

Selected Financial Information For the Fiscal Year Ended March 31, 2017

**JAPAN POST BANK Co., Ltd.
May 15, 2017**

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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

1. Overview of FY2017/3 Results

- Gross operating profit for the fiscal year ended March 31, 2017 decreased by ¥41.8 bn year-on-year to ¥1,410.2 bn.
Net interest income decreased by ¥137.5 bn year-on-year, mainly due to a decrease in interest on Japanese government bonds. Net fees and commissions decreased by ¥4.5 bn year-on-year.
Net other operating income increased by ¥100.2 bn year-on-year, due to an increase in gains (losses) on foreign exchanges, etc.
- General and administrative expenses decreased by ¥10.0 bn year-on-year to ¥1,056.1 bn.
- In the adverse business environment with yen interest rates remained at a low level, net operating profit decreased by ¥31.7 bn year-on-year to ¥354.0 bn.
- Non-recurring gains (losses) decreased by ¥8.1 bn year-on-year, due to a decrease in gains (losses) on money held in trust, etc. Net ordinary income decreased by ¥39.9 bn year-on-year to ¥442.0 bn.
- Net income decreased by ¥12.8 bn year-on-year to ¥312.2 bn, which equated to 104.0% of the earnings forecasts of ¥300.0 bn in net income for the fiscal year ended March 31, 2017.

Results of Operations

(¥bn, %)

| | For the fiscal year ended March 31, 2017 (actual) |
|---|---|
| Ordinary income | 1,897.2 |
| Increase (decrease) from the fiscal year ended March 31, 2016 | (71.7) (3.6)% |
| Net ordinary income | 442.0 |
| Increase (decrease) from the fiscal year ended March 31, 2016 | (39.9) (8.2)% |
| Net income | 312.2 |
| Increase (decrease) from the fiscal year ended March 31, 2016 | (12.8) (3.9)% |

Earnings Forecasts

(¥bn)

| | For the fiscal year ending March 31, 2018 (forecast) |
|---------------------|--|
| Net ordinary income | 490.0 |
| Net income | 350.0 |

1. Overview of FY2017/3 Results

Results of Operations

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|--|---------------------------|-----------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| | (¥bn, %) | | |
| Gross operating profit | 1,410.2 | 1,452.0 | (41.8) |
| Net interest income | 1,223.5 | 1,361.0 | (137.5) |
| Net fees and commissions | 86.6 | 91.1 | (4.5) |
| Net other operating income (loss) | 100.0 | (0.1) | 100.2 |
| Gains (losses) on foreign exchanges | 99.3 | (1.4) | 100.8 |
| Gains (losses) on bonds | (2.4) | 1.8 | (4.3) |
| General and administrative expenses (*) | 1,056.1 | 1,066.1 | (10.0) |
| Provision for general reserve for possible loan losses | (0.0) | — | (0.0) |
| Net operating profit | 354.0 | 385.8 | (31.7) |
| Non-recurring gains (losses) | 87.9 | 96.1 | (8.1) |
| Gains (losses) on money held in trust | 82.9 | 93.8 | (10.9) |
| Net ordinary income | 442.0 | 481.9 | (39.9) |
| Net income | 312.2 | 325.0 | (12.8) |
| ROE (**) | 2.68% | 2.80% | (0.12)% |
| OHR (***) | 74.89% | 73.42% | 1.46 % |

Financial Condition

| | As of | | Increase (Decrease) (A) – (B) |
|---|-----------------------|-----------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| | (¥bn) | | |
| Assets | 209,568.8 | 207,056.0 | 2,512.7 |
| Cash and due from banks | 51,281.9 | 45,895.0 | 5,386.8 |
| Call loans | 470.0 | 978.8 | (508.8) |
| Receivables under securities borrowing transactions | 8,718.9 | 7,923.2 | 795.6 |
| Money held in trust | 3,817.9 | 3,561.1 | 256.7 |
| Securities | 138,792.4 | 144,076.8 | (5,284.3) |
| Loans | 4,064.1 | 2,542.0 | 1,522.0 |
| Liabilities | 197,788.7 | 195,547.8 | 2,240.8 |
| Deposits | 179,434.6 | 177,871.9 | 1,562.6 |
| Payables under securities lending transactions | 13,694.2 | 13,123.5 | 570.7 |
| Net assets | 11,780.0 | 11,508.1 | 271.8 |
| Total shareholders' equity | 8,729.6 | 8,605.2 | 124.3 |
| Total valuation and translation adjustments | 3,050.4 | 2,902.8 | 147.5 |

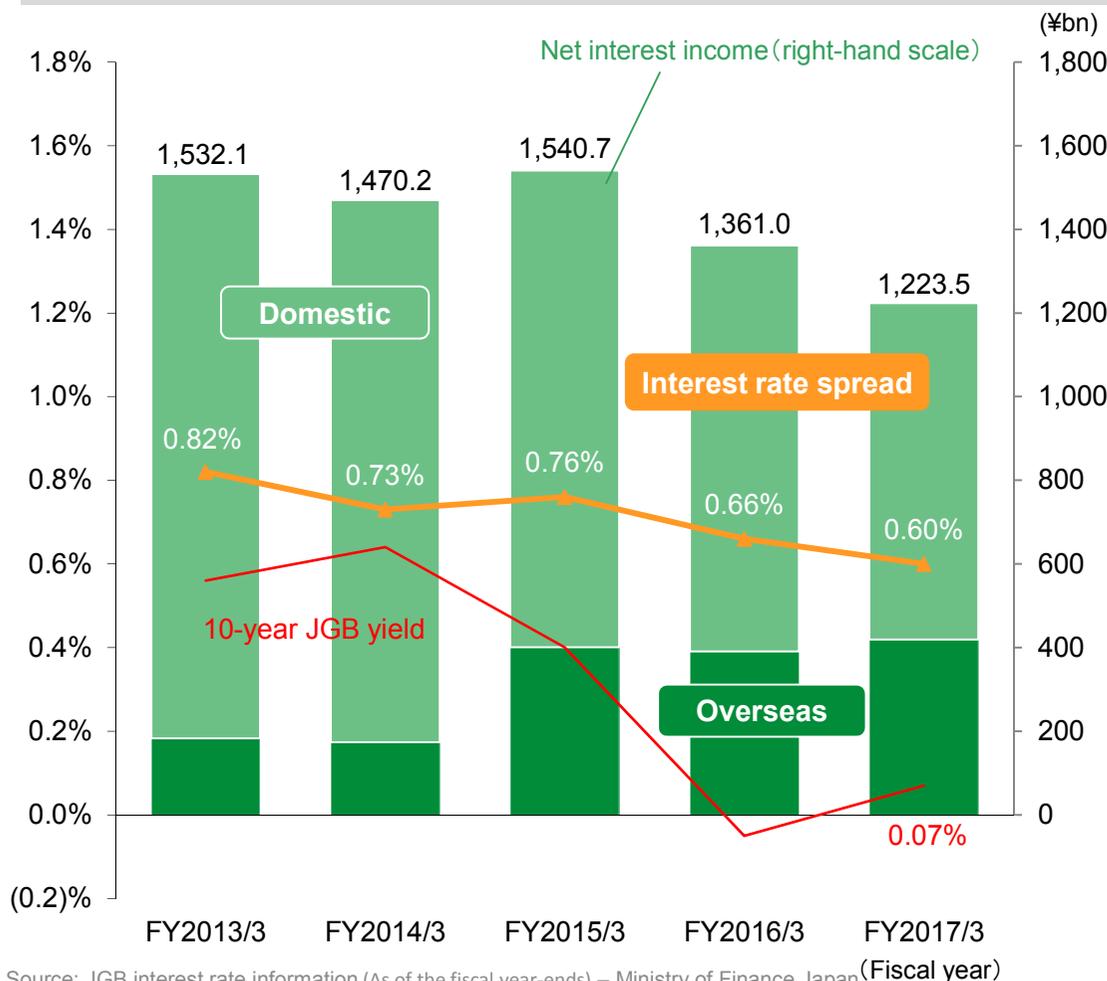
* General and administrative expenses exclude non-recurring losses.

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

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

2. Trend of Net Interest Income and Interest Rate Spread

■ Net interest income was ¥1,223.5 bn and interest rate spread was 0.60% for the fiscal year ended March 31, 2017.



