

Selected Financial Information

For the Three Months Ended June 30, 2017



JAPAN POST BANK Co., Ltd.
August 10, 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 FY2018/3 1Q Results

- Gross operating profit for the three months ended June 30, 2017 increased by ¥33.5 bn year on year to ¥387.1 bn.
Net interest income decreased by ¥4.0 bn year on year, mainly due to a decrease in interest on Japanese government bonds.
Net fees and commissions increased by ¥2.3 bn year on year.
Net other operating income increased by ¥35.2 bn year on year, due to an increase in gains (losses) on foreign exchanges, etc.
- General and administrative expenses decreased by ¥4.2 bn year on year to ¥262.9 bn.
- Despite the adverse business environment with yen interest rates remained at a low level, net operating profit increased by ¥37.7 bn year on year to ¥124.1 bn.
- Non-recurring gains (losses) decreased by ¥6.4 bn year on year, due to a decrease in gains (losses) on money held in trust, etc.
Net ordinary income increased by ¥31.3 bn year on year to ¥124.2 bn.
- Net income increased by ¥21.4 bn year on year to ¥89.3 bn, which equated to 25.5% of the earnings forecasts of ¥350.0 bn in net income for the fiscal year ending March 31, 2018, generally in accordance with the Bank's plan.

Results of Operations

(¥bn, %)

	For the three months ended June 30, 2017
Ordinary income	487.1
Increase (decrease) from the three months ended June 30, 2016	27.1 5.9%
Net ordinary income	124.2
Increase (decrease) from the three months ended June 30, 2016	31.3 33.6%
Net income	89.3
Increase (decrease) from the three months ended June 30, 2016	21.4 31.6%

(¥bn, %)

	Earnings forecasts for the fiscal year ending March 31, 2018	Progress
Net ordinary income	490.0	25.3%
Net income	350.0	25.5%

1. Overview of FY2018/3 1Q Results

Results of Operations

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Gross operating profit	387.1	353.6	33.5
Net interest income	303.9	308.0	(4.0)
Net fees and commissions	24.1	21.7	2.3
Net other operating income (loss)	59.1	23.8	35.2
Gains (losses) on foreign exchanges	59.4	21.6	37.8
Gains (losses) on bonds	(0.6)	1.9	(2.5)
General and administrative expenses (*)	262.9	267.2	(4.2)
Provision for general reserve for possible loan losses	0.0	(0.0)	0.0
Net operating profit	124.1	86.4	37.7
Non-recurring gains (losses)	0.1	6.5	(6.4)
Gains (losses) on money held in trust	3.3	7.6	(4.2)
Net ordinary income	124.2	92.9	31.3
Net income	89.3	67.8	21.4
ROE (**) (***)	3.05%	2.36%	0.68 %
OHR (****)	67.91%	75.57%	(7.65)%

Financial Condition

	As of		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	March 31, 2017 (B)	
Assets	210,253.9	209,568.8	685.0
Cash and due from banks	55,319.1	51,281.9	4,037.1
Call loans	440.0	470.0	(30.0)
Receivables under securities borrowing transactions	8,470.0	8,718.9	(248.8)
Money held in trust	3,887.6	3,817.9	69.7
Securities	135,544.0	138,792.4	(3,248.3)
Loans	3,751.6	4,064.1	(312.5)
Liabilities	198,529.9	197,788.7	741.1
Deposits	180,827.2	179,434.6	1,392.5
Payables under securities lending transactions	12,624.4	13,694.2	(1,069.8)
Net assets	11,723.9	11,780.0	(56.0)
Total shareholders' equity	8,724.9	8,729.6	(4.6)
Total valuation and translation adjustments	2,998.9	3,050.4	(51.4)

* General and administrative expenses exclude non-recurring losses.

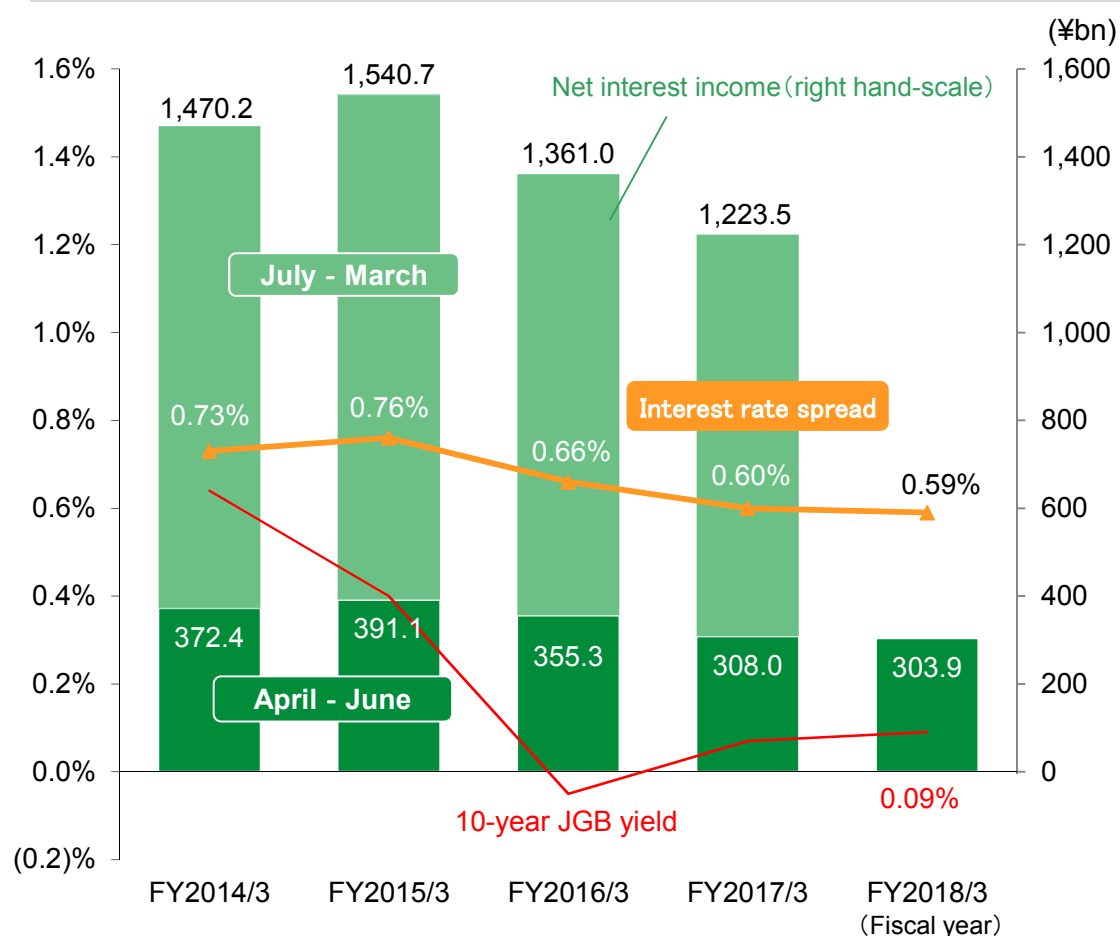
** ROE = net income / [(sum of total net assets at the beginning and the end of the period) / 2] x 100

*** 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 ¥303.9 bn and interest rate spread was 0.59% for the three months ended June 30, 2017.



