + Special deposits (TEIGAKU savings equivalent)

3. Special deposits, which represent deposits received from the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency, correspond to postal savings that were passed on to the organization by Japan Post Corporation.

4. Special deposits (equivalent to ordinary savings) are the portion of deposits received from the Management Organization for Postal Savings and Postal Life Insurance corresponding to savings for time savings, TEIGAKU savings, installment savings, savings for housing installments, and education installment savings that had reached full term and were passed on to the organization by Japan Post Corporation.

5. TEIGAKU deposits are a kind of 10-year-maturity time deposits unique to the Bank. The key feature is that depositors have the option to withdraw money anytime 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.

## 11. Problem Assets Disclosed under the Financial Reconstruction Act

(Millions of yen, %)			
	As of June 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Loans to borrowers classified as bankrupt or quasi-bankrupt	—	—	—
Loans to borrowers classified as doubtful	0	—	0
Loans requiring close monitoring	—	—	—
Subtotal (a)	0	—	0
Loans to borrowers classified as normal	2,571,944	2,645,437	(73,492)
Total (b)	2,571,944	2,645,437	(73,492)
Non-performing loan ratio (a) / (b)	0.00%	—%	0.00%

## 12. Capital

Capital Adequacy Ratio (Non-Consolidated, Domestic Standard)

	As of June 30, 2016 (A)	As of March 31, 2016 (B)	(Millions of yen, %) Increase (Decrease) (A) – (B)
Core Capital: instruments and reserves (a)	8,579,245	8,511,796	67,448
Core Capital: regulatory adjustments (b)	12,022	12,471	(448)
Total capital (a) - (b) = (c)	8,567,223	8,499,325	67,897
Total amount of risk-weighted assets (d)	34,757,668	32,218,529	2,539,139
Credit risk-weighted assets	31,792,352	29,253,213	2,539,139
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,965,316	2,965,316	—
Capital adequacy ratio (c) / (d)	24.64%	26.38%	(1.73)%
Total capital requirements	1,390,306	1,288,741	101,565

Note: Total capital requirements: Denominator of capital adequacy ratio x 4%

## 13. Selected Business Results

### (1) Investment Trusts Sales (Contract Basis)

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Number of contracts (thousands)	293	284	8
Sales amount (millions of yen)	120,963	127,816	(6,853)

	As of June 30, 2016 (A)	As of June 30, 2015 (B)	Increase (Decrease) (A) – (B)
Number of investment trust accounts (thousands)	707	673	33
Net assets (millions of yen)	1,119,046	1,114,796	4,250

### (2) Variable Annuities Policies

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Number of policies	3,807	3,742	65
Sales amount (millions of yen)	20,182	20,352	(170)

	As of June 30, 2016 (A)	As of June 30, 2015 (B)	Increase (Decrease) (A) – (B)
Number of policies (cumulative)	86,583	69,298	17,285
Sales amount (cumulative) (millions of yen)	457,905	365,805	92,100

## 13. Selected Business Results

### (3) Credit Cards

(Thousands)

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Number of cards issued	17	18	(1)

	As of June 30, 2016 (A)	As of June 30, 2015 (B)	Increase (Decrease) (A) – (B)
Number of cards issued (cumulative) (outstanding)	1,232	1,489	(256)

### (4) Mortgage Loans (as Intermediary)

(Millions of yen)

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2016 (A)	June 30, 2015 (B)	
Amount of new credit extended	9,181	7,772	1,409

	As of June 30, 2016 (A)	As of June 30, 2015 (B)	Increase (Decrease) (A) – (B)
Amount of new credit extended (cumulative)	352,532	314,754	37,778

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

## (Reference) Asset Balance by Portfolio

(Billions of yen)

