

# **Selected Financial Information**

## **For the Three Months Ended June 30, 2019**

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**JAPAN POST BANK Co., Ltd.**  
**August 9, 2019**

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Note: 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.

## Financial Highlights

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# 1. Overview of FY2020/3 1Q Results

## Results of Operations (FY2020/3 1Q) (¥bn, %)

	For the three months ended		Increase (decrease) from the three months ended June 30, 2018
	June 30, 2018	June 30, 2019	
<b>Non-consolidated</b>			
Ordinary income	470.4	463.7	(6.7) (1.4)%
Net ordinary income	106.6	105.7	(0.8) (0.8)%
Net income	78.2	77.7	(0.4) (0.5)%
<b>Consolidated</b>			
Ordinary income	470.5	463.8	(6.6) (1.4)%
Net ordinary income	106.6	105.7	(0.9) (0.8)%
Net income attributable to owners of parent	78.3	77.8	(0.5) (0.6)%

## Earnings forecasts (FY2020/3) (¥bn, %)

	Earnings forecasts	Progress
<b>Consolidated</b>		
Net ordinary income	375.0	28.1%
Net income attributable to owners of parent	270.0	28.8%

### 【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.

- Gross operating profit for the three months ended June 30, 2019 decreased by ¥5.5 bn year on year to ¥364.4 bn.  
Net interest income decreased by ¥19.9 bn year on year, mainly due to a decrease in interest on Japanese government bonds.  
Net fees and commissions increased by ¥6.3 bn year on year.  
Net other operating income increased by ¥8.0 bn year on year, due to an increase in gains (losses) on foreign exchanges, etc.
- General and administrative expenses decreased by ¥0.3 bn year on year to ¥263.0 bn.
- In the adverse business environment with yen interest rates remained at a low level, net operating profit decreased by ¥5.2 bn year on year to ¥101.3 bn.
- Net ordinary income decreased by ¥0.8 bn year on year to ¥105.7 bn.
- Net income decreased by ¥0.4 bn year on year to ¥77.7 bn.
- Net income attributable to owners of parent decreased by ¥0.5 bn year on year to ¥77.8 bn, which equated to 28.8% of the earnings forecasts of ¥270.0 bn in net income attributable to owners of parent for the fiscal year ending March 31, 2020.

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

# 1. Overview of FY2020/3 1Q Results

Non-consolidated

Results of Operations			
	For the three months ended		Increase (Decrease) (B) – (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
	(¥bn, %)		
Gross operating profit	370.0	364.4	(5.5)
Net interest income	276.6	256.6	(19.9)
Net fees and commissions	26.7	33.1	6.3
Net other operating income (loss)	66.6	74.6	8.0
Gains (losses) on foreign exchanges	65.5	73.4	7.9
Gains (losses) on bonds	1.2	1.8	0.6
General and administrative expenses (*)	263.4	263.0	(0.3)
Provision for general reserve for possible loan losses	—	0.0	0.0
Net operating profit	106.6	101.3	(5.2)
Non-recurring gains (losses)	(0.0)	4.3	4.3
Gains (losses) on money held in trust	3.1	2.6	(0.5)
Net ordinary income	106.6	105.7	(0.8)
Net income	78.2	77.7	(0.4)
ROE (**) (***)	2.74%	2.73%	(0.00)%
OHR (****)	71.18%	72.17%	0.99 %

Financial Condition			
	As of		Increase (Decrease) (B) – (A)
	March 31, 2019 (A)	June 30, 2019 (B)	
	(¥bn)		
Assets	208,970.4	212,520.5	3,550.0
Cash and due from banks	50,698.5	54,640.4	3,941.9
Call loans	400.0	260.0	(140.0)
Receivables under resale agreements	8,368.1	9,700.8	1,332.6
Money held in trust	3,990.7	3,899.6	(91.1)
Securities	137,135.2	135,662.1	(1,473.1)
Loans	5,297.4	5,093.2	(204.1)
Liabilities	197,619.6	201,060.7	3,441.0
Deposits	180,999.1	183,133.8	2,134.7
Payables under repurchase agreements	11,569.3	12,757.1	1,187.7
Payables under securities lending transactions	2,473.4	2,524.8	51.4
Net assets	11,350.8	11,459.7	108.9
Total shareholders' equity	8,973.0	8,957.1	(15.9)
Total valuation and translation adjustments	2,377.7	2,502.6	124.9

