

# **Selected Financial Information**

## **For the Six Months Ended September 30, 2020**

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**JAPAN POST BANK Co., Ltd.**  
**November 13, 2020**

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## 【Consolidated subsidiaries, etc.】

Consolidated subsidiaries	4 companies	Principal companies: JAPAN POST BANK LOAN CENTER Co., Ltd. Japan Post Investment Corporation	Affiliates accounted for by the equity method	ATM Japan Business Service, Ltd. JP Asset Management Co., Ltd.
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Note: All Japanese yen figures in the financial statements of JAPAN POST BANK Co., Ltd. (the “Bank”) and its consolidated subsidiaries (the “Group”) 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 FY2021/3 H1 Results

- In the challenging business environment with the impact of the spread of COVID-19 and yen interest rates remained at a low level, net income attributable to owners of parent decreased.

## Consolidated

### Ordinary income

¥830.5 bn

¥(79.4) bn, (8.7)% YoY

### Net ordinary income

¥172.0 bn

¥(29.1) bn, (14.4)% YoY

### Net income attributable to owners of parent

¥124.2 bn

¥(20.6) bn, (14.2)% YoY

## Non-consolidated

### Gross operating profit

¥670.3 bn

¥(7.9) bn, (1.1)% YoY

### Net operating profit

¥165.9 bn

+¥2.3 bn, +1.4% YoY

### Net ordinary income

¥171.8 bn

¥(29.2) bn, (14.5)% YoY

### Net income

¥123.9 bn

¥(20.7) bn, (14.3)% YoY

### Total assets

¥222.2 tn

+¥11.3 tn vs FY2020/3 end

### Securities

¥139.2 tn

+¥4.0 tn vs FY2020/3 end

Japanese government bonds  
¥52.8 tn  
¥(0.7) tn vs FY2020/3 end  
Foreign securities, etc. ¥70.2 tn  
+¥4.5 tn vs FY2020/3 end

### Capital adequacy ratio

15.73%

+0.17% vs FY2020/3 end

## 2. Results of Operations

Non-consolidated

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Gross operating profit	678.2	670.3	(7.9)
Net interest income	501.8	421.1	(80.7)
Net fees and commissions	65.4	64.4	(1.0)
Net other operating income (loss)	110.9	184.7	73.7
Gains (losses) on foreign exchanges	107.8	172.1	64.3
Gains (losses) on bonds	5.3	12.6	7.3
General and administrative expenses (*)	514.6	504.3	(10.3)
Provision for general reserve for possible loan losses	—	—	—
Net operating profit	163.6	165.9	2.3
Non-recurring gains (losses)	37.4	5.8	(31.5)
Gains (losses) on money held in trust	27.7	7.5	(20.1)
Net ordinary income	201.0	171.8	(29.2)
Net income	144.7	123.9	(20.7)
ROE (**) (***)	2.51%	2.46%	(0.04)%
OHR (****)	75.87%	75.23%	(0.63)%

\* 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.

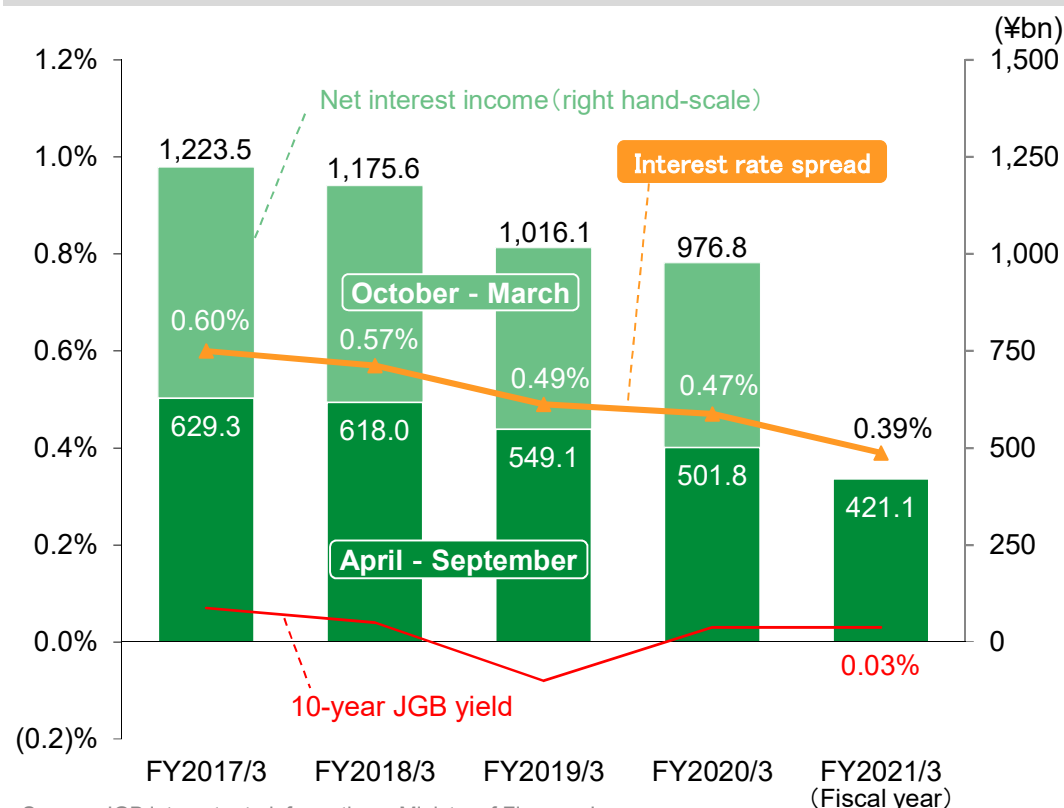
\*\*\*\* OHR = (general and administrative expenses / gross operating profit) x 100

- In the challenging business environment with the impact of the spread of COVID-19 and yen interest rates remained at a low level, gross operating profit for the six months ended September 30, 2020 decreased by ¥7.9 bn year on year to ¥670.3 bn.  
Net interest income decreased by ¥80.7 bn year on year, due to a decrease in interest on securities.  
Net fees and commissions decreased by ¥1.0 bn year on year.  
Net other operating income increased by ¥73.7 bn year on year.
- General and administrative expenses decreased by ¥10.3 bn year on year to ¥504.3 bn.
- Net operating profit increased by ¥2.3 bn year on year to ¥165.9 bn.
- Net ordinary income decreased by ¥29.2 bn year on year to ¥171.8 bn.
- Net income decreased by ¥20.7 bn year on year to ¥123.9 bn.

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

Non-consolidated

- Net interest income was ¥421.1 bn and interest rate spread was 0.39% for the six months ended September 30, 2020.
- While interest expenses decreased due to a decrease in foreign currency funding costs, interest income which mainly consists of interest on Japanese government bonds and foreign securities decreased. As a result, net interest income decreased by ¥80.7 bn year on year.



Source: JGB interest rate information – Ministry of Finance Japan

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

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

3. Interest rate spreads of FY2017/3 – FY2020/3 are the figures for the relevant fiscal years, while interest rate spread of FY2021/3 is the figure for the six months ended September 30, 2020. Interest rate spread of FY2021/3 is annualized.