	As of June 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Base Portfolio (*)	136,284.1	136,388.7	(104.5)
Short-term assets	50,327.9	47,708.0	2,619.8
Japanese government and government backed bonds	84,561.2	87,266.3	(2,705.0)
Loans (**)	1,395.0	1,414.3	(19.2)
Satellite Portfolio (*)	62,078.2	61,563.6	514.6
Japanese local government bonds	5,991.7	5,856.5	135.2
Japanese corporate bonds, etc.	7,079.4	6,848.1	231.2
Foreign securities (****)	45,768.0	45,446.3	321.7
Loans (***)	1,097.1	1,127.7	(30.6)
Money held in trust (stocks), etc.	2,141.9	2,284.9	(143.0)

\* Base Portfolio is the Bank's fundamental portfolio, which the Bank manages with the aim to ensure stable income by investing mostly in Japanese government bonds while managing interest rate and liquidity risks. Satellite Portfolio is designed to achieve higher returns by primarily bearing credit and market risks. Satellite Portfolio is invested in corporate bonds, foreign securities, stocks, which are included in money held in trust, and other instruments.

\*\* Loans in the Base Portfolio are mainly loans to the Management Organization for Postal Savings and Postal Life Insurance (including loans to the Japanese local governments which were loaned before the privatization of the Bank on October 1, 2007).

\*\*\* Loans in the Satellite Portfolio are mainly syndicated loans and loans to the Japanese local governments which were loaned after the privatization of the Bank on October 1, 2007.

\*\*\*\* Foreign securities include foreign currency-denominated monetary claims bought.

# (Reference) Securitized Products Exposure

As of June 30, 2016 and June 30, 2015, the Bank held the following securitized products and other products.

The Bank's holdings of securitized products and others were limited to securitization exposure as 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.

## (1) Securitized products

(Billions of yen, %)

Region		As of June 30, 2016				As of June 30, 2015			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A)	Credit ratings	Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,300.2	75.7	5.82%	AAA~AA	1,140.2	49.5	4.34%	AAA~AA
	Subprime loan related	—	—	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	94.1	2.7	2.94	AA~A	94.2	3.5	3.80	AA
	Other securitized products	73.6	0.0	0.10	AAA	24.1	(0.0)	(0.00)	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	2.5	0.1	6.81	AAA	3.9	0.1	4.45	AAA
	Subtotal	1,470.5	78.8	5.35		1,262.6	53.2	4.21	
Overseas	Residential mortgage-backed securities (RMBS)	270.7	(30.2)	(11.18)	AAA	358.2	43.0	12.02	AAA
	Subprime loan related	—	—	—	—	—	—	—	—
	Subtotal	270.7	(30.2)	(11.18)		358.2	43.0	12.02	
Total		1,741.3	48.5	2.78		1,620.9	96.3	5.94	

Notes: 1. The underlying assets provided are only those from multiple debtors comprising securitized products.

2. No hedging activities against credit risks were made.

3. The above table does not include securitized products that might be included in investment trusts. The same shall apply hereinafter.

4. Other securitized products are securitized products of which underlying assets are auto loan claims and lease payments, etc.

5. The above table does not include U.S. government sponsored enterprises, etc. (GSEs) related products.

## (2) Structured investment vehicles (SIVs)

There were no investments in SIVs.

## (3) Leveraged loans

There were no outstanding leveraged loans.

## (4) Monoline insurer related products

There were no monoline insurer related exposures. In addition, the Bank has not extended credit to or executed credit derivative transactions with any monoline insurers.

**The information in this document contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the operating results, financial condition and overall management and business of the Bank as a whole ("forward-looking statements"). Any forward-looking statements contained herein are made based upon, among other things, the Bank's current estimations, perceptions, evaluations and assumptions regarding its business and industry, general economic conditions, and various other future events and circumstances. Forward-looking statements are accordingly subject to various risks and uncertainties including changes in interest rates, foreign currency fluctuations, etc. and are not guarantees of future performance. The Bank's actual results may differ materially from those expressed or implied in any forward-looking statements.**