

# **Selected Financial Information**

## **For the Nine Months Ended December 31, 2018**

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**JAPAN POST BANK Co., Ltd.**  
**February 14, 2019**

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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 nine months ended December 31, 2017 and the increase (decrease) were not disclosed.

## Financial Highlights

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# 1. Overview of FY2019/3 3Q Results

- Gross operating profit for the nine months ended December 31, 2018 decreased by ¥142.2 bn year on year to ¥1,020.0 bn.  
Net interest income decreased by ¥116.9 bn year on year, mainly due to a decrease in interest on Japanese government bonds.  
Net fees and commissions increased by ¥8.7 bn year on year.  
Net other operating income decreased by ¥34.0 bn year on year, due to a decrease in gains (losses) on foreign exchanges, etc.
- General and administrative expenses decreased by ¥3.2 bn year on year to ¥782.3 bn.
- In the adverse business environment with yen interest rates remained at a low level, net operating profit decreased by ¥138.9 bn year on year to ¥237.7 bn.
- Net ordinary income decreased by ¥116.1 bn year on year to ¥281.8 bn.
- Net income decreased by ¥78.9 bn year on year to ¥203.1 bn.
- Net income attributable to owners of parent was ¥203.3 bn, which equated to 78.1% of the earnings forecasts of ¥260.0 bn in net income attributable to owners of parent for the fiscal year ending March 31, 2019, generally in accordance with the Group's plan.

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 3Q) (¥bn, %)

Non-consolidated	
Ordinary income	1,384.5
Increase (decrease) from the nine months ended December 31, 2017	(153.1) (9.9)%
Net ordinary income	281.8
Increase (decrease) from the nine months ended December 31, 2017	(116.1) (29.1)%
Net income	203.1
Increase (decrease) from the nine months ended December 31, 2017	(78.9) (27.9)%
Consolidated	
Net ordinary income	281.8
Net income attributable to owners of parent	203.3

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

	Earnings forecasts	Progress
Consolidated		
Net ordinary income	370.0	76.1%
Net income attributable to owners of parent	260.0	78.1%

# 1. Overview of FY2019/3 3Q Results

Non-consolidated

## Results of Operations

	For the nine months ended		Increase (Decrease) (B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
			(¥bn, %)
Gross operating profit	1,162.2	1,020.0	(142.2)
Net interest income	912.8	795.9	(116.9)
Net fees and commissions	72.5	81.2	8.7
Net other operating income (loss)	176.9	142.9	(34.0)
Gains (losses) on foreign exchanges	178.4	160.5	(17.8)
Gains (losses) on bonds	(3.0)	(16.1)	(13.1)
General and administrative expenses (*)	785.5	782.3	(3.2)
Provision for general reserve for possible loan losses	0.0	—	(0.0)
Net operating profit	376.6	237.7	(138.9)
Non-recurring gains (losses)	21.2	44.1	22.8
Gains (losses) on money held in trust	28.1	29.4	1.2
Net ordinary income	397.9	281.8	(116.1)
Net income	282.0	203.1	(78.9)
ROE (**) (***)	3.16%	2.42%	(0.73)%
OHR (****)	67.58%	76.69%	9.10 %

## Financial Condition

	As of		Increase (Decrease) (B) – (A)
	March 31, 2018 (A)	December 31, 2018 (B)	
			(¥bn)
Assets	210,630.6	209,714.8	(915.7)
Cash and due from banks	49,288.3	50,001.0	712.7
Call loans	480.0	370.0	(110.0)
Receivables under resale agreements	—	8,641.8	8,641.8
Receivables under securities borrowing transactions	8,224.1	—	(8,224.1)
Money held in trust	4,241.5	3,949.0	(292.4)
Securities	139,201.2	138,078.0	(1,123.1)
Loans	6,145.5	5,513.6	(631.9)
Liabilities	199,117.4	198,991.6	(125.8)
Deposits	179,882.7	181,840.6	1,957.8
Payables under repurchase agreements	1,985.2	11,088.8	9,103.5
Payables under securities lending transactions	13,812.1	3,760.0	(10,052.1)
Net assets	11,513.1	10,723.2	(789.9)
Total shareholders' equity	8,894.5	8,910.0	15.4
Total valuation and translation adjustments	2,618.5	1,813.1	(805.4)

