

Selected Financial Information For the Three Months Ended June 30, 2018

**JAPAN POST BANK Co., Ltd.
August 10, 2018**

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Notes: 1. All Japanese yen figures in the financial statements of JAPAN POST BANK Co., Ltd. (the “Bank”) and its consolidated subsidiaries (the “Group”) have been rounded down.

Accordingly, the total of each account may not be equal to the combined total of individual items.

2. Since the Bank prepares its quarterly consolidated financial statements from the three months ended June 30, 2018, consolidated amount for the three months ended June 30, 2017 and the increase (decrease) were not disclosed.

Financial Highlights

1. Overview of FY2019/3 1Q Results

- Gross operating profit for the three months ended June 30, 2018 decreased by ¥17.1 bn year on year to ¥370.0 bn.
Net interest income decreased by ¥27.3 bn year on year, mainly due to a decrease in interest on Japanese government bonds.
Net fees and commissions increased by ¥2.6 bn year on year.
Net other operating income increased by ¥7.5 bn year on year, due to an increase in gains (losses) on foreign exchanges, etc.
- General and administrative expenses increased by ¥0.4 bn year on year to ¥263.4 bn.
- In the adverse business environment with yen interest rates remained at a low level, net operating profit decreased by ¥17.5 bn year on year to ¥106.6 bn.
- Net ordinary income decreased by ¥17.6 bn year on year to ¥106.6 bn.
- Net income decreased by ¥11.1 bn year on year to ¥78.2 bn.
- Net income attributable to owners of parent was ¥78.3 bn, which equated to 30.1% of the earnings forecasts of ¥260.0 bn in net income attributable to owners of parent for the fiscal year ending March 31, 2019.

Note: ■ indicate non-consolidated amount, and □ indicates consolidated amount.

【Consolidated subsidiaries, etc.】

Consolidated subsidiaries	3 companies (Principal company: Japan Post Investment Corporation)
Affiliates accounted for by the equity method	SDP CENTER Co., Ltd. , ATM Japan Business Service, Ltd., JP Asset Management Co., Ltd.

Results of Operations (FY2019/3 1Q) (¥bn, %)

Non-consolidated	
Ordinary income	470.4
Increase (decrease) from the three months ended June 30, 2017	(16.7) (3.4)%
Net ordinary income	106.6
Increase (decrease) from the three months ended June 30, 2017	(17.6) (14.2)%
Net income	78.2
Increase (decrease) from the three months ended June 30, 2017	(11.1) (12.4)%
Consolidated	
Net ordinary income	106.6
Net income attributable to owners of parent	78.3

Earnings forecasts (FY2019/3) (¥bn, %)

	Earnings forecasts	Progress
Consolidated		
Net ordinary income	370.0	28.8%
Net income attributable to owners of parent	260.0	30.1%

1. Overview of FY2019/3 1Q Results

Non-consolidated

Results of Operations

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
	(¥bn, %)		
Gross operating profit	370.0	387.1	(17.1)
Net interest income	276.6	303.9	(27.3)
Net fees and commissions	26.7	24.1	2.6
Net other operating income (loss)	66.6	59.1	7.5
Gains (losses) on foreign exchanges	65.5	59.4	6.0
Gains (losses) on bonds	1.2	(0.6)	1.9
General and administrative expenses (*)	263.4	262.9	0.4
Provision for general reserve for possible loan losses	—	0.0	(0.0)
Net operating profit	106.6	124.1	(17.5)
Non-recurring gains (losses)	(0.0)	0.1	(0.1)
Gains (losses) on money held in trust	3.1	3.3	(0.1)
Net ordinary income	106.6	124.2	(17.6)
Net income	78.2	89.3	(11.1)

Selected Ratios

ROE (**) (***)	2.74%	3.05%	(0.30)%
OHR (****)	71.18%	67.91%	3.26 %

Financial Condition

	As of		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	March 31, 2018 (B)	
	(¥bn)		
Assets	209,116.1	210,630.6	(1,514.4)
Cash and due from banks	51,127.1	49,288.3	1,838.8
Call loans	420.0	480.0	(60.0)
Receivables under securities borrowing transactions	7,617.4	8,224.1	(606.6)
Money held in trust	4,319.6	4,241.5	78.0
Securities	135,456.6	139,201.2	(3,744.6)
Loans	6,819.3	6,145.5	673.7
Liabilities	197,768.8	199,117.4	(1,348.5)
Deposits	181,351.5	179,882.7	1,468.8
Payables under securities lending transactions	11,359.3	13,812.1	(2,452.7)
Net assets	11,347.2	11,513.1	(165.8)
Total shareholders' equity	8,878.8	8,894.5	(15.7)
Total valuation and translation adjustments	2,468.4	2,618.5	(150.1)