Domestic		For the six months ended		Increase
		September 30,	September 30,	(Decrease)
		2019 (A)	2020 (B)	(B) – (A)
Net interest income		337.7	274.3	(63.4)
Interest income		378.2	308.8	(69.4)
Interest on Japanese government bonds		227.7	191.2	(36.5)
Interest expenses		40.5	34.5	(5.9)
Overseas		For the six months ended		Increase
		September 30,	September 30,	(Decrease)
		2019 (A)	2020 (B)	(B) – (A)
Net interest income		164.0	146.7	(17.2)
Interest income		386.5	307.0	(79.4)
Interest on foreign securities		385.5	306.7	(78.7)
Interest expenses		222.4	160.2	(62.1)
Total		For the six months ended		Increase
		September 30,	September 30,	(Decrease)
		2019 (A)	2020 (B)	(B) – (A)
Net interest income		501.8	421.1	(80.7)
Interest income		667.4	542.1	(125.2)
Interest expenses		165.5	121.0	(44.5)

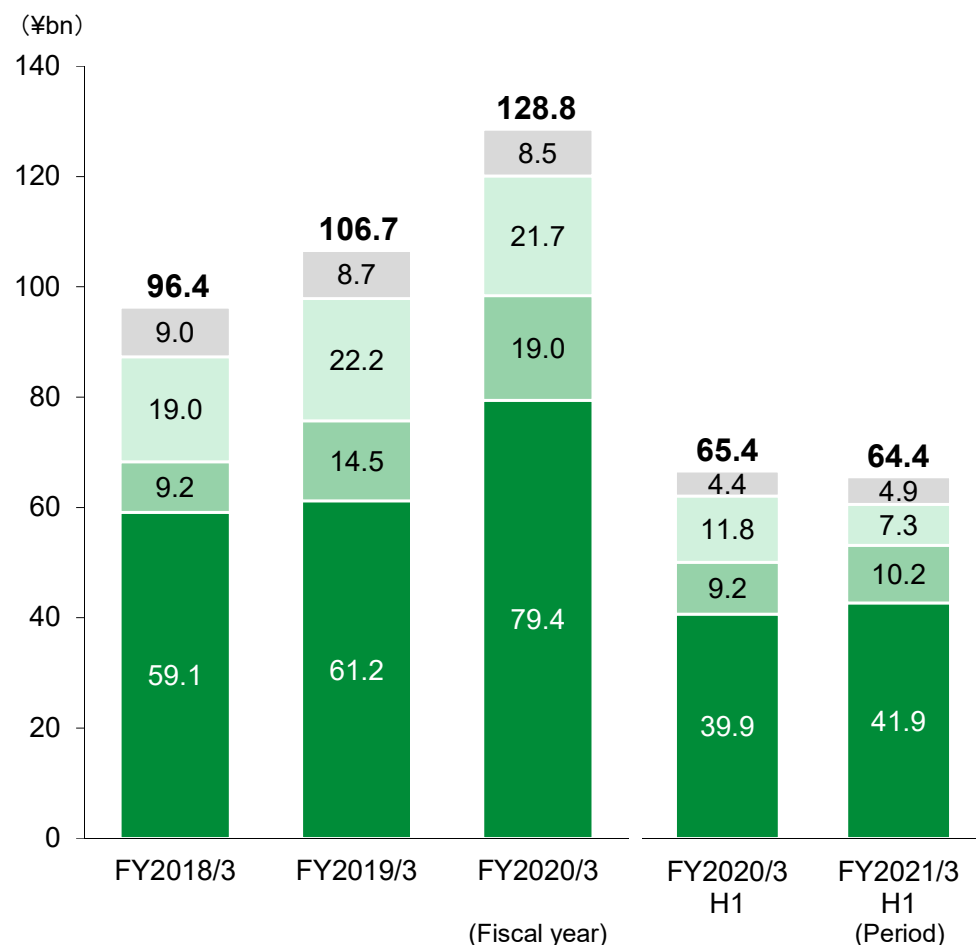
## 4. Net Fees and Commissions

Non-consolidated

■ Net fees and commissions for the six months ended September 30, 2020 decreased by ¥1.0 bn year on year to ¥64.4 bn, mainly due to a decrease in fees relating to investment trusts.

### Trend of Net Fees and Commissions

■ Exchange and settlement transactions ■ ATMs ■ Investment trusts ■ Others



### Breakdown of Net Fees and Commissions

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Net fees and commissions relating to	65.4	64.4	(1.0)
Exchange and settlement transactions	39.9	41.9	1.9
ATMs	9.2	10.2	1.0
Investment trusts	11.8	7.3	(4.5)
Others	4.4	4.9	0.4

### Results of Investment Trusts Sales (Contract Basis)

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Number of contracts (thousands)	1,471	1,729	257
Sales amount (billions of yen)	422.7	131.2	(291.5)

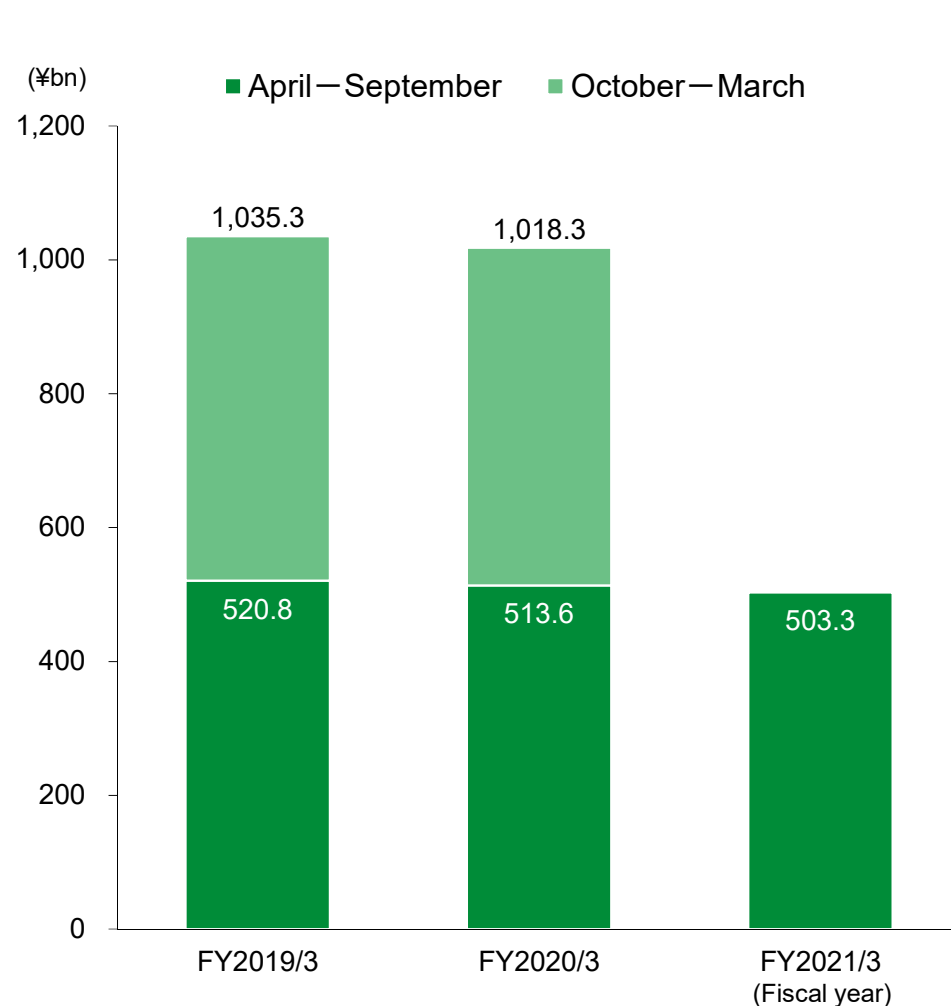
  

	As of September 30, 2019 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
	Number of investment trust accounts (thousands)	1,168	1,204
Net assets (billions of yen)	2,553.4	2,425.2	(128.1)

## 5. Trend of General and Administrative Expenses

Non-consolidated

■ General and administrative expenses for the six months ended September 30, 2020 decreased by ¥10.3 bn year on year to ¥503.3 bn.



	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Personnel expenses (*)	60.3	58.4	(1.8)
Salaries and allowances	49.5	47.9	(1.6)
Non-personnel expenses	427.6	418.0	(9.5)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	189.1	187.2	(1.9)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network	118.9	118.7	(0.2)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	29.7	28.7	(1.0)
Taxes and dues	25.6	26.7	1.0
<b>Total</b>	<b>513.6</b>	<b>503.3</b>	<b>(10.3)</b>

\* Personnel expenses include non-recurring losses.