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

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

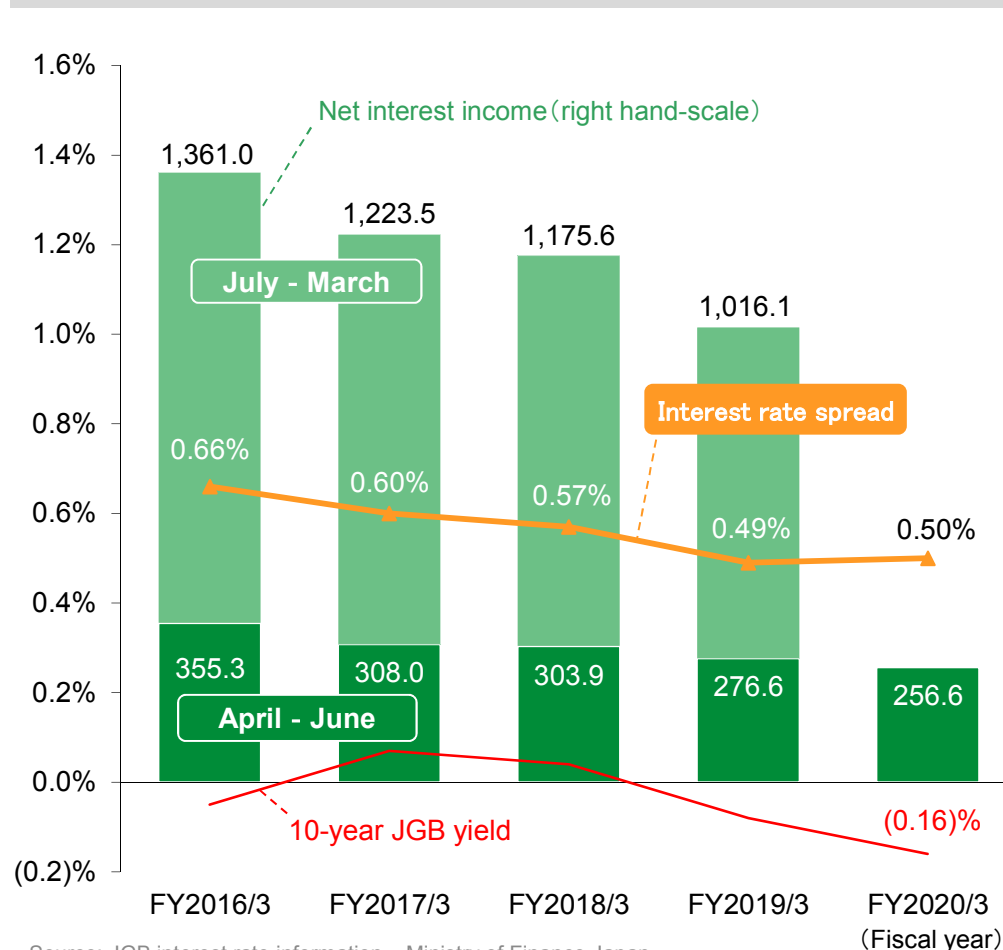
\*\*\* ROE is annualized.

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

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

Non-consolidated

■ Net interest income was ¥256.6 bn and interest rate spread was 0.50% for the three months ended June 30, 2019.



	For the three months ended		Increase (Decrease) (B) - (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
<b>Domestic</b>			
Net interest income	231.4	219.1	(12.3)
Interest income	263.9	240.5	(23.3)
Interest income on Japanese government bonds	137.9	117.0	(20.9)
Interest expenses	32.4	21.4	(11.0)

	For the three months ended		Increase (Decrease) (B) - (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
<b>Overseas</b>			
Net interest income	45.1	37.5	(7.6)
Interest income	183.4	191.2	7.7
Interest income on foreign securities	183.0	190.7	7.6
Interest expenses	138.2	153.6	15.3

	For the three months ended		Increase (Decrease) (B) - (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
<b>Total</b>			
Net interest income	276.6	256.6	(19.9)
Interest income	357.3	335.5	(21.7)
Interest expenses	80.6	78.9	(1.7)

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.

