

# **Selected Financial Information**

## **For the Six Months Ended September 30, 2016**

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**JAPAN POST BANK Co., Ltd.**  
**November 14, 2016**

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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 H1 Results

- Gross operating profit for the six months ended September 30, 2016 decreased by ¥43.1 bn year-on-year to ¥716.3 bn. Net interest income decreased by ¥70.1 bn year-on-year, mainly due to a decrease in interest on Japanese government bonds. Net fees and commissions decreased by ¥3.9 bn year-on-year. Net other operating income increased by ¥30.9 bn year-on-year, due to an increase in gains (losses) on foreign exchanges, etc.
- General and administrative expenses decreased by ¥0.6 bn year-on-year to ¥530.9 bn.
- In the adverse business environment with interest rates remained at a low level, net operating profit decreased by ¥42.5 bn year-on-year to ¥185.3 bn.
- Non-recurring gains (losses) increased by ¥3.2 bn year-on-year, due to an increase in gains (losses) on money held in trust, etc. Net ordinary income decreased by ¥39.2 bn year-on-year to ¥212.4 bn.
- Net income decreased by ¥20.6 bn year-on-year to ¥150.9 bn, which equated to 50.3% 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 six months ended September 30, 2016
Ordinary income	934.2
Increase (decrease) from the six months ended September 30, 2015	(52.9) (5.3)%
Net ordinary income	212.4
Increase (decrease) from the six months ended September 30, 2015	(39.2) (15.5)%
Net income	150.9
Increase (decrease) from the six months ended September 30, 2015	(20.6) (12.0)%

(¥bn, %)

	Earnings forecasts for the fiscal year ending March 31, 2017	Progress
Net ordinary income	420.0	50.5%
Net income	300.0	50.3%

# 1. Overview of FY2017/3 H1 Results

## Results of Operations

	For the six months ended		Increase (Decrease) (A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
	(¥bn, %)		
Gross operating profit	<b>716.3</b>	759.4	(43.1)
Net interest income	<b>629.3</b>	699.4	(70.1)
Net fees and commissions	<b>42.9</b>	46.9	(3.9)
Net other operating income (loss)	<b>44.0</b>	13.1	30.9
Gains (losses) on foreign exchanges	<b>39.0</b>	7.7	31.2
Gains (losses) on bonds	<b>4.0</b>	5.3	(1.2)
General and administrative expenses (*)	<b>530.9</b>	531.6	(0.6)
Provision for general reserve for possible loan losses	<b>(0.0)</b>	(0.0)	0.0
Net operating profit	<b>185.3</b>	227.8	(42.5)
Non-recurring gains (losses)	<b>27.1</b>	23.8	3.2
Gains (losses) on money held in trust	<b>25.3</b>	23.8	1.4
Net ordinary income	<b>212.4</b>	251.6	(39.2)
Net income	<b>150.9</b>	171.5	(20.6)
ROE (**) (***)	<b>2.60%</b>	2.99%	(0.39)%
OHR (****)	<b>74.12%</b>	70.00%	4.12 %

## Financial Condition

	As of		
	September 30, 2016 (A)	March 31, 2016 (B)	Increase (Decrease) (A) – (B)
	(¥bn)		
Assets	<b>207,210.2</b>	207,056.0	154.2
Cash and due from banks	<b>47,665.9</b>	45,895.0	1,770.8
Call loans	<b>666.1</b>	978.8	(312.6)
Receivables under securities borrowing transactions	<b>8,096.9</b>	7,923.2	173.7
Money held in trust	<b>3,503.4</b>	3,561.1	(57.7)
Securities	<b>141,197.5</b>	144,076.8	(2,879.2)
Loans	<b>2,720.7</b>	2,542.0	178.6
Liabilities	<b>195,599.2</b>	195,547.8	51.4
Deposits	<b>178,456.5</b>	177,871.9	584.5
Payables under securities lending transactions	<b>12,684.0</b>	13,123.5	(439.4)
Net assets	<b>11,610.9</b>	11,508.1	102.8
Total shareholders' equity	<b>8,662.0</b>	8,605.2	56.8
Total valuation and translation adjustments	<b>2,948.8</b>	2,902.8	45.9

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

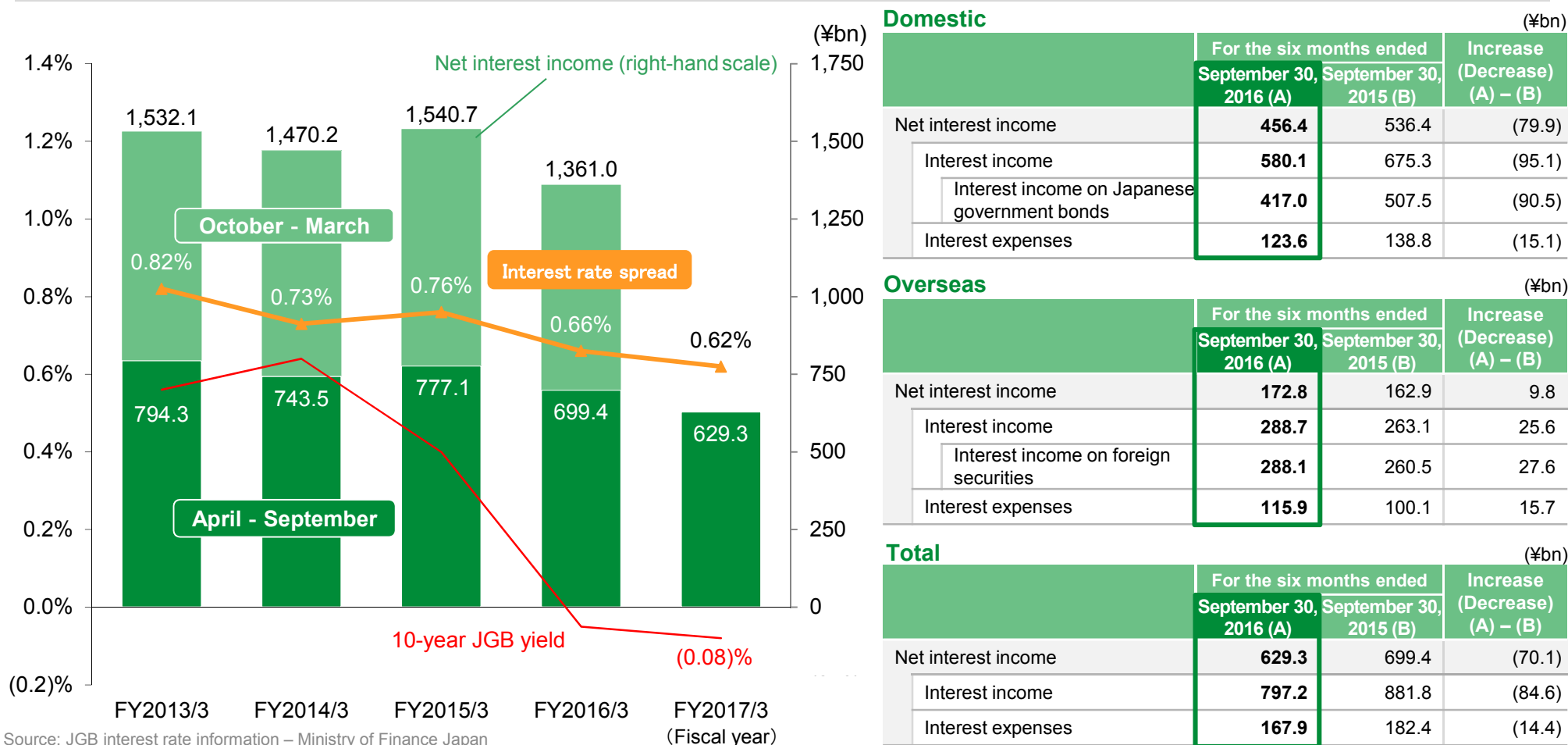
\*\* ROE = net income / [(sum of total net assets at the beginning and the end of the period) / 2] x 100