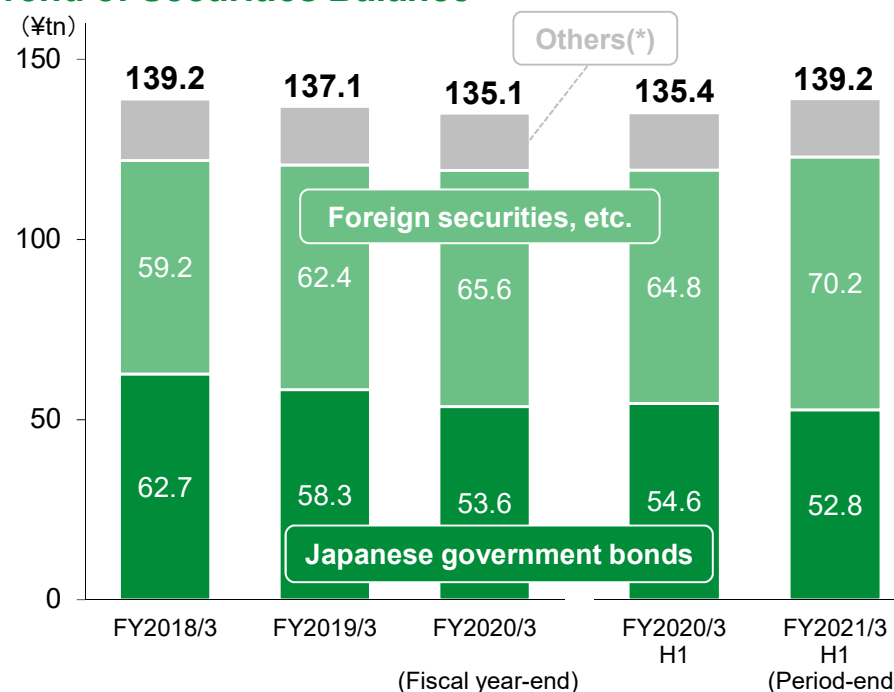
## 6. Financial Conditions

Non-consolidated

	(¥bn)		
	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
<b>Assets</b>	210,905.1	222,290.8	11,385.6
Cash and due from banks	51,663.9	56,307.6	4,643.7
Call loans	1,040.0	930.0	(110.0)
Receivables under resale agreements	9,731.8	10,172.0	440.1
Money held in trust	4,549.7	5,191.4	641.6
Securities	135,198.4	139,297.3	4,098.8
Loans	4,961.7	6,870.7	1,908.9
<b>Liabilities</b>	201,917.5	211,242.5	9,325.0
Deposits	183,004.7	187,427.2	4,422.5
Payables under repurchase agreements	14,855.6	15,656.7	801.1
Payables under securities lending transactions	2,219.3	1,800.6	(418.7)
<b>Net assets</b>	8,987.6	11,048.2	2,060.6
Total shareholders' equity	9,058.7	9,088.9	30.2
Total valuation and translation adjustments	(71.0)	1,959.3	2,030.3

- Total assets increased by ¥11.3 tn from March 31, 2020, to ¥222.2 tn as of September 30, 2020.
- Securities increased by ¥4.0 tn from March 31, 2020, to ¥139.2 tn as of September 30, 2020.
- Loans increased by ¥1.9 tn from March 31, 2020, to ¥6.8 tn as of September 30, 2020.
- Deposits increased by ¥4.4 tn from March 31, 2020, to ¥187.4 tn as of September 30, 2020.
- Total valuation and translation adjustments increased by ¥2.0 tn from March 31, 2020, to ¥1.9 tn as of September 30, 2020.

### Trend of Securities Balance

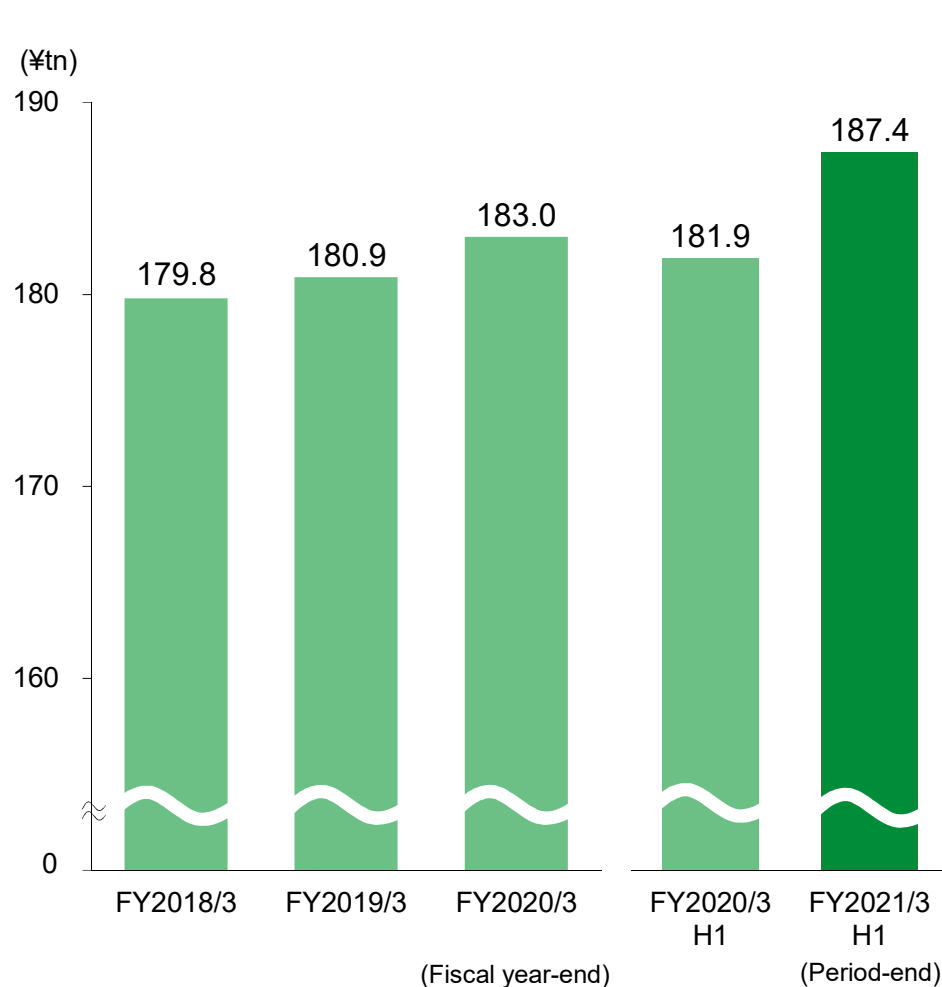


\* "Others" consists of Japanese local government bonds, commercial paper, Japanese corporate bonds and Japanese stocks.

# 7. Trend of Deposit Balance

Non-consolidated

■ Deposit balance as of September 30, 2020 was ¥187.4 tn.



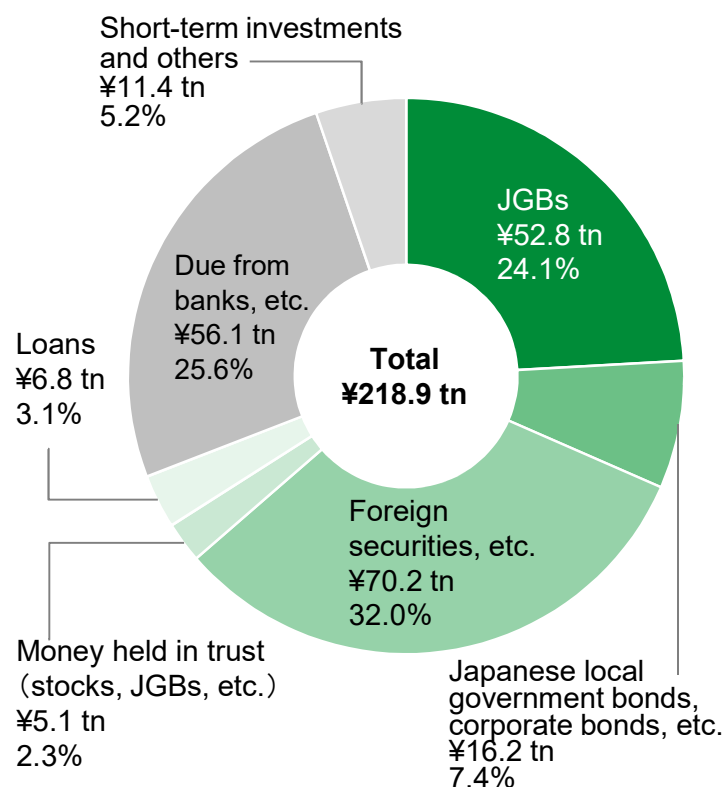
	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	87.5	95.2	7.7
Transfer deposits	7.7	8.2	0.5
Ordinary deposits, etc. (*)	79.3	86.5	7.1
Savings deposits	0.5	0.5	0.0
Fixed-term deposits	95.2	92.0	(3.2)
Time deposits	5.2	4.9	(0.2)
TEIGAKU deposits	90.0	87.0	(2.9)
Other deposits	0.1	0.1	(0.0)
<b>Total</b>	<b>183.0</b>	<b>187.4</b>	<b>4.4</b>

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

# 8. Asset Management Status

Non-consolidated

■ Included in investment assets as of September 30, 2020, JGBs were ¥52.8 tn and foreign securities, etc. were ¥70.2 tn.