* 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

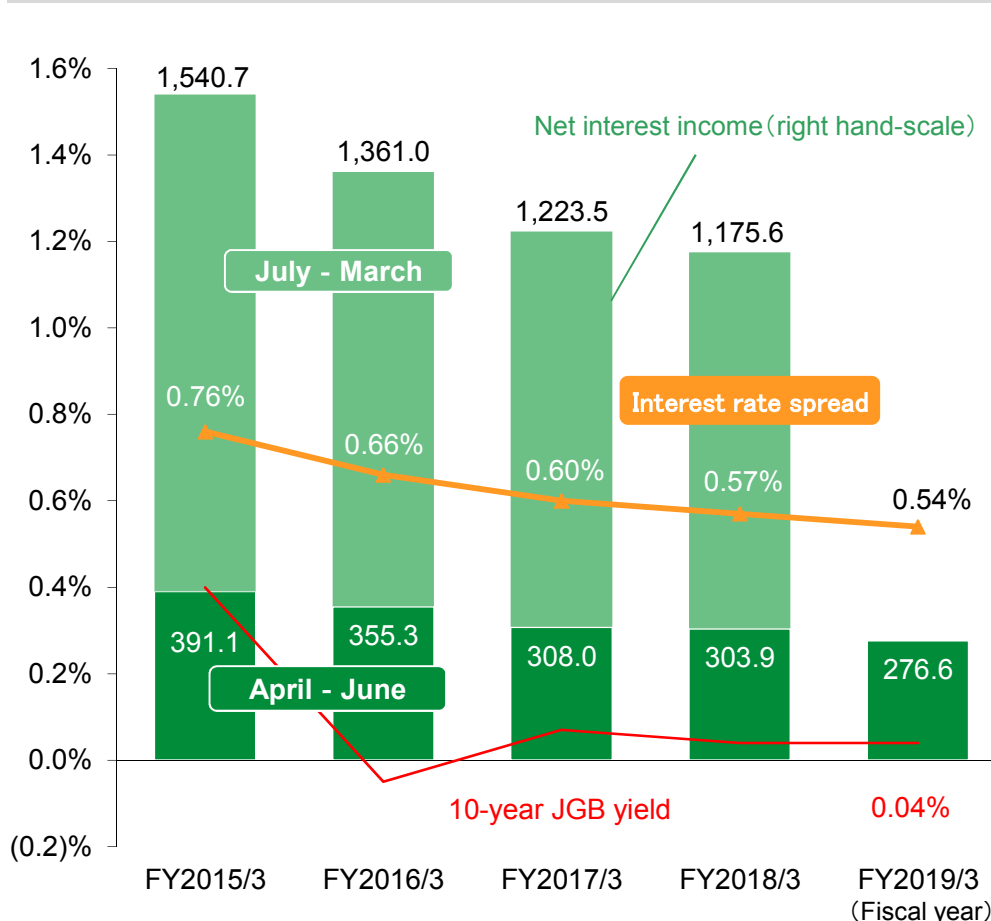
*** ROE is annualized.

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

2. Trend of Net Interest Income and Interest Rate Spread

Non-consolidated

■ Net interest income was ¥276.6 bn and interest rate spread was 0.54% for the three months ended June 30, 2018.



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 FY2015/3 – FY2018/3 are the figures for the relevant fiscal years, while interest rate spread of FY2019/3 is the figure for the three months ended June 30, 2018. Interest rate spread of FY2019/3 is annualized.

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Domestic			
Net interest income	231.4	232.4	(1.0)
Interest income	263.9	282.5	(18.6)
Interest income on Japanese government bonds	137.9	164.5	(26.6)
Interest expenses	32.4	50.0	(17.6)

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Overseas			
Net interest income	45.1	71.4	(26.3)
Interest income	183.4	176.6	6.7
Interest income on foreign securities	183.0	176.2	6.8
Interest expenses	138.2	105.1	33.1

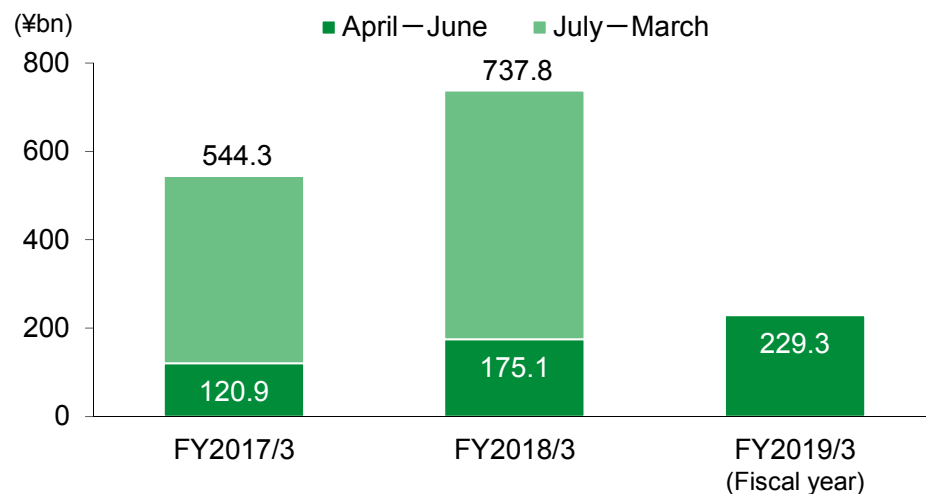
	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Total			
Net interest income	276.6	303.9	(27.3)
Interest income	357.3	381.9	(24.6)
Interest expenses	80.6	77.9	2.7