\*\*\* 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 ¥629.3 bn and interest rate spread was 0.62% for the six months ended September 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 spreads of FY2013/3 – FY2016/3 are the figures for the relevant fiscal years, while interest rate spread of FY2017/3 is the figure for the six months ended September 30, 2016. Interest rate spread of FY2017/3 is annualized.

Domestic		For the six months ended		Increase
		September 30,	September 30,	(Decrease)
		2016 (A)	2015 (B)	(A) – (B)
Net interest income		456.4	536.4	(79.9)
Interest income		580.1	675.3	(95.1)
Interest income on Japanese government bonds		417.0	507.5	(90.5)
Interest expenses		123.6	138.8	(15.1)

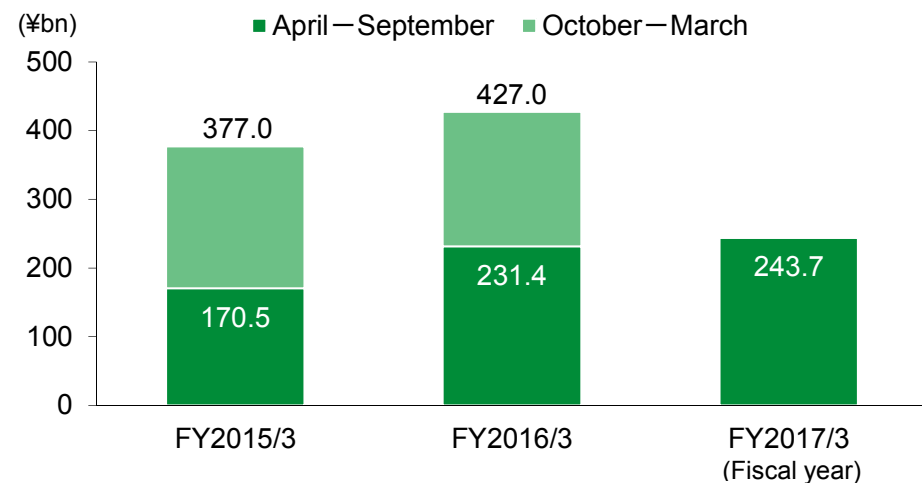
Overseas		For the six months ended		Increase
		September 30,	September 30,	(Decrease)
		2016 (A)	2015 (B)	(A) – (B)
Net interest income		172.8	162.9	9.8
Interest income		288.7	263.1	25.6
Interest income on foreign securities		288.1	260.5	27.6
Interest expenses		115.9	100.1	15.7

Total		For the six months ended		Increase
		September 30,	September 30,	(Decrease)
		2016 (A)	2015 (B)	(A) – (B)
Net interest income		629.3	699.4	(70.1)
Interest income		797.2	881.8	(84.6)
Interest expenses		167.9	182.4	(14.4)

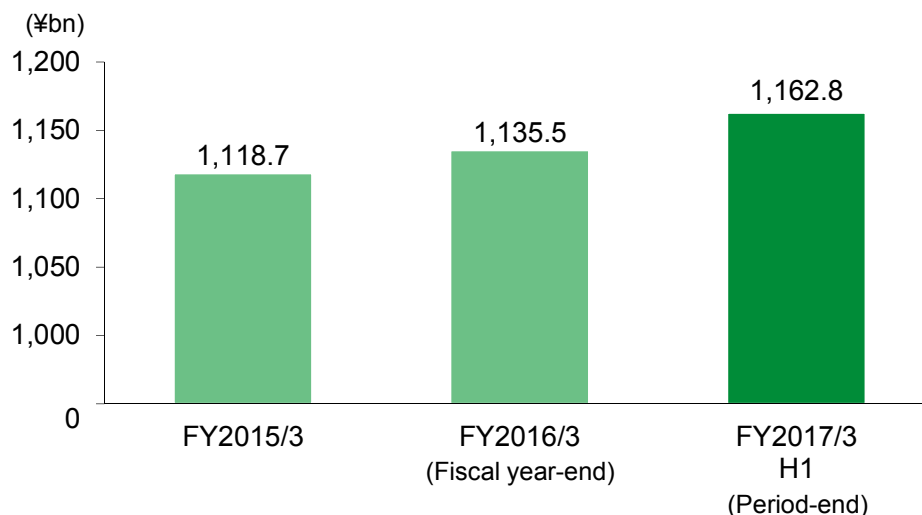
### 3. Net Fees and Commissions

■ Net fees and commissions for the six months ended September 30, 2016 decreased by ¥3.9 bn year-on-year to ¥42.9 bn.