\* 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

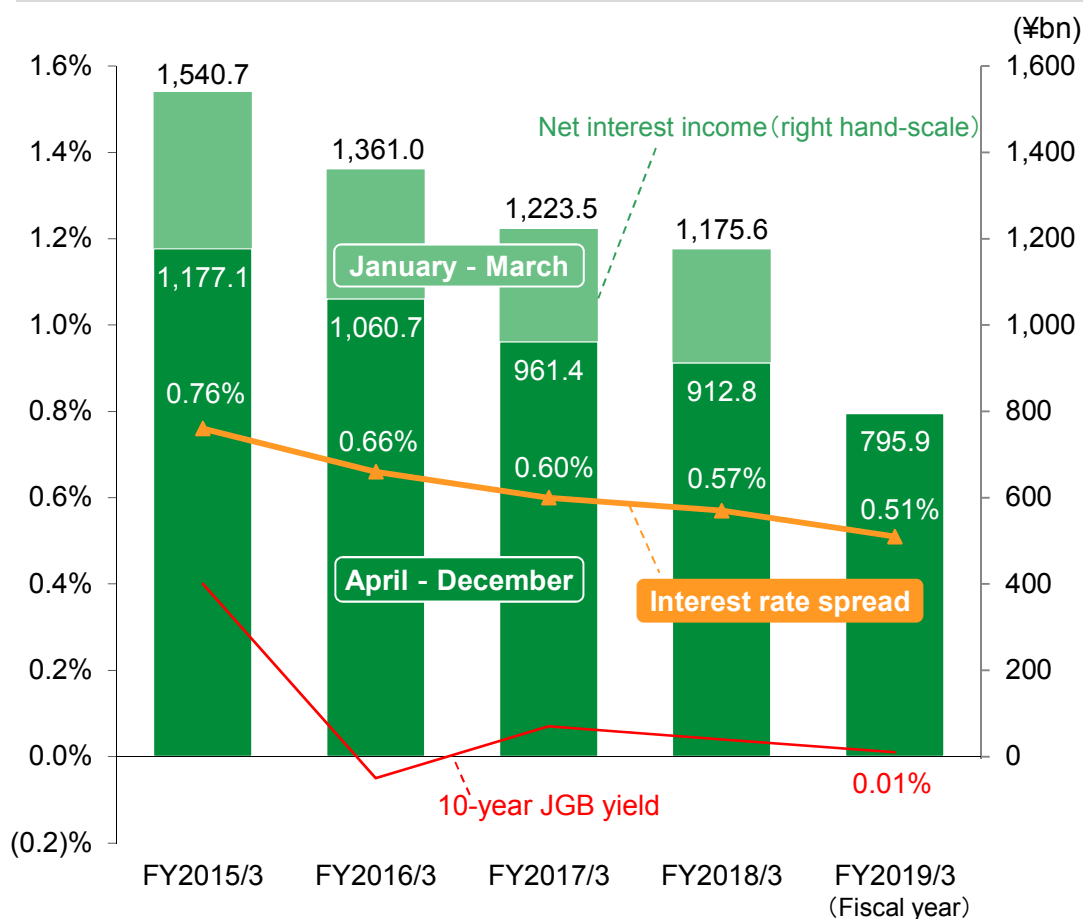
\*\*\* ROE is annualized.

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

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

Non-consolidated

■ Net interest income was ¥795.9 bn and interest rate spread was 0.51% for the nine months ended December 31, 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 nine months ended December 31, 2018. Interest rate spread of FY2019/3 is annualized.

	For the nine months ended		Increase (Decrease) (B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
<b>Domestic</b>			
Net interest income	526.0	508.2	(17.7)
Interest income	671.2	599.4	(71.8)
Interest income on Japanese government bonds	470.2	401.0	(69.1)
Interest expenses	145.2	91.2	(54.0)

	For the nine months ended		Increase (Decrease) (B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
<b>Overseas</b>			
Net interest income	386.7	287.6	(99.1)
Interest income	569.1	544.8	(24.3)
Interest income on foreign securities	567.8	543.7	(24.0)
Interest expenses	182.4	257.1	74.7

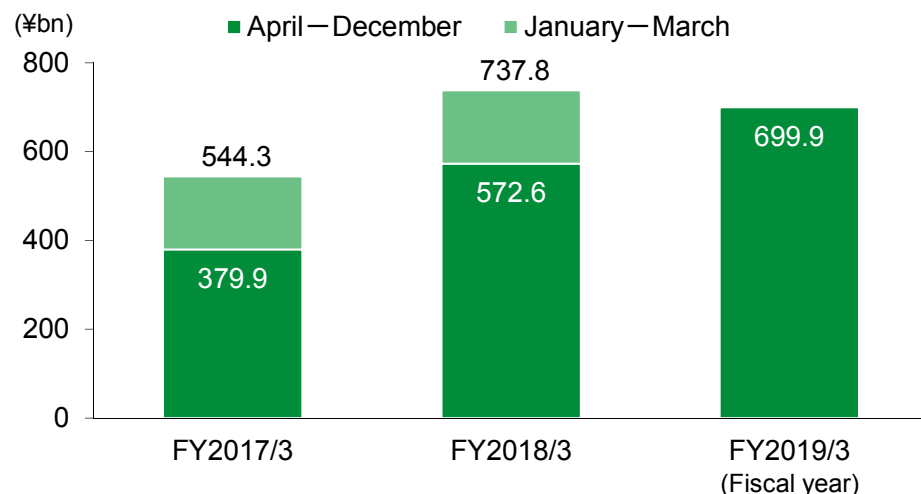
	For the nine months ended		Increase (Decrease) (B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
<b>Total</b>			
Net interest income	912.8	795.9	(116.9)
Interest income	1,160.3	1,050.7	(109.5)
Interest expenses	247.5	254.8	7.3

### 3. Net Fees and Commissions

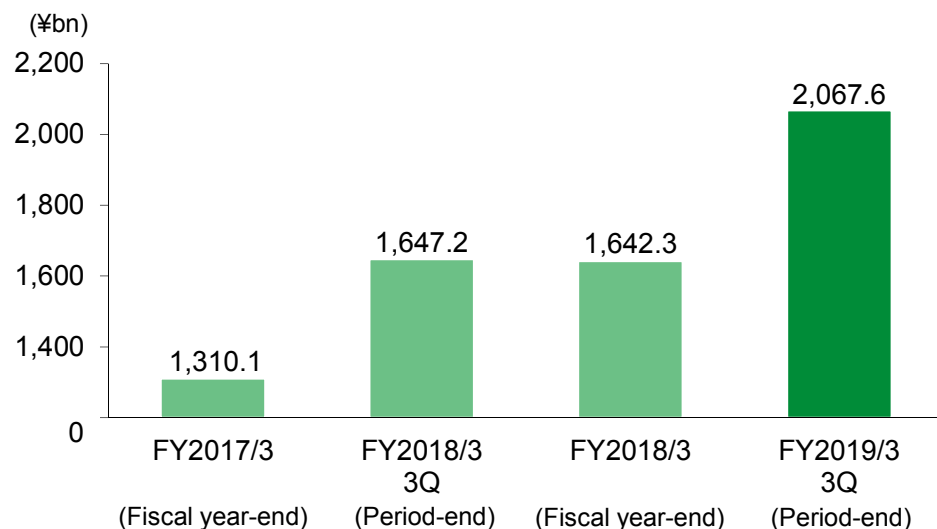
Non-consolidated

■ Net fees and commissions for the nine months ended December 31, 2018 increased by ¥8.7 bn year on year to ¥81.2 bn.