(¥bn)

Categories	As of March 31, 2020 (A)	%	As of September 30, 2020 (B)	%	Increase (Decrease) (B) – (A)
Securities	135,198.4	65.1	139,297.3	63.6	4,098.8
Japanese government bonds	53,636.1	25.8	52,836.3	24.1	(799.7)
Japanese local government bonds, corporate bonds, etc. (*)	15,904.8	7.6	16,242.7	7.4	337.9
Foreign securities, etc.	65,657.5	31.6	70,218.1	32.0	4,560.5
Foreign bonds	23,706.8	11.4	23,194.9	10.5	(511.9)
Investment trusts (**)	41,901.0	20.1	46,967.2	21.4	5,066.2
Money held in trust (stocks, JGBs, etc.)	4,549.7	2.1	5,191.4	2.3	641.6
Domestic stocks	1,859.6	0.8	2,171.5	0.9	311.9
Loans	4,961.7	2.3	6,870.7	3.1	1,908.9
Due from banks, etc. (***)	51,485.4	24.8	56,155.0	25.6	4,669.6
Short-term investments and others (****)	11,324.2	5.4	11,477.2	5.2	152.9
<b>Total</b>	<b>207,519.6</b>	<b>100.0</b>	<b>218,991.6</b>	<b>100.0</b>	<b>11,472.0</b>

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

\*\* Investment trusts are mainly invested in foreign bonds.

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

\*\*\*\* “Short-term investments and others” consists of call loans and receivables under resale agreements, etc.

## 9. Unrealized Gains (Losses) on Financial Instruments

Non-consolidated

- Net unrealized gains on financial instruments (available-for-sale) after taking into consideration of gains (losses) from hedge accounting were ¥2,825.0 bn as of September 30, 2020 (before application of tax effect accounting), increased by ¥2,927.1 bn from March 31, 2020.

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Net unrealized gains (losses)
Held-to-maturity securities	24,170.7	490.8	25,497.6	376.0	(114.8)

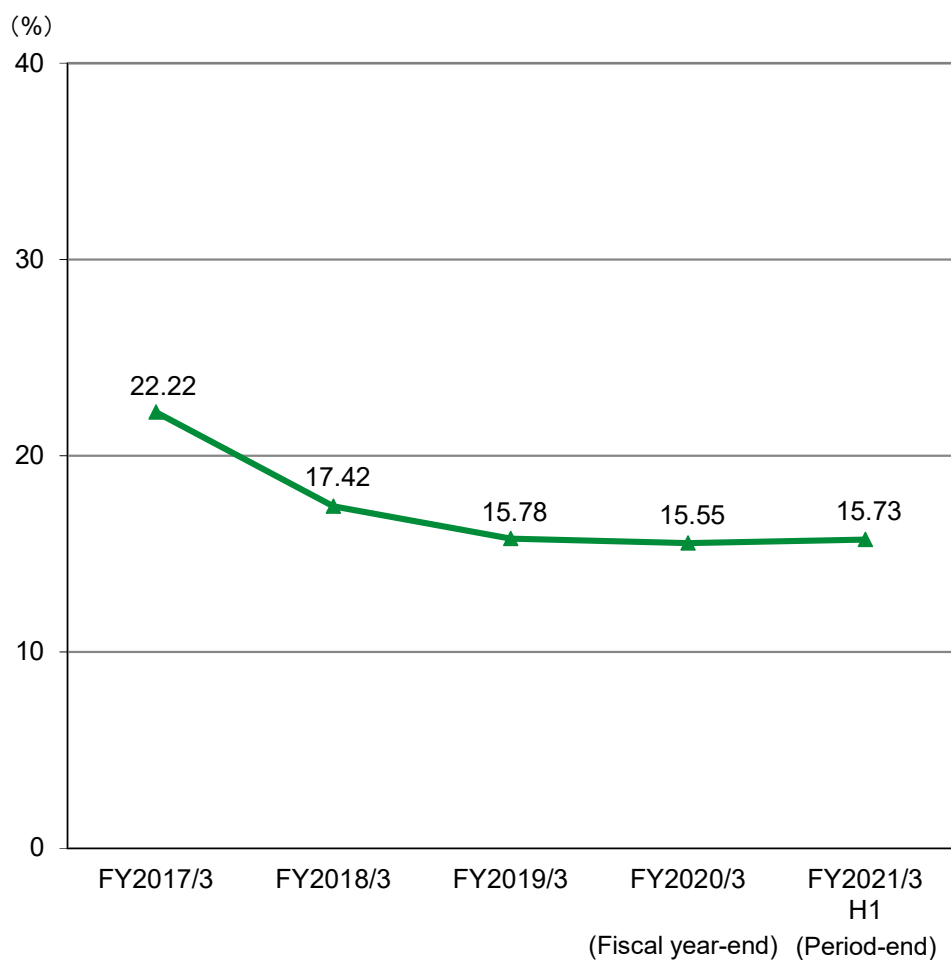
	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)
	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)	Net unrealized gains (losses) / Net deferred gains (losses)
Available-for-sale	115,936.1	370.6	119,313.4	3,297.7	2,927.1
Securities (a)	111,386.4	(751.5)	114,121.9	1,780.0	2,531.6
Japanese government bonds	32,597.9	794.2	31,100.3	675.1	(119.0)
Foreign bonds	23,706.8	429.4	23,194.9	572.1	142.7
Investment trusts (*)	41,901.0	(2,040.4)	46,967.2	469.2	2,509.6
Others	13,180.6	65.1	12,859.4	63.5	(1.6)
Effect of fair value hedge accounting (b)		308.3		364.3	56.0
Money held in trust (c)	4,549.7	813.8	5,191.4	1,153.3	339.4
Domestic stocks	1,859.6	816.5	2,171.5	1,154.5	338.0
Others	2,690.0	(2.7)	3,019.8	(1.2)	1.4
Derivatives for which deferred hedge accounting is applied (d)	16,340.3	(472.7)	16,310.7	(472.7)	(0.0)
Total (a) + (b) + (c) + (d)		(102.0)		2,825.0	2,927.1

\* Investment trusts are mainly invested in foreign bonds.

# 10. Trend of Capital Adequacy Ratio

■ Capital adequacy ratio (non-consolidated, domestic standard) was 15.73% as of September 30, 2020.

【Non-consolidated】



【Non-consolidated】

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,932.5	9,057.9	125.4
Total amount of risk-weighted assets (b)	57,407.2	57,576.6	169.3
Credit risk-weighted assets	54,775.0	55,007.3	232.2
Capital adequacy ratio (a) / (b)	15.55%	15.73%	0.17%

【Consolidated】

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,942.0	9,071.1	129.1
Total amount of risk-weighted assets (b)	57,390.8	57,566.3	175.5
Credit risk-weighted assets	54,758.8	54,997.3	238.4
Capital adequacy ratio (consolidated) (a) / (b)	15.58%	15.75%	0.17%

# (Reference) Portfolio Management Status

Non-consolidated

(¥bn)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Yen interest rates assets	113,956.9	120,765.2	6,808.2
Short-term assets	57,186.6	64,285.3	7,098.6
Japanese government bonds and government guaranteed bonds	56,770.3	56,479.9	(290.3)
Risk assets	84,870.5	89,351.2	4,480.7
Japanese local government bonds	5,986.3	5,665.8	(320.4)
Japanese corporate bonds, etc.	7,594.4	7,202.8	(391.6)
Foreign securities, etc.	63,402.3	67,748.2	4,345.8
Loans	2,291.7	2,431.9	140.2
Money held in trust (stocks), etc.	2,286.0	2,745.7	459.7
Strategic investment areas	3,309.6	3,556.5	246.9

- Notes: 1. Since these figures are calculated on management accounting basis, they are not equal to the figures for balance of each categories on page 9, and also the sum of “Yen interest rates assets” and “Risk assets” is not equal to the “Total” on page 9.
2. “Strategic investment areas” is Alternative assets (Private Equity Funds and Real Estate Funds (Equity), etc.), Real Estate Funds (Debt) and Direct Lending Funds.