#### Trend of Investment Trusts Sales

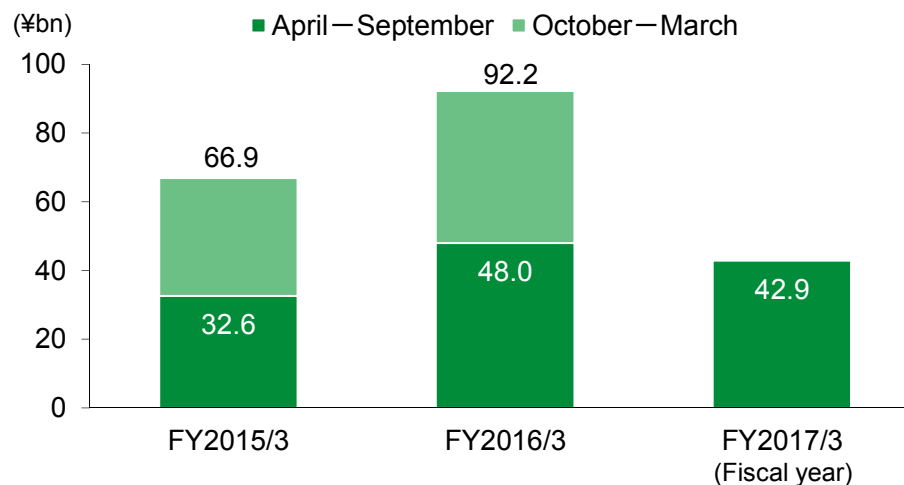


#### Trend of Net Assets of Investment Trusts



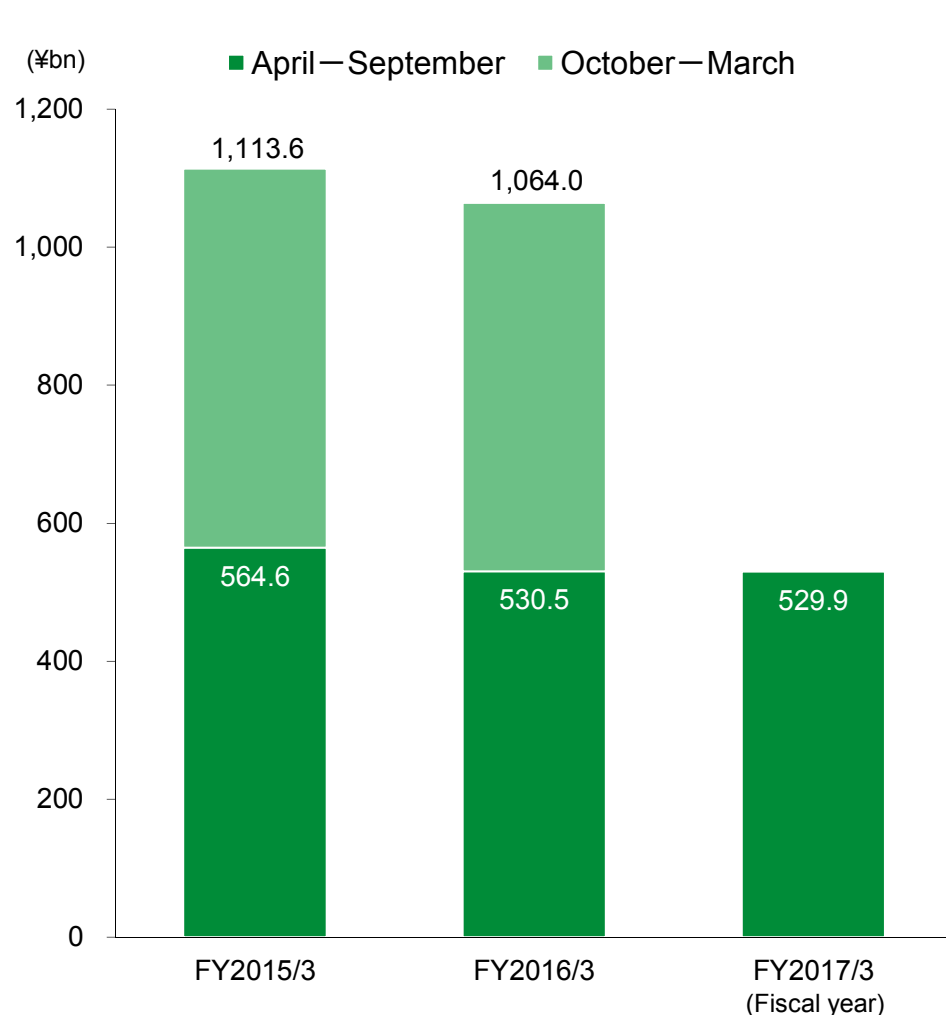
	For the six months ended		Increase (Decrease) (A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Net fees and commissions relating to	42.9	46.9	(3.9)
Exchange and settlement transactions	29.3	29.9	(0.5)
ATMs	3.5	3.8	(0.2)
Investment trusts	5.0	7.1	(2.1)
Others	4.9	6.0	(1.0)

#### Trend of Variable Annuities Policies Sales



## 4. Trend of General and Administrative Expenses

■ General and administrative expenses for the six months ended September 30, 2016 decreased by ¥0.6 bn year-on-year to ¥529.9 bn.



(¥bn)

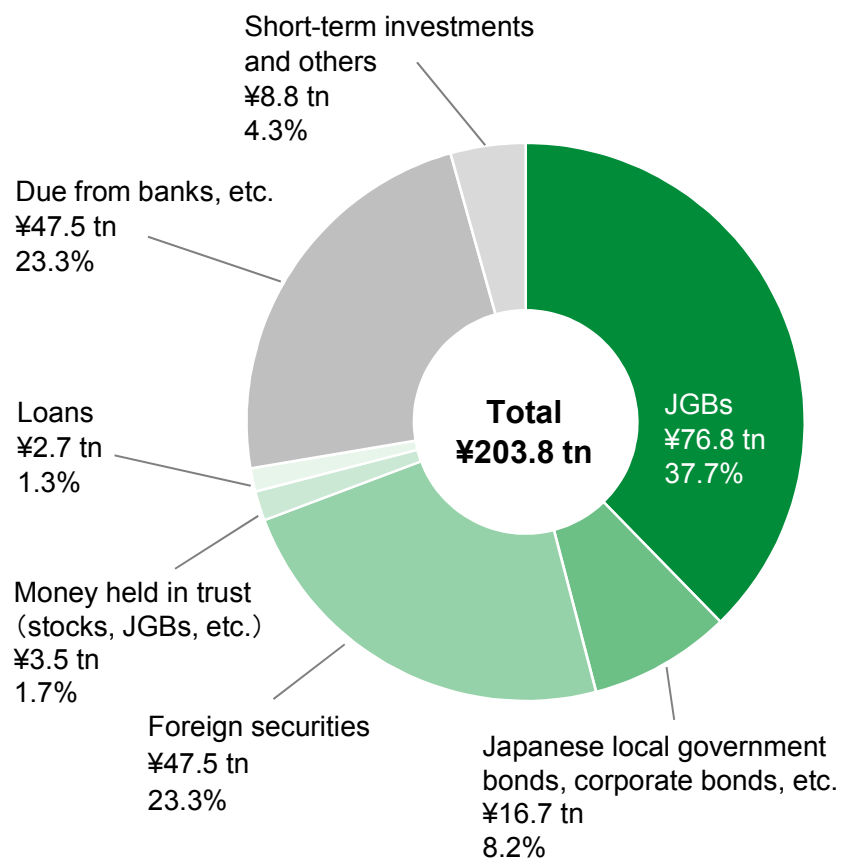
	For the six months ended		Increase (Decrease) (A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Personnel expenses (*)	62.2	61.1	1.1
Salaries and allowances	51.2	50.4	0.7
Non-personnel expenses	428.7	431.8	(3.1)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	309.0	308.1	0.9
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	4.1	4.9	(0.7)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	33.0	32.2	0.8
Taxes and dues	38.9	37.5	1.3
<b>Total</b>	<b>529.9</b>	530.5	(0.6)

\* Personnel expenses include non-recurring losses.



## 5. Asset Management Status

■ Securities, which consisted of JGBs, etc., were ¥141.1 tn, while loans were ¥2.7 tn as of September 30, 2016.