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 FY2014/3 – FY2017/3 are the figures for the relevant fiscal years, while interest rate spread of FY2018/3 is the figure for the three months ended June 30, 2017. Interest rate spread of FY2018/3 is annualized.

Domestic		For the three months ended		Increase (Decrease)
		June 30, 2017 (A)	June 30, 2016 (B)	(A) – (B)
Net interest income		232.4	268.6	(36.1)
Interest income		282.5	328.6	(46.0)
Interest income on Japanese government bonds		164.5	212.7	(48.1)
Interest expenses		50.0	60.0	(9.9)

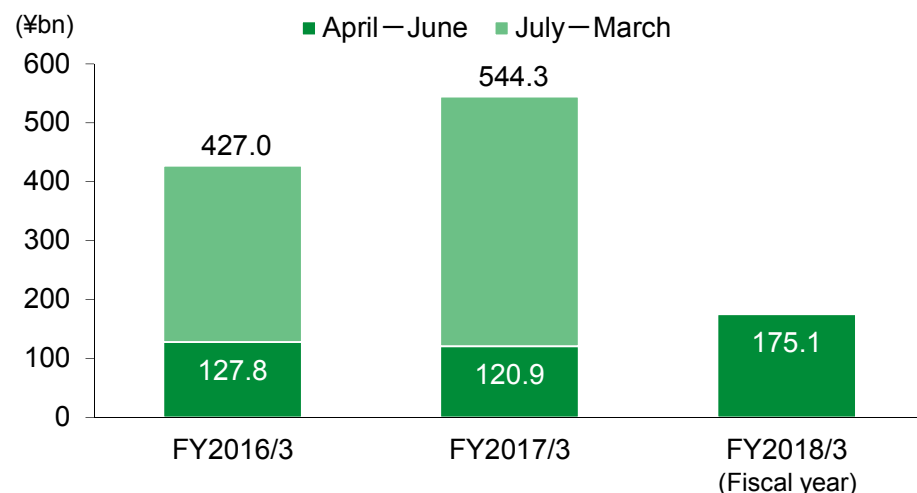
Overseas		For the three months ended		Increase (Decrease)
		June 30, 2017 (A)	June 30, 2016 (B)	(A) – (B)
Net interest income		71.4	39.3	32.0
Interest income		176.6	131.0	45.5
Interest income on foreign securities		176.2	130.6	45.5
Interest expenses		105.1	91.6	13.5

Total		For the three months ended		Increase (Decrease)
		June 30, 2017 (A)	June 30, 2016 (B)	(A) – (B)
Net interest income		303.9	308.0	(4.0)
Interest income		381.9	389.7	(7.8)
Interest expenses		77.9	81.7	(3.7)

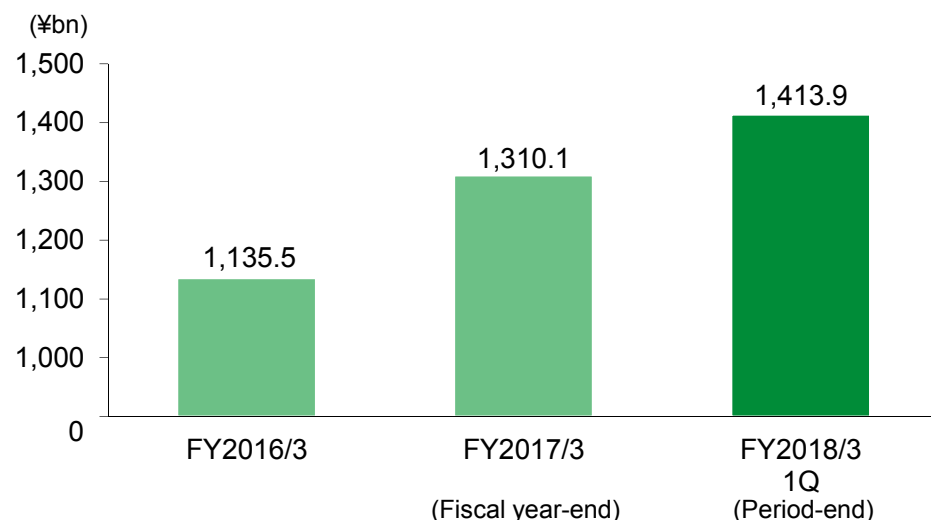
3. Net Fees and Commissions

■ Net fees and commissions for the three months ended June 30, 2017 increased by ¥2.3 bn year on year to ¥24.1 bn.

Trend of Investment Trusts Sales



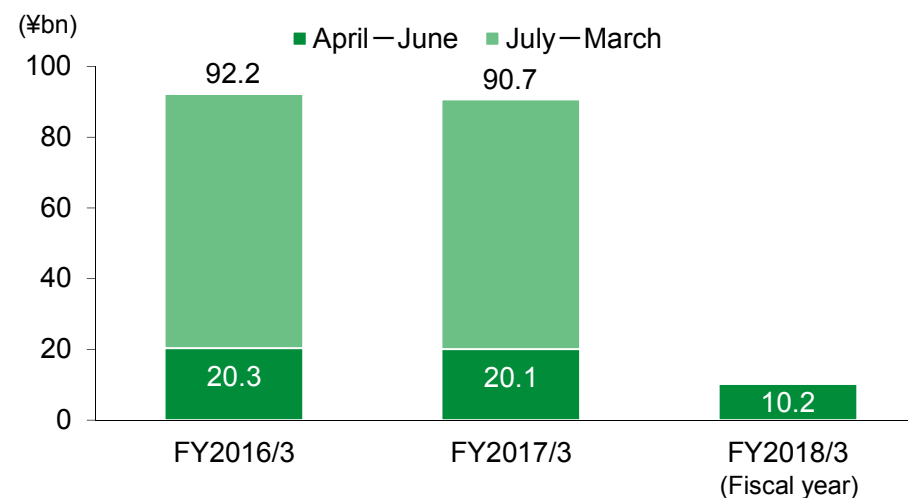
Trend of Net Assets of Investment Trusts