# Revisions of Earnings Forecasts and Annual Dividends Forecast

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# 1. Revisions of Earnings Forecasts

Consolidated

- We revised the consolidated earnings forecasts (net income attributable to owners of parent) for the fiscal year ending March 31, 2021 upwards from ¥200.0 bn to ¥270.0 bn, because of such factors as an increase in net interest income, etc. compared to the original forecasts.
  - As the original forecasts assumed that foreign credit spreads would remain high, it was anticipated that those dividends from investment trusts in our held securities which are special dividends not recognized in income would see a significant increase compared with fiscal year ended March 31, 2020.
  - As it stands, credit spreads have tightened significantly and considering such factors as the current financial and economic situation both in Japan and overseas, we predict that they will remain almost flat to year-end. We therefore expect that special dividends will decrease compared to the original forecasts.

## Revised Earnings Forecasts for the fiscal year ending March 31, 2021 (Consolidated) (¥bn)

	For the fiscal year			
	ended March 31, 2020	ending March 31, 2021		
	Actual	Original Forecasts (May 15, 2020) (A)	Revised Forecasts (November 13, 2020) (B)	Increase (Decrease) (B) – (A)
Net interest income, etc. (*)	1,267.0	1,180.0	1,265.0	85.0
Net fees and commissions	128.8	130.0	130.0	—
General and administrative expenses	1,019.5	1,040.0	1,030.0	(10.0)
Net ordinary income	379.1	275.0	375.0	100.0
Net income attributable to owners of parent	273.4	200.0	270.0	70.0

### Assumptions for the Revised Earnings Forecasts (in the second half of the fiscal year ending March 31, 2021)

- ◆ Domestic and foreign market interest rates are based on the implied forward rates as of September 30, 2020.
- ◆ Foreign credit spreads are the levels as of September 30, 2020, and are expected to remain almost flat.
- ◆ The revised forecasts also take into account risks associated with the spread of COVID-19, to a certain extent.

Note: The above earnings forecasts are calculated based on information available at this point. Actual earnings may differ depending on various factors that may arise in the future.

\* Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.)



## 2. Dividends Forecast

Consolidated

- We revised the annual dividends forecast from “undetermined” to “¥50.”
  - In the original forecast, the annual dividends forecast was undetermined, due to the uncertain future of the financial markets, and the possibility that our performance could change significantly depending on the market trends.
  - However, taking into account such factors as the upwardly revised consolidated earnings forecasts for the fiscal year ending March 31, 2021 and our basic dividend policy for the current Medium-term Management Plan period, we revised the annual dividends forecast to ¥50.

### Actual Result and Forecast of Dividends

(¥bn, %)

	For the fiscal year		
	ended March 31, 2020	ending March 31, 2021	
	Actual	Original Forecast (May 15, 2020)	Revised Forecast (November 13, 2020)
Dividend per share	¥50 (Interim ¥25, Annual ¥25)	undetermined	¥50 (Annual ¥50)
Total dividend payment	187.4	undetermined	187.4
Dividend payout ratio	68.5%	undetermined	69.4%

Note: The above dividends forecast is calculated based on information available at this point. Actual dividends may differ depending on various factors that may arise in the future.

### (Reference) Basic dividend policy (until March 31, 2021)

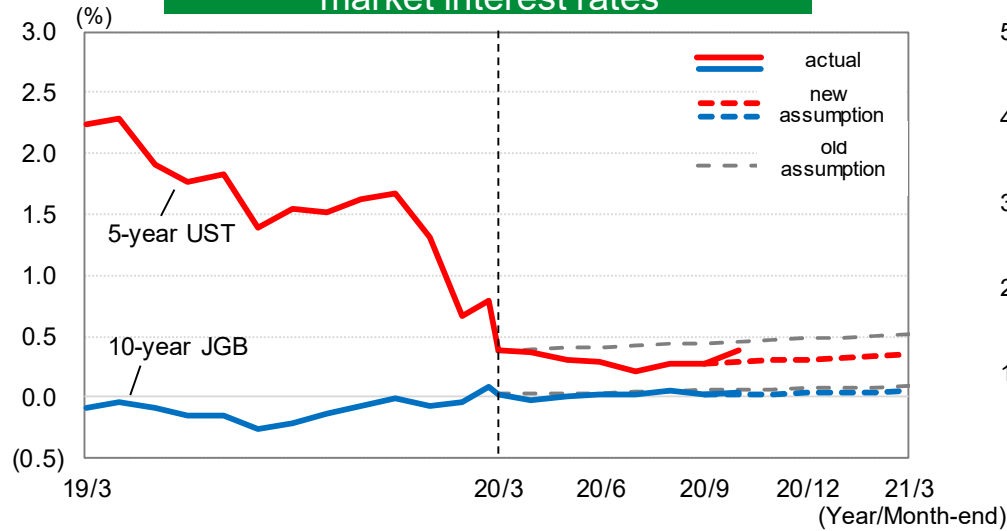
1. The Bank aims to secure dividends of ¥50 per share.
2. The Bank aims to maintain stable dividends per share.
3. The Bank shall also consider the implementation of additional shareholder returns according to conditions such as future regulatory trends, income growth and adequacy of internal reserves.

# (Reference) Assumptions for Earnings Forecasts (Revised)

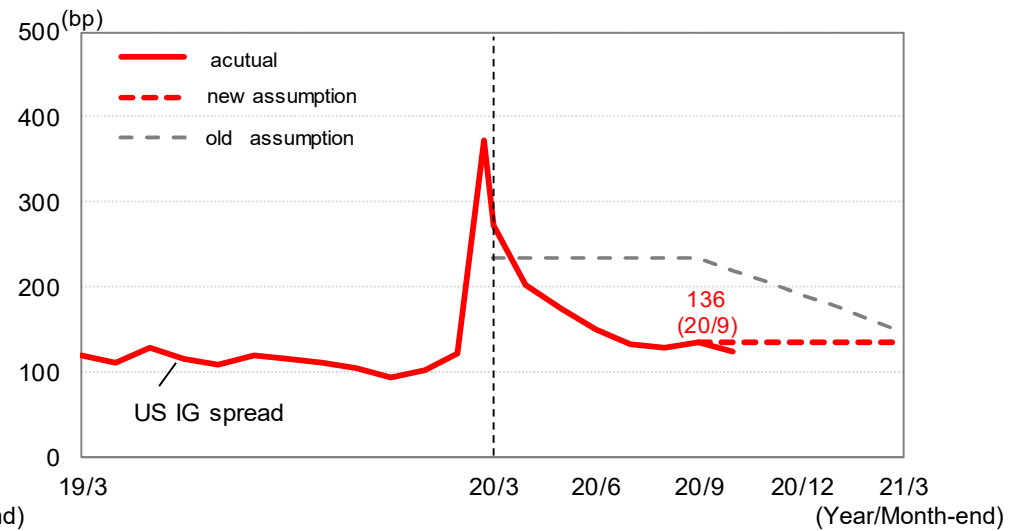
Consolidated

## Assumptions

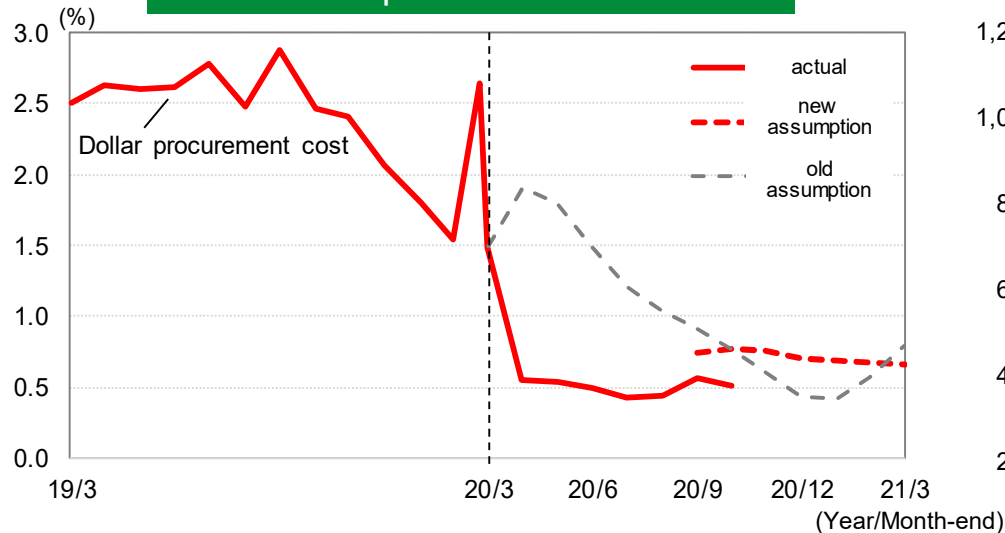
**Domestic and Foreign market interest rates**