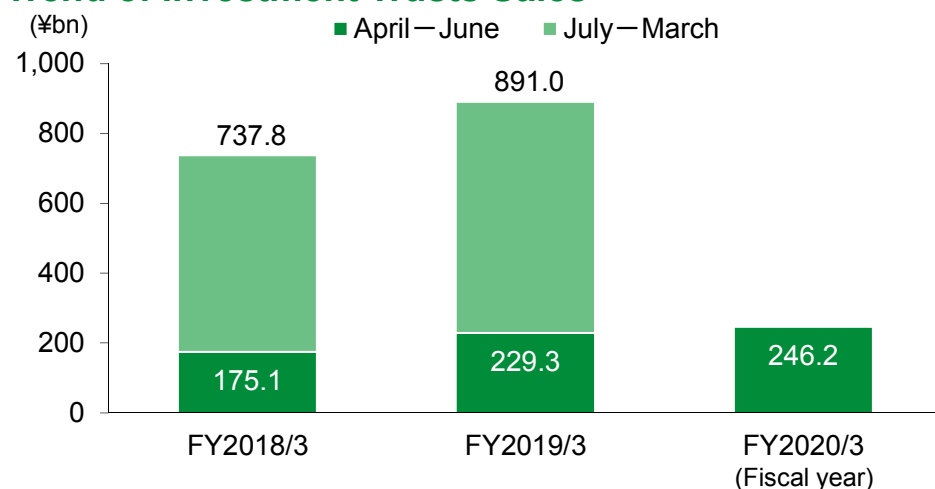
3. Interest rate spreads of FY2016/3 – FY2019/3 are the figures for the relevant fiscal years, while interest rate spread of FY2020/3 is the figure for the three months ended June 30, 2019. Interest rate spread of FY2020/3 is annualized.

### 3. Net Fees and Commissions

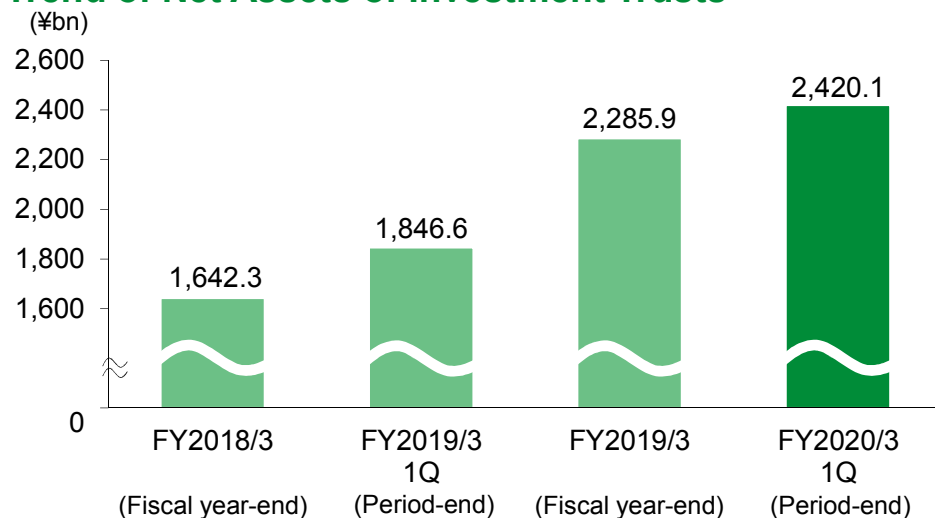
Non-consolidated

■ Net fees and commissions for the three months ended June 30, 2019 increased by ¥6.3 bn year on year to ¥33.1 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) (B) – (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
Net fees and commissions relating to	26.7	33.1	6.3
Exchange and settlement transactions	15.2	19.9	4.7
ATMs	3.4	4.4	0.9
Investment trusts	5.3	6.3	0.9
Others	2.6	2.3	(0.2)