3. Net Fees and Commissions

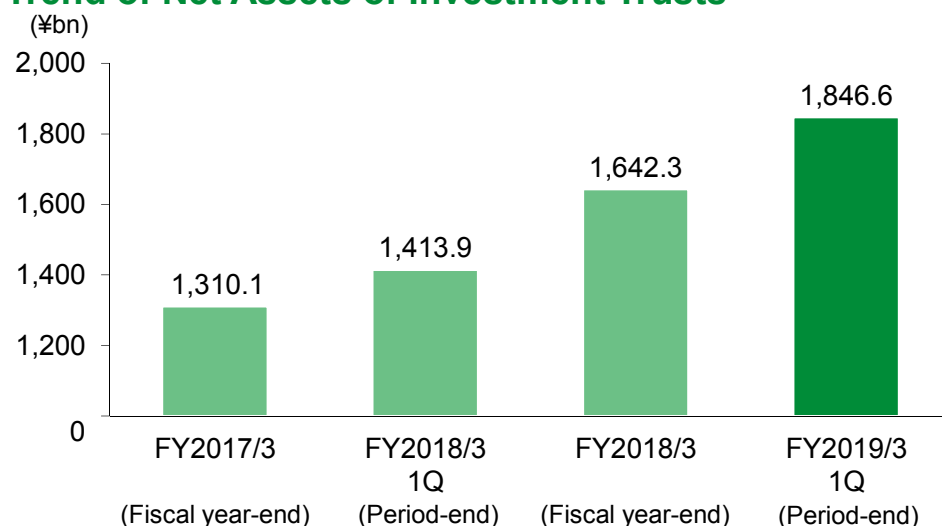
Non-consolidated

■ Net fees and commissions for the three months ended June 30, 2018 increased by ¥2.6 bn year on year to ¥26.7 bn.

Trend of Investment Trusts Sales



Trend of Net Assets of Investment Trusts



Breakdown of Net Fees and Commissions

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Net fees and commissions relating to	26.7	24.1	2.6
Exchange and settlement transactions	15.2	15.0	0.1
ATMs	3.4	1.9	1.5
Investment trusts	5.3	4.6	0.7
Others	2.6	2.5	0.1

Results of Investment Trusts Sales (Contract Basis)

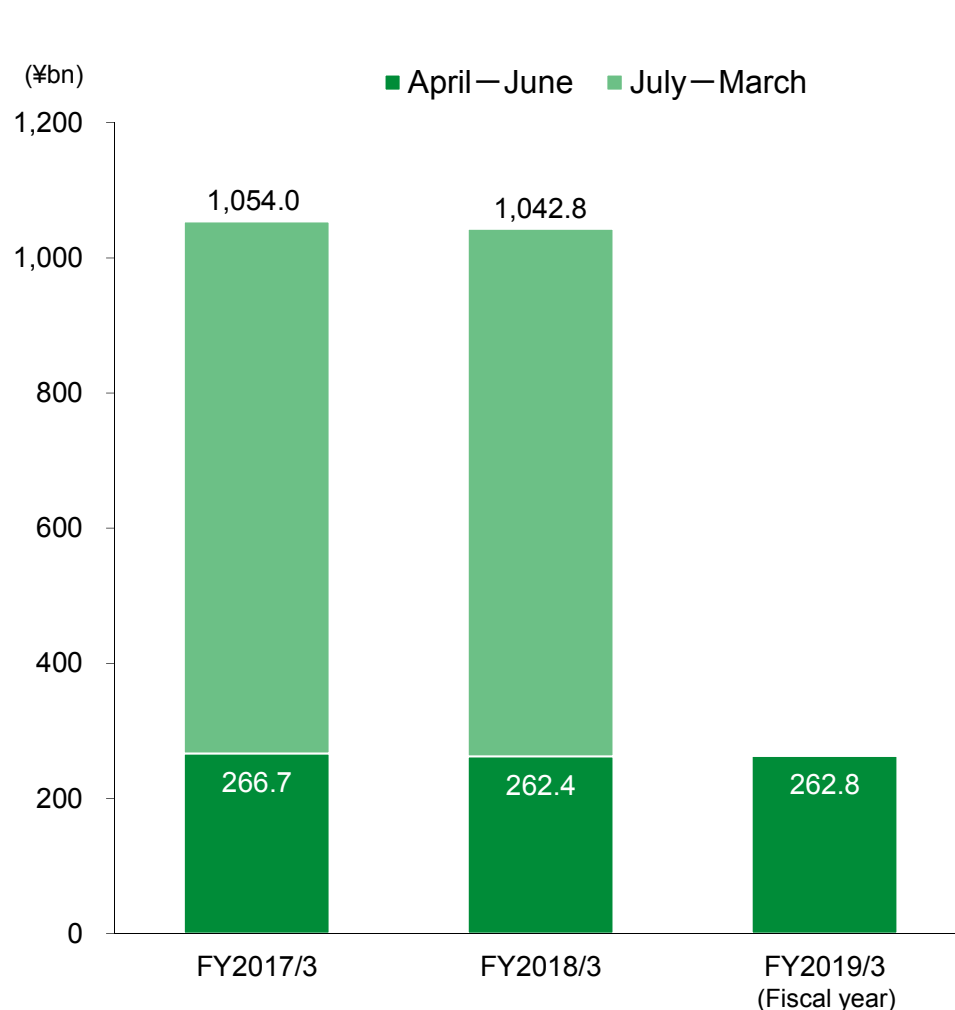
	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Number of contracts (thousands)	481	331	149
Sales amount (billions of yen)	229.3	175.1	54.1

	As of June 30, 2018 (A)	As of June 30, 2017 (B)	Increase (Decrease) (A) – (B)
	Number of investment trust accounts (thousands)	919	774
Net assets (billions of yen)	1,846.6	1,413.9	432.7

4. Trend of General and Administrative Expenses

Non-consolidated

- General and administrative expenses for the three months ended June 30, 2018 increased by ¥0.4 bn year on year to ¥262.8 bn.