Categories	As of September 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)
	Amount (¥bn)	%	Amount (¥bn)	%	
Securities	141,197.5	69.2	144,076.8	70.3	(2,879.2)
Japanese government bonds	76,849.6	37.7	82,255.6	40.1	(5,405.9)
Japanese local government bonds, corporate bonds, etc. (*)	16,788.5	8.2	16,425.6	8.0	362.9
Foreign securities	47,559.3	23.3	45,395.5	22.1	2,163.7
Foreign bonds	19,109.7	9.3	19,829.5	9.6	(719.7)
Investment trusts	28,409.0	13.9	25,520.9	12.4	2,888.1
Money held in trust (stocks, JGBs, etc.)	3,503.4	1.7	3,561.1	1.7	(57.7)
Domestic stocks	1,849.8	0.9	1,878.6	0.9	(28.7)
Loans	2,720.7	1.3	2,542.0	1.2	178.6
Due from banks, etc. (**)	47,570.5	23.3	45,769.1	22.3	1,801.4
Short-term investments and others (***)	8,832.3	4.3	8,927.5	4.3	(95.2)
<b>Total</b>	<b>203,824.5</b>	<b>100.0</b>	<b>204,876.6</b>	<b>100.0</b>	<b>(1,052.1)</b>

\* “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 ¥4,251.9 bn as of September 30, 2016 (before application of tax effect accounting).

(¥bn)

	As of September 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	47,223.3	1,939.7	52,052.5	2,208.3

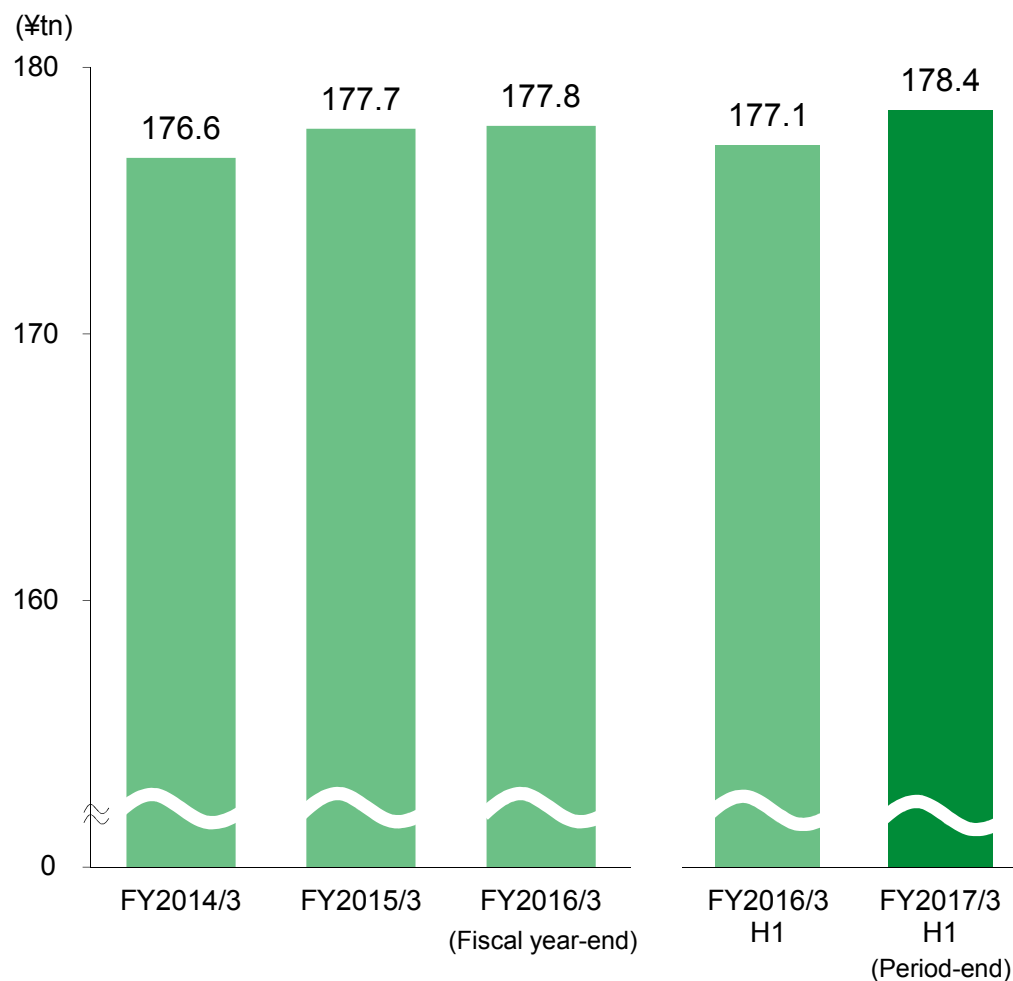
(¥bn)

	As of September 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	97,680.2	4,474.1	95,847.5	4,791.7
Available-for-sale securities (*) (A)	94,176.8	2,723.5	92,286.3	3,872.4
Japanese government bonds	33,062.7	1,679.6	34,358.2	1,744.7
Foreign bonds	19,031.9	450.6	19,732.7	1,967.8
Investment trusts	28,350.1	331.4	25,520.9	(128.0)
Others	13,732.0	261.7	12,674.4	287.9
Effect of fair value hedge accounting (B)		902.0		35.3
Money held in trust (C)	3,503.4	848.5	3,561.1	883.8
Domestic stocks	1,849.8	797.7	1,878.6	829.8
Others	1,653.5	50.8	1,682.4	54.0
Derivatives for which deferred hedge accounting is applied (D)	9,748.5	(222.2)	7,719.8	(605.3)
Total (A) + (B) + (C) + (D)		4,251.9		4,186.4

\* Excluding available-for-sale securities that are deemed to be extremely difficult to determine a fair value.

## 6. Trend of Deposit Balance

■ Deposit balance as of September 30, 2016 was ¥178.4 tn, which remained stable.



	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Liquid deposits	65.1	63.8	1.2
Transfer deposits	12.8	13.8	(1.0)
Ordinary deposits, etc.	51.8	49.5	2.2
Savings deposits	0.3	0.3	0.0
Fixed-term deposits	113.1	113.8	(0.6)
Time deposits	10.7	11.4	(0.7)
TEIGAKU deposits, etc.	102.4	102.4	0.0
Other deposits	0.1	0.1	(0.0)
<b>Total</b>	<b>178.4</b>	177.8	0.5

(¥tn)

## 7. Trend of Capital Adequacy Ratio

■ Capital adequacy ratio (non-consolidated, domestic standard) was 23.15% as of September 30, 2016.