(¥bn)

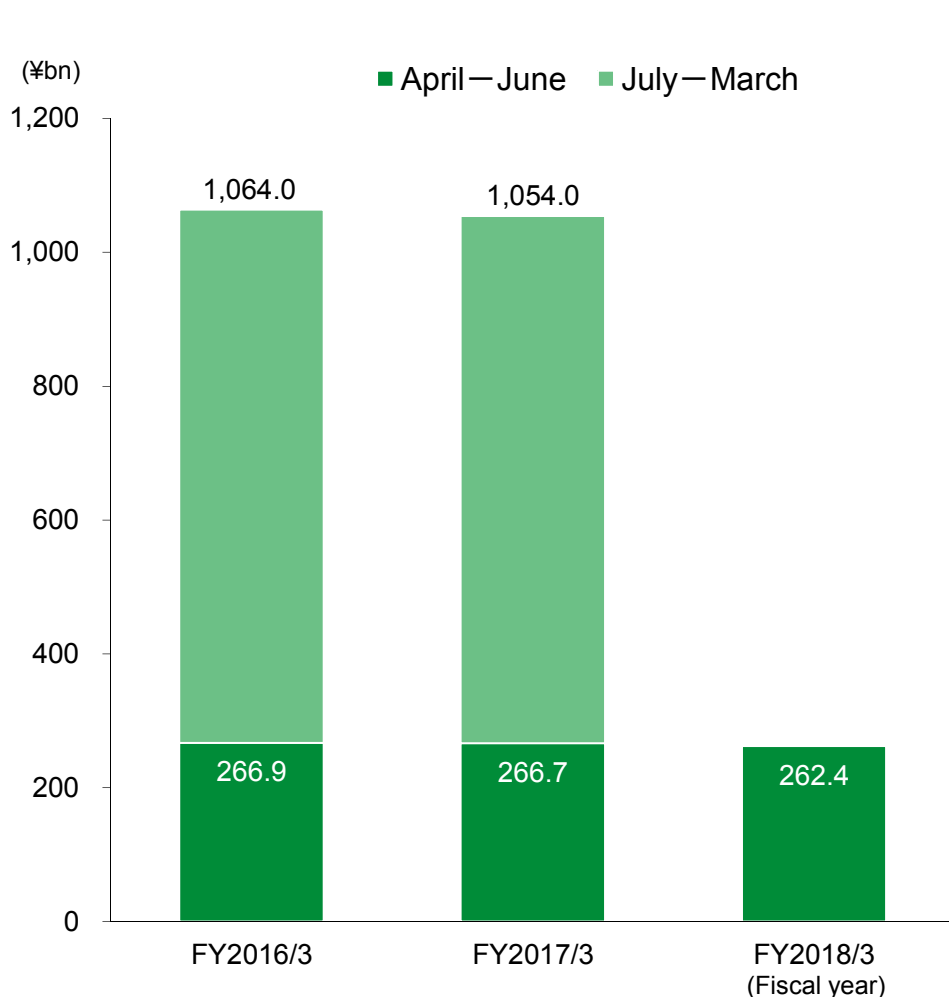
	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Net fees and commissions relating to	24.1	21.7	2.3
Exchange and settlement transactions	15.0	14.9	0.1
ATMs	1.9	1.8	0.1
Investment trusts	4.6	2.4	2.1
Others	2.5	2.5	(0.0)

Trend of Variable Annuities Policies Sales



4. Trend of General and Administrative Expenses

■ General and administrative expenses for the three months ended June 30, 2017 decreased by ¥4.2 bn year on year to ¥262.4 bn.

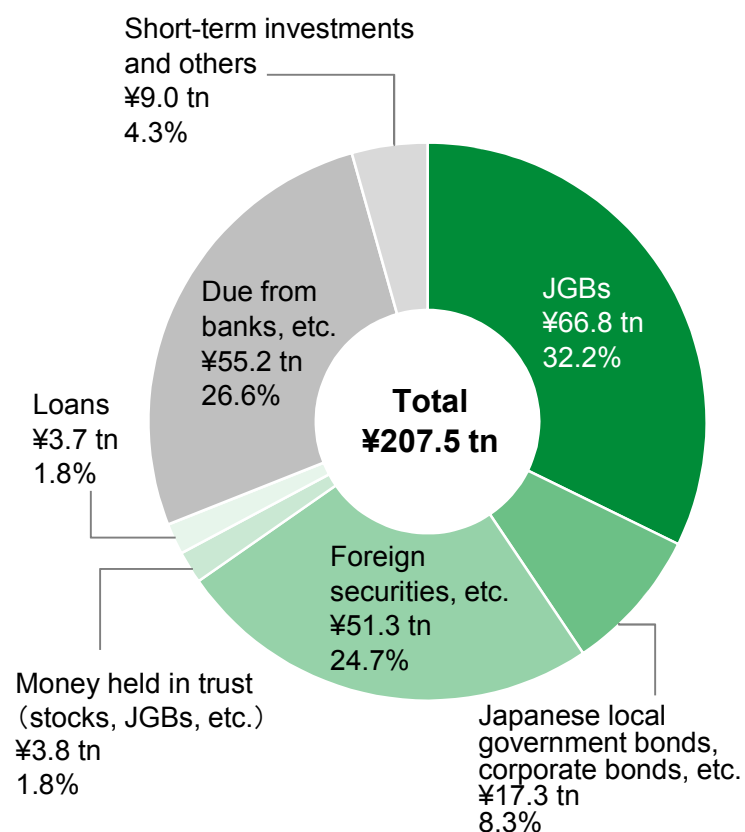


	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Personnel expenses (*)	31.5	30.8	0.7
Salaries and allowances	25.8	25.4	0.3
Non-personnel expenses	211.2	216.0	(4.7)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	152.2	155.8	(3.5)
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	1.4	2.0	(0.6)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	15.1	16.5	(1.4)
Taxes and dues	19.6	19.8	(0.2)
Total	262.4	266.7	(4.2)

* Personnel expenses include non-recurring losses.

5. Asset Management Status

■ Included in investment assets as of June 30, 2017, JGBs were ¥66.8 tn and foreign securities, etc. were ¥51.3 tn.