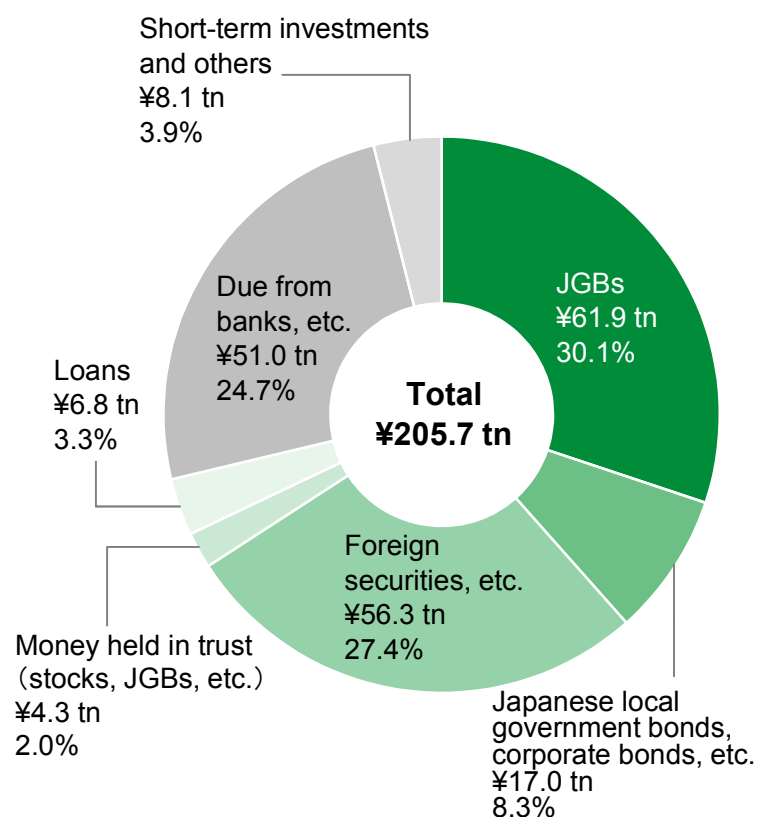
	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Personnel expenses (*)	31.2	31.5	(0.2)
Salaries and allowances	25.8	25.8	0.0
Non-personnel expenses	213.4	211.2	2.1
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	153.8	152.2	1.5
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	0.4	1.4	(1.0)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	14.9	15.1	(0.2)
Taxes and dues	18.1	19.6	(1.4)
Total	262.8	262.4	0.4

* Personnel expenses include non-recurring losses.

5. Asset Management Status

Non-consolidated

■ Included in investment assets as of June 30, 2018, JGBs were ¥61.9 tn and foreign securities, etc. were ¥56.3 tn.



Categories	As of June 30, 2018 (A)	%	As of March 31, 2018 (B)	%	Increase (Decrease) (A) – (B)
Securities	135,456.6	65.8	139,201.2	67.0	(3,744.6)
Japanese government bonds	61,988.7	30.1	62,749.7	30.2	(761.0)
Japanese local government bonds, corporate bonds, etc. (*)	17,096.2	8.3	17,152.6	8.2	(56.4)
Foreign securities, etc.	56,371.7	27.4	59,298.8	28.5	(2,927.1)
Foreign bonds	20,425.4	9.9	20,244.3	9.7	181.1
Investment trusts (**)	35,930.6	17.4	39,042.6	18.7	(3,112.0)
Money held in trust (stocks, JGBs, etc.)	4,319.6	2.0	4,241.5	2.0	78.0
Domestic stocks	2,346.8	1.1	2,286.1	1.1	60.7
Loans	6,819.3	3.3	6,145.5	2.9	673.7
Due from banks, etc. (***)	51,008.7	24.7	49,314.6	23.7	1,694.1
Short-term investments and others (****)	8,110.8	3.9	8,830.6	4.2	(719.7)
Total	205,715.2	100.0	207,733.5	100.0	(2,018.3)

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

** Investment trusts are mainly invested in foreign bonds.

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

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

6. Unrealized Gains (Losses) on Financial Instruments

Non-consolidated

- Net unrealized gains on financial instruments (available-for-sale) after taking into consideration of gains (losses) from hedge accounting were ¥3,558.0 bn as of June 30, 2018 (before application of tax effect accounting).

(¥bn)

	As of June 30, 2018		As of March 31, 2018	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Held-to-maturity securities	30,994.3	916.4	31,458.9	1,003.5

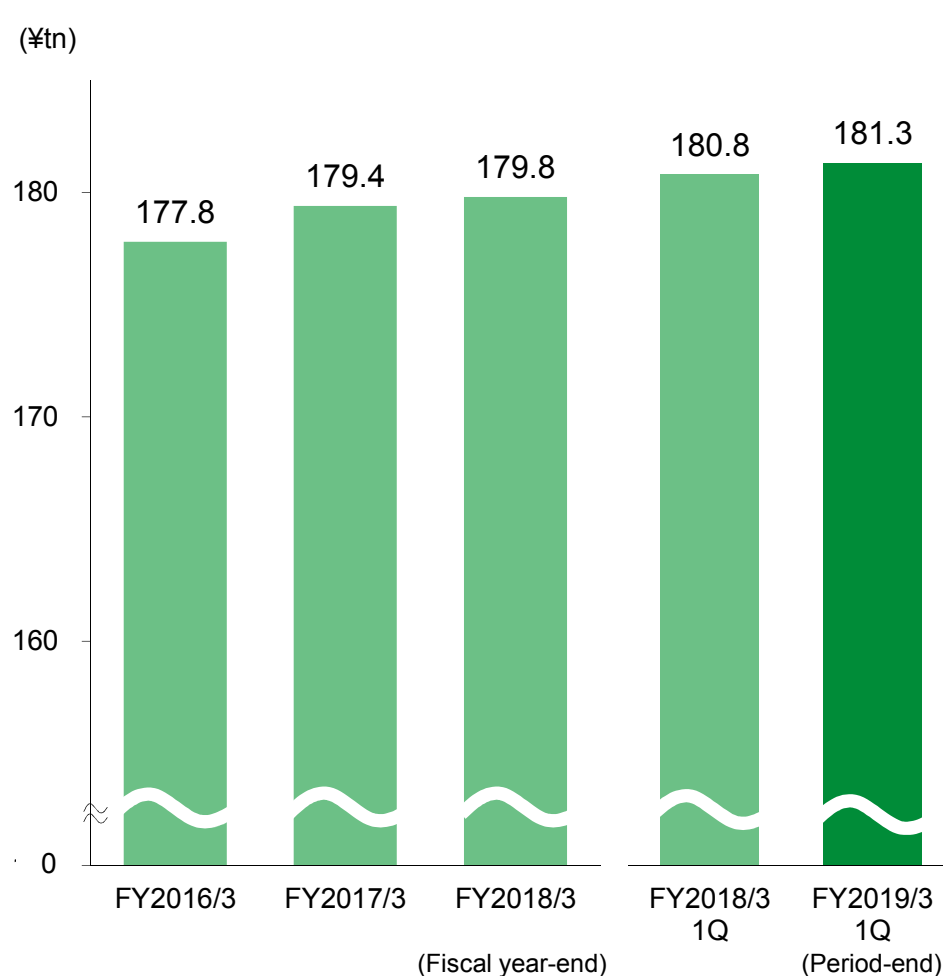
(¥bn)