Source: JGB interest rate information (As of the fiscal year-ends) – Ministry of Finance Japan (Fiscal year)

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.

| Domestic | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|--|---------------------------|--------------------|-------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Net interest income | 804.0 | 970.5 | (166.5) |
| Interest income | 1,046.5 | 1,248.6 | (202.0) |
| Interest income on Japanese government bonds | 793.3 | 966.6 | (173.3) |
| Interest expenses | 242.5 | 278.0 | (35.5) |

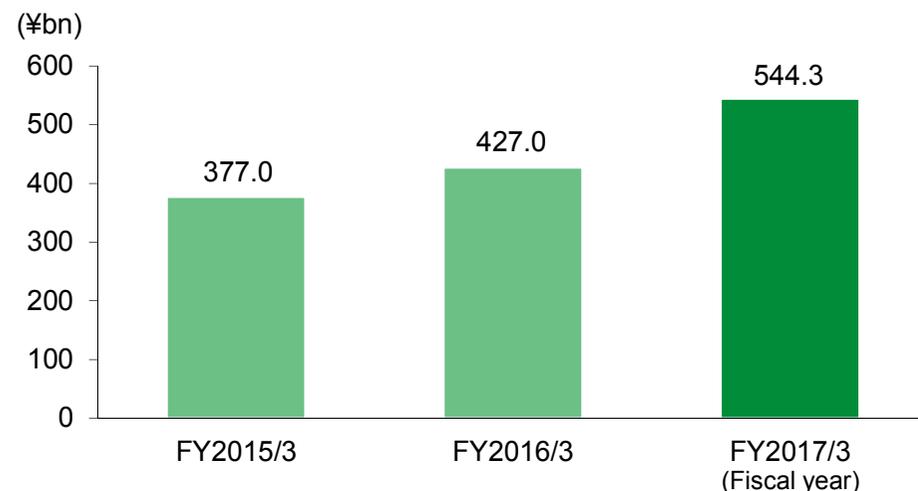
| Overseas | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---------------------------------------|---------------------------|--------------------|-------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Net interest income | 419.5 | 390.4 | 29.0 |
| Interest income | 596.6 | 545.9 | 50.6 |
| Interest income on foreign securities | 595.3 | 541.0 | 54.3 |
| Interest expenses | 177.1 | 155.5 | 21.6 |

| Total | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---------------------|---------------------------|--------------------|-------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Net interest income | 1,223.5 | 1,361.0 | (137.5) |
| Interest income | 1,567.5 | 1,731.2 | (163.7) |
| Interest expenses | 343.9 | 370.1 | (26.1) |

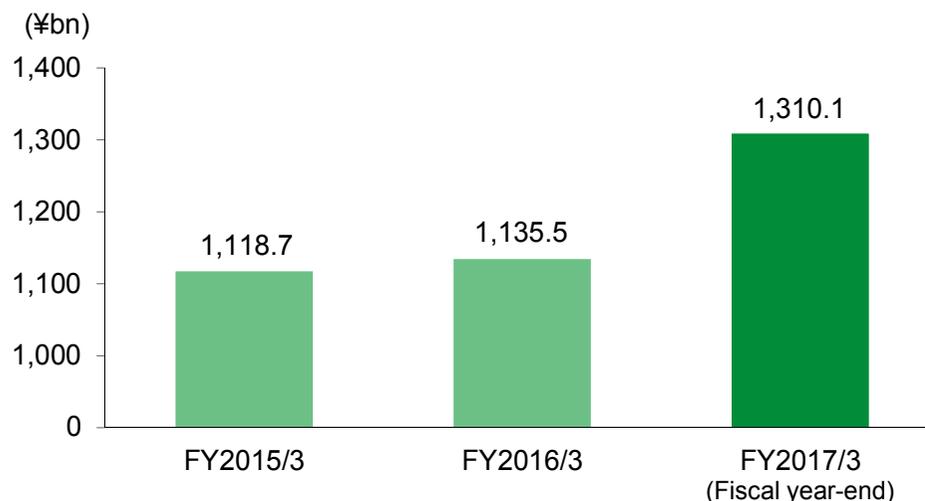
3. Net Fees and Commissions

■ Net fees and commissions for the fiscal year ended March 31, 2017 decreased by ¥4.5 bn year-on-year to ¥86.6 bn.

Trend of Investment Trusts Sales

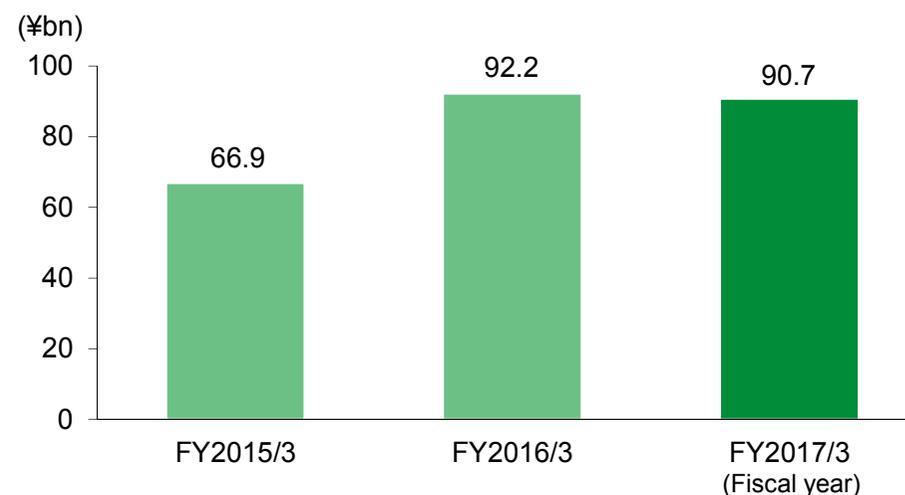


Trend of Net Assets of Investment Trusts



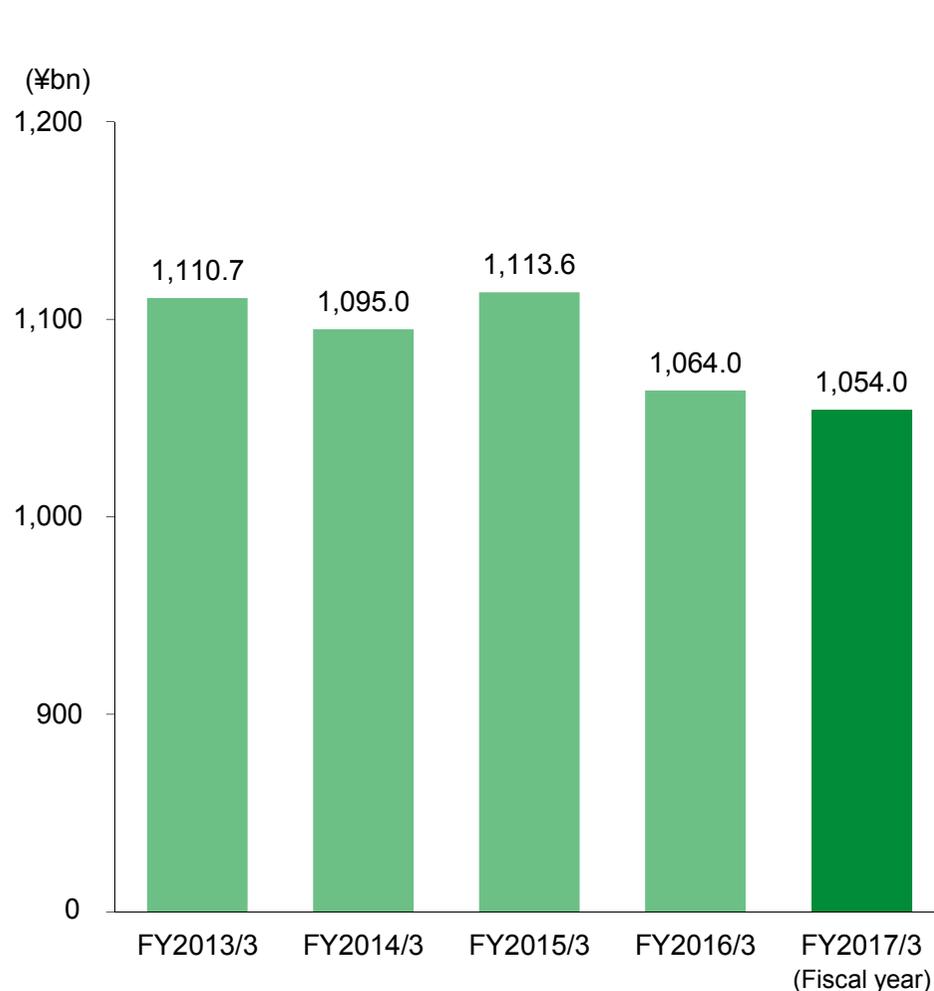
| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|--------------------------------------|---------------------------|--------------------|-------------------------------|
| | March 31, 2017(A) | March 31, 2016 (B) | |
| Net fees and commissions relating to | 86.6 | 91.1 | (4.5) |
| Exchange and settlement transactions | 59.1 | 59.2 | (0.1) |
| ATMs | 7.2 | 7.5 | (0.2) |
| Investment trusts | 10.5 | 13.0 | (2.5) |
| Others | 9.6 | 11.2 | (1.5) |

Trend of Variable Annuities Policies Sales



4. Trend of General and Administrative Expenses

■ General and administrative expenses for the fiscal year ended March 31, 2017 decreased by ¥9.9 bn year-on-year to ¥1,054.0 bn.