(¥bn)					
Categories	As of June 30, 2017 (A)	%	As of March 31, 2017 (B)	%	Increase (Decrease) (A) – (B)
Securities	135,544.0	65.3	138,792.4	66.9	(3,248.3)
Japanese government bonds	66,890.7	32.2	68,804.9	33.2	(1,914.2)
Japanese local government bonds, corporate bonds, etc. (*)	17,338.3	8.3	17,070.4	8.2	267.9
Foreign securities, etc.	51,314.9	24.7	52,917.0	25.5	(1,602.0)
Foreign bonds	19,679.5	9.4	20,143.4	9.7	(463.9)
Investment trusts	31,629.5	15.2	32,726.7	15.7	(1,097.1)
Money held in trust (stocks, JGBs, etc.)	3,887.6	1.8	3,817.9	1.8	69.7
Domestic stocks	2,141.2	1.0	2,079.2	1.0	61.9
Loans	3,751.6	1.8	4,064.1	1.9	(312.5)
Due from banks, etc. (**)	55,285.1	26.6	51,213.3	24.7	4,071.7
Short-term investments and others (***)	9,069.0	4.3	9,305.6	4.4	(236.5)
Total	207,537.5	100.0	207,193.4	100.0	344.0

* "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 ¥4,323.7 bn as of June 30, 2017 (before application of tax effect accounting).

(¥bn)

	As of June 30, 2017		As of March 31, 2017	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Held-to-maturity securities	37,154.0	1,258.7	38,316.9	1,456.5

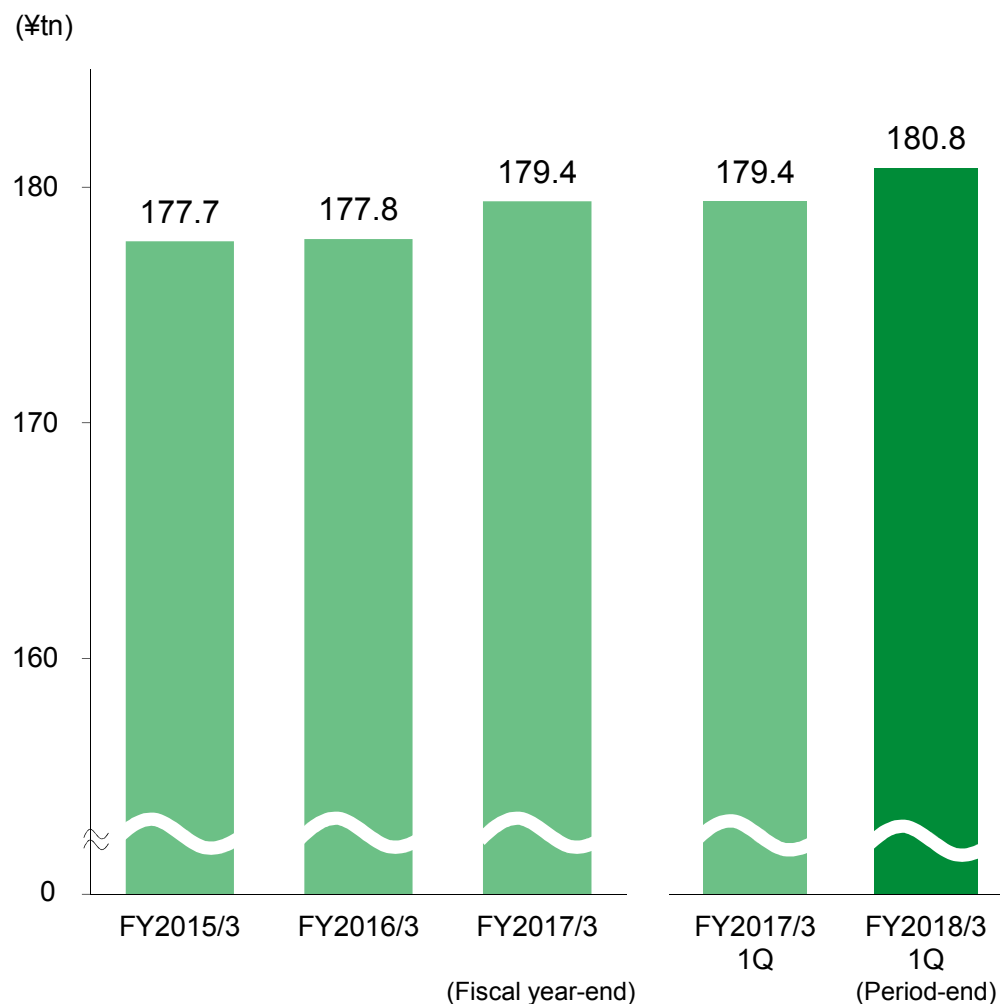
(¥bn)

	As of June 30, 2017		As of March 31, 2017	
	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	102,372.3	4,632.8	104,470.1	4,566.1
Securities (*) (A)	98,523.9	3,341.0	100,666.9	3,282.1
Japanese government bonds	32,577.3	1,203.1	33,487.5	1,320.7
Foreign bonds	19,647.0	1,450.0	20,078.5	1,335.1
Investment trusts	31,458.0	523.9	32,604.2	435.0
Others	14,841.4	163.8	14,496.5	191.1
Effect of fair value hedge accounting (B)		137.0		185.3
Money held in trust (*) (C)	3,848.4	1,154.8	3,803.2	1,098.6
Domestic stocks	2,141.2	1,120.6	2,079.2	1,058.6
Others	1,707.1	34.1	1,723.9	40.0
Derivatives for which deferred hedge accounting is applied (D)	7,971.6	(309.1)	7,553.3	(168.0)
Total (A) + (B) + (C) + (D)		4,323.7		4,398.1

* 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 June 30, 2017 was ¥180.8 tn, which remained stable.