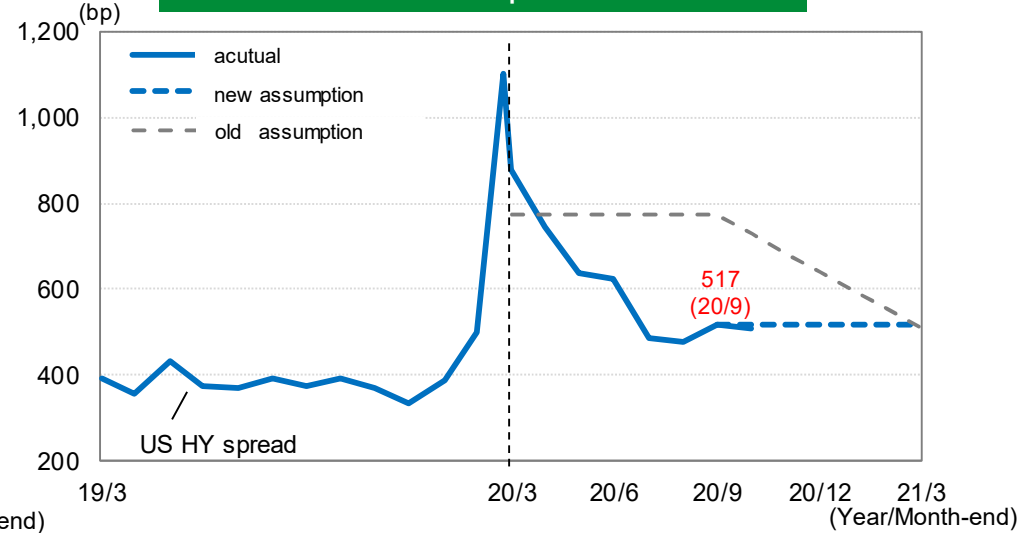
**US IG spread**



**Dollar procurement cost**



**US HY spread**



## Financial Data

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# 1. Summarized Balance Sheets

Non-consolidated

(Millions of yen)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
<b>Total assets</b>	<b>210,905,152</b>	<b>222,290,829</b>	<b>11,385,676</b>
Cash and due from banks	51,663,901	56,307,680	4,643,778
Call loans	1,040,000	930,000	(110,000)
Receivables under resale agreements	9,731,897	10,172,035	440,137
Receivables under securities borrowing transactions	112,491	26,422	(86,069)
Monetary claims bought	315,812	284,219	(31,593)
Trading account securities	31	30	(0)
Money held in trust	4,549,736	5,191,409	641,673
Securities	135,198,460	139,297,309	4,098,849
Loans	4,961,733	6,870,723	1,908,989
Foreign exchanges	147,469	234,056	86,587
Other assets	2,816,117	2,740,868	(75,248)
Tangible fixed assets	193,752	192,030	(1,722)
Intangible fixed assets	47,114	45,028	(2,086)
Deferred tax assets	127,662	—	(127,662)
Reserve for possible loan losses	(1,031)	(985)	45

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
<b>Total liabilities and net assets</b>	<b>210,905,152</b>	<b>222,290,829</b>	<b>11,385,676</b>
<b>Total liabilities</b>	<b>201,917,500</b>	<b>211,242,550</b>	<b>9,325,049</b>
Deposits	183,004,733	187,427,295	4,422,562
Payables under repurchase agreements	14,855,624	15,656,797	801,172
Payables under securities lending transactions	2,219,384	1,800,642	(418,742)
Commercial paper	—	110,417	110,417
Borrowed money	10,100	3,957,340	3,947,240
Foreign exchanges	511	441	(70)
Other liabilities	1,596,945	1,300,829	(296,115)
Reserve for bonuses	7,331	7,070	(261)
Reserve for employees' retirement benefits	141,628	142,589	961
Reserve for employee stock ownership plan trust	605	309	(296)
Reserve for management board benefit trust	311	235	(76)
Reserve for reimbursement of deposits	80,324	76,949	(3,375)
Deferred tax liabilities	—	761,632	761,632
<b>Total net assets</b>	<b>8,987,651</b>	<b>11,048,278</b>	<b>2,060,627</b>
Capital stock	3,500,000	3,500,000	—
Capital surplus	4,296,285	4,296,285	—
Retained earnings	2,563,307	2,593,498	30,191
Treasury stock	(1,300,881)	(1,300,844)	36
<b>Total shareholders' equity</b>	<b>9,058,711</b>	<b>9,088,939</b>	<b>30,227</b>
Net unrealized gains (losses) on available-for-sale securities	256,880	2,287,283	2,030,403
Net deferred gains (losses) on hedges	(327,940)	(327,944)	(3)
<b>Total valuation and translation adjustments</b>	<b>(71,060)</b>	<b>1,959,338</b>	<b>2,030,399</b>

## 2. Income Analysis

Non-consolidated

(Millions of yen)

	For the six months ended		(B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Gross operating profit	678,294	670,304	(7,989)
Net interest income	501,840	421,118	(80,721)
Net fees and commissions	65,490	64,480	(1,009)
Net other operating income (loss)	110,963	184,705	73,741
Gains (losses) on foreign exchanges	107,860	172,187	64,326
Gains (losses) on bonds	5,370	12,680	7,310
General and administrative expenses	(514,652)	(504,336)	10,315
Personnel expenses	(61,339)	(59,480)	1,858
Non-personnel expenses	(427,615)	(418,069)	9,546
Taxes and dues	(25,697)	(26,787)	(1,089)
Operating profit (before provision for general reserve for possible loan losses)	163,641	165,967	2,326
Core net operating profit	158,271	153,287	(4,983)
Excluding gains (losses) on cancellation of investment trusts	133,345	147,700	14,354
Provision for general reserve for possible loan losses	–	–	–
<b>Net operating profit</b>	<b>163,641</b>	<b>165,967</b>	<b>2,326</b>
Non-recurring gains (losses)	37,453	5,876	(31,576)
Gains (losses) related to stocks	10,705	(2,219)	(12,925)
Gains (losses) on money held in trust	27,777	7,592	(20,185)
<b>Net ordinary income</b>	<b>201,095</b>	<b>171,844</b>	<b>(29,250)</b>

	For the six months ended		(B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Extraordinary income (loss)	(109)	(218)	(108)
Gains (losses) on sales and disposals of fixed assets	(109)	(218)	(109)
Losses on impairment of fixed assets	(0)	–	0
<b>Income before income taxes</b>	<b>200,985</b>	<b>171,626</b>	<b>(29,359)</b>
Income taxes – current	(55,417)	(54,697)	720
Income taxes – deferred	(862)	6,999	7,861
<b>Total income taxes</b>	<b>(56,279)</b>	<b>(47,697)</b>	<b>8,581</b>
<b>Net income</b>	<b>144,705</b>	<b>123,928</b>	<b>(20,777)</b>
Gains (losses) on money held in trust	27,777	7,592	(20,185)
Dividends and interest income	37,505	36,958	(547)
Gains (losses) on sales of stocks	0	5,558	5,557
Unrealized gains (losses)	3	–	(3)
Impairment losses	(2,649)	(23,564)	(20,914)
Withholding income tax, etc.	(7,082)	(11,359)	(4,277)
Credit-related expenses	12	(18)	(30)
Provision for general reserve for possible loan losses	12	(18)	(30)

- Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥1,002 million and ¥970 million recorded as profits for the six months ended September 30, 2020 and 2019, respectively).
2. Core net operating profit = Operating profit (before provision for general reserve for possible loan losses) - Gains (losses) on bonds
3. Credit-related expenses are those expenses related to problem assets disclosed under the Financial Reconstruction Act.
4. Numbers in parenthesis indicate the amount of loss, expense or decrease.

### 3. Selected Ratios

Non-consolidated

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Net income to assets (ROA)	0.13%	0.11%	(0.02)%
Net income to equity (ROE)	2.51	2.46	(0.04)
Overhead ratio (OHR)	75.87	75.23	(0.63)

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. ROA and ROE are annualized.