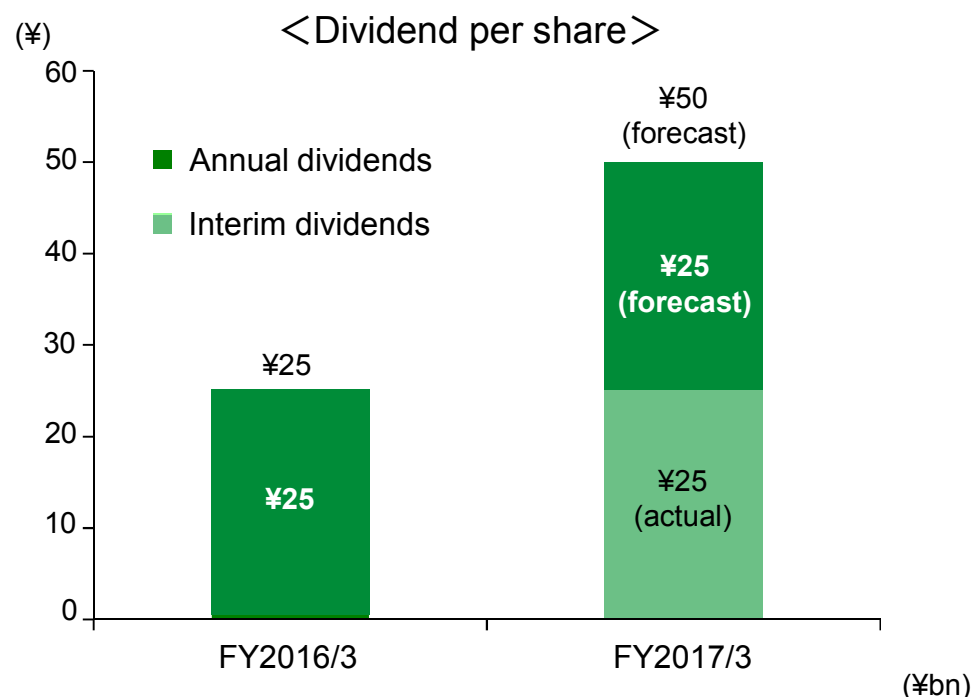
	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Total capital (a)	8,556.9	8,499.3	57.6
Total amount of risk-weighted assets (b)	36,960.9	32,218.5	4,742.3
Credit risk-weighted assets	34,044.8	29,253.2	4,791.6
Capital adequacy ratio (a) / (b)	23.15%	26.38%	(3.22)%

(¥bn, %)

## 8. Dividend Forecast

■ Interim dividend per share is ¥25. Dividend forecast for the fiscal year ending March 31, 2017 is unchanged i.e. ¥50.

### Actual result and forecast of dividends



	For the fiscal year	
	ended March 31, 2016 (actual)	ending March 31, 2017 (forecast)
Total dividend payment (A)	93.7	187.4
Net income (B)	325.0	300.0
Dividend payout ratio (A) / (B)	28.8%	62.4%

### Dividend policy (until March 31, 2018)

1. The Bank aims to maintain a dividend payout ratio of approximately 50% or more of the Bank's net income for the relevant fiscal year. However, as the period between the date of the listing of the Bank's shares and the record date for such annual dividends was less than six months, dividend payout ratio for the fiscal year ended March 31, 2016 is approximately 25% or more.
2. The Bank aims to pay a stable per-share dividend.
3. The Bank shall also consider additional shareholder return, while taking into account developments on regulations, earnings growth and accumulation of retained earnings, etc.

## Financial Data

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# 1. Summarized Balance Sheets

	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
<b>Total assets</b>	<b>207,210,247</b>	<b>207,056,039</b>	<b>154,208</b>
Cash and due from banks	47,665,957	45,895,068	1,770,888
Call loans	666,155	978,837	(312,681)
Receivables under securities borrowing transactions	8,096,939	7,923,229	173,709
Monetary claims bought	197,965	178,509	19,456
Trading account securities	50	187	(137)
Money held in trust	3,503,401	3,561,110	(57,709)
Securities	141,197,568	144,076,834	(2,879,265)
Loans	2,720,729	2,542,049	178,679
Foreign exchanges	33,805	25,328	8,476
Other assets	2,905,447	1,573,316	1,332,131
Tangible fixed assets	181,455	182,733	(1,278)
Intangible fixed assets	41,874	44,865	(2,991)
Customers' liabilities for acceptances and guarantees	–	75,000	(75,000)
Reserve for possible loan losses	(1,102)	(1,030)	(71)

(Millions of yen)

	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
<b>Total liabilities and net assets</b>	<b>207,210,247</b>	<b>207,056,039</b>	<b>154,208</b>
<b>Total liabilities</b>	<b>195,599,293</b>	<b>195,547,888</b>	<b>51,404</b>
Deposits	178,456,554	177,871,986	584,568
Call money	40,953	22,536	18,417
Payables under repurchase agreements	592,456	554,522	37,934
Payables under securities lending transactions	12,684,076	13,123,558	(439,481)
Foreign exchanges	462	338	124
Other liabilities	2,440,583	2,532,920	(92,337)
Reserve for bonuses	7,588	6,020	1,568
Reserve for employees' retirement benefits	150,862	149,720	1,142
Reserve for management board benefit trust	43	–	43
Deferred tax liabilities	1,225,711	1,211,286	14,424
Acceptances and guarantees	–	75,000	(75,000)
<b>Total net assets</b>	<b>11,610,954</b>	<b>11,508,150</b>	<b>102,803</b>
Capital stock	3,500,000	3,500,000	–
Capital surplus	4,296,285	4,296,285	–
Retained earnings	2,166,206	2,108,969	57,236
Treasury stock	(1,300,411)	(1,299,999)	(411)
<b>Total shareholders' equity</b>	<b>8,662,080</b>	<b>8,605,256</b>	<b>56,824</b>
Net unrealized gains (losses) on available-for-sale securities	3,103,068	3,322,827	(219,758)
Net deferred gains (losses) on hedges	(154,195)	(419,932)	265,737
<b>Total valuation and translation adjustments</b>	<b>2,948,873</b>	<b>2,902,894</b>	<b>45,978</b>

## 2. Income Analysis

(Millions of yen)

	For the six months ended		(A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Gross operating profit	716,336	759,496	(43,160)
Net interest income	629,304	699,430	(70,125)
Net fees and commissions	42,994	46,950	(3,956)
Net other operating income (loss)	44,037	13,115	30,921
Gains (losses) on foreign exchanges	39,038	7,783	31,255
Gains (losses) on bonds	4,095	5,332	(1,236)
General and administrative expenses	(530,999)	(531,684)	684
Personnel expenses	(63,341)	(62,245)	(1,095)
Non-personnel expenses	(428,729)	(431,893)	3,164
Taxes and dues	(38,928)	(37,544)	(1,384)
Operating profit (before provision for general reserve for possible loan losses)	185,336	227,812	(42,475)
Provision for general reserve for possible loan losses	6	37	(30)
<b>Net operating profit</b>	<b>185,343</b>	<b>227,849</b>	<b>(42,506)</b>
Non-recurring gains (losses)	27,118	23,845	3,272
Gains (losses) related to stocks	–	1,131	(1,131)
Gains (losses) on money held in trust	25,369	23,890	1,479
<b>Net ordinary income</b>	<b>212,462</b>	<b>251,695</b>	<b>(39,233)</b>

Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥1,059 million and ¥1,092 million recorded as profits for the six months ended September 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.