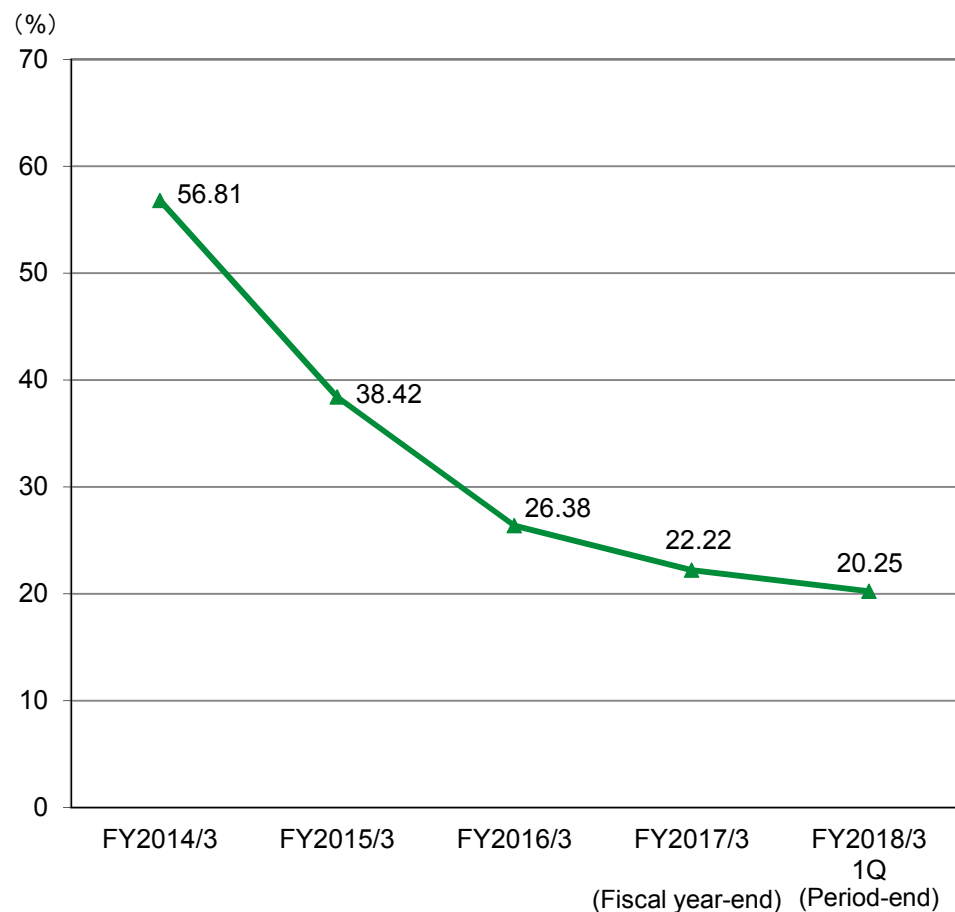


	As of June 30, 2017 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Liquid deposits	70.6	67.9	2.6
Transfer deposits	13.5	13.0	0.5
Ordinary deposits, etc.	56.6	54.5	2.1
Savings deposits	0.3	0.3	(0.0)
Fixed-term deposits	110.0	111.2	(1.2)
Time deposits	9.7	10.0	(0.2)
TEIGAKU deposits, etc.	100.2	101.2	(0.9)
Other deposits	0.1	0.1	(0.0)
Total	180.8	179.4	1.3

(¥tn)

7. Trend of Capital Adequacy Ratio

■ Capital adequacy ratio (non-consolidated, domestic standard) was 20.25% as of June 30, 2017.



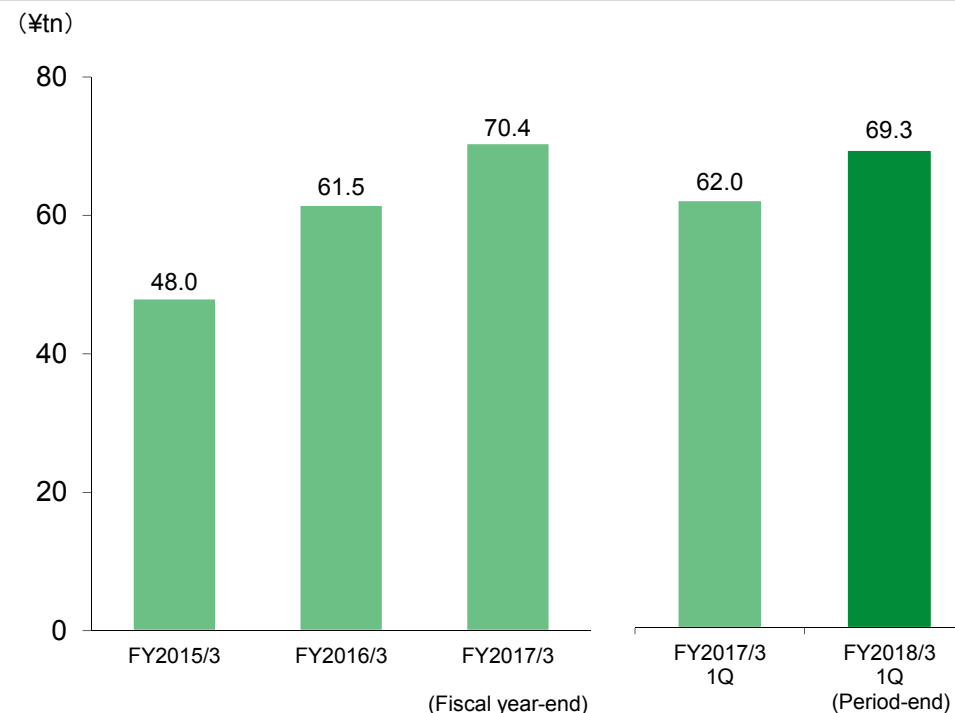
	As of June 30, 2017 (A)	As of March 31, 2017 (B)	(¥bn, %) Increase (Decrease) (A) – (B)
Total capital (a)	8,704.8	8,616.9	87.8
Total amount of risk-weighted assets (b)	42,981.7	38,779.8	4,201.9
Credit risk-weighted assets	40,108.4	35,906.5	4,201.9
Capital adequacy ratio (a) / (b)	20.25%	22.22%	(1.96)%

(Reference) Portfolio Management Status

Asset Balance by Portfolio

	As of June 30, 2017 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
(¥bn)			
Base Portfolio (*)	130,986.1	129,098.1	1,888.0
Short-term assets	58,559.0	54,646.0	3,912.9
Japanese government bonds and government guaranteed bonds	71,310.6	73,314.5	(2,003.9)
Loans (**)	1,116.5	1,137.5	(21.0)
Satellite Portfolio (*)	69,309.4	70,452.6	(1,143.2)
Japanese local government bonds	6,188.8	6,082.2	106.6
Japanese corporate bonds, etc.	7,977.0	7,719.1	257.9
Foreign securities (****)	50,694.8	52,374.8	(1,679.9)
Loans (***)	1,112.8	1,069.5	43.3
Money held in trust (stocks), etc.	2,648.5	2,599.6	48.8
Alternative assets (*****)	687.2	607.3	79.9

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 Funds, Real Estate Funds and Hedge Funds.