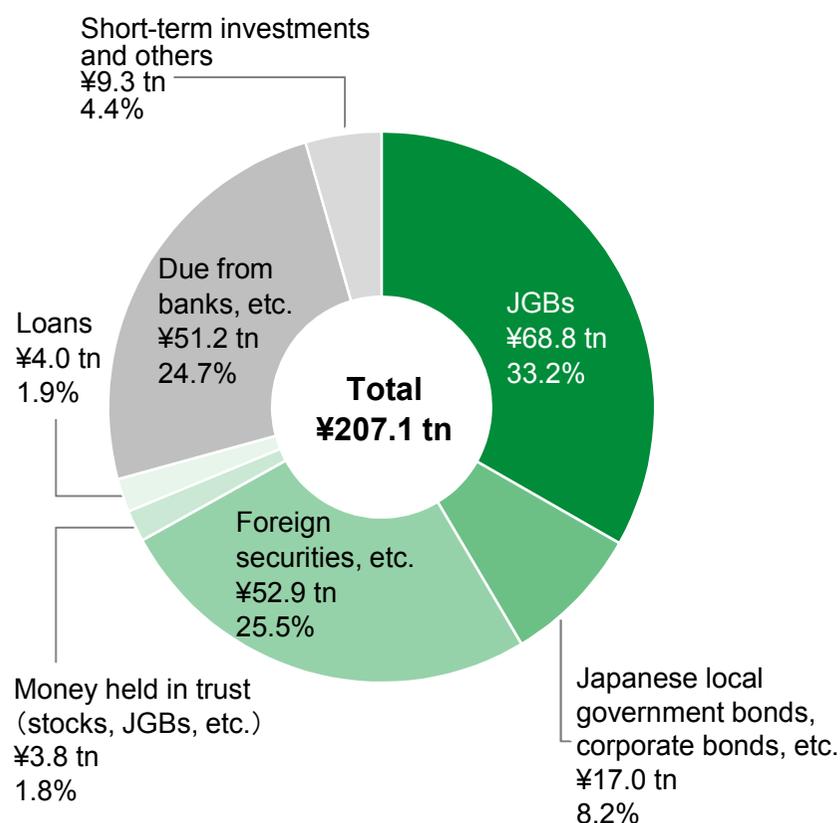


| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---|---------------------------|--------------------|-------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Personnel expenses (*) | 123.2 | 123.2 | (0.0) |
| Salaries and allowances | 101.1 | 101.4 | (0.3) |
| Non-personnel expenses | 854.3 | 865.1 | (10.8) |
| Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd. | 612.4 | 609.4 | 3.0 |
| Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. | 8.3 | 9.8 | (1.4) |
| Deposit insurance expenses paid to Deposit Insurance Corporation of Japan | 66.1 | 64.4 | 1.7 |
| Taxes and dues | 76.4 | 75.5 | 0.8 |
| Total | 1,054.0 | 1,064.0 | (9.9) |

* Personnel expenses include non-recurring losses.

5. Asset Management Status

■ Included in investment assets as of March 31, 2017, JGBs were ¥68.8 tn and foreign securities, etc. were ¥52.9 tn.



| Categories | As of March 31, 2017 (A) | % | As of March 31, 2016 (B) | % | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------|--------------------------|--------------|-------------------------------|
| Securities | 138,792.4 | 66.9 | 144,076.8 | 70.3 | (5,284.3) |
| Japanese government bonds | 68,804.9 | 33.2 | 82,255.6 | 40.1 | (13,450.6) |
| Japanese local government bonds, corporate bonds, etc. (*) | 17,070.4 | 8.2 | 16,425.6 | 8.0 | 644.8 |
| Foreign securities, etc. | 52,917.0 | 25.5 | 45,395.5 | 22.1 | 7,521.4 |
| Foreign bonds | 20,143.4 | 9.7 | 19,829.5 | 9.6 | 313.9 |
| Investment trusts | 32,726.7 | 15.7 | 25,520.9 | 12.4 | 7,205.7 |
| Money held in trust (stocks, JGBs, etc.) | 3,817.9 | 1.8 | 3,561.1 | 1.7 | 256.7 |
| Domestic stocks | 2,079.2 | 1.0 | 1,878.6 | 0.9 | 200.6 |
| Loans | 4,064.1 | 1.9 | 2,542.0 | 1.2 | 1,522.0 |
| Due from banks, etc. (**) | 51,213.3 | 24.7 | 45,769.1 | 22.3 | 5,444.2 |
| Short-term investments and others (***) | 9,305.6 | 4.4 | 8,927.5 | 4.3 | 378.0 |
| Total | 207,193.4 | 100.0 | 204,876.6 | 100.0 | 2,316.8 |

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

** “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 ¥4,398.1 bn as of March 31, 2017 (before application of tax effect accounting).

(¥bn)

| | As of March 31, 2017 | | 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 | 38,316.9 | 1,456.5 | 52,052.5 | 2,208.3 |

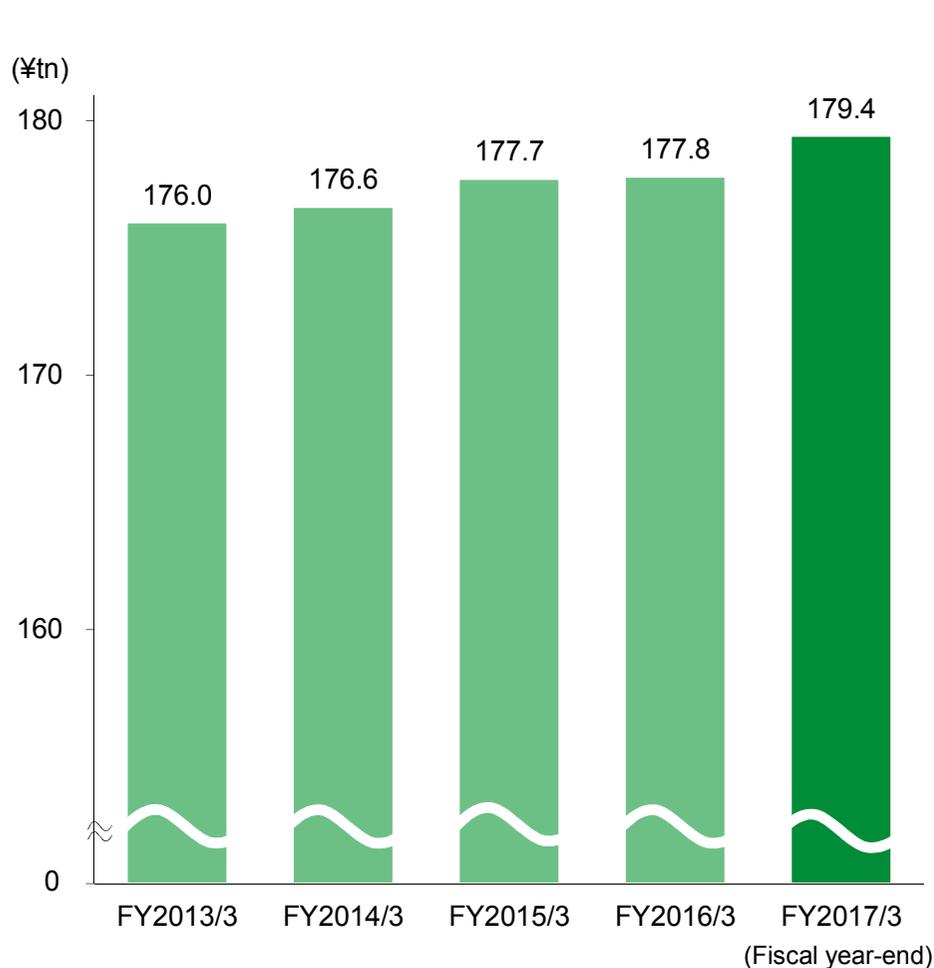
(¥bn)

| | As of March 31, 2017 | | 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 | 104,470.1 | 4,566.1 | 95,847.5 | 4,791.7 |
| Securities (*) (A) | 100,666.9 | 3,282.1 | 92,286.3 | 3,872.4 |
| Japanese government bonds | 33,487.5 | 1,320.7 | 34,358.2 | 1,744.7 |
| Foreign bonds | 20,078.5 | 1,335.1 | 19,732.7 | 1,967.8 |
| Investment trusts | 32,604.2 | 435.0 | 25,520.9 | (128.0) |
| Others | 14,496.5 | 191.1 | 12,674.4 | 287.9 |
| Effect of fair value hedge accounting (B) | | 185.3 | | 35.3 |
| Money held in trust (*) (C) | 3,803.2 | 1,098.6 | 3,561.1 | 883.8 |
| Domestic stocks | 2,079.2 | 1,058.6 | 1,878.6 | 829.8 |
| Others | 1,723.9 | 40.0 | 1,682.4 | 54.0 |
| Derivatives for which deferred hedge accounting is applied (D) | 7,553.3 | (168.0) | 7,719.8 | (605.3) |
| Total (A) + (B) + (C) + (D) | | 4,398.1 | | 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

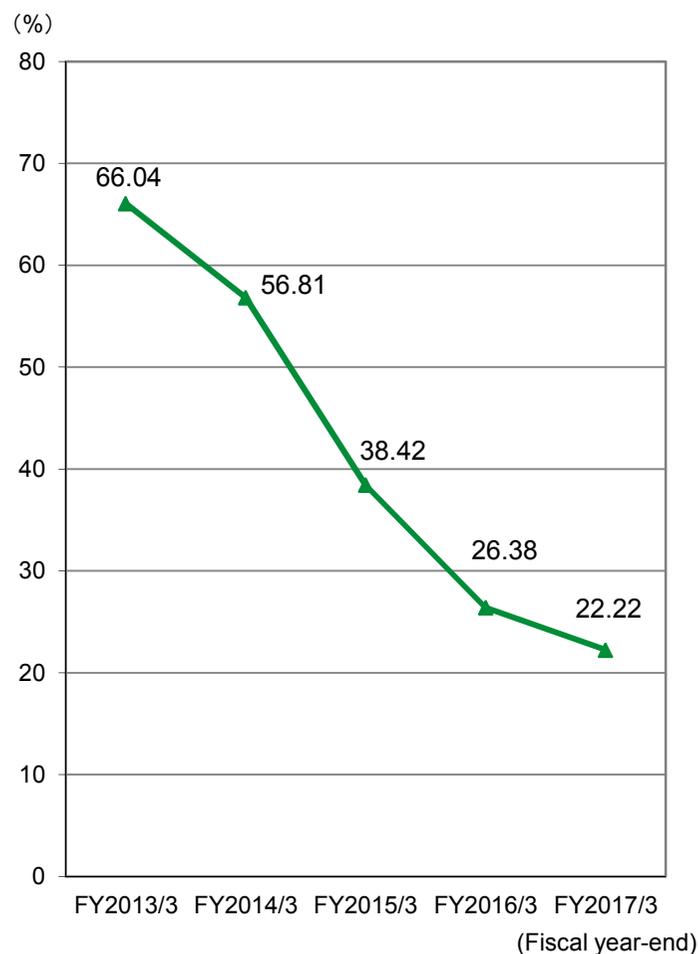
■ Deposit balance as of March 31, 2017 was ¥179.4 tn, which remained stable.



| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|----------------------------|--------------------------------|--------------------------------|-------------------------------------|
| Liquid deposits | 67.9 | 63.8 | 4.1 |
| Transfer deposits | 13.0 | 13.8 | (0.8) |
| Ordinary deposits, etc. | 54.5 | 49.5 | 4.9 |
| Savings deposits | 0.3 | 0.3 | 0.0 |
| Fixed-term deposits | 111.2 | 113.8 | (2.5) |
| Time deposits | 10.0 | 11.4 | (1.3) |
| TEIGAKU deposits, etc. | 101.2 | 102.4 | (1.1) |
| Other deposits | 0.1 | 0.1 | (0.0) |
| Total | 179.4 | 177.8 | 1.5 |

7. Trend of Capital Adequacy Ratio

■ Capital adequacy ratio (non-consolidated, domestic standard) was 22.22% as of March 31, 2017.



* The Bank has applied Japanese domestic Basel III capital adequacy standards since the fiscal year ended March 31, 2014.

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------------|--------------------------------|-------------------------------------|
| Total capital (a) | 8,616.9 | 8,499.3 | 117.6 |
| Total amount of risk-weighted assets (b) | 38,779.8 | 32,218.5 | 6,561.2 |
| Credit risk-weighted assets | 35,906.5 | 29,253.2 | 6,653.3 |
| Capital adequacy ratio (a) / (b) | 22.22% | 26.38% | (4.16)% |

(¥bn, %)

8. Plans for the Fiscal Year Ending March 31, 2018

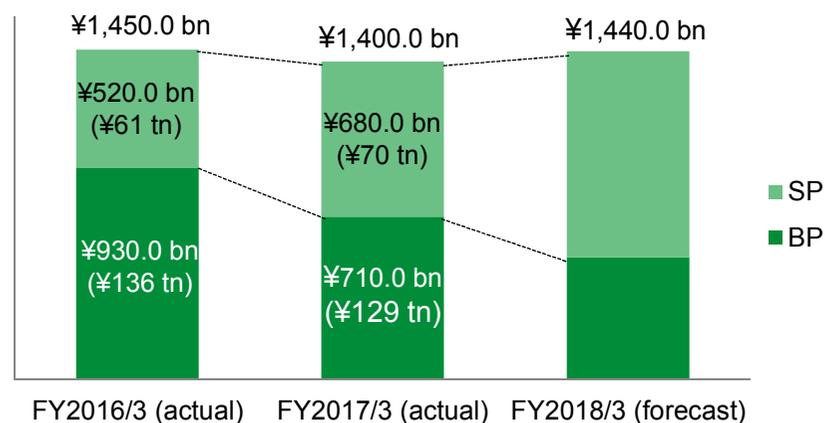
(1) Earnings Forecasts

- For earnings forecasts for the fiscal year ending March 31, 2018, net ordinary income and net income are expected to amount to ¥490.0 bn and ¥350.0 bn, respectively.
- In the adverse business environment with persistent extremely low yen interest rates, etc., the Bank expects to ensure stable profits by working to strengthen fee businesses, etc., and further promoting sophisticated and diversified investments, etc. for the fiscal year ending March 31, 2018.

Earnings forecasts for the fiscal year ending March 31, 2018 (¥bn)

| | For the fiscal year | |
|---------------------|----------------------------------|-------------------------------|
| | ending March 31, 2018 (forecast) | ended March 31, 2017 (actual) |
| Net ordinary income | 490.0 | 442.0 |
| Net income | 350.0 | 312.2 |

Actual results and forecasts of net interest income, etc. (*) (**) (***)



* Net interest income, etc. = Interest income - Interest expenses (including gains (losses) on sales, etc.)
 ** Figures in parenthesis indicate the balance at the end of the fiscal year.
 *** Figures less than 10 billion yen are not presented for the net income, and figures less than 1 trillion yen are not presented for the balances.

Key initiatives for the fiscal year ending March 31, 2018

- ◆ Strengthening fee businesses, etc.
 - Expanding sales of investment trusts
 - Enhancing settlement business, etc.
- ◆ Securing the customer base
 - Encouraging continuous use of the Bank's products and services for securing the customer base, in preparation for a rise in the number of maturing TEIGAKU deposits
- ◆ Cooperating with regional financial institutions
 - Expanding cooperation with regional financial institutions through participations in regional revitalization funds, etc.
- ◆ Further promoting sophisticated and diversified investments
 - Promoting diversified investments in foreign assets under appropriate risk management
 - Promoting establishment of a system for new products to further expand the Bank's investment targets and operations

Assumptions for earnings forecasts

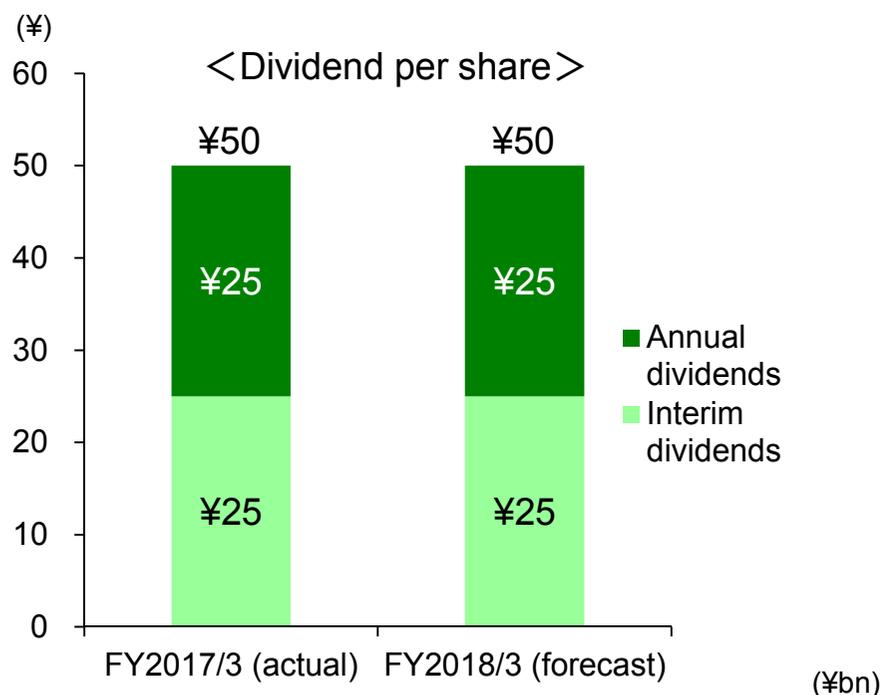
- ◆ Assumptions of domestic and foreign market interest rates are based on the implied forward rates as of December 31, 2016.
- ◆ Assumption of foreign exchange rate is approximately \$1=¥114 for USD/JPY.

8. Plans for the Fiscal Year Ending March 31, 2018

(2) Dividend Forecast

- Dividend per share for the fiscal year ended March 31, 2017 is ¥50 (including interim dividends of ¥25).
- Dividend per share for the fiscal year ending March 31, 2018 is expected to be ¥50 (including interim dividends of ¥25).

Actual result and forecast of dividends



| | For the fiscal year | |
|---------------------------------|-------------------------------|----------------------------------|
| | ended March 31, 2017 (actual) | ending March 31, 2018 (forecast) |
| Total dividend payment (A) | 187.4 | 187.4 |
| Net income (B) | 312.2 | 350.0 |
| Dividend payout ratio (A) / (B) | 60.0% | 53.5% |

Dividend policy (until March 31, 2018)

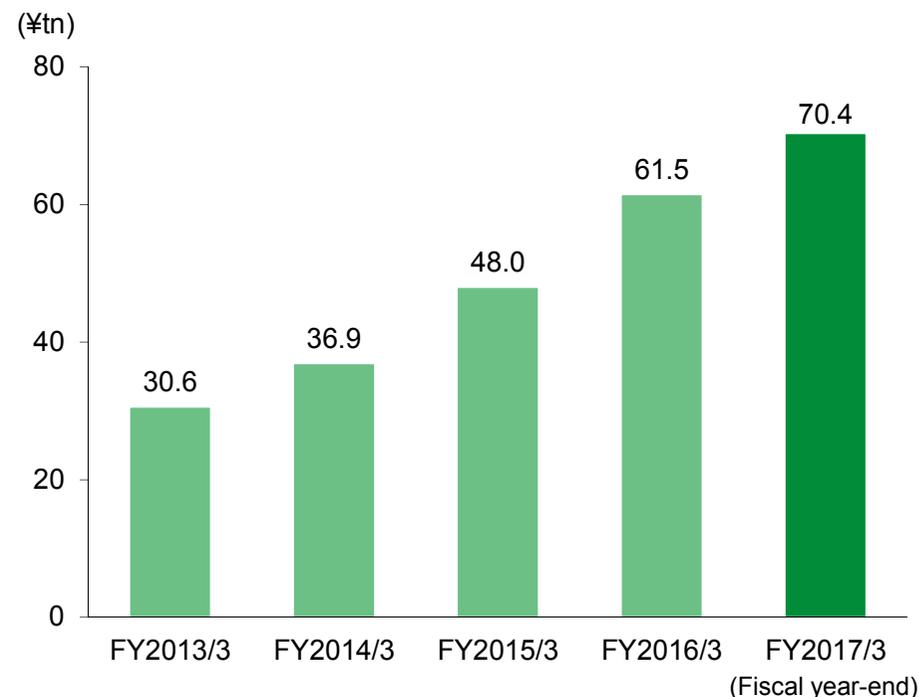
1. The Bank aims to maintain a dividend payout ratio of approximately 50% or more of the Bank's net income for the relevant fiscal year.
2. The Bank aims to pay a stable per-share dividend.
3. The Bank shall also consider additional shareholder return, while taking into account developments on regulations, earnings growth and accumulation of retained earnings, etc.