	For the six months ended		(A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Extraordinary income (loss)	(338)	(767)	429
Gains (losses) on sales and disposals of fixed assets	(313)	(767)	453
Losses on impairment of fixed assets	(24)	(0)	(23)
<b>Income before income taxes</b>	<b>212,124</b>	<b>250,927</b>	<b>(38,803)</b>
Income taxes – current	(66,254)	(84,539)	18,284
Income taxes – deferred	5,103	5,198	(94)
<b>Total income taxes</b>	<b>(61,150)</b>	<b>(79,340)</b>	<b>18,189</b>
<b>Net income</b>	<b>150,973</b>	<b>171,587</b>	<b>(20,613)</b>
Gains (losses) on money held in trust	25,369	23,890	1,479
Dividends and interest income	24,349	25,657	(1,307)
Gains (losses) on sales of stocks	9,142	2,468	6,673
Impairment losses	(4,665)	(820)	(3,845)
Withholding income tax, etc.	(3,457)	(3,415)	(41)
Credit-related expenses	4	21	(17)
Provision for general reserve for possible loan losses	4	21	(17)
Write-off of loans	–	–	–
Provision for specific reserve for possible loan losses	–	–	–
Recoveries of written-off loans	–	–	–



### 3. Selected Ratios

	For the six months ended		Increase (Decrease) (A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Net income to assets (ROA)	0.14%	0.16%	(0.01)%
Net income to equity (ROE)	2.60	2.99	(0.39)
Overhead ratio (OHR)	74.12	70.00	4.12
Expense-to-deposit ratio	0.59	0.59	(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 six months ended		Increase (Decrease) (A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Yield on interest-earning assets (a)	0.79%	0.87%	(0.07)%
Total cost of funding (including general and administrative expenses) (b)	0.73	0.75	(0.01)
Interest rate on interest-bearing liabilities (c)	0.17	0.19	(0.01)
Overall interest rate spread (a) - (b)	0.06	0.12	(0.06)
Interest rate spread (a) - (c)	0.62	0.68	(0.06)

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 six months ended						Increase (Decrease) (A) – (B)
	September 30, 2016 (A)			September 30, 2015 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	193,355,723	580,150	0.59%	192,047,937	675,316	0.70%	(0.10)%
Loans	2,528,481	9,393	0.74	2,729,117	13,220	0.96	(0.22)
Securities	95,287,659	486,157	1.01	116,727,346	584,430	0.99	0.01
Receivables under securities borrowing transactions	8,186,708	739	0.01	8,610,523	4,302	0.09	(0.08)
Due from banks, etc.	47,323,916	12,187	0.05	34,831,682	16,783	0.09	(0.04)
Interest-bearing liabilities	184,383,908	123,653	0.13	184,096,604	138,823	0.15	(0.01)
Deposits	178,830,935	104,999	0.11	177,712,386	118,218	0.13	(0.01)
Payables under securities lending transactions	8,200,442	406	0.00	8,713,871	4,024	0.09	(0.08)

### (2) Overseas

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (A) – (B)
	September 30, 2016 (A)			September 30, 2015 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	45,803,875	288,790	1.25%	37,700,302	263,135	1.39%	(0.13)%
Loans	3,300	5	0.35	1,929	4	0.45	(0.09)
Securities	45,654,017	288,181	1.25	36,599,991	260,526	1.41	(0.16)
Receivables under securities borrowing transactions	–	–	–	–	–	–	–
Due from banks, etc.	83,245	488	1.17	1,042,578	2,515	0.48	0.68
Interest-bearing liabilities	45,175,128	115,982	0.51	34,859,712	100,198	0.57	(0.06)
Deposits	–	–	–	–	–	–	–
Payables under securities lending transactions	4,547,288	17,279	0.75	5,596,389	10,182	0.36	0.39

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

(3) Total

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (A) – (B)
	September 30, 2016 (A)			September 30, 2015 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	199,167,228	797,269	0.79%	200,599,151	881,872	0.87%	(0.07)%
Loans	2,531,781	9,399	0.74	2,731,047	13,224	0.96	(0.22)
Securities	140,941,677	774,338	1.09	153,327,338	844,957	1.09	(0.00)
Receivables under securities borrowing transactions	8,186,708	739	0.01	8,610,523	4,302	0.09	(0.08)
Due from banks, etc.	47,407,161	12,676	0.05	35,874,261	19,298	0.10	(0.05)
Interest-bearing liabilities	189,566,667	167,964	0.17	189,807,228	182,442	0.19	(0.01)
Deposits	178,830,935	104,999	0.11	177,712,386	118,218	0.13	(0.01)
Payables under securities lending transactions	12,747,730	17,686	0.27	14,310,261	14,207	0.19	0.07

- 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, 2016, ¥2,647,805 million; six months ended September 30, 2015, ¥2,349,941 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (six months ended September 30, 2016, ¥2,647,805 million; six months ended September 30, 2015, ¥2,349,941 million) and the corresponding interest (six months ended September 30, 2016, ¥4,745 million; six months ended September 30, 2015, ¥4,561 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 ¥426 million for the six months ended September 30, 2016 (¥19,332 million for the six months ended September 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 September 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Due from banks, etc.	47,570,568	23.33	45,769,105	22.33	1,801,462
Call loans	666,155	0.32	978,837	0.47	(312,681)
Receivables under securities borrowing transactions	8,096,939	3.97	7,923,229	3.86	173,709
Money held in trust	3,503,401	1.71	3,561,110	1.73	(57,709)
Domestic stocks	1,849,878	0.90	1,878,626	0.91	(28,747)
Foreign stocks	0	0.00	0	0.00	(0)
Domestic bonds	1,287,624	0.63	1,293,411	0.63	(5,787)
Securities	141,197,568	69.27	144,076,834	70.32	(2,879,265)
Japanese government bonds	76,849,682	37.70	82,255,654	40.14	(5,405,972)
Japanese local government bonds	5,995,490	2.94	5,856,509	2.85	138,981
Commercial paper	244,997	0.12	204,995	0.10	40,002
Japanese corporate bonds	10,546,681	5.17	10,362,715	5.05	183,966
Japanese stocks	1,390	0.00	1,390	0.00	—
Other securities	47,559,325	23.33	45,395,569	22.15	2,163,755
Foreign bonds	19,109,783	9.37	19,829,503	9.67	(719,720)
Investment trusts	28,409,077	13.93	25,520,966	12.45	2,888,111
Loans	2,720,729	1.33	2,542,049	1.24	178,679
Others	69,218	0.03	25,516	0.01	43,702
Total	203,824,581	100.00	204,876,683	100.00	(1,052,102)

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 September 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	43,786,975	1,833,989	47,897,398	2,063,032	(4,110,423)	(229,042)
Japanese local government bonds	194,199	1,406	341,147	3,954	(146,948)	(2,548)
Japanese corporate bonds	3,164,331	94,673	3,717,263	110,702	(552,931)	(16,029)
Others	77,834	9,654	96,744	30,670	(18,910)	(21,015)
Foreign bonds	77,834	9,654	96,744	30,670	(18,910)	(21,015)
<b>Total</b>	<b>47,223,340</b>	<b>1,939,724</b>	<b>52,052,553</b>	<b>2,208,359</b>	<b>(4,829,212)</b>	<b>(268,634)</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 (Excluding Available-for-sale Securities That are Deemed to be Extremely Difficult to Determine a Fair Value)

(Millions of yen)

	As of September 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	46,491,346	1,956,414	46,724,064	2,037,834	(232,718)	(81,419)
Japanese government bonds	33,062,706	1,679,666	34,358,255	1,744,753	(1,295,549)	(65,086)
Japanese local government bonds	5,801,291	124,469	5,515,361	125,743	285,929	(1,273)
Commercial paper	244,997	—	204,995	—	40,002	—
Japanese corporate bonds	7,382,349	152,278	6,645,451	167,337	736,898	(15,059)
Others	47,685,550	767,124	45,562,334	1,834,648	2,123,216	(1,067,524)
Foreign bonds	19,031,949	450,677	19,732,759	1,967,868	(700,810)	(1,517,190)
Investment trusts	28,350,171	331,476	25,520,966	(128,070)	2,829,205	459,547
<b>Total</b>	<b>94,176,896</b>	<b>2,723,539</b>	<b>92,286,398</b>	<b>3,872,483</b>	<b>1,890,497</b>	<b>(1,148,944)</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 (fair value).