Financial Data

1. Summarized Balance Sheets

	As of June 30, 2017 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Total assets	210,253,910	209,568,820	685,090
Cash and due from banks	55,319,109	51,281,921	4,037,187
Call loans	440,000	470,000	(30,000)
Receivables under securities borrowing transactions	8,470,067	8,718,905	(248,837)
Monetary claims bought	247,720	252,214	(4,493)
Trading account securities	29	9	19
Money held in trust	3,887,684	3,817,908	69,776
Securities	135,544,082	138,792,448	(3,248,366)
Loans	3,751,606	4,064,120	(312,514)
Foreign exchanges	76,703	78,646	(1,943)
Other assets	2,291,376	1,871,733	419,643
Tangible fixed assets	177,562	175,825	1,737
Intangible fixed assets	49,072	46,183	2,888
Reserve for possible loan losses	(1,104)	(1,096)	(7)

	As of June 30, 2017 (A)	As of March 31, 2017 (B)	(Millions of yen) Increase (Decrease) (A) – (B)
Total liabilities and net assets	210,253,910	209,568,820	685,090
Total liabilities	198,529,955	197,788,782	741,172
Deposits	180,827,249	179,434,686	1,392,563
Call money	22,400	45,436	(23,036)
Payables under repurchase agreements	995,736	960,937	34,799
Payables under securities lending transactions	12,624,470	13,694,294	(1,069,823)
Commercial paper	179,542	40,324	139,218
Foreign exchanges	459	407	52
Other liabilities	2,480,251	2,185,197	295,054
Reserve for bonuses	1,923	6,007	(4,083)
Reserve for employees' retirement benefits	148,312	148,800	(488)
Reserve for employee stock ownership plan trust	266	—	266
Reserve for management board benefit trust	106	43	62
Reserve for reimbursement of deposits	2,130	2,096	34
Deferred tax liabilities	1,247,104	1,270,550	(23,445)
Total net assets	11,723,955	11,780,037	(56,082)
Capital stock	3,500,000	3,500,000	—
Capital surplus	4,296,285	4,296,285	—
Retained earnings	2,229,398	2,233,759	(4,360)
Treasury stock	(1,300,727)	(1,300,411)	(316)
Total shareholders' equity	8,724,956	8,729,634	(4,677)
Net unrealized gains (losses) on available-for-sale securities	3,213,474	3,166,980	46,493
Net deferred gains (losses) on hedges	(214,475)	(116,577)	(97,898)
Total valuation and translation adjustments	2,998,998	3,050,403	(51,404)

2. Income Analysis

	For the three months ended		(A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Gross operating profit	387,191	353,628	33,562
Net interest income	303,961	308,004	(4,042)
Net fees and commissions	24,128	21,771	2,356
Net other operating income (loss)	59,100	23,853	35,247
Gains (losses) on foreign exchanges	59,464	21,656	37,808
Gains (losses) on bonds	(691)	1,903	(2,594)
General and administrative expenses	(262,979)	(267,245)	4,266
Personnel expenses	(32,081)	(31,341)	(739)
Non-personnel expenses	(211,275)	(216,038)	4,762
Taxes and dues	(19,622)	(19,865)	243
Operating profit (before provision for general reserve for possible loan losses)	124,211	86,383	37,828
Provision for general reserve for possible loan losses	(19)	17	(36)
Net operating profit	124,192	86,400	37,791
Non-recurring gains (losses)	105	6,575	(6,470)
Gains (losses) related to stocks	(5)	—	(5)
Gains (losses) on money held in trust	3,340	7,606	(4,265)
Net ordinary income	124,297	92,975	31,321

	For the three months ended		(A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Extraordinary income (loss)	(37)	(138)	101
Gains (losses) on sales and disposals of fixed assets	(37)	(138)	101
Income before income taxes	124,260	92,837	31,422
Income taxes – current	(35,318)	(27,353)	(7,964)
Income taxes – deferred	433	2,400	(1,966)
Total income taxes	(34,884)	(24,953)	(9,931)
Net income	89,375	67,884	21,491
Gains (losses) on money held in trust	3,340	7,606	(4,265)
Dividends and interest income	6,539	4,803	1,735
Gains (losses) on sales of stocks	0	9,140	(9,139)
Impairment losses	(15)	(3,421)	3,405
Withholding income tax, etc.	(3,183)	(2,915)	(267)
Credit-related expenses	(3)	9	(12)
Provision for general reserve for possible loan losses	(3)	9	(12)
Write-off of loans	—	—	—
Provision for specific reserve for possible loan losses	—	—	—
Recoveries of written-off loans	—	—	—

Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥547 million and ¥530 million recorded as profits for the three months ended June 30, 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.

3. Selected Ratios

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Net income to assets (ROA)	0.17%	0.13%	0.03%
Net income to equity (ROE)	3.05	2.36	0.68
Overhead ratio (OHR)	67.91	75.57	(7.65)
Expense-to-deposit ratio	0.58	0.60	(0.01)

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

4. Interest Rate Spread

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Yield on interest-earning assets (a)	0.76%	0.78%	(0.02)%
Total cost of funding (including general and administrative expenses) (b)	0.71	0.73	(0.02)
Interest rate on interest-bearing liabilities (c)	0.16	0.17	(0.00)
Overall interest rate spread (a) - (b)	0.04	0.04	0.00
Interest rate spread (a) - (c)	0.59	0.61	(0.01)

Note: All numbers are annualized.

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

(1) Domestic

(Millions of yen, %)

	For the three months ended						Increase (Decrease) (A) – (B)
	June 30, 2017 (A)			June 30, 2016 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	194,858,562	282,586	0.58%	192,646,152	328,672	0.68%	(0.10)%
Loans	3,892,700	3,609	0.37	2,505,887	4,707	0.75	(0.38)
Securities	84,638,379	195,580	0.92	96,502,542	247,628	1.02	(0.10)
Receivables under securities borrowing transactions	8,503,223	370	0.01	8,094,518	387	0.01	(0.00)
Due from banks, etc.	52,578,828	5,736	0.04	46,823,012	5,984	0.05	(0.00)
Interest-bearing liabilities	186,048,600	50,095	0.10	183,967,376	60,056	0.13	(0.02)
Deposits	180,052,919	43,017	0.09	178,505,661	53,364	0.11	(0.02)
Payables under securities lending transactions	8,729,598	243	0.01	8,114,124	222	0.01	0.00

(2) Overseas

(Millions of yen, %)

		For the three months ended						Increase (Decrease) (A) – (B)
		June 30, 2017 (A)			June 30, 2016 (B)			
		Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets		51,444,970	176,635	1.37%	45,062,361	131,043	1.16%	0.21%
	Loans	—	—	—	3,300	2	0.35	(0.35)
	Securities	51,281,634	176,227	1.37	44,907,490	130,673	1.16	0.21
	Receivables under securities borrowing transactions	—	—	—	—	—	—	—
	Due from banks, etc.	79,303	245	1.24	90,744	309	1.36	(0.12)
Interest-bearing liabilities		50,276,881	105,164	0.83	44,038,354	91,655	0.83	0.00
	Deposits	—	—	—	—	—	—	—
	Payables under securities lending transactions	4,002,687	11,786	1.18	4,683,521	8,642	0.74	0.44