(Reference) Portfolio Management Status

Asset Balance by Portfolio

| | (¥bn) | | |
|---|--------------------------------|--------------------------------|-------------------------------------|
| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
| Base Portfolio (*) | 129,098.1 | 136,388.7 | (7,290.5) |
| Short-term assets | 54,646.0 | 47,708.0 | 6,937.9 |
| Japanese government bonds and government guaranteed bonds | 73,314.5 | 87,266.3 | (13,951.7) |
| Loans (**) | 1,137.5 | 1,414.3 | (276.7) |
| Satellite Portfolio (*) | 70,452.6 | 61,563.6 | 8,888.9 |
| Japanese local government bonds | 6,082.2 | 5,856.5 | 225.7 |
| Japanese corporate bonds, etc. | 7,719.1 | 6,848.1 | 870.9 |
| Foreign securities (****) | 52,374.8 | 45,446.3 | 6,928.4 |
| Loans (***) | 1,069.5 | 1,127.7 | (58.2) |
| Money held in trust (stocks), etc. | 2,599.6 | 2,284.9 | 314.7 |
| Alternative assets (*****) | 607.3 | — | 607.3 |

Trend of Satellite Portfolio Balance



* 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.

***** Alternative assets are Private Equity, Real Estate Funds and Hedge Funds.

Financial Data

1. Summarized Balance Sheets

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|-----------------------------|-----------------------------|-------------------------------------|
| Total assets | 209,568,820 | 207,056,039 | 2,512,781 |
| Cash and due from banks | 51,281,921 | 45,895,068 | 5,386,853 |
| Call loans | 470,000 | 978,837 | (508,837) |
| Receivables under securities borrowing transactions | 8,718,905 | 7,923,229 | 795,676 |
| Monetary claims bought | 252,214 | 178,509 | 73,705 |
| Trading account securities | 9 | 187 | (178) |
| Money held in trust | 3,817,908 | 3,561,110 | 256,797 |
| Securities | 138,792,448 | 144,076,834 | (5,284,385) |
| Loans | 4,064,120 | 2,542,049 | 1,522,070 |
| Foreign exchanges | 78,646 | 25,328 | 53,318 |
| Other assets | 1,871,733 | 1,573,316 | 298,416 |
| Tangible fixed assets | 175,825 | 182,733 | (6,907) |
| Intangible fixed assets | 46,183 | 44,865 | 1,318 |
| Customers' liabilities for acceptances and guarantees | — | 75,000 | (75,000) |
| Reserve for possible loan losses | (1,096) | (1,030) | (65) |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|---|-----------------------------|-----------------------------|-------------------------------------|
| Total liabilities and net assets | 209,568,820 | 207,056,039 | 2,512,781 |
| Total liabilities | 197,788,782 | 195,547,888 | 2,240,893 |
| Deposits | 179,434,686 | 177,871,986 | 1,562,699 |
| Call money | 45,436 | 22,536 | 22,900 |
| Payables under repurchase agreements | 960,937 | 554,522 | 406,415 |
| Payables under securities lending transactions | 13,694,294 | 13,123,558 | 570,736 |
| Commercial paper | 40,324 | — | 40,324 |
| Foreign exchanges | 407 | 338 | 68 |
| Other liabilities | 2,185,197 | 2,532,920 | (347,723) |
| Reserve for bonuses | 6,007 | 6,020 | (12) |
| Reserve for employees' retirement benefits | 148,800 | 149,720 | (919) |
| Reserve for management board benefit trust | 43 | — | 43 |
| Reserve for reimbursement of deposits | 2,096 | — | 2,096 |
| Deferred tax liabilities | 1,270,550 | 1,211,286 | 59,264 |
| Acceptances and guarantees | — | 75,000 | (75,000) |
| Total net assets | 11,780,037 | 11,508,150 | 271,887 |
| Capital stock | 3,500,000 | 3,500,000 | — |
| Capital surplus | 4,296,285 | 4,296,285 | — |
| Retained earnings | 2,233,759 | 2,108,969 | 124,790 |
| Treasury stock | (1,300,411) | (1,299,999) | (411) |
| Total shareholders' equity | 8,729,634 | 8,605,256 | 124,378 |
| Net unrealized gains (losses) on available-for-sale securities | 3,166,980 | 3,322,827 | (155,846) |
| Net deferred gains (losses) on hedges | (116,577) | (419,932) | 303,355 |
| Total valuation and translation adjustments | 3,050,403 | 2,902,894 | 147,508 |

2. Income Analysis

| | For the fiscal year ended | | (A) – (B) |
|--|---------------------------|--------------------|-----------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Gross operating profit | 1,410,256 | 1,452,082 | (41,825) |
| Net interest income | 1,223,546 | 1,361,065 | (137,519) |
| Net fees and commissions | 86,619 | 91,139 | (4,520) |
| Net other operating income (loss) | 100,091 | (122) | 100,213 |
| Gains (losses) on foreign exchanges | 99,395 | (1,471) | 100,867 |
| Gains (losses) on bonds | (2,454) | 1,846 | (4,300) |
| General and administrative expenses | (1,056,168) | (1,066,184) | 10,015 |
| Personnel expenses | (125,328) | (125,423) | 95 |
| Non-personnel expenses | (854,369) | (865,169) | 10,800 |
| Taxes and dues | (76,470) | (75,591) | (879) |
| Operating profit (before provision for general reserve for possible loan losses) | 354,087 | 385,897 | (31,810) |
| Provision for general reserve for possible loan losses | 10 | – | 10 |
| Net operating profit | 354,098 | 385,897 | (31,799) |
| Non-recurring gains (losses) | 87,987 | 96,100 | (8,112) |
| Gains (losses) related to stocks | 88 | 3,232 | (3,143) |
| Gains (losses) on money held in trust | 82,930 | 93,867 | (10,937) |
| Net ordinary income | 442,085 | 481,998 | (39,912) |

Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥2,115 million and ¥2,179 million recorded as profits for the fiscal years ended March 31, 2017 and 2016, respectively).

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

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

(Millions of yen)

| | For the fiscal year ended | | (A) – (B) |
|---|---------------------------|--------------------|-----------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Extraordinary income (loss) | (1,488) | (1,109) | (379) |
| Gains (losses) on sales and disposals of fixed assets | (529) | (1,103) | 573 |
| Losses on impairment of fixed assets | (958) | (5) | (953) |
| Income before income taxes | 440,596 | 480,888 | (40,292) |
| Income taxes – current | (133,287) | (152,528) | 19,241 |
| Income taxes – deferred | 4,954 | (3,291) | 8,245 |
| Total income taxes | (128,332) | (155,819) | 27,486 |
| Net income | 312,264 | 325,069 | (12,805) |
| Gains (losses) on money held in trust | 82,930 | 93,867 | (10,937) |
| Dividends and interest income | 51,556 | 54,137 | (2,581) |
| Gains (losses) on sales of stocks | 41,608 | 47,700 | (6,091) |
| Impairment losses | (3,734) | (1,588) | (2,146) |
| Withholding income tax, etc. | (6,499) | (6,382) | (117) |
| Credit-related expenses | 0 | 18 | (18) |
| Provision for general reserve for possible loan losses | 0 | 18 | (18) |
| Write-off of loans | – | – | – |
| Provision for specific reserve for possible loan losses | – | – | – |
| Recoveries of written-off loans | – | – | – |

3. Selected Ratios

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|----------------------------|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Net income to assets (ROA) | 0.14% | 0.15% | (0.00)% |
| Net income to equity (ROE) | 2.68 | 2.80 | (0.12) |
| Overhead ratio (OHR) | 74.89 | 73.42 | 1.46 |
| Expense-to-deposit ratio | 0.58 | 0.59 | (0.01) |

- Notes: 1. ROA = net income / [(sum of total assets at the beginning and the end of the fiscal year) / 2] x 100
 2. ROE = net income / [(sum of total net assets at the beginning and the end of the fiscal year) / 2] x 100
 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