	As of June 30, 2018		As of March 31, 2018	
	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	109,011.4	3,592.3	112,245.7	3,769.9
Securities (A)	104,771.3	1,961.9	108,083.5	1,912.0
Japanese government bonds	33,412.3	1,088.9	33,645.7	1,129.9
Foreign bonds	20,393.0	660.5	20,211.9	375.3
Investment trusts	35,930.6	74.6	39,042.6	265.8
Others	15,035.2	137.8	15,183.1	140.8
Effect of fair value hedge accounting (B)		282.5		568.7
Money held in trust (C)	4,240.1	1,347.7	4,162.2	1,289.2
Domestic stocks	2,346.8	1,323.7	2,286.1	1,262.0
Others	1,893.2	24.0	1,876.1	27.1
Derivatives for which deferred hedge accounting is applied (D)	12,040.6	(34.2)	11,326.5	4.4
Total (A) + (B) + (C) + (D)		3,558.0		3,774.4

7. Trend of Deposit Balance

Non-consolidated

■ Deposit balance as of June 30, 2018 was ¥181.3 tn, which remained stable.



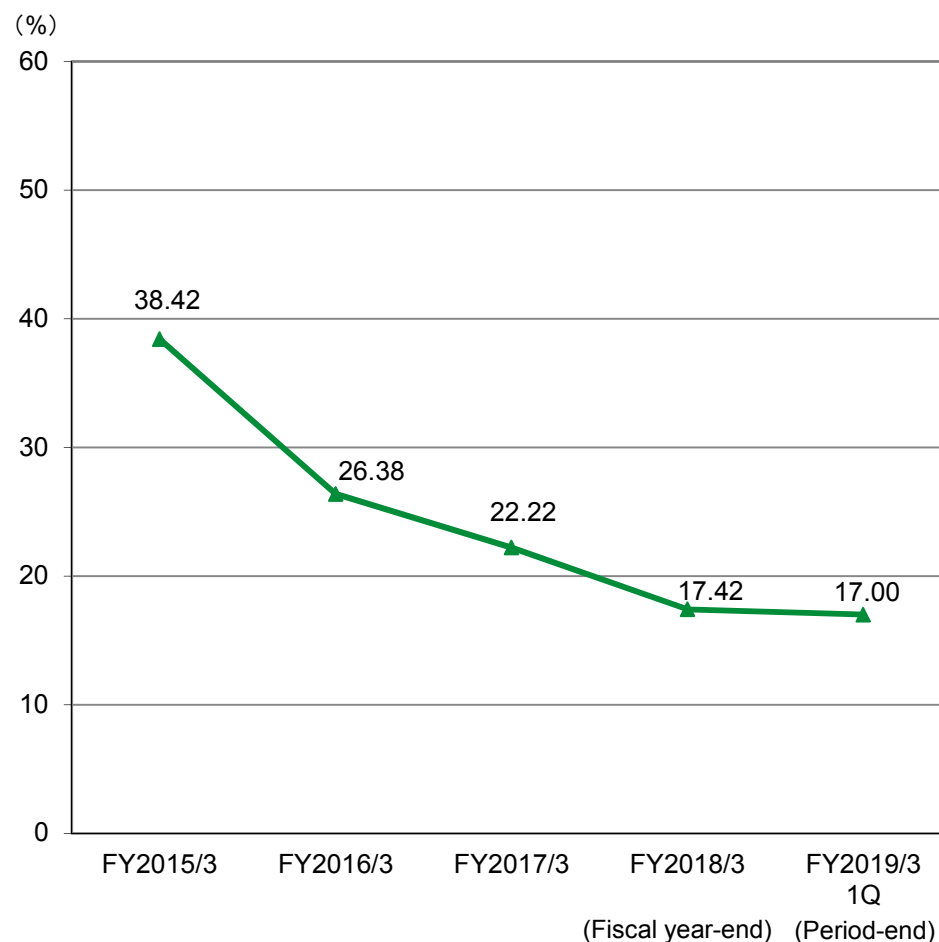
	As of June 30, 2018 (A)	As of March 31, 2018 (B)	Increase (Decrease) (A) – (B)
Liquid deposits	76.6	73.7	2.8
Transfer deposits	15.1	14.4	0.7
Ordinary deposits, etc. (*)	61.0	58.9	2.1
Savings deposits	0.3	0.3	0.0
Fixed-term deposits	104.5	105.9	(1.3)
Time deposits	8.3	8.6	(0.3)
TEIGAKU deposits	96.2	97.2	(1.0)
Other deposits	0.1	0.1	0.0
Total	181.3	179.8	1.4

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

8. Trend of Capital Adequacy Ratio

■ Capital adequacy ratio (non-consolidated, domestic standard) was 17.00% as of June 30, 2018.