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

(3) Total

(Millions of yen, %)

	For the three months ended						Increase (Decrease) (A) – (B)
	June 30, 2017 (A)			June 30, 2016 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	201,105,985	381,934	0.76%	199,018,476	389,752	0.78%	(0.02)%
Loans	3,892,700	3,609	0.37	2,509,187	4,710	0.75	(0.38)
Securities	135,920,014	371,808	1.09	141,410,032	378,302	1.07	0.02
Receivables under securities borrowing transactions	8,503,223	370	0.01	8,094,518	387	0.01	(0.00)
Due from banks, etc.	52,658,132	5,981	0.04	46,913,757	6,293	0.05	(0.00)
Interest-bearing liabilities	191,127,934	77,973	0.16	189,315,692	81,748	0.17	(0.00)
Deposits	180,052,919	43,017	0.09	178,505,661	53,364	0.11	(0.02)
Payables under securities lending transactions	12,732,286	12,030	0.37	12,797,645	8,864	0.27	0.10

- Notes: 1. "Domestic" represents yen-denominated transactions while "overseas" represents foreign currency-denominated transactions (except that yen-denominated transactions with non-residents of Japan are included in "overseas").
2. Income and expenses for money held in trust are included in "other ordinary income" and "other ordinary expenses," respectively. Accordingly, the average balance of money held in trust (three months ended June 30, 2017, ¥2,733,956 million; three months ended June 30, 2016, ¥2,653,054 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (three months ended June 30, 2017, ¥2,733,956 million; three months ended June 30, 2016, ¥2,653,054 million) and the corresponding interest (three months ended June 30, 2017, ¥4,675 million; three months ended June 30, 2016, ¥4,797 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 ¥83 million for the three months ended June 30, 2017 (None for the three months ended June 30, 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. Earnings yield is annualized.

6. Asset Management Status

(Millions of yen, %)

	As of June 30, 2017 (A)		As of March 31, 2017 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Due from banks, etc.	55,285,126	26.63	51,213,391	24.71	4,071,734
Call loans	440,000	0.21	470,000	0.22	(30,000)
Receivables under securities borrowing transactions	8,470,067	4.08	8,718,905	4.20	(248,837)
Money held in trust	3,887,684	1.87	3,817,908	1.84	69,776
Domestic stocks	2,141,274	1.03	2,079,290	1.00	61,984
Foreign stocks	0	0.00	0	0.00	0
Domestic bonds	1,267,021	0.61	1,274,178	0.61	(7,157)
Securities	135,544,082	65.31	138,792,448	66.98	(3,248,366)
Japanese government bonds	66,890,775	32.23	68,804,989	33.20	(1,914,213)
Japanese local government bonds	6,188,854	2.98	6,082,225	2.93	106,628
Commercial paper	237,991	0.11	233,998	0.11	3,993
Japanese corporate bonds	10,910,145	5.25	10,752,831	5.18	157,314
Japanese stocks	1,390	0.00	1,390	0.00	—
Other securities	51,314,924	24.72	52,917,013	25.53	(1,602,088)
Foreign bonds	19,679,527	9.48	20,143,467	9.72	(463,940)
Investment trusts	31,629,591	15.24	32,726,722	15.79	(1,097,131)
Loans	3,751,606	1.80	4,064,120	1.96	(312,514)
Others	159,012	0.07	116,718	0.05	42,293
Total	207,537,578	100.00	207,193,492	100.00	344,085

Notes: 1. "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.

2. Investment trusts are mainly invested in foreign bonds.

7. Unrealized Gains (Losses) on Financial Assets

(1) Held-to-maturity Securities

(Millions of yen)

	As of June 30, 2017 (A)		As of March 31, 2017 (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	34,313,384	1,191,019	35,317,430	1,373,826	(1,004,045)	(182,806)
Japanese local government bonds	—	—	44,618	115	(44,618)	(115)
Japanese corporate bonds	2,808,273	59,424	2,889,963	70,626	(81,690)	(11,201)
Others	32,433	8,303	64,911	11,981	(32,478)	(3,677)
Foreign bonds	32,433	8,303	64,911	11,981	(32,478)	(3,677)
Total	37,154,090	1,258,748	38,316,923	1,456,549	(1,162,832)	(197,800)

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

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

(Millions of yen)

	As of June 30, 2017 (A)		As of March 31, 2017 (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	47,106,109	1,368,644	47,622,031	1,518,522	(515,922)	(149,878)
Japanese government bonds	32,577,390	1,203,168	33,487,558	1,320,778	(910,167)	(117,610)
Japanese local government bonds	6,188,854	75,597	6,037,606	90,906	151,247	(15,308)
Commercial paper	237,991	—	233,998	—	3,993	—
Japanese corporate bonds	8,101,872	89,877	7,862,867	106,837	239,004	(16,959)
Others	51,417,828	1,972,407	53,044,897	1,763,647	(1,627,068)	208,760
Foreign bonds	19,647,094	1,450,008	20,078,556	1,335,157	(431,462)	114,851
Investment trusts	31,458,013	523,980	32,604,245	435,050	(1,146,232)	88,930
Total	98,523,937	3,341,051	100,666,928	3,282,169	(2,142,991)	58,882

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, ¥137,014 million and ¥185,342 million losses were included in the statements of income for the three months ended June 30, 2017 and the fiscal year ended March 31, 2017, 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 three months ended June 30, 2017 and the fiscal year ended March 31, 2017.

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 June 30, 2017 (A)		As of March 31, 2017 (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	3,848,445	1,154,805	3,803,267	1,098,661	45,178	56,143
Domestic stocks	2,141,274	1,120,661	2,079,290	1,058,661	61,984	62,000
Foreign stocks	0	(0)	0	(0)	0	0
Domestic bonds	1,267,021	34,143	1,274,178	40,000	(7,157)	(5,857)

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

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

3. Impairment losses on money held in trust which is classified as available-for-sale for the three months ended June 30, 2017 and the fiscal year ended March 31, 2017 amounted to ¥15 million and ¥3,734 million, respectively.