4. Interest Rate Spread

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Yield on interest-earning assets (a) | 0.78% | 0.86% | (0.08)% |
| Total cost of funding (including general and administrative expenses) (b) | 0.73 | 0.75 | (0.02) |
| Interest rate on interest-bearing liabilities (c) | 0.18 | 0.19 | (0.01) |
| Overall interest rate spread (a) - (b) | 0.04 | 0.10 | (0.05) |
| Interest rate spread (a) - (c) | 0.60 | 0.66 | (0.06) |

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

(1) Domestic

(Millions of yen, %)

| | For the fiscal year ended | | | | | | Increase (Decrease) (A) – (B) |
|--|---------------------------|-----------|----------------|--------------------|-----------|----------------|-------------------------------------|
| | March 31, 2017 (A) | | | March 31, 2016 (B) | | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield | Earnings yield |
| Interest-earning assets | 193,991,919 | 1,046,541 | 0.53% | 192,120,047 | 1,248,620 | 0.64% | (0.11)% |
| Loans | 3,081,133 | 17,741 | 0.57 | 2,681,909 | 25,091 | 0.93 | (0.35) |
| Securities | 92,901,349 | 926,690 | 0.99 | 109,010,368 | 1,116,543 | 1.02 | (0.02) |
| Receivables under securities borrowing transactions | 8,318,619 | 1,471 | 0.01 | 8,586,952 | 7,958 | 0.09 | (0.07) |
| Due from banks, etc. | 47,723,014 | 24,916 | 0.05 | 39,310,383 | 35,624 | 0.09 | (0.03) |
| Interest-bearing liabilities | 184,991,156 | 242,503 | 0.13 | 184,078,165 | 278,032 | 0.15 | (0.01) |
| Deposits | 179,251,855 | 200,373 | 0.11 | 177,868,069 | 232,795 | 0.13 | (0.01) |
| Payables under securities lending transactions | 8,385,284 | 844 | 0.01 | 8,650,599 | 7,337 | 0.08 | (0.07) |

(2) Overseas

(Millions of yen, %)

| | For the fiscal year ended | | | | | | Increase (Decrease) (A) – (B) |
|--|---------------------------|----------|----------------|--------------------|----------|----------------|-------------------------------------|
| | March 31, 2017 (A) | | | March 31, 2016 (B) | | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield | Earnings yield |
| Interest-earning assets | 48,252,687 | 596,691 | 1.23% | 40,910,445 | 545,998 | 1.33% | (0.09)% |
| Loans | 2,151 | 7 | 0.35 | 2,614 | 11 | 0.43 | (0.08) |
| Securities | 48,099,311 | 595,384 | 1.23 | 40,072,765 | 541,079 | 1.35 | (0.11) |
| Receivables under securities borrowing transactions | – | – | – | – | – | – | – |
| Due from banks, etc. | 81,553 | 968 | 1.18 | 777,583 | 4,704 | 0.60 | 0.58 |
| Interest-bearing liabilities | 47,375,519 | 177,183 | 0.37 | 38,370,177 | 155,520 | 0.40 | (0.03) |
| Deposits | – | – | – | – | – | – | – |
| Payables under securities lending transactions | 4,674,255 | 40,697 | 0.87 | 5,500,853 | 25,895 | 0.47 | 0.39 |

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

(3) Total

(Millions of yen, %)

| | For the fiscal year ended | | | | | | Increase (Decrease) (A) – (B) |
|--|---------------------------|-----------|----------------|--------------------|-----------|----------------|-------------------------------------|
| | March 31, 2017 (A) | | | March 31, 2016 (B) | | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield | Earnings yield |
| Interest-earning assets | 200,321,045 | 1,567,512 | 0.78% | 200,500,267 | 1,731,217 | 0.86% | (0.08)% |
| Loans | 3,083,285 | 17,748 | 0.57 | 2,684,524 | 25,103 | 0.93 | (0.35) |
| Securities | 141,000,661 | 1,522,075 | 1.07 | 149,083,133 | 1,657,623 | 1.11 | (0.03) |
| Receivables under securities borrowing transactions | 8,318,619 | 1,471 | 0.01 | 8,586,952 | 7,958 | 0.09 | (0.07) |
| Due from banks, etc. | 47,804,568 | 25,885 | 0.05 | 40,087,966 | 40,329 | 0.10 | (0.04) |
| Interest-bearing liabilities | 190,443,114 | 343,966 | 0.18 | 189,918,117 | 370,151 | 0.19 | (0.01) |
| Deposits | 179,251,855 | 200,373 | 0.11 | 177,868,069 | 232,795 | 0.13 | (0.01) |
| Payables under securities lending transactions | 13,059,539 | 41,542 | 0.31 | 14,151,453 | 33,233 | 0.23 | 0.08 |

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 (fiscal year ended March 31, 2017, ¥2,646,250 million; fiscal year ended March 31, 2016, ¥2,450,837 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (fiscal year ended March 31, 2017, ¥2,646,250 million; fiscal year ended March 31, 2016, ¥2,450,837 million) and the corresponding interest (fiscal year ended March 31, 2017, ¥4,779 million; fiscal year ended March 31, 2016, ¥4,776 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 ¥900 million for the fiscal year ended March 31, 2017 (¥61,984 million for the fiscal year ended March 31, 2016).

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. Asset Management Status

(Millions of yen, %)

| | As of March 31, 2017 (A) | | As of March 31, 2016 (B) | | Increase (Decrease) (A) – (B) |
|---|--------------------------|--------|--------------------------|--------|-------------------------------------|
| | Amount | % | Amount | % | Amount |
| Due from banks, etc. | 51,213,391 | 24.71 | 45,769,105 | 22.33 | 5,444,285 |
| Call loans | 470,000 | 0.22 | 978,837 | 0.47 | (508,837) |
| Receivables under securities borrowing transactions | 8,718,905 | 4.20 | 7,923,229 | 3.86 | 795,676 |
| Money held in trust | 3,817,908 | 1.84 | 3,561,110 | 1.73 | 256,797 |
| Domestic stocks | 2,079,290 | 1.00 | 1,878,626 | 0.91 | 200,664 |
| Foreign stocks | 0 | 0.00 | 0 | 0.00 | (0) |
| Domestic bonds | 1,274,178 | 0.61 | 1,293,411 | 0.63 | (19,232) |
| Securities | 138,792,448 | 66.98 | 144,076,834 | 70.32 | (5,284,385) |
| Japanese government bonds | 68,804,989 | 33.20 | 82,255,654 | 40.14 | (13,450,665) |
| Japanese local government bonds | 6,082,225 | 2.93 | 5,856,509 | 2.85 | 225,716 |
| Commercial paper | 233,998 | 0.11 | 204,995 | 0.10 | 29,002 |
| Japanese corporate bonds | 10,752,831 | 5.18 | 10,362,715 | 5.05 | 390,116 |
| Japanese stocks | 1,390 | 0.00 | 1,390 | 0.00 | — |
| Other securities | 52,917,013 | 25.53 | 45,395,569 | 22.15 | 7,521,444 |
| Foreign bonds | 20,143,467 | 9.72 | 19,829,503 | 9.67 | 313,963 |
| Investment trusts | 32,726,722 | 15.79 | 25,520,966 | 12.45 | 7,205,756 |
| Loans | 4,064,120 | 1.96 | 2,542,049 | 1.24 | 1,522,070 |
| Others | 116,718 | 0.05 | 25,516 | 0.01 | 91,201 |
| Total | 207,193,492 | 100.00 | 204,876,683 | 100.00 | 2,316,809 |

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 March 31, 2017 (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 | 35,317,430 | 1,373,826 | 47,897,398 | 2,063,032 | (12,579,968) | (689,205) |
| Japanese local government bonds | 44,618 | 115 | 341,147 | 3,954 | (296,528) | (3,839) |
| Japanese corporate bonds | 2,889,963 | 70,626 | 3,717,263 | 110,702 | (827,299) | (40,076) |
| Others | 64,911 | 11,981 | 96,744 | 30,670 | (31,833) | (18,688) |
| Foreign bonds | 64,911 | 11,981 | 96,744 | 30,670 | (31,833) | (18,688) |
| Total | 38,316,923 | 1,456,549 | 52,052,553 | 2,208,359 | (13,735,630) | (751,810) |

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 March 31, 2017 (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 | 47,622,031 | 1,518,522 | 46,724,064 | 2,037,834 | 897,966 | (519,312) |
| Japanese government bonds | 33,487,558 | 1,320,778 | 34,358,255 | 1,744,753 | (870,697) | (423,974) |
| Japanese local government bonds | 6,037,606 | 90,906 | 5,515,361 | 125,743 | 522,245 | (34,837) |
| Commercial paper | 233,998 | – | 204,995 | – | 29,002 | – |
| Japanese corporate bonds | 7,862,867 | 106,837 | 6,645,451 | 167,337 | 1,217,416 | (60,500) |
| Others | 53,044,897 | 1,763,647 | 45,562,334 | 1,834,648 | 7,482,562 | (71,001) |
| Foreign bonds | 20,078,556 | 1,335,157 | 19,732,759 | 1,967,868 | 345,797 | (632,710) |
| Investment trusts | 32,604,245 | 435,050 | 25,520,966 | (128,070) | 7,083,278 | 563,120 |
| Total | 100,666,928 | 3,282,169 | 92,286,398 | 3,872,483 | 8,380,529 | (590,313) |

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, ¥185,342 million and ¥35,341 million losses were included in the statements of income for the fiscal years ended March 31, 2017 and 2016, respectively, 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 fiscal years ended March 31, 2017 and 2016.