【Non-consolidated】



【Non-consolidated】

	(¥bn, %)		
	As of June 30, 2018 (A)	As of March 31, 2018 (B)	Increase (Decrease) (A) – (B)
Total capital (a)	8,850.6	8,772.0	78.5
Total amount of risk-weighted assets (b)	52,036.1	50,343.5	1,692.6
Credit risk-weighted assets	49,267.3	47,574.7	1,692.6
Capital adequacy ratio (a) / (b)	17.00%	17.42%	(0.41)%

【Consolidated】

	(¥bn, %)		
	As of June 30, 2018 (A)	As of March 31, 2018 (B)	Increase (Decrease) (A) – (B)
Total capital (a)	8,857.8	8,778.8	79.0
Total amount of risk-weighted assets (b)	52,010.8	50,342.2	1,668.5
Credit risk-weighted assets	49,242.0	47,573.4	1,668.5
Capital adequacy ratio (consolidated) (a) / (b)	17.03%	17.43%	(0.40)%

(Reference) Portfolio Management Status

Non-consolidated

(¥bn)

	As of June 30, 2018 (A)	As of March 31, 2018 (B)	Increase (Decrease) (A) – (B)
Yen interest rates assets	122,903.9	121,549.6	1,354.3
Short-term assets	57,390.2	54,848.9	2,541.3
Japanese government bonds and government guaranteed bonds	65,513.6	66,700.6	(1,187.0)
Risk assets	76,077.2	79,034.5	(2,957.3)
Japanese local government bonds	6,487.2	6,405.1	82.0
Japanese corporate bonds, etc.	7,885.8	7,994.4	(108.6)
Foreign securities, etc.	54,753.2	57,931.2	(3,178.0)
Loans	2,146.8	2,211.8	(64.9)
Money held in trust (stocks), etc.	2,920.2	2,854.1	66.1
Strategic investment areas	1,883.7	1,637.6	246.0

- Notes: 1. Since these figures are calculated on management accounting basis, they are not equal to the figures for balance of each categories on page 7, and also the sum of “Yen interest rates assets” and “Risk assets” is not equal to the “Total” on page 7.
2. “Strategic investment areas” are Alternative assets (Private Equity Funds, Hedge Funds and Real Estate Funds (Equity)), Real Estate Funds (Debt) and Direct Lending Funds.

Financial Data

1. Summarized Balance Sheets

Non-consolidated

	As of June 30, 2018 (A)	As of March 31, 2018 (B)	Increase (Decrease) (A) – (B)
Total assets	209,116,143	210,630,601	(1,514,457)
Cash and due from banks	51,127,178	49,288,314	1,838,864
Call loans	420,000	480,000	(60,000)
Receivables under securities borrowing transactions	7,617,466	8,224,153	(606,686)
Monetary claims bought	248,494	278,566	(30,071)
Trading account securities	37	32	5
Money held in trust	4,319,612	4,241,524	78,087
Securities	135,456,647	139,201,254	(3,744,606)
Loans	6,819,311	6,145,537	673,774
Foreign exchanges	56,870	87,487	(30,616)
Other assets	2,806,927	2,442,328	364,599
Tangible fixed assets	193,284	190,098	3,185
Intangible fixed assets	51,364	52,372	(1,007)
Reserve for possible loan losses	(1,051)	(1,066)	15

	As of June 30, 2018 (A)	As of March 31, 2018 (B)	Increase (Decrease) (A) – (B)
Total liabilities and net assets	209,116,143	210,630,601	(1,514,457)
Total liabilities	197,768,858	199,117,450	(1,348,591)
Deposits	181,351,597	179,882,759	1,468,837
Payables under repurchase agreements	2,069,235	1,985,285	83,949
Payables under securities lending transactions	11,359,359	13,812,123	(2,452,764)
Commercial paper	180,350	191,481	(11,130)
Borrowed money	3,000	2,400	600
Foreign exchanges	571	309	262
Other liabilities	1,581,251	1,950,331	(369,079)
Reserve for bonuses	1,838	7,879	(6,041)
Reserve for employees' retirement benefits	146,602	147,095	(492)
Reserve for employee stock ownership plan trust	497	809	(311)
Reserve for management board benefit trust	159	144	15
Reserve for reimbursement of deposits	87,162	86,114	1,048
Deferred tax liabilities	987,230	1,050,715	(63,485)
Total net assets	11,347,285	11,513,151	(165,866)
Capital stock	3,500,000	3,500,000	–
Capital surplus	4,296,285	4,296,285	–
Retained earnings	2,383,503	2,399,031	(15,527)
Treasury stock	(1,300,948)	(1,300,717)	(230)
Total shareholders' equity	8,878,841	8,894,599	(15,758)
Net unrealized gains (losses) on available-for-sale securities	2,492,230	2,615,432	(123,202)
Net deferred gains (losses) on hedges	(23,786)	3,119	(26,905)
Total valuation and translation adjustments	2,468,443	2,618,551	(150,107)

(Millions of yen)

2. Income Analysis

Non-consolidated

(Millions of yen)