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

	As of June 30, 2017 (A)		As of March 31, 2017 (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	4,522,647	(221,277)	4,498,510	(195,410)	24,136	(25,866)
Currency swaps	3,302,646	(76,309)	2,971,988	37,723	330,658	(114,032)
Foreign exchange forward contracts	146,358	(11,567)	82,803	(10,351)	63,554	(1,215)
Total	7,971,652	(309,153)	7,553,302	(168,039)	418,349	(141,114)

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

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

Total (2) + (3) + (4) (Millions of yen)

	As of June 30, 2017 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Total net unrealized gains (losses)	4,323,717	4,398,134	(74,416)

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

8. General and Administrative Expenses

(Millions of yen, %)

	For the three months ended				Increase (Decrease) (A) – (B)
	June 30, 2017 (A)		June 30, 2016 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	31,533	12.01	30,811	11.55	721
Salaries and allowances	25,802	9.83	25,447	9.54	354
Others	5,730	2.18	5,364	2.01	366
Non-personnel expenses	211,275	80.50	216,038	80.99	(4,762)
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	152,274	58.02	155,809	58.41	(3,535)
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*)	1,419	0.54	2,092	0.78	(672)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	15,134	5.76	16,541	6.20	(1,406)
Rent for land, buildings and others	3,184	1.21	3,116	1.16	67
Expenses on consigned businesses	12,892	4.91	12,865	4.82	27
Depreciation and amortization	9,519	3.62	8,688	3.25	830
Communication and transportation expenses	4,674	1.78	4,881	1.83	(206)
Maintenance expenses	2,801	1.06	3,222	1.20	(420)
IT expenses	3,706	1.41	3,492	1.30	213
Others	5,668	2.15	5,327	1.99	340
Taxes and dues	19,622	7.47	19,865	7.44	(243)
Total	262,431	100.00	266,715	100.00	(4,284)

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

9. Loans by Industry

(Millions of yen, %)

	As of June 30, 2017 (A)		As of March 31, 2017 (B)		Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Domestic (excluding Japan Offshore Market accounts)	3,751,606	100.00	4,064,120	100.00	(312,514)
Agriculture, forestry, fisheries, and mining	—	—	—	—	—
Manufacturing	—	—	—	—	—
Utilities, information/communications, and transportation	78,943	2.10	75,811	1.86	3,132
Wholesale and retail	10,487	0.27	10,518	0.25	(31)
Finance and insurance	1,291,159	34.41	1,311,274	32.26	(20,115)
Construction and real estate	14,049	0.37	14,062	0.34	(12)
Services and goods rental/leasing	19,990	0.53	23,044	0.56	(3,053)
Central and local governments	2,164,866	57.70	2,440,005	60.03	(275,138)
Others	172,109	4.58	189,404	4.66	(17,295)
Overseas and Japan Offshore Market accounts	—	—	—	—	—
Governments	—	—	—	—	—
Financial institutions	—	—	—	—	—
Others	—	—	—	—	—
Total	3,751,606		4,064,120		(312,514)

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 ¥947,393 million and ¥951,200 million as of June 30, 2017 and March 31, 2017, respectively.

10. Balances by Type of Deposit

	As of June 30, 2017 (A)		As of March 31, 2017 (B)		(Millions of yen, %)
					Increase (Decrease) (A) – (B)
	Amount	%	Amount	%	Amount
Liquid deposits	70,630,739	39.05	67,994,923	37.89	2,635,816
Transfer deposits	13,570,373	7.50	13,052,115	7.27	518,258
Ordinary deposits, etc.	56,668,464	31.33	54,550,845	30.40	2,117,618
Savings deposits	391,901	0.21	391,963	0.21	(61)
Fixed-term deposits	110,060,784	60.86	111,280,733	62.01	(1,219,948)
Time deposits	9,789,412	5.41	10,065,156	5.60	(275,743)
TEIGAKU deposits, etc.	100,271,372	55.45	101,215,576	56.40	(944,204)
Other deposits	135,725	0.07	159,029	0.08	(23,304)
Subtotal	180,827,249	100.00	179,434,686	100.00	1,392,563
Negotiable certificates of deposit	—	—	—	—	—
Total	180,827,249	100.00	179,434,686	100.00	1,392,563
Deposits including accrued interest	182,088,641		180,781,785		1,306,856

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.

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. Problem Assets Disclosed under the Financial Reconstruction Act

(Millions of yen, %)			
	As of June 30, 2017 (A)	As of March 31, 2017 (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	3,831,588	4,145,468	(313,880)
Total (b)	3,831,588	4,145,468	(313,880)
Non-performing loan ratio (a) / (b)	—	—	—

12. Capital

Capital Adequacy Ratio (Non-Consolidated, Domestic Standard)

	(Millions of yen, %)		
	As of June 30, 2017 (A)	As of March 31, 2017 (B)	Increase (Decrease) (A) – (B)
Core Capital: instruments and reserves (a)	8,725,243	8,636,164	89,078
Core Capital: regulatory adjustments (b)	20,430	19,224	1,205
Total capital (a) - (b) = (c)	8,704,813	8,616,940	87,872
Total amount of risk-weighted assets (d)	42,981,730	38,779,806	4,201,923
Credit risk-weighted assets	40,108,481	35,906,558	4,201,923
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,873,248	2,873,248	—
Capital adequacy ratio (c) / (d)	20.25%	22.22%	(1.96) %
Total capital requirements	1,719,269	1,551,192	168,076

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

13. Selected Business Results

(1) Investment Trusts Sales (Contract Basis)

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Number of contracts (thousands)	331	293	37
Sales amount (millions of yen)	175,199	120,963	54,235

	As of June 30, 2017 (A)	As of June 30, 2016 (B)	Increase (Decrease) (A) – (B)
Number of investment trust accounts (thousands)	774	707	67
Net assets (millions of yen)	1,413,988	1,119,046	294,942

(2) Variable Annuities Policies

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Number of policies	2,175	3,807	(1,632)
Sales amount (millions of yen)	10,246	20,182	(9,935)

	As of June 30, 2017 (A)	As of June 30, 2016 (B)	Increase (Decrease) (A) – (B)
Number of policies (cumulative)	102,682	86,583	16,099
Sales amount (cumulative) (millions of yen)	538,681	457,905	80,776

13. Selected Business Results

(3) Credit Cards

(Thousands)

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Number of cards issued	17	17	0

	As of June 30, 2017 (A)	As of June 30, 2016 (B)	Increase (Decrease) (A) – (B)
Number of cards issued (cumulative) (outstanding)	1,087	1,232	(144)

(4) Mortgage Loans (as Intermediary)

(Millions of yen)

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2017 (A)	June 30, 2016 (B)	
Amount of new credit extended	8,494	9,181	(687)

	As of June 30, 2017 (A)	As of June 30, 2016 (B)	Increase (Decrease) (A) – (B)
Amount of new credit extended (cumulative)	391,753	352,532	39,220

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

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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