### 4. Interest Rate Spread

Non-consolidated

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2019 (A)	September 30, 2020 (B)	
Yield on interest-earning assets (a)	0.65%	0.51%	(0.13)%
Total cost of funding (including general and administrative expenses) (b)	0.69	0.61	(0.07)
Interest rate on interest-bearing liabilities (c)	0.16	0.11	(0.04)
Overall interest rate spread (a) - (b)	(0.03)	(0.09)	(0.06)
Interest rate spread (a) - (c)	0.48	0.39	(0.08)

Note: All numbers are annualized.

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

Non-consolidated

(1) Domestic

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2019 (A)			September 30, 2020 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	197,309,717	378,281	0.38%	202,473,730	308,862	0.30%	(0.07)%
Loans	5,063,261	5,625	0.22	6,520,493	5,024	0.15	(0.06)
Securities	73,052,033	262,889	0.71	71,216,281	216,354	0.60	(0.11)
Due from banks, etc.	52,923,230	14,522	0.05	54,096,198	15,507	0.05	0.00
Interest-bearing liabilities	189,969,911	40,518	0.04	195,336,889	34,523	0.03	(0.00)
Deposits	182,623,839	28,952	0.03	186,556,941	21,797	0.02	(0.00)
Payables under securities lending transactions	128,841	64	0.09	198,722	99	0.09	0.00

(2) Overseas

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2019 (A)			September 30, 2020 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	61,705,949	386,547	1.24%	66,483,670	307,066	0.92%	(0.32)%
Loans	7,131	18	0.52	21,964	58	0.53	0.01
Securities	61,590,570	385,566	1.24	66,309,043	306,779	0.92	(0.32)
Due from banks, etc.	2,526	29	2.35	–	–	–	(2.35)
Interest-bearing liabilities	61,635,917	222,470	0.71	66,858,552	160,286	0.47	(0.24)
Payables under securities lending transactions	2,375,577	28,902	2.42	1,593,878	4,777	0.59	(1.82)

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

Non-consolidated

(3) Total

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2019 (A)			September 30, 2020 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	202,377,177	667,413	0.65%	208,470,432	542,152	0.51%	(0.13)%
Loans	5,070,392	5,643	0.22	6,542,458	5,083	0.15	(0.06)
Securities	134,642,604	648,456	0.96	137,525,324	523,133	0.75	(0.20)
Due from banks, etc.	52,925,757	14,552	0.05	54,096,198	15,507	0.05	0.00
Interest-bearing liabilities	194,967,339	165,573	0.16	201,708,472	121,033	0.11	(0.04)
Deposits	182,623,839	28,952	0.03	186,556,941	21,797	0.02	(0.00)
Payables under securities lending transactions	2,504,418	28,967	2.30	1,792,600	4,877	0.54	(1.76)

- Notes: 1. "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").
2. Income and expenses for money held in trust are included in "other ordinary income" and "other ordinary expenses," respectively. Accordingly, the average balance of money held in trust (six months ended September 30, 2020, ¥3,809,231 million; six months ended September 30, 2019, ¥2,977,202 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (six months ended September 30, 2020, ¥3,809,231 million; six months ended September 30, 2019, ¥2,977,202 million) and the corresponding interest (six months ended September 30, 2020, ¥4,646 million; six months ended September 30, 2019, ¥5,120 million) are excluded from interest-bearing liabilities.
3. For investment trusts, the distribution of profits, which was deducted from the book value as the repayment of principal, was ¥65,367 million for the six months ended September 30, 2020 (¥34,313 million for the six months ended September 30, 2019).
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

Non-consolidated

(Millions of yen, %)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)
	Amount	%	Amount	%	Amount
Due from banks, etc.	51,485,414	24.80	56,155,016	25.64	4,669,601
Call loans	1,040,000	0.50	930,000	0.42	(110,000)
Receivables under resale agreements	9,731,897	4.68	10,172,035	4.64	440,137
Receivables under securities borrowing transactions	112,491	0.05	26,422	0.01	(86,069)
Money held in trust	4,549,736	2.19	5,191,409	2.37	641,673
Domestic stocks	1,859,682	0.89	2,171,595	0.99	311,912
Domestic bonds	1,419,008	0.68	1,732,798	0.79	313,789
Securities	135,198,460	65.14	139,297,309	63.60	4,098,849
Japanese government bonds	53,636,113	25.84	52,836,398	24.12	(799,714)
Japanese local government bonds	5,986,349	2.88	5,665,891	2.58	(320,458)
Commercial paper	806,975	0.38	1,739,967	0.79	932,992
Japanese corporate bonds	9,108,252	4.38	8,833,684	4.03	(274,567)
Japanese stocks	3,255	0.00	3,255	0.00	–
Other securities	65,657,514	31.63	70,218,112	32.06	4,560,597
Foreign bonds	23,706,870	11.42	23,194,911	10.59	(511,958)
Investment trusts	41,901,017	20.19	46,967,284	21.44	5,066,266
Loans	4,961,733	2.39	6,870,723	3.13	1,908,989
Others	439,879	0.21	348,755	0.15	(91,123)
<b>Total</b>	<b>207,519,613</b>	<b>100.00</b>	<b>218,991,671</b>	<b>100.00</b>	<b>11,472,058</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.

# 7. Unrealized Gains (Losses) on Financial Instruments

Non-consolidated

## (1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese government bonds	21,038,148	475,518	21,736,092	360,243	697,943	(115,274)
Japanese local government bonds	1,146,788	1,665	1,453,605	2,952	306,817	1,287
Japanese corporate bonds	1,985,771	13,654	2,307,909	12,839	322,137	(815)
Others	–	–	–	–	–	–
Foreign bonds	–	–	–	–	–	–
<b>Total</b>	<b>24,170,708</b>	<b>490,838</b>	<b>25,497,607</b>	<b>376,035</b>	<b>1,326,899</b>	<b>(114,802)</b>

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

## (2) Available-for-sale Securities

(Millions of yen)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese stocks	5	–	5	–	–	–
Bonds	45,366,981	857,136	43,578,333	736,799	(1,788,648)	(120,337)
Japanese government bonds	32,597,964	794,222	31,100,305	675,153	(1,497,658)	(119,069)
Japanese local government bonds	4,839,561	25,675	4,212,285	21,353	(627,276)	(4,322)
Commercial paper	806,975	–	1,739,967	–	932,992	–
Japanese corporate bonds	7,122,480	37,238	6,525,775	40,292	(596,705)	3,054
Others	66,019,472	(1,608,708)	70,543,659	1,043,273	4,524,186	2,651,982
Foreign bonds	23,706,870	429,425	23,194,911	572,146	(511,958)	142,720
Investment trusts	41,901,017	(2,040,416)	46,967,284	469,229	5,066,266	2,509,645
<b>Total</b>	<b>111,386,459</b>	<b>(751,571)</b>	<b>114,121,998</b>	<b>1,780,073</b>	<b>2,735,538</b>	<b>2,531,644</b>

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

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

3. Of net unrealized gains (losses) shown above, ¥364,345 million and ¥308,341 million losses were included in the statements of income for the six months ended September 30, 2020 and the fiscal year ended March 31 2020, respectively, because of the application of fair value hedge accounting.

4. Investment trusts are mainly invested in foreign bonds.

5. Impairment losses for the six months ended September 30, 2020 and the fiscal year ended March 31, 2020 amounted to ¥3 million and ¥20 million, respectively.

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

Non-consolidated

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

(Millions of yen)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Money held in trust classified as available-for-sale	4,549,736	813,852	5,191,409	1,153,332	641,673	339,479
Domestic stocks	1,859,682	816,565	2,171,595	1,154,580	311,912	338,014
Domestic bonds	1,419,008	(893)	1,732,798	121	313,789	1,014

Notes: 1. Net unrealized gains (losses) shown above are calculated by deducting the acquisition cost from the amount on the balance sheet.

2. Impairment losses for the six months ended September 30, 2020 and the fiscal year ended March 31, 2020 amounted to ¥23,564 million and ¥9,212 million, respectively.