3. Of net unrealized gains (losses) shown above, ¥902,088 million and ¥35,341 million are respectively included in the statements of income as losses for the six months ended September 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 six months ended September 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 September 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	3,503,401	848,549	3,561,110	883,889	(57,709)	(35,339)
Domestic stocks	1,849,878	797,703	1,878,626	829,857	(28,747)	(32,153)
Foreign stocks	0	(0)	0	(0)	(0)	(0)
Domestic bonds	1,287,624	50,845	1,293,411	54,032	(5,787)	(3,186)

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 six months ended September 30, 2016 and the fiscal year ended March 31, 2016 amounted to ¥4,665 million and ¥1,588 million, respectively.

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

(Millions of yen)

	As of September 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	6,375,487	(440,668)	3,987,422	(409,837)	2,388,064	(30,830)
Currency swaps	3,184,621	221,513	3,651,466	(182,201)	(466,845)	403,714
Foreign exchange forward contracts	188,467	(3,107)	80,937	(13,267)	107,529	10,159
Total	9,748,575	(222,262)	7,719,826	(605,306)	2,028,749	383,043

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 September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Total net unrealized gains (losses)	4,251,914	4,186,407	65,507

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 six months ended				Increase (Decrease) (A) – (B)
	September 30, 2016 (A)		September 30, 2015 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	62,281	11.75	61,153	11.52	1,128
Salaries and allowances	51,253	9.67	50,499	9.51	753
Others	11,027	2.08	10,653	2.00	374
Non-personnel expenses	428,729	80.90	431,893	81.39	(3,164)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	309,044	58.31	308,121	58.07	923
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*)	4,185	0.78	4,931	0.92	(745)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	33,083	6.24	32,232	6.07	850
Rent for land, buildings and others	6,197	1.16	5,894	1.11	303
Expenses on consigned businesses	25,524	4.81	26,012	4.90	(488)
Depreciation and amortization	17,424	3.28	18,046	3.40	(622)
Communication and transportation expenses	9,570	1.80	9,703	1.82	(132)
Maintenance expenses	6,322	1.19	6,263	1.18	58
IT expenses	7,187	1.35	9,210	1.73	(2,022)
Others	10,189	1.92	11,477	2.16	(1,288)
Taxes and dues	38,928	7.34	37,544	7.07	1,384
Total	529,939	100.00	530,592	100.00	(652)

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

## 9. Loans

### (1) Loans by Industry

	(Millions of yen, %)				
	As of September 30, 2016 (A)		As of March 31, 2016 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Agriculture, forestry, fisheries, and mining	–	–	–	–	–
Manufacturing	–	–	51,808	2.03	(51,808)
Utilities, information/communications, and transportation	89,167	3.27	83,769	3.29	5,398
Wholesale and retail	–	–	–	–	–
Finance and insurance	1,448,630	53.24	1,525,987	60.02	(77,357)
Construction and real estate	14,087	0.51	12,112	0.47	1,974
Services and goods rental/leasing	26,062	0.95	26,132	1.02	(69)
Central and local governments	941,060	34.58	638,140	25.10	302,920
Others	201,720	7.41	204,099	8.02	(2,378)
Total	2,720,729	100.00	2,542,049	100.00	178,679

Note: Of “Finance and insurance,” loans to the Management Organization for Postal Savings and Postal Life Insurance were ¥1,088,337 million and ¥1,216,710 million as of September 30, 2016 and March 31, 2016, respectively.

### (2) Loans to Individuals

	(Millions of yen, %)		
	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Total loans (a)	2,720,729	2,542,049	178,679
Loans to individuals (b)	198,420	200,799	(2,378)
(b) / (a)	7.29%	7.89%	(0.60)%



## 10. Balances by Type of Deposit

### (1) Ending Balances

	As of September 30, 2016 (A)		As of March 31, 2016 (B)		(Millions of yen, %)
	Amount	%	Amount	%	Increase (Decrease) (A) – (B)
					Amount
Liquid deposits	65,123,425	36.49	63,834,943	35.88	1,288,482
Transfer deposits	12,871,289	7.21	13,874,601	7.80	(1,003,312)
Ordinary deposits, etc.	51,863,374	29.06	49,571,866	27.86	2,291,507
Savings deposits	388,761	0.21	388,475	0.21	286
Fixed-term deposits	113,179,834	63.42	113,852,874	64.00	(673,040)
Time deposits	10,725,328	6.01	11,441,153	6.43	(715,824)
TEIGAKU deposits, etc.	102,454,505	57.41	102,410,683	57.57	43,821
Other deposits	153,294	0.08	184,168	0.10	(30,873)
Subtotal	178,456,554	100.00	177,871,986	100.00	584,568
Negotiable certificates of deposit	—	—	—	—	—
Total	178,456,554	100.00	177,871,986	100.00	584,568
Deposits including accrued interest	179,893,364		179,307,785		585,578

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.

## 10. Balances by Type of Deposit

### (2) Average Balances

(Millions of yen, %)

	For the six months ended				Increase (Decrease) (A) – (B)
	September 30, 2016 (A)		September 30, 2015 (B)		
	Amount	%	Amount	%	Amount
Liquid deposits	64,843,135	36.25	61,914,412	34.83	2,928,723
Transfer deposits	13,257,314	7.41	12,027,834	6.76	1,229,479
Ordinary deposits, etc.	51,197,303	28.62	49,493,636	27.85	1,703,666
Savings deposits	388,518	0.21	392,940	0.22	(4,422)
Fixed-term deposits	113,818,347	63.64	115,600,550	65.04	(1,782,203)
Time deposits	11,092,242	6.20	12,666,467	7.12	(1,574,224)
TEIGAKU deposits, etc.	102,725,221	57.44	102,932,620	57.92	(207,398)
Other deposits	169,452	0.09	197,423	0.11	(27,970)
Subtotal	178,830,935	100.00	177,712,386	100.00	1,118,549
Negotiable certificates of deposit	—	—	—	—	—
Total	178,830,935	100.00	177,712,386	100.00	1,118,549
Deposits including accrued interest	180,274,424		179,036,556		1,237,868