#### Trend of Investment Trusts Sales



#### Trend of Net Assets of Investment Trusts



#### Breakdown of Net Fees and Commissions

	For the nine months ended		Increase (Decrease) (B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
Net fees and commissions relating to	72.5	81.2	8.7
Exchange and settlement transactions	45.3	46.7	1.4
ATMs	6.2	10.7	4.5
Investment trusts	14.5	16.8	2.2
Others	6.3	6.8	0.4

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

	For the nine months ended		Increase (Decrease) (B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
Number of contracts (thousands)	1,095	1,650	555
Sales amount (billions of yen)	572.6	699.9	127.3

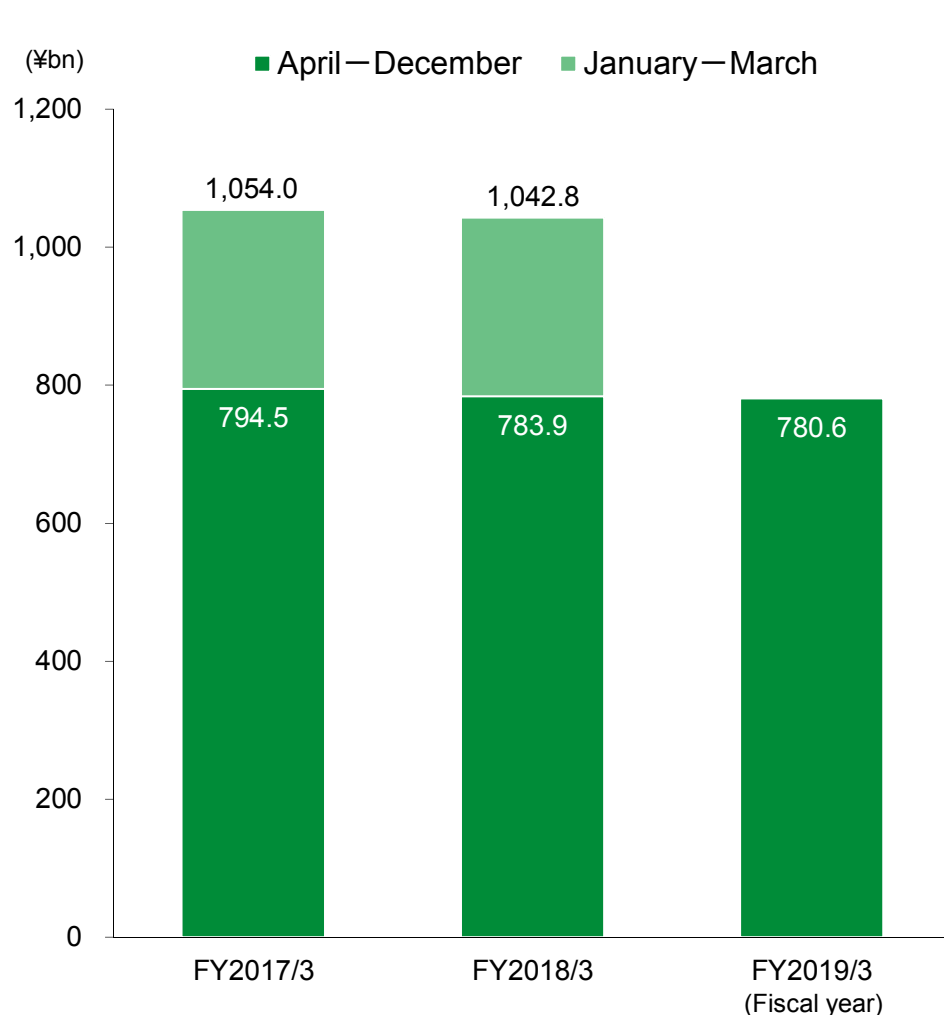
  

	As of December 31, 2017 (A)	As of December 31, 2018 (B)	Increase (Decrease) (B) – (A)
	Number of investment trust accounts (thousands)	843	
Net assets (billions of yen)	1,647.2	2,067.6	420.4

## 4. Trend of General and Administrative Expenses

Non-consolidated

■ General and administrative expenses for the nine months ended December 31, 2018 decreased by ¥3.2 bn year on year to ¥780.6 bn.



	For the nine months ended		Increase (Decrease) (B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
Personnel expenses (*)	93.9	92.6	(1.3)
Salaries and allowances	76.9	76.1	(0.8)
Non-personnel expenses	631.7	634.1	2.3
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	451.7	454.5	2.7
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	4.2	1.2	(3.0)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	45.4	44.7	(0.6)
Taxes and dues	58.3	53.9	(4.3)
<b>Total</b>	<b>783.9</b>	<b>780.6</b>	<b>(3.2)</b>