	For the three months ended		(A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Gross operating profit	370,045	387,191	(17,145)
Net interest income	276,605	303,961	(27,355)
Net fees and commissions	26,785	24,128	2,657
Net other operating income (loss)	66,654	59,100	7,553
Gains (losses) on foreign exchanges	65,563	59,464	6,099
Gains (losses) on bonds	1,225	(691)	1,917
General and administrative expenses	(263,414)	(262,979)	(435)
Personnel expenses	(31,813)	(32,081)	267
Non-personnel expenses	(213,410)	(211,275)	(2,135)
Taxes and dues	(18,189)	(19,622)	1,432
Operating profit (before provision for general reserve for possible loan losses)	106,631	124,211	(17,580)
Provision for general reserve for possible loan losses	–	(19)	19
Net operating profit	106,631	124,192	(17,561)
Non-recurring gains (losses)	(12)	105	(117)
Gains (losses) related to stocks	3	(5)	9
Gains (losses) on money held in trust	3,164	3,340	(176)
Net ordinary income	106,619	124,297	(17,678)

	For the three months ended		(A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Extraordinary income (loss)	(151)	(37)	(113)
Gains (losses) on sales and disposals of fixed assets	(151)	(37)	(113)
Income before income taxes	106,467	124,260	(17,792)
Income taxes – current	(25,481)	(35,318)	9,836
Income taxes – deferred	(2,777)	433	(3,211)
Total income taxes	(28,259)	(34,884)	6,625
Net income	78,208	89,375	(11,167)
Gains (losses) on money held in trust	3,164	3,340	(176)
Dividends and interest income	8,398	6,539	1,858
Gains (losses) on sales of stocks	96	0	95
Unrealized gains (losses)	(50)	–	(50)
Impairment losses	(993)	(15)	(977)
Withholding income tax, etc.	(4,287)	(3,183)	(1,103)
Credit-related expenses	4	(3)	7
Provision for general reserve for possible loan losses	4	(3)	7
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 (¥540 million and ¥547 million recorded as profits for the three months ended June 30, 2018 and 2017, 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

Non-consolidated

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Net income to assets (ROA)	0.14%	0.17%	(0.02)%
Net income to equity (ROE)	2.74	3.05	(0.30)
Overhead ratio (OHR)	71.18	67.91	3.26
Expense-to-deposit ratio	0.58	0.58	(0.00)

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

4. Interest Rate Spread

Non-consolidated

	For the three months ended		Increase (Decrease) (A) – (B)
	June 30, 2018 (A)	June 30, 2017 (B)	
Yield on interest-earning assets (a)	0.71%	0.76%	(0.04)%
Total cost of funding (including general and administrative expenses) (b)	0.71	0.71	0.00
Interest rate on interest-bearing liabilities (c)	0.16	0.16	0.00
Overall interest rate spread (a) - (b)	(0.00)	0.04	(0.05)
Interest rate spread (a) - (c)	0.54	0.59	(0.05)

Note: All numbers are annualized.

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

Non-consolidated

(1) Domestic

(Millions of yen, %)

	For the three months ended						Increase (Decrease) (A) – (B)
	June 30, 2018 (A)			June 30, 2017 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	194,487,268	263,930	0.54%	194,858,562	282,586	0.58%	(0.03)%
Loans	6,442,167	3,128	0.19	3,892,700	3,609	0.37	(0.17)
Securities	79,039,007	163,238	0.82	84,638,379	195,580	0.92	(0.09)
Receivables under securities borrowing transactions	7,646,640	320	0.01	8,503,223	370	0.01	(0.00)
Due from banks, etc.	50,459,255	7,167	0.05	52,578,828	5,736	0.04	0.01
Interest-bearing liabilities	186,541,663	32,469	0.06	186,048,600	50,095	0.10	(0.03)
Deposits	180,697,117	25,995	0.05	180,052,919	43,017	0.09	(0.03)
Payables under securities lending transactions	8,598,537	380	0.01	8,729,598	243	0.01	0.00

(2) Overseas

(Millions of yen, %)

	For the three months ended						Increase (Decrease) (A) – (B)
	June 30, 2018 (A)			June 30, 2017 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	56,747,633	183,430	1.29%	51,444,970	176,635	1.37%	(0.08)%
Loans	5,000	5	0.41	—	—	—	0.41
Securities	56,611,657	183,047	1.29	51,281,634	176,227	1.37	(0.08)
Due from banks, etc.	26,067	111	1.71	79,303	245	1.24	0.47
Interest-bearing liabilities	56,138,661	138,286	0.98	50,276,881	105,164	0.83	0.14
Payables under securities lending transactions	3,110,395	15,053	1.94	4,002,687	11,786	1.18	0.76

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

Non-consolidated

(3) Total

(Millions of yen, %)

	For the three months ended						Increase (Decrease) (A) – (B)
	June 30, 2018 (A)			June 30, 2017 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	200,363,177	357,304	0.71%	201,105,985	381,934	0.76%	(0.04)%
Loans	6,447,167	3,133	0.19	3,892,700	3,609	0.37	(0.17)
Securities	135,650,664	346,286	1.02	135,920,014	371,808	1.09	(0.07)
Receivables under securities borrowing transactions	7,647,117	320	0.01	8,503,223	370	0.01	(0.00)
Due from banks, etc.	50,485,322	7,278	0.05	52,658,132	5,981	0.04	0.01
Interest-bearing liabilities	191,808,600	80,698	0.16	191,127,934	77,973	0.16	0.00
Deposits	180,697,117	25,995	0.05	180,052,919	43,017	0.09	(0.03)
Payables under securities lending transactions	11,708,932	15,433	0.52	12,732,286	12,030	0.37	0.14