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. Deferred Tax Assets/Liabilities

(Millions of yen)

	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Deferred tax assets	153,519	268,307	(114,788)
Reserve for possible loan losses	153	131	21
Reserve for employees' retirement benefits	46,227	45,887	339
Depreciation	10,019	9,720	298
Accrued interest on deposits	509	574	(65)
Unrealized losses of money held in trust	2,588	1,698	889
Net deferred losses on hedges	68,067	185,373	(117,306)
Accrued enterprise taxes	3,829	3,786	42
Other	22,126	21,134	991
Deferred tax liabilities	(1,379,230)	(1,479,594)	100,363
Net unrealized gains on available-for-sale securities	(1,371,108)	(1,468,886)	97,777
Other	(8,121)	(10,707)	2,585
Net deferred tax assets (liabilities)	(1,225,711)	(1,211,286)	(14,424)

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

(Millions of yen, %)

	As of September 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	–	–	–
Loans requiring close monitoring	–	–	–
Subtotal (a)	–	–	–
Loans to borrowers classified as normal	2,757,414	2,645,437	111,977
Total (b)	2,757,414	2,645,437	111,977
Non-performing loan ratio (a) / (b)	–%	–%	–%

## 13. Reserve for Possible Loan Losses

(Millions of yen)

	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Total	1,102	1,030	71
General reserve for possible loan losses	270	277	(6)
Specific reserve for possible loan losses	832	753	78

# 14. Capital

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

(Millions of yen, %)

	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Core Capital: instruments and reserves (a)	8,568,614	8,511,796	56,817
Core Capital: regulatory adjustments (b)	11,620	12,471	(850)
Total capital (a) - (b) = (c)	8,556,994	8,499,325	57,668
Total amount of risk-weighted assets (d)	36,960,902	32,218,529	4,742,373
Credit risk-weighted assets	34,044,852	29,253,213	4,791,639
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,916,050	2,965,316	(49,266)
Capital adequacy ratio (c) / (d)	23.15%	26.38%	(3.22)%

## (2) Status of Loss-to-Capital Ratio under the Outlier Framework

(Billions of yen, %)

	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Amount of loss (a)	418.7	598.0	(179.3)
Japanese yen	51.6	178.8	(127.2)
U.S. dollars	316.0	366.2	(50.1)
Capital (b)	8,556.9	8,499.3	57.6
Loss-to-capital ratio (a) / (b)	4.89%	7.03%	(2.14)%

Note: The Bank adopts an interest rate shock scenario based on historical interest rate fluctuation data for a five-year observation period with a one-year holding period. Confidence levels of 1% and 99% for interest rate fluctuations are applied in this scenario.

## 15. Number of Employees, Branches and Post Offices

### (1) Number of Employees, etc.

	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Directors	12	12	–
Executive officers	25	23	2
Employees	13,280	12,905	375

Notes: 1. The number of executive officers includes executive officers who also served as directors.

2. The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include part-time employees.

### (2) Number of Branches and Post Offices

	As of September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)	
Branches	12	12	–	
Sub branches	222	222	–	
Bank Agent	Directly operated post offices	19,875	19,875	–
	Contracted post offices	3,990	4,004	(14)
Total	24,099	24,113	(14)	

Notes: 1. The number of directly operated post offices is that of offices which operate Bank Agency Service (including post office branches).

2. The number of contracted post offices is that of offices to which Bank Agency Service is re-consigned by JAPAN POST Co., Ltd. (the Bank consigns Bank Agency Service to JAPAN POST Co., Ltd.)

3. The numbers above don't include mobile post offices.

## 16. Selected Business Results

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

	For the six months ended		Increase (Decrease) (A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Number of contracts (thousands)	594	581	13
Sales amount (millions of yen)	243,744	231,492	12,252

	As of September 30, 2016 (A)	As of September 30, 2015 (B)	Increase (Decrease) (A) – (B)
Number of investment trust accounts (thousands)	721	680	40
Net assets (millions of yen)	1,162,855	1,073,486	89,369

### (2) Variable Annuities Policies

	For the six months ended		Increase (Decrease) (A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Number of policies	8,285	8,981	(696)
Sales amount (millions of yen)	42,974	48,092	(5,118)

	As of September 30, 2016 (A)	As of September 30, 2015 (B)	Increase (Decrease) (A) – (B)
Number of policies (cumulative)	91,061	74,537	16,524
Sales amount (cumulative) (millions of yen)	480,696	393,545	87,151

## 16. Selected Business Results

### (3) Credit Cards

(Thousands)

	For the six months ended		Increase (Decrease) (A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Number of cards issued	32	33	(1)

	As of September 30, 2016 (A)	As of September 30, 2015 (B)	Increase (Decrease) (A) – (B)
Number of cards issued (cumulative) (outstanding)	1,149	1,366	(216)

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

(Millions of yen)

	For the six months ended		Increase (Decrease) (A) – (B)
	September 30, 2016 (A)	September 30, 2015 (B)	
Amount of new credit extended	20,132	16,183	3,949

	As of September 30, 2016 (A)	As of September 30, 2015 (B)	Increase (Decrease) (A) – (B)
Amount of new credit extended (cumulative)	363,483	323,165	40,318

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 September 30, 2016 (A)	As of March 31, 2016 (B)	Increase (Decrease) (A) – (B)
Base Portfolio (*)	132,383.7	136,388.7	(4,004.9)
Short-term assets	49,745.2	47,708.0	2,037.2
Japanese government and government backed bonds	81,354.8	87,266.3	(5,911.4)
Loans (**)	1,283.5	1,414.3	(130.7)
Satellite Portfolio (*)	64,436.4	61,563.6	2,872.8
Japanese local government bonds	5,995.4	5,856.5	138.9
Japanese corporate bonds, etc.	7,481.5	6,848.1	633.3
Foreign securities (****)	47,604.8	45,446.3	2,158.5
Loans (***)	1,113.4	1,127.7	(14.3)
Money held in trust (stocks), etc.	2,241.1	2,284.9	(43.7)

\* 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 September 30, 2016 and September 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 September 30, 2016				As of September 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)	1,317.2	59.3	4.50%	AAA	1,144.7	51.3	4.48%	AAA~AA
	Subprime loan related	—	—	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	94.1	2.4	2.59	AA~A	94.2	3.2	3.44	AA
	Other securitized products	72.7	0.0	0.05	AAA	22.0	0.0	0.00	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	2.3	0.1	6.23	AAA	3.5	0.1	4.85	AAA
	Subtotal	1,486.5	62.0	4.17		1,264.6	54.7	4.33	
Overseas	Residential mortgage-backed securities (RMBS)	261.0	(29.4)	(11.30)	AAA	310.6	13.0	4.18	AAA
	Subprime loan related	—	—	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	18.0	(0.3)	(2.09)	AAA	—	—	—	—
	Subtotal	279.1	(29.8)	(10.70)		310.6	13.0	4.18	
Total		1,765.6	32.1	1.82		1,575.2	67.8	4.30	

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.

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