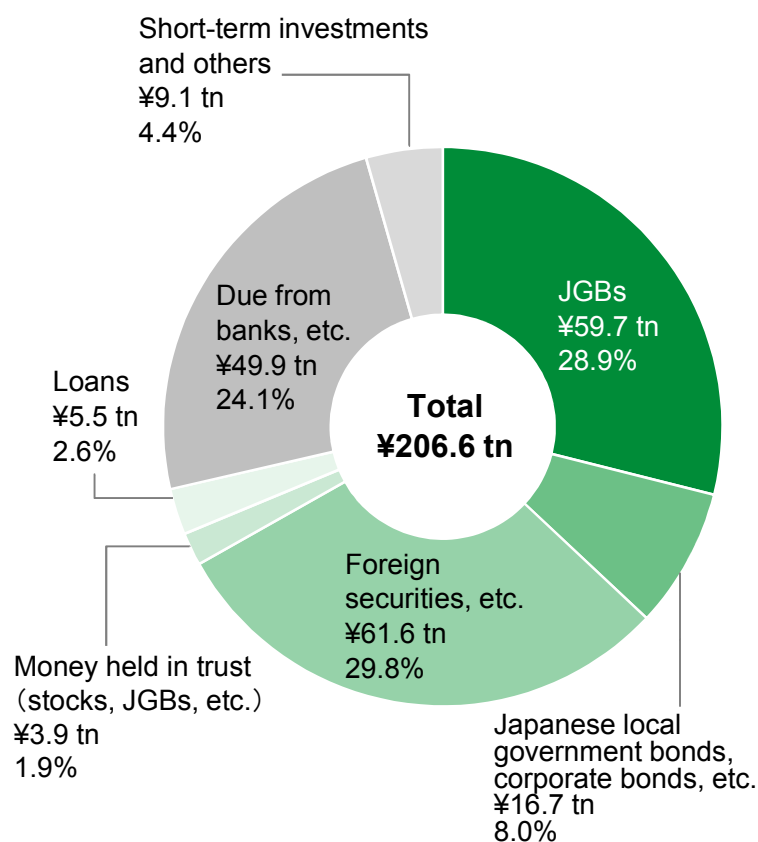
\* Personnel expenses include non-recurring losses.



# 5. Asset Management Status

Non-consolidated

■ Included in investment assets as of December 31, 2018, JGBs were ¥59.7 tn and foreign securities, etc. were ¥61.6 tn.



Categories	As of March 31, 2018 (A)	%	As of December 31, 2018 (B)	%	Increase (Decrease) (B) – (A)
Securities	139,201.2	67.0	138,078.0	66.8	(1,123.1)
Japanese government bonds	62,749.7	30.2	59,743.1	28.9	(3,006.5)
Japanese local government bonds, corporate bonds, etc. (*)	17,152.6	8.2	16,705.5	8.0	(447.1)
Foreign securities, etc.	59,298.8	28.5	61,629.4	29.8	2,330.5
Foreign bonds	20,244.3	9.7	21,776.7	10.5	1,532.4
Investment trusts (**)	39,042.6	18.7	39,826.7	19.2	784.0
Money held in trust (stocks, JGBs, etc.)	4,241.5	2.0	3,949.0	1.9	(292.4)
Domestic stocks	2,286.1	1.1	2,098.4	1.0	(187.6)
Loans	6,145.5	2.9	5,513.6	2.6	(631.9)
Due from banks, etc. (***)	49,314.6	23.7	49,932.7	24.1	618.0
Short-term investments and others (****)	8,830.6	4.2	9,137.8	4.4	307.1
<b>Total</b>	<b>207,733.5</b>	<b>100.0</b>	<b>206,611.3</b>	<b>100.0</b>	<b>(1,122.2)</b>

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

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

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

\*\*\*\* “Short-term investments and others” consists of call loans, receivables under resale agreements 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 ¥2,613.3 bn as of December 31, 2018 (before application of tax effect accounting).

(¥bn)

	As of March 31, 2018		As of December 31, 2018	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Held-to-maturity securities	31,458.9	1,003.5	28,874.2	796.7

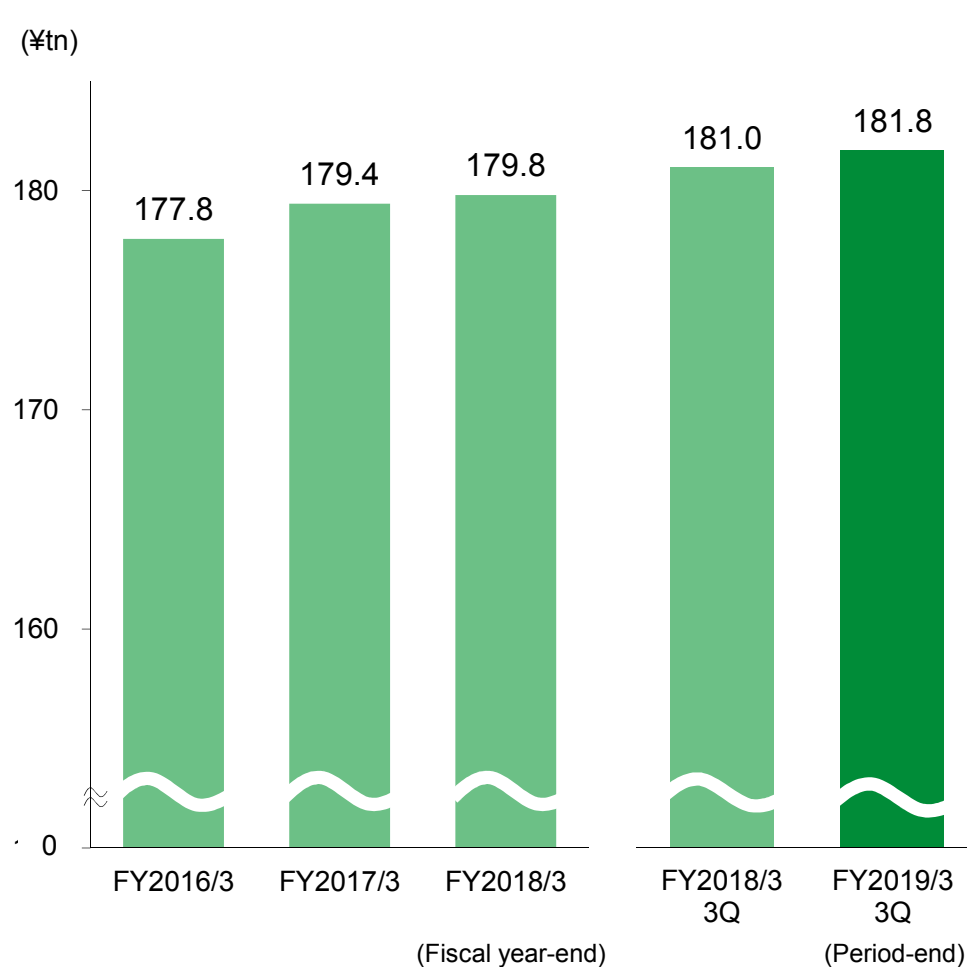
(¥bn)