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

(Millions of yen)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	8,913,409	(458,664)	8,493,228	(405,097)	(420,181)	53,566
Currency swaps	7,426,920	(14,041)	7,817,548	(67,613)	390,628	(53,571)
Foreign exchange forward contracts	—	—	—	—	—	—
Total	16,340,330	(472,705)	16,310,777	(472,710)	(29,552)	(5)

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

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

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

(Millions of yen)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	(102,083)	2,825,039	2,927,122

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

Non-consolidated

(Millions of yen, %)

	For the six months ended				Increase (Decrease) (B) – (A)
	September 30, 2019 (A)		September 30, 2020 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	60,368	11.75	58,478	11.61	(1,890)
Salaries and allowances	49,591	9.65	47,959	9.52	(1,632)
Others	10,776	2.09	10,518	2.08	(258)
Non-personnel expenses	427,615	83.24	418,069	83.05	(9,546)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	189,162	36.82	187,238	37.19	(1,923)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network (*)	118,933	23.15	118,719	23.58	(213)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	29,743	5.79	28,718	5.70	(1,025)
Rent for land, buildings and others	6,033	1.17	5,799	1.15	(233)
Expenses on consigned businesses	31,367	6.10	32,468	6.45	1,100
Depreciation and amortization	18,221	3.54	17,330	3.44	(891)
Communication and transportation expenses	8,571	1.66	7,474	1.48	(1,096)
Maintenance expenses	5,984	1.16	6,377	1.26	393
IT expenses	10,208	1.98	5,820	1.15	(4,388)
Others	9,391	1.82	8,121	1.61	(1,269)
Taxes and dues	25,697	5.00	26,787	5.32	1,089
Total	513,682	100.00	503,334	100.00	(10,347)

\* 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.

## 9. Loans

Non-consolidated

(Millions of yen, %)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)
	Amount	%	Amount	%	Amount
Domestic (excluding Japan Offshore Market accounts)	4,942,412	100.00	6,845,151	100.00	1,902,739
Agriculture, forestry, fisheries, and mining	—	—	—	—	—
Manufacturing	43,524	0.88	58,372	0.85	14,847
Utilities, information/communications, and transportation	108,064	2.18	120,477	1.76	12,413
Wholesale and retail	31,155	0.63	34,405	0.50	3,249
Finance and insurance	773,676	15.65	726,400	10.61	(47,276)
Construction and real estate	12,983	0.26	27,983	0.40	14,999
Services and goods rental/leasing	48,437	0.98	65,523	0.95	17,085
Central and local governments	3,782,410	76.52	5,704,031	83.32	1,921,620
Others	142,159	2.87	107,958	1.57	(34,201)
Overseas and Japan Offshore Market accounts	19,321	100.00	25,571	100.00	6,250
Governments	—	—	—	—	—
Others	19,321	100.00	25,571	100.00	6,250
<b>Total</b>	<b>4,961,733</b>		<b>6,870,723</b>		<b>1,908,989</b>

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 ¥390,032 million and ¥439,734 million as of September 30, 2020 and March 31, 2020, respectively.

3. “Others” in “Domestic” represents loans to individuals.

# 10. Balances by Type of Deposit

Non-consolidated

(Millions of yen, %)

	As of March 31, 2020 (A)		As of September 30, 2020 (B)		Increase (Decrease) (B) – (A)
	Amount	%	Amount	%	Amount
Liquid deposits	87,567,568	47.84	95,289,857	50.84	7,722,289
Transfer deposits	7,712,325	4.21	8,219,171	4.38	506,845
Ordinary deposits, etc.	79,346,271	43.35	86,504,186	46.15	7,157,915
Savings deposits	508,971	0.27	566,500	0.30	57,528
Fixed-term deposits	95,298,907	52.07	92,004,705	49.08	(3,294,202)
Time deposits	5,225,651	2.85	4,926,439	2.62	(299,211)
TEIGAKU deposits	90,073,256	49.21	87,078,265	46.45	(2,994,991)
Other deposits	138,256	0.07	132,732	0.07	(5,523)
Subtotal	183,004,733	100.00	187,427,295	100.00	4,422,562
Negotiable certificates of deposit	—	—	—	—	—
Total	183,004,733	100.00	187,427,295	100.00	4,422,562
Deposits including accrued interest	183,380,789		187,712,502		4,331,712

- Notes: 1. Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)
2. Special deposits (equivalent to ordinary savings) are the portion of deposits received from the Organization for Postal Savings, Postal Life Insurance and Post Office Network, 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.
3. 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. Deferred Tax Assets/Liabilities

Non-consolidated

(Millions of yen)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Deferred tax assets	248,769	254,540	5,771
Reserve for employees' retirement benefits	43,373	43,667	294
Accrued enterprise taxes	3,222	3,303	81
Net deferred losses on hedges	144,765	144,766	1
Reserve for reimbursement of deposits	24,599	23,565	(1,033)
Depreciation	8,773	8,387	(385)
Unrealized losses of money held in trust	1,680	7,819	6,138
Other	22,355	23,030	674
Deferred tax liabilities	(121,106)	(1,016,172)	(895,066)
Net unrealized gains on available-for-sale securities	(113,396)	(1,009,692)	(896,295)
Other	(7,709)	(6,480)	1,229
Net deferred tax assets (liabilities)	127,662	(761,632)	(889,294)

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

Non-consolidated

(Millions of yen, %)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
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	5,111,652	7,107,143	1,995,491
Total (b)	5,111,652	7,107,143	1,995,491
Non-performing loan ratio (a) / (b)	0.00%	–%	(0.00)%

## 13. Reserve for Possible Loan Losses

Non-consolidated

(Millions of yen)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Total	1,031	985	(45)
General reserve for possible loan losses	258	275	17
Specific reserve for possible loan losses	772	710	(62)



# 14. Capital

Non-consolidated  
Consolidated

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

(Millions of yen, %)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	8,965,233	9,089,215	123,981
Core Capital: regulatory adjustments (b)	32,685	31,238	(1,447)
Total capital (a) - (b) = (c)	8,932,547	9,057,976	125,429
Total amount of risk-weighted assets (d)	57,407,276	57,576,640	169,363
Credit risk-weighted assets	54,775,080	55,007,373	232,293
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,632,196	2,569,266	(62,929)
Capital adequacy ratio (c) / (d)	15.55%	15.73%	0.17%

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

(Millions of yen, %)

	As of March 31, 2020 (A)	As of September 30, 2020 (B)	Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	8,974,876	9,102,586	127,709
Core Capital: regulatory adjustments (b)	32,827	31,429	(1,398)
Total capital (a) - (b) = (c)	8,942,048	9,071,156	129,107
Total amount of risk-weighted assets (d)	57,390,850	57,566,366	175,516
Credit risk-weighted assets	54,758,899	54,997,345	238,445
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,631,950	2,569,021	(62,929)
Capital adequacy ratio (consolidated) (c) / (d)	15.58%	15.75%	0.17%

# (Reference) Securitized Products Exposure

Non-consolidated

As of March 31, 2020 and September 30, 2020, the Bank held the following securitized products and others.

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

(Millions of yen)

Region		As of March 31, 2020			As of September 30, 2020		
		Acquisition cost	Net unrealized gains (losses)	Credit ratings	Acquisition cost	Net unrealized gains (losses)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,359,705	28,113	AAA	1,357,972	26,442	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	—	—	—	—	—	—
	Other securitized products	173,975	(205)	AAA	149,554	(7)	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	1,018	37	AAA	970	34	AAA
	Subtotal	1,534,699	27,945		1,508,498	26,470	
Overseas	Residential mortgage-backed securities (RMBS)	38,546	(9,390)	AAA	64,511	(3,190)	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	1,767,354	(121,935)	AAA	1,964,508	(79,237)	AAA
	Subtotal	1,805,900	(131,326)		2,029,020	(82,427)	
Total		3,340,600	(103,380)		3,537,518	(55,957)	

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 mainly auto loan claims.

5. "Overseas" does not include U.S. government sponsored enterprises, etc. (GSEs) related products.

6. The overseas collateralized loan obligations (CLO) are only those in the United States.

7. Net unrealized gains (losses) do not reflect the effect of foreign exchange hedging.

## (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.

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Any uncertainties, risks and other factors that may cause such a situation to arise include, but are not limited to, risks related to the effectiveness of risk management policies and procedures; risks related to business strategy and management planning such as market risk, market liquidity risk, credit risk and operational risk; risks related to the expansion of the scope of operations; risks related to the business environment; situation of the spread of COVID-19; and other various risks. Please also see the Securities Report and the latest quarterly financial report for material facts that the Bank recognizes as potentially affecting the Group's actual results, performance or financial position. The Group's actual results, performance or financial position may be materially different from those expressed or implied by such forward-looking statements.

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