7. Unrealized Gains (Losses) on Financial Assets

(3) Money Held in Trust Classified as Available-for-sale (Excluding Money Held in Trust Classified as Available-for-sale that is Deemed to be Extremely Difficult to Determine a Fair Value) (Millions of yen)

| | As of March 31, 2017 (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 | 3,803,267 | 1,098,661 | 3,561,110 | 883,889 | 242,156 | 214,772 |
| Domestic stocks | 2,079,290 | 1,058,661 | 1,878,626 | 829,857 | 200,664 | 228,804 |
| Foreign stocks | 0 | (0) | 0 | (0) | (0) | (0) |
| Domestic bonds | 1,274,178 | 40,000 | 1,293,411 | 54,032 | (19,232) | (14,031) |

Notes: 1. The amount on the balance sheet shown above is stated at the average market price of the final month for the fiscal year 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 fiscal years ended March 31, 2017 and 2016 amounted to ¥3,734 million and ¥1,588 million, respectively.

(4) Derivatives under Hedge Accounting (Deferred Hedge Accounting) (Millions of yen)

| | As of March 31, 2017 (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 | 4,498,510 | (195,410) | 3,987,422 | (409,837) | 511,088 | 214,427 |
| Currency swaps | 2,971,988 | 37,723 | 3,651,466 | (182,201) | (679,478) | 219,924 |
| Foreign exchange forward contracts | 82,803 | (10,351) | 80,937 | (13,267) | 1,866 | 2,915 |
| Total | 7,553,302 | (168,039) | 7,719,826 | (605,306) | (166,523) | 437,267 |

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 March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|-------------------------------------|--------------------------|--------------------------|-------------------------------|
| Total net unrealized gains (losses) | 4,398,134 | 4,186,407 | 211,727 |

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 fiscal year ended | | | | Increase (Decrease) (A) – (B) |
|--|---------------------------|--------|--------------------|--------|-------------------------------------|
| | March 31, 2017 (A) | | March 31, 2016 (B) | | |
| | Amount | % | Amount | % | Amount |
| Personnel expenses | 123,212 | 11.68 | 123,243 | 11.58 | (31) |
| Salaries and allowances | 101,128 | 9.59 | 101,439 | 9.53 | (311) |
| Others | 22,084 | 2.09 | 21,804 | 2.04 | 280 |
| Non-personnel expenses | 854,369 | 81.05 | 865,169 | 81.31 | (10,800) |
| Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd. | 612,465 | 58.10 | 609,431 | 57.27 | 3,034 |
| Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*) | 8,371 | 0.79 | 9,862 | 0.92 | (1,490) |
| Deposit insurance expenses paid to Deposit Insurance Corporation of Japan | 66,166 | 6.27 | 64,465 | 6.05 | 1,700 |
| Rent for land, buildings and others | 12,388 | 1.17 | 11,849 | 1.11 | 539 |
| Expenses on consigned businesses | 50,702 | 4.81 | 52,635 | 4.94 | (1,932) |
| Depreciation and amortization | 35,306 | 3.34 | 36,666 | 3.44 | (1,359) |
| Communication and transportation expenses | 19,124 | 1.81 | 19,676 | 1.84 | (552) |
| Maintenance expenses | 12,631 | 1.19 | 12,347 | 1.16 | 284 |
| IT expenses | 16,362 | 1.55 | 22,292 | 2.09 | (5,929) |
| Others | 20,848 | 1.97 | 25,942 | 2.43 | (5,093) |
| Taxes and dues | 76,470 | 7.25 | 75,591 | 7.10 | 879 |
| Total | 1,054,053 | 100.00 | 1,064,004 | 100.00 | (9,951) |

* 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 March 31, 2017 (A) | | As of March 31, 2016 (B) | | Increase (Decrease) (A) – (B) |
|---|--------------------------|--------|--------------------------|--------|-------------------------------------|
| | Amount | % | Amount | % | Amount |
| Domestic (excluding Japan Offshore Market accounts) | 4,064,120 | 100.00 | 2,538,749 | 100.00 | 1,525,370 |
| Agriculture, forestry, fisheries, and mining | — | — | — | — | — |
| Manufacturing | — | — | 51,808 | 2.04 | (51,808) |
| Utilities, information/communications, and transportation | 75,811 | 1.86 | 83,769 | 3.29 | (7,958) |
| Wholesale and retail | 10,518 | 0.25 | — | — | 10,518 |
| Finance and insurance | 1,311,274 | 32.26 | 1,525,987 | 60.10 | (214,712) |
| Construction and real estate | 14,062 | 0.34 | 12,112 | 0.47 | 1,949 |
| Services and goods rental/leasing | 23,044 | 0.56 | 26,132 | 1.02 | (3,088) |
| Central and local governments | 2,440,005 | 60.03 | 638,140 | 25.13 | 1,801,864 |
| Others | 189,404 | 4.66 | 200,799 | 7.90 | (11,394) |
| Overseas and Japan Offshore Market accounts | — | — | 3,300 | 100.00 | (3,300) |
| Governments | — | — | — | — | — |
| Financial institutions | — | — | — | — | — |
| Others | — | — | 3,300 | 100.00 | (3,300) |
| Total | 4,064,120 | | 2,542,049 | | 1,522,070 |

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 Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency, were ¥951,200 million and ¥1,216,710 million as of March 31, 2017 and March 31, 2016, respectively.

(2) Loans to Individuals

(Millions of yen, %)

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--------------------------|--------------------------|--------------------------|-------------------------------------|
| Total loans (a) | 4,064,120 | 2,542,049 | 1,522,070 |
| Loans to individuals (b) | 189,404 | 200,799 | (11,394) |
| (b) / (a) | 4.66% | 7.89% | (3.23)% |

10. Balances by Type of Deposit

(1) Ending Balances

(Millions of yen, %)

| | As of March 31, 2017 (A) | | As of March 31, 2016 (B) | | Increase (Decrease) (A) – (B) |
|-------------------------------------|--------------------------|--------|--------------------------|--------|-------------------------------------|
| | Amount | % | Amount | % | Amount |
| Liquid deposits | 67,994,923 | 37.89 | 63,834,943 | 35.88 | 4,159,980 |
| Transfer deposits | 13,052,115 | 7.27 | 13,874,601 | 7.80 | (822,486) |
| Ordinary deposits, etc. | 54,550,845 | 30.40 | 49,571,866 | 27.86 | 4,978,978 |
| Savings deposits | 391,963 | 0.21 | 388,475 | 0.21 | 3,488 |
| Fixed-term deposits | 111,280,733 | 62.01 | 113,852,874 | 64.00 | (2,572,141) |
| Time deposits | 10,065,156 | 5.60 | 11,441,153 | 6.43 | (1,375,997) |
| TEIGAKU deposits, etc. | 101,215,576 | 56.40 | 102,410,683 | 57.57 | (1,195,106) |
| Other deposits | 159,029 | 0.08 | 184,168 | 0.10 | (25,138) |
| Subtotal | 179,434,686 | 100.00 | 177,871,986 | 100.00 | 1,562,699 |
| Negotiable certificates of deposit | — | — | — | — | — |
| Total | 179,434,686 | 100.00 | 177,871,986 | 100.00 | 1,562,699 |
| Deposits including accrued interest | 180,781,785 | | 179,307,785 | | 1,473,999 |

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, 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 fiscal year ended | | | | Increase (Decrease) (A) – (B) |
|-------------------------------------|---------------------------|--------|--------------------|--------|-------------------------------------|
| | March 31, 2017 (A) | | March 31, 2016 (B) | | |
| | Amount | % | Amount | % | Amount |
| Liquid deposits | 65,952,601 | 36.79 | 62,432,860 | 35.10 | 3,519,741 |
| Transfer deposits | 13,133,438 | 7.32 | 12,413,131 | 6.97 | 720,306 |
| Ordinary deposits, etc. | 52,429,547 | 29.24 | 49,627,508 | 27.90 | 2,802,038 |
| Savings deposits | 389,616 | 0.21 | 392,220 | 0.22 | (2,604) |
| Fixed-term deposits | 113,138,020 | 63.11 | 115,247,660 | 64.79 | (2,109,639) |
| Time deposits | 10,752,770 | 5.99 | 12,339,989 | 6.93 | (1,587,218) |
| TEIGAKU deposits, etc. | 102,384,806 | 57.11 | 102,906,340 | 57.85 | (521,534) |
| Other deposits | 161,233 | 0.08 | 187,548 | 0.10 | (26,315) |
| Subtotal | 179,251,855 | 100.00 | 177,868,069 | 100.00 | 1,383,786 |
| Negotiable certificates of deposit | — | — | — | — | — |
| Total | 179,251,855 | 100.00 | 177,868,069 | 100.00 | 1,383,786 |
| Deposits including accrued interest | 180,668,339 | | 179,226,520 | | 1,441,818 |

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, 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. Employees' Retirement Benefits

(1) Employees' retirement benefit plans adopted by the Bank

The lump-sum retirement payment plan

(2) Projected benefit obligation

(Millions of yen)

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|-------------------------------------|
| Unfunded projected benefit obligation | 135,480 | 134,970 | 509 |
| Unrecognized net actuarial losses | 4,127 | 4,395 | (267) |
| Unrecognized prior service cost | 9,192 | 10,354 | (1,161) |
| Net amount recorded on the balance sheet | 148,800 | 149,720 | (919) |