	As of March 31, 2018		As of December 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	112,245.7	3,769.9	113,385.0	2,631.4
Securities (A)	108,083.5	1,912.0	109,515.2	1,283.8
Japanese government bonds	33,645.7	1,129.9	33,011.7	1,050.0
Foreign bonds	20,211.9	375.3	21,744.3	553.7
Investment trusts	39,042.6	265.8	39,826.7	(449.9)
Others	15,183.1	140.8	14,932.3	130.0
Effect of fair value hedge accounting (B)		568.7		251.9
Money held in trust (C)	4,162.2	1,289.2	3,869.8	1,095.5
Domestic stocks	2,286.1	1,262.0	2,098.4	1,077.9
Others	1,876.1	27.1	1,771.3	17.6
Derivatives for which deferred hedge accounting is applied (D)	11,326.5	4.4	14,232.9	(18.1)
Total (A) + (B) + (C) + (D)		3,774.4		2,613.3

# 7. Trend of Deposit Balance

Non-consolidated

■ Deposit balance as of December 31, 2018 was ¥181.8 tn, which remained stable.



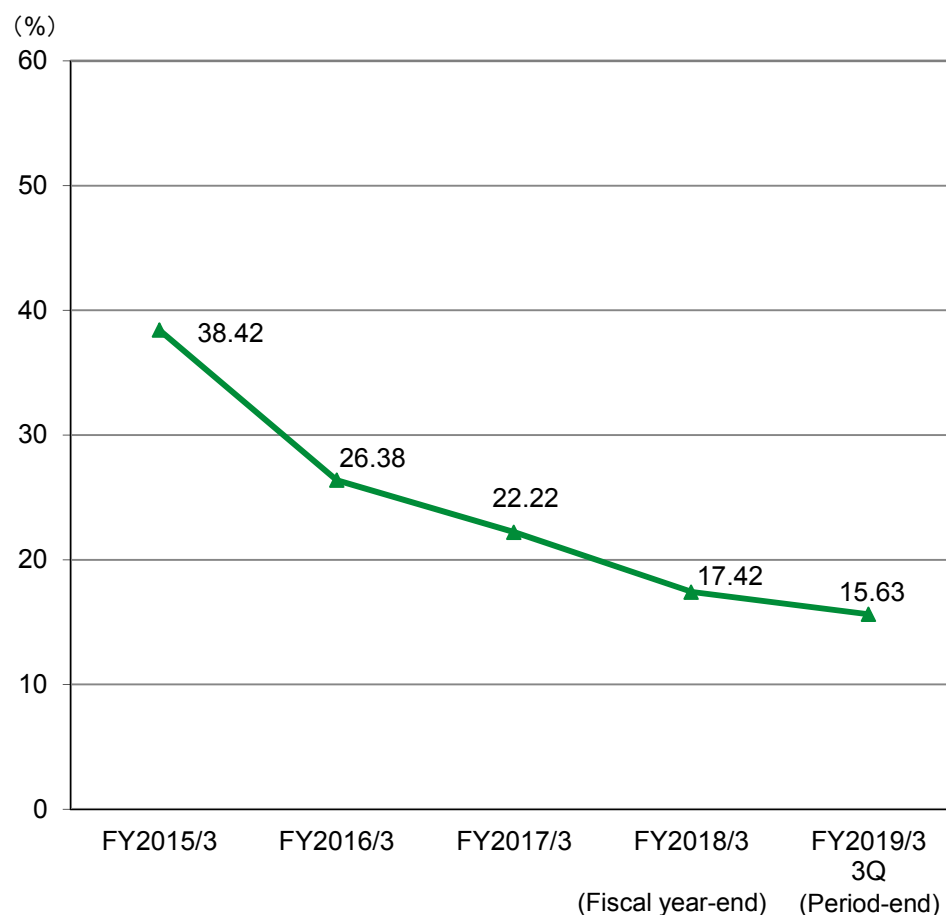
	As of March 31, 2018 (A)	As of December 31, 2018 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	73.7	79.5	5.7
Transfer deposits	14.4	15.9	1.4
Ordinary deposits, etc. (*)	58.9	63.1	4.2
Savings deposits	0.3	0.4	0.0
Fixed-term deposits	105.9	102.1	(3.8)
Time deposits	8.6	7.4	(1.2)
TEIGAKU deposits	97.2	94.6	(2.6)
Other deposits	0.1	0.1	0.0
<b>Total</b>	<b>179.8</b>	<b>181.8</b>	<b>1.9</b>

\* 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 15.63% as of December 31, 2018.

【Non-consolidated】



【Non-consolidated】

	As of March 31, 2018 (A)	As of December 31, 2018 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,772.0	8,879.9	107.8
Total amount of risk-weighted assets (b)	50,343.5	56,785.4	6,441.9
Credit risk-weighted assets	47,574.7	54,026.7	6,452.0
Capital adequacy ratio (a) / (b)	17.42%	15.63%	(1.78)%

【Consolidated】

	As of March 31, 2018 (A)	As of December 31, 2018 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,778.8	8,888.6	109.8
Total amount of risk-weighted assets (b)	50,342.2	56,758.3	6,416.0
Credit risk-weighted assets	47,573.4	53,999.5	6,426.1
Capital adequacy ratio (consolidated) (a) / (b)	17.43%	15.66%	(1.77)%

# (Reference) Portfolio Management Status

Non-consolidated

(¥bn)