- 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, 2018, ¥2,977,607 million; three months ended June 30, 2017, ¥2,733,956 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (three months ended June 30, 2018, ¥2,977,607 million; three months ended June 30, 2017, ¥2,733,956 million) and the corresponding interest (three months ended June 30, 2018, ¥5,271 million; three months ended June 30, 2017, ¥4,675 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 ¥17,578 million for the three months ended June 30, 2018 (¥83 million for the three months ended June 30, 2017).
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. Unrealized Gains (Losses) on Financial Instruments

Non-consolidated

(1) Held-to-maturity Securities

(Millions of yen)

	As of June 30, 2018 (A)		As of March 31, 2018 (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	28,576,357	876,886	29,103,961	958,146	(527,604)	(81,260)
Japanese local government bonds	134,031	24	—	—	134,031	24
Japanese corporate bonds	2,251,543	32,528	2,322,529	37,283	(70,986)	(4,754)
Others	32,433	7,012	32,433	8,144	—	(1,131)
Foreign bonds	32,433	7,012	32,433	8,144	—	(1,131)
Total	30,994,365	916,451	31,458,923	1,003,574	(464,558)	(87,122)

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

(2) Available-for-sale Securities

(Millions of yen)

	As of June 30, 2018 (A)		As of March 31, 2018 (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 stocks	70,391	1,528	28,790	396	41,601	1,131
Bonds	48,050,216	1,224,493	48,444,750	1,273,206	(394,533)	(48,712)
Japanese government bonds	33,412,352	1,088,948	33,645,763	1,129,996	(233,411)	(41,048)
Japanese local government bonds	6,353,250	57,924	6,405,190	62,426	(51,940)	(4,502)
Commercial paper	225,996	—	229,998	—	(4,001)	—
Japanese corporate bonds	8,058,617	77,620	8,163,797	80,783	(105,180)	(3,162)
Others	56,650,702	735,971	59,609,979	638,419	(2,959,277)	97,552
Foreign bonds	20,393,066	660,520	20,211,925	375,390	181,141	285,130
Investment trusts	35,930,627	74,672	39,042,659	265,830	(3,112,032)	(191,157)
Total	104,771,311	1,961,993	108,083,520	1,912,022	(3,312,209)	49,971

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

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

3. Of net unrealized gains (losses) shown above, ¥282,595 million and ¥568,753 million losses were included in the statements of income for the three months ended June 30, 2018 and the fiscal year ended March 31 2018, 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, 2018 and the fiscal year ended March 31, 2018.

6. Unrealized Gains (Losses) on Financial Instruments

Non-consolidated

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

(Millions of yen)

	As of June 30, 2018 (A)		As of March 31, 2018 (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	4,240,110	1,347,790	4,162,251	1,289,201	77,859	58,588
Domestic stocks	2,346,857	1,323,746	2,286,148	1,262,041	60,708	61,705
Domestic bonds	1,251,962	24,285	1,256,039	27,061	(4,076)	(2,776)

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

2. Impairment losses on money held in trust which is classified as available-for-sale for the three months ended June 30, 2018 and the fiscal year ended March 31, 2018 amounted to ¥993 million and ¥1,088 million, respectively.

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

(Millions of yen)

	As of June 30, 2018 (A)		As of March 31, 2018 (B)		Increase (Decrease) (A) – (B)	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	6,676,665	(79,357)	6,341,492	(110,021)	335,173	30,663
Currency swaps	5,271,558	45,254	4,925,816	117,531	345,742	(72,276)
Foreign exchange forward contracts	92,442	(183)	59,257	(3,014)	33,184	2,830
Total	12,040,666	(34,286)	11,326,565	4,495	714,101	(38,782)

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

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

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

(Millions of yen)

	As of June 30, 2018 (A)	As of March 31, 2018 (B)	Increase (Decrease) (A) – (B)
Total net unrealized gains (losses)	3,558,093	3,774,473	(216,380)

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.

7. General and Administrative Expenses

Non-consolidated

(Millions of yen, %)

	For the three months ended				Increase (Decrease) (A) – (B)
	June 30, 2018 (A)		June 30, 2017 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	31,272	11.89	31,533	12.01	(260)
Salaries and allowances	25,817	9.82	25,802	9.83	14
Others	5,455	2.07	5,730	2.18	(275)
Non-personnel expenses	213,410	81.18	211,275	80.50	2,135
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	153,834	58.52	152,274	58.02	1,560
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*)	404	0.15	1,419	0.54	(1,015)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	14,913	5.67	15,134	5.76	(221)
Rent for land, buildings and others	3,193	1.21	3,184	1.21	8
Expenses on consigned businesses	15,913	6.05	12,892	4.91	3,020
Depreciation and amortization	7,743	2.94	9,519	3.62	(1,775)
Communication and transportation expenses	4,950	1.88	4,674	1.78	275
Maintenance expenses	2,948	1.12	2,801	1.06	147
IT expenses	3,870	1.47	3,706	1.41	164
Others	5,638	2.14	5,668	2.15	(29)
Taxes and dues	18,189	6.91	19,622	7.47	(1,432)
Total	262,873	100.00	262,431	100.00	442

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

8. Problem Assets Disclosed under the Financial Reconstruction Act

Non-consolidated

(Millions of yen, %)

	As of June 30, 2018 (A)	As of March 31, 2018 (B)	Increase (Decrease) (A) – (B)
Loans to borrowers classified as bankrupt or quasi-bankrupt	–	–	–
Loans to borrowers classified as doubtful	–	0	(0)
Loans requiring close monitoring	–	–	–
Subtotal (a)	–	0	(0)
Loans to borrowers classified as normal	6,879,091	6,237,528	641,563
Total (b)	6,879,091	6,237,528	641,562
Non-performing loan ratio (a) / (b)	–%	0.00%	(0.00)%

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