(3) Total retirement benefit costs and components

(Millions of yen)

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|--|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Total retirement benefit costs related to the defined-benefit plan | 6,283 | 6,345 | (62) |
| Service cost | 7,322 | 7,443 | (120) |
| Interest cost on projected benefit obligation | 945 | 931 | 14 |
| Amortization of net actuarial losses | (962) | (1,025) | 63 |
| Amortization of prior service cost | (1,161) | (1,161) | — |
| Others | 139 | 157 | (18) |

(4) The major assumptions used in the calculation of projected benefit obligation

| | As of March 31, 2017 | As of March 31, 2016 |
|---------------|----------------------|----------------------|
| Discount rate | 0.7% | 0.7% |

12. Deferred Tax Assets/Liabilities

(Millions of yen)

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|-------------------------------------|
| Deferred tax assets | 134,770 | 268,307 | (133,537) |
| Reserve for possible loan losses | 87 | 131 | (43) |
| Reserve for employees' retirement benefits | 45,586 | 45,887 | (301) |
| Depreciation | 8,463 | 9,720 | (1,256) |
| Accrued interest on deposits | 427 | 574 | (146) |
| Unrealized losses of money held in trust | 2,642 | 1,698 | 943 |
| Net deferred losses on hedges | 51,461 | 185,373 | (133,912) |
| Accrued enterprise taxes | 3,101 | 3,786 | (685) |
| Other | 22,998 | 21,134 | 1,864 |
| Deferred tax liabilities | (1,405,320) | (1,479,594) | 74,273 |
| Net unrealized gains on available-for-sale securities | (1,399,193) | (1,468,886) | 69,693 |
| Other | (6,127) | (10,707) | 4,579 |
| Net deferred tax assets (liabilities) | (1,270,550) | (1,211,286) | (59,264) |

13. Problem Assets Disclosed under the Financial Reconstruction Act

(Millions of yen, %)

| | As of March 31, 2017 (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 | 4,145,468 | 2,645,437 | 1,500,031 |
| Total (b) | 4,145,468 | 2,645,437 | 1,500,031 |
| Non-performing loan ratio (a) / (b) | –% | –% | –% |

14. Reserve for Possible Loan Losses

(Millions of yen)

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|---|--------------------------|--------------------------|-------------------------------------|
| Total | 1,096 | 1,030 | 65 |
| General reserve for possible loan losses | 267 | 277 | (10) |
| Specific reserve for possible loan losses | 829 | 753 | 76 |

15. Capital

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

| | (Millions of yen, %) | | |
|--|--------------------------|--------------------------|-------------------------------------|
| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
| Core Capital: instruments and reserves (a) | 8,636,164 | 8,511,796 | 124,368 |
| Core Capital: regulatory adjustments (b) | 19,224 | 12,471 | 6,753 |
| Total capital (a) - (b) = (c) | 8,616,940 | 8,499,325 | 117,615 |
| Total amount of risk-weighted assets (d) | 38,779,806 | 32,218,529 | 6,561,277 |
| Credit risk-weighted assets | 35,906,558 | 29,253,213 | 6,653,344 |
| Market risk equivalent / 8% | — | — | — |
| Operational risk equivalent / 8% | 2,873,248 | 2,965,316 | (92,067) |
| Capital adequacy ratio (c) / (d) | 22.22% | 26.38% | (4.16)% |

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

| | (Billions of yen, %) | | |
|---------------------------------|--------------------------|--------------------------|-------------------------------------|
| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
| Amount of loss (a) | 961.8 | 598.0 | 363.7 |
| Japanese yen | 238.0 | 178.8 | 59.2 |
| U.S. dollars | 654.4 | 366.2 | 288.2 |
| Capital (b) | 8,616.9 | 8,499.3 | 117.6 |
| Loss-to-capital ratio (a) / (b) | 11.16% | 7.03% | 4.12% |

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.

16. Number of Employees, Branches and Post Offices

(1) Number of Employees, etc.

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--------------------|--------------------------|--------------------------|-------------------------------------|
| Directors | 12 | 12 | — |
| Executive officers | 26 | 23 | 3 |
| Employees | 12,965 | 12,905 | 60 |

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 March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) | |
|--------------|--------------------------------|--------------------------|-------------------------------------|------|
| Branches | 12 | 12 | — | |
| Sub branches | 222 | 222 | — | |
| Bank Agent | Directly operated post offices | 19,869 | 19,875 | (6) |
| | Contracted post offices | 3,957 | 4,004 | (47) |
| Total | 24,060 | 24,113 | (53) | |

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.

17. Selected Business Results

(1) Investment Trusts Sales (Contract Basis)

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|---------------------------------|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Number of contracts (thousands) | 1,251 | 1,164 | 86 |
| Sales amount (millions of yen) | 544,399 | 427,085 | 117,313 |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|-------------------------------------|
| Number of investment trust accounts (thousands) | 749 | 696 | 53 |
| Net assets (millions of yen) | 1,310,151 | 1,135,550 | 174,601 |

(2) Variable Annuities Policies

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|--------------------------------|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Number of policies | 17,731 | 17,220 | 511 |
| Sales amount (millions of yen) | 90,712 | 92,270 | (1,558) |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|---|--------------------------|--------------------------|-------------------------------------|
| Number of policies (cumulative) | 100,507 | 82,776 | 17,731 |
| Sales amount (cumulative) (millions of yen) | 528,434 | 437,722 | 90,712 |

17. Selected Business Results

(3) Credit Cards

(Thousands)

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|------------------------|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Number of cards issued | 61 | 65 | (3) |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|-------------------------------------|
| Number of cards issued (cumulative) (outstanding) | 1,093 | 1,285 | (192) |

(4) Mortgage Loans (as Intermediary)

(Millions of yen)

| | For the fiscal year ended | | Increase (Decrease) (A) – (B) |
|-------------------------------|---------------------------|--------------------|-------------------------------------|
| | March 31, 2017 (A) | March 31, 2016 (B) | |
| Amount of new credit extended | 39,908 | 36,369 | 3,539 |

| | As of March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|-------------------------------------|
| Amount of new credit extended (cumulative) | 383,259 | 343,350 | 39,908 |

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 March 31, 2017 (A) | As of March 31, 2016 (B) | Increase (Decrease) (A) – (B) |
|--|--------------------------|--------------------------|-------------------------------------|
| Base Portfolio (*) | 129,098.1 | 136,388.7 | (7,290.5) |
| Short-term assets | 54,646.0 | 47,708.0 | 6,937.9 |
| Japanese government bonds and government guaranteed bonds | 73,314.5 | 87,266.3 | (13,951.7) |
| Loans (**) | 1,137.5 | 1,414.3 | (276.7) |
| Satellite Portfolio (*) | 70,452.6 | 61,563.6 | 8,888.9 |
| Japanese local government bonds | 6,082.2 | 5,856.5 | 225.7 |
| Japanese corporate bonds, etc. | 7,719.1 | 6,848.1 | 870.9 |
| Foreign securities (****) | 52,374.8 | 45,446.3 | 6,928.4 |
| Loans (***) | 1,069.5 | 1,127.7 | (58.2) |
| Money held in trust (stocks), etc. | 2,599.6 | 2,284.9 | 314.7 |
| Alternative assets (*****) | 607.3 | — | 607.3 |

* 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.

***** Alternative assets are Private Equity, Real Estate Funds and Hedge Funds.

(Reference) Securitized Products Exposure

As of March 31, 2017 and March 31, 2016, 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 March 31, 2017 | | | | As of March 31, 2016 | | | |
|----------|---|----------------------|-----------------------------------|-----------|----------------|----------------------|-----------------------------------|-----------|----------------|
| | | 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) | 1,276.0 | 41.5 | 3.25% | AAA | 1,280.1 | 71.0 | 5.54% | AAA~AA |
| | Subprime loan related | — | — | — | — | — | — | — | — |
| | Collateralized loan obligations (CLO) | 94.1 | 1.6 | 1.76 | AA~A | 94.2 | 3.0 | 3.22 | AA~A |
| | Other securitized products | 101.2 | (0.1) | (0.10) | AAA | 71.9 | 0.0 | 0.03 | AAA |
| | Commercial mortgage-backed securities (CMBS) | — | — | — | — | — | — | — | — |
| | Collateralized debt obligations (CDO) | 2.0 | 0.1 | 5.00 | AAA | 2.7 | 0.1 | 6.46 | AAA |
| | Subtotal | 1,473.4 | 43.2 | 2.93 | | 1,449.1 | 74.2 | 5.12 | |
| Overseas | Residential mortgage-backed securities (RMBS) | 240.3 | (10.0) | (4.17) | AAA | 253.3 | (4.3) | (1.71) | AAA |
| | Subprime loan related | — | — | — | — | — | — | — | — |
| | Collateralized loan obligations (CLO) | 156.4 | 4.0 | 2.56 | AAA | — | — | — | — |
| | Subtotal | 396.8 | (6.0) | (1.51) | | 253.3 | (4.3) | (1.71) | |
| Total | | 1,870.2 | 37.1 | 1.98 | | 1,702.5 | 69.8 | 4.10 | |

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. 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.

This presentation contains forward-looking statements including forecasts, targets and plans. These statements are based on estimates at the time in light of the information currently available to the Bank. The statements and assumptions may prove to be incorrect and may not be realized in the future.

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; 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 its actual results, performance or financial position. The Bank'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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