	As of March 31, 2018 (A)	As of December 31, 2018 (B)	Increase (Decrease) (B) – (A)
Yen interest rates assets	121,549.6	118,127.5	(3,422.0)
Short-term assets	54,848.9	55,024.6	175.7
Japanese government bonds and government guaranteed bonds	66,700.6	63,102.9	(3,597.7)
Risk assets	79,034.5	81,132.7	2,098.1
Japanese local government bonds	6,405.1	6,513.2	108.1
Japanese corporate bonds, etc.	7,994.4	7,943.2	(51.2)
Foreign securities, etc.	57,931.2	59,212.8	1,281.5
Loans	2,211.8	2,143.9	(67.9)
Money held in trust (stocks), etc.	2,854.1	2,367.5	(486.5)
Strategic investment areas	1,637.6	2,951.9	1,314.3

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” is Alternative assets (Private Equity Funds, Hedge Funds and Real Estate Funds (Equity)), Real Estate Funds (Debt) and Direct Lending Funds.

## Financial Data

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# 1. Summarized Balance Sheets

Non-consolidated

	As of March 31, 2018 (A)	As of December 31, 2018 (B)	Increase (Decrease) (B) – (A)
<b>Total assets</b>	<b>210,630,601</b>	<b>209,714,866</b>	<b>(915,735)</b>
Cash and due from banks	49,288,314	50,001,065	712,751
Call loans	480,000	370,000	(110,000)
Receivables under resale agreements	–	8,641,864	8,641,864
Receivables under securities borrowing transactions	8,224,153	–	(8,224,153)
Monetary claims bought	278,566	258,099	(20,466)
Trading account securities	32	42	10
Money held in trust	4,241,524	3,949,095	(292,428)
Securities	139,201,254	138,078,097	(1,123,157)
Loans	6,145,537	5,513,623	(631,914)
Foreign exchanges	87,487	110,943	23,456
Other assets	2,442,328	2,537,758	95,430
Tangible fixed assets	190,098	200,417	10,318
Intangible fixed assets	52,372	54,850	2,478
Reserve for possible loan losses	(1,066)	(993)	73

(Millions of yen)

	As of March 31, 2018 (A)	As of December 31, 2018 (B)	Increase (Decrease) (B) – (A)
<b>Total liabilities and net assets</b>	<b>210,630,601</b>	<b>209,714,866</b>	<b>(915,735)</b>
<b>Total liabilities</b>	<b>199,117,450</b>	<b>198,991,635</b>	<b>(125,814)</b>
Deposits	179,882,759	181,840,625	1,957,866
Payables under repurchase agreements	1,985,285	11,088,851	9,103,565
Payables under securities lending transactions	13,812,123	3,760,021	(10,052,102)
Commercial paper	191,481	43,551	(147,929)
Borrowed money	2,400	3,900	1,500
Foreign exchanges	309	538	228
Other liabilities	1,950,331	1,318,416	(631,914)
Reserve for bonuses	7,879	1,868	(6,011)
Reserve for employees' retirement benefits	147,095	148,968	1,873
Reserve for employee stock ownership plan trust	809	480	(329)
Reserve for management board benefit trust	144	159	15
Reserve for reimbursement of deposits	86,114	88,067	1,953
Deferred tax liabilities	1,050,715	696,184	(354,530)
<b>Total net assets</b>	<b>11,513,151</b>	<b>10,723,230</b>	<b>(789,920)</b>
Capital stock	3,500,000	3,500,000	–
Capital surplus	4,296,285	4,296,285	–
Retained earnings	2,399,031	2,414,721	15,690
Treasury stock	(1,300,717)	(1,300,926)	(209)
<b>Total shareholders' equity</b>	<b>8,894,599</b>	<b>8,910,081</b>	<b>15,481</b>
Net unrealized gains (losses) on available-for-sale securities	2,615,432	1,825,718	(789,714)
Net deferred gains (losses) on hedges	3,119	(12,568)	(15,688)
<b>Total valuation and translation adjustments</b>	<b>2,618,551</b>	<b>1,813,149</b>	<b>(805,402)</b>

## 2. Income Analysis

Non-consolidated

(Millions of yen)

	For the nine months ended		(B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
Gross operating profit	1,162,274	1,020,047	(142,227)
Net interest income	912,804	795,901	(116,902)
Net fees and commissions	72,504	81,209	8,705
Net other operating income (loss)	176,965	142,935	(34,030)
Gains (losses) on foreign exchanges	178,426	160,528	(17,897)
Gains (losses) on bonds	(3,038)	(16,165)	(13,127)
General and administrative expenses	(785,565)	(782,316)	3,248
Personnel expenses	(95,546)	(94,227)	1,319
Non-personnel expenses	(631,707)	(634,103)	(2,396)
Taxes and dues	(58,310)	(53,985)	4,325
Operating profit (before provision for general reserve for possible loan losses)	376,709	237,730	(138,978)
Provision for general reserve for possible loan losses	(35)	—	35
<b>Net operating profit</b>	<b>376,673</b>	<b>237,730</b>	<b>(138,943)</b>
Non-recurring gains (losses)	21,296	44,135	22,839
Gains (losses) related to stocks	(21,587)	(978)	20,608
Gains (losses) on money held in trust	28,157	29,415	1,258
<b>Net ordinary income</b>	<b>397,969</b>	<b>281,865</b>	<b>(116,103)</b>

Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥1,623 million and ¥1,641 million recorded as profits for the nine months ended December 31, 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.

	For the nine months ended		(B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
Extraordinary income (loss)	(588)	(916)	(328)
Gains (losses) on sales and disposals of fixed assets	(571)	(823)	(251)
Losses on impairment of fixed assets	(17)	(93)	(76)
<b>Income before income taxes</b>	<b>397,381</b>	<b>280,948</b>	<b>(116,432)</b>
Income taxes – current	(125,378)	(76,782)	48,596
Income taxes – deferred	10,088	(1,002)	(11,090)
<b>Total income taxes</b>	<b>(115,290)</b>	<b>(77,784)</b>	<b>37,505</b>
<b>Net income</b>	<b>282,091</b>	<b>203,164</b>	<b>(78,926)</b>
Gains (losses) on money held in trust	28,157	29,415	1,258
Dividends and interest income	34,165	42,331	8,165
Gains (losses) on sales of stocks	901	997	96
Unrealized gains (losses)	57	(1,087)	(1,144)
Impairment losses	(188)	(3,348)	(3,159)
Withholding income tax, etc.	(6,778)	(9,477)	(2,699)
Credit-related expenses	(11)	4	15
Provision for general reserve for possible loan losses	(11)	4	15
Write-off of loans	—	—	—
Provision for specific reserve for possible loan losses	—	—	—
Recoveries of written-off loans	—	—	—



### 3. Selected Ratios

Non-consolidated

	For the nine months ended		Increase (Decrease) (B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
Net income to assets (ROA)	0.17%	0.12%	(0.04)%
Net income to equity (ROE)	3.16	2.42	(0.73)
Overhead ratio (OHR)	67.58	76.69	9.10
Expense-to-deposit ratio	0.57	0.57	(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 nine months ended		Increase (Decrease) (B) – (A)
	December 31, 2017 (A)	December 31, 2018 (B)	
Yield on interest-earning assets (a)	0.76%	0.69%	(0.06)%
Total cost of funding (including general and administrative expenses) (b)	0.71	0.71	0.00
Interest rate on interest-bearing liabilities (c)	0.17	0.17	0.00
Overall interest rate spread (a) - (b)	0.04	(0.02)	(0.07)
Interest rate spread (a) - (c)	0.59	0.51	(0.07)

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 nine months ended						Increase (Decrease) (B) – (A)
	December 31, 2017 (A)			December 31, 2018 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	194,872,742	671,288	0.45%	194,489,838	599,472	0.40%	(0.04)%
Loans	4,397,638	10,677	0.32	6,341,940	9,271	0.19	(0.12)
Securities	83,012,676	561,265	0.89	78,268,382	472,637	0.80	(0.09)
Receivables under securities borrowing transactions	8,459,846	1,082	0.01	7,006,663	896	0.01	0.00
Due from banks, etc.	52,412,252	18,126	0.04	49,339,209	23,379	0.06	0.01
Interest-bearing liabilities	186,335,741	145,248	0.10	186,839,578	91,219	0.06	(0.03)
Deposits	180,205,742	114,955	0.08	181,074,980	64,782	0.04	(0.03)
Payables under securities lending transactions	8,865,588	897	0.01	7,925,301	951	0.01	0.00

### (2) Overseas

(Millions of yen, %)

	For the nine months ended						Increase (Decrease) (B) – (A)
	December 31, 2017 (A)			December 31, 2018 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	53,131,999	569,187	1.42%	58,601,191	544,818	1.23%	(0.18)%
Loans	1,727	5	0.40	5,000	15	0.41	0.01
Securities	52,940,160	567,835	1.42	58,484,417	543,746	1.23	(0.18)
Due from banks, etc.	74,948	794	1.40	10,604	144	1.81	0.40
Interest-bearing liabilities	51,929,047	182,422	0.46	57,822,711	257,170	0.59	0.12
Payables under securities lending transactions	4,096,136	40,320	1.30	2,761,470	45,365	2.18	0.87

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

Non-consolidated

(3) Total

(Millions of yen, %)

	For the nine months ended						Increase (Decrease) (B) – (A)
	December 31, 2017 (A)			December 31, 2018 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	201,466,328	1,160,347	0.76%	200,322,163	1,050,782	0.69%	(0.06)%
Loans	4,399,365	10,683	0.32	6,346,940	9,287	0.19	(0.12)
Securities	135,952,836	1,129,100	1.10	136,752,800	1,016,384	0.98	(0.11)
Receivables under securities borrowing transactions	8,459,846	1,082	0.01	7,006,821	896	0.01	(0.00)
Due from banks, etc.	52,487,200	18,921	0.04	49,349,813	23,524	0.06	0.01
Interest-bearing liabilities	191,726,375	247,542	0.17	191,893,423	254,880	0.17	0.00
Deposits	180,205,742	114,955	0.08	181,074,980	64,782	0.04	(0.03)
Payables under securities lending transactions	12,961,724	41,218	0.42	10,686,771	46,316	0.57	0.15

- 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 (nine months ended December 31, 2018, ¥3,018,485 million; nine months ended December 31, 2017, ¥2,752,567 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (nine months ended December 31, 2018, ¥3,018,485 million; nine months ended December 31, 2017, ¥2,752,567 million) and the corresponding interest (nine months ended December 31, 2018, ¥5,348 million; nine months ended December 31, 2017, ¥4,739 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 ¥71,392 million for the nine months ended December 31, 2018 (¥5,731 million for the nine months ended December 31, 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 March 31, 2018 (A)		As of December 31, 2018 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese government bonds	29,103,961	958,146	26,731,377	761,221	(2,372,583)	(196,925)
Japanese local government bonds	—	—	415,149	2,153	415,149	2,153
Japanese corporate bonds	2,322,529	37,283	1,695,309	27,248	(627,219)	(10,034)
Others	32,433	8,144	32,433	6,079	—	(2,064)
Foreign bonds	32,433	8,144	32,433	6,079	—	(2,064)
<b>Total</b>	<b>31,458,923</b>	<b>1,003,574</b>	<b>28,874,269</b>	<b>796,703</b>	<b>(2,584,653)</b>	<b>(206,870)</b>

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

### (2) Available-for-sale Securities

(Millions of yen)

	As of March 31, 2018 (A)		As of December 31, 2018 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Japanese stocks	28,790	396	96,809	(1,710)	68,018	(2,106)
Bonds	48,444,750	1,273,206	47,507,666	1,180,622	(937,084)	(92,583)
Japanese government bonds	33,645,763	1,129,996	33,011,781	1,050,053	(633,981)	(79,943)
Japanese local government bonds	6,405,190	62,426	6,098,144	53,227	(307,046)	(9,199)
Commercial paper	229,998	—	290,997	—	60,999	—
Japanese corporate bonds	8,163,797	80,783	8,106,741	77,341	(57,055)	(3,441)
Others	59,609,979	638,419	61,910,746	104,962	2,300,766	(533,456)
Foreign bonds	20,211,925	375,390	21,744,362	553,721	1,532,436	178,330
Investment trusts	39,042,659	265,830	39,826,704	(449,996)	784,045	(715,826)
<b>Total</b>	<b>108,083,520</b>	<b>1,912,022</b>	<b>109,515,221</b>	<b>1,283,875</b>	<b>1,431,700</b>	<b>(628,147)</b>

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

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

3. Of net unrealized gains (losses) shown above, ¥251,973 million and ¥568,753 million losses were included in the statements of income for the nine months ended December 31, 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 nine months ended December 31, 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 March 31, 2018 (A)		As of December 31, 2018 (B)		Increase (Decrease) (B) – (A)	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Money held in trust classified as available-for-sale	4,162,251	1,289,201	3,869,832	1,095,598	(292,418)	(193,603)
Domestic stocks	2,286,148	1,262,041	2,098,459	1,077,985	(187,688)	(184,056)
Domestic bonds	1,256,039	27,061	1,244,127	19,050	(11,912)	(8,011)

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 nine months ended December 31, 2018 and the fiscal year ended March 31, 2018 amounted to ¥3,348 million and ¥1,088 million, respectively.

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

(Millions of yen)

	As of March 31, 2018 (A)		As of December 31, 2018 (B)		Increase (Decrease) (B) – (A)	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	6,341,492	(110,021)	7,945,860	(71,662)	1,604,368	38,359
Currency swaps	4,925,816	117,531	6,285,855	53,737	1,360,039	(63,794)
Foreign exchange forward contracts	59,257	(3,014)	1,205	(192)	(58,052)	2,821
Total	11,326,565	4,495	14,232,921	(18,117)	2,906,356	(22,613)

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

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

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

(Millions of yen)

	As of March 31, 2018 (A)	As of December 31, 2018 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	3,774,473	2,613,329	(1,161,144)

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 nine months ended				Increase (Decrease) (B) – (A)
	December 31, 2017 (A)		December 31, 2018 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	93,905	11.97	92,604	11.86	(1,300)
Salaries and allowances	76,992	9.82	76,116	9.74	(876)
Others	16,912	2.15	16,487	2.11	(424)
Non-personnel expenses	631,707	80.58	634,103	81.22	2,396
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	451,774	57.62	454,546	58.22	2,772
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*)	4,259	0.54	1,214	0.15	(3,045)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	45,404	5.79	44,740	5.73	(663)
Rent for land, buildings and others	9,522	1.21	9,987	1.27	465
Expenses on consigned businesses	40,769	5.20	49,224	6.30	8,454
Depreciation and amortization	29,876	3.81	24,157	3.09	(5,719)
Communication and transportation expenses	14,111	1.80	13,875	1.77	(235)
Maintenance expenses	8,288	1.05	8,817	1.12	529
IT expenses	12,433	1.58	12,487	1.59	53
Others	15,267	1.94	15,051	1.92	(215)
Taxes and dues	58,310	7.43	53,985	6.91	(4,325)
Total	783,923	100.00	780,693	100.00	(3,230)

\* 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 March 31, 2018 (A)	As of December 31, 2018 (B)	Increase (Decrease) (B) – (A)
Loans to borrowers classified as bankrupt or quasi-bankrupt	–	–	–
Loans to borrowers classified as doubtful	0	–	(0)
Loans requiring close monitoring	–	–	–
Subtotal (a)	0	–	(0)
Loans to borrowers classified as normal	6,237,528	5,627,330	(610,197)
Total (b)	6,237,528	5,627,330	(610,198)
Non-performing loan ratio (a) / (b)	0.00%	–%	(0.00)%

# (Reference) Securitized Products Exposure

Non-consolidated

As of March 31, 2018 and December 31, 2018, 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, 2018			As of December 31, 2018		
		Acquisition cost	Net unrealized gains (losses)	Credit ratings	Acquisition cost	Net unrealized gains (losses)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,277.4	36.1	AAA	1,304.8	36.1	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	49.2	0.1	A	—	—	—
	Other securitized products(****)	131.8	(0.1)	AAA	126.8	(0.0)	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	1.5	0.0	AAA	1.3	0.0	AAA
	Subtotal	1,459.9	36.2		1,432.9	36.1	
Overseas (*****)	Residential mortgage-backed securities (RMBS)	171.1	(8.1)	AAA	133.4	(12.4)	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO) (*****)	495.8	(16.8)	AAA	1,006.3	(11.4)	AAA
	Subtotal	666.9	(24.9)		1,139.7	(23.9)	
Total		2,126.9	11.2		2,572.7	12.1	

\* The underlying assets provided are only those from multiple debtors comprising securitized products.

\*\* No hedging activities against credit risks were made.

\*\*\* The above table does not include securitized products that might be included in investment trusts. The same shall apply hereinafter.

\*\*\*\* Other securitized products are securitized products of which underlying assets are mainly auto loan claims.

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

\*\*\*\*\* Collateralized loan obligations (CLO) in overseas are U.S. CLO.

## (2) Structured investment vehicles (SIVs)

There were no investments in SIVs.

## (3) Leveraged loans

There were no outstanding leveraged loans.

## (4) Monoline insurer related products

There were no monoline insurer related exposures. In addition, the Bank has not extended credit to or executed credit derivative transactions with any monoline insurers.



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