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

	For the three months ended		Increase (Decrease) (B) – (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
Number of contracts (thousands)	481	689	208
Sales amount (billions of yen)	229.3	246.2	16.9

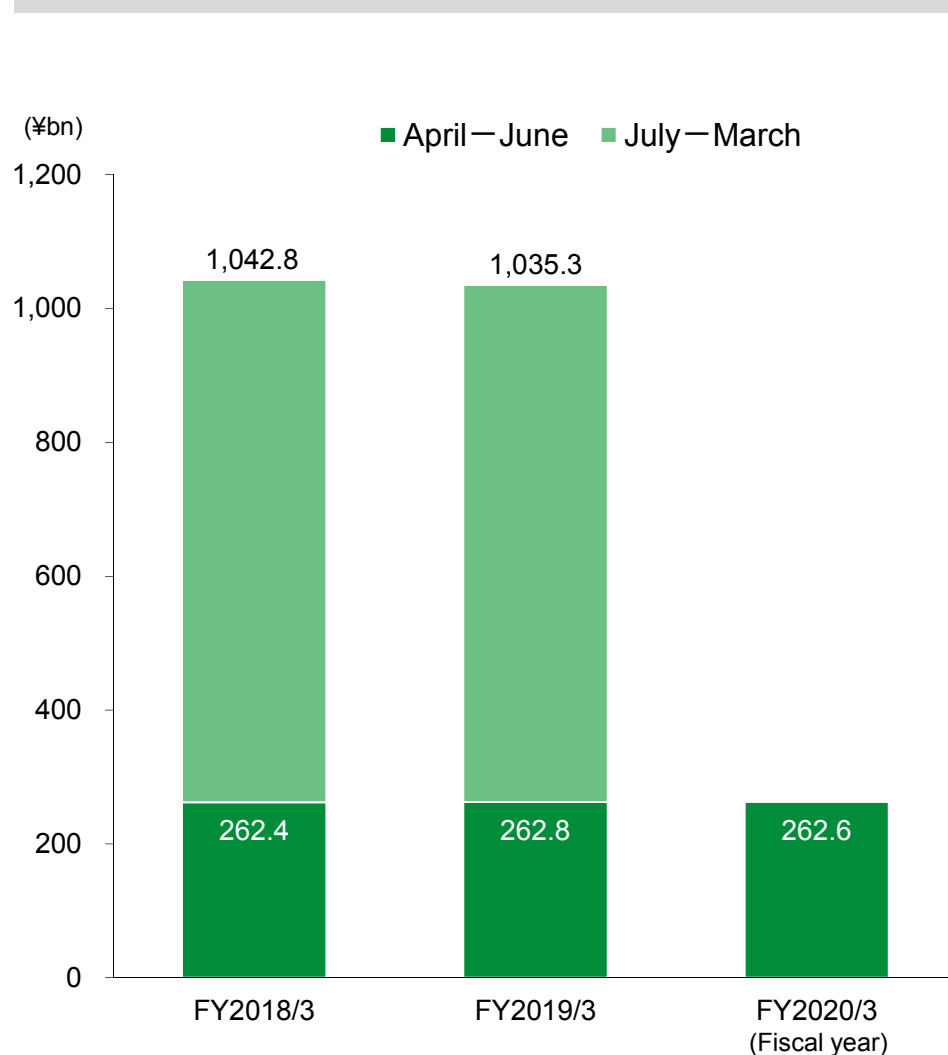
  

	As of June 30, 2018 (A)	As of June 30, 2019 (B)	Increase (Decrease) (B) – (A)
	Number of investment trust accounts (thousands)	919	1,129
Net assets (billions of yen)	1,846.6	2,420.1	573.4

## 4. Trend of General and Administrative Expenses

Non-consolidated

- General and administrative expenses for the three months ended June 30, 2019 decreased by ¥0.2 bn year on year to ¥262.6 bn.



(¥bn)

	For the three months ended		Increase (Decrease) (B) – (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
Personnel expenses (*)	31.2	30.1	(1.1)
Salaries and allowances	25.8	24.9	(0.8)
Non-personnel expenses	213.4	218.9	5.5
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	153.8	97.7	(56.1)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network	—	59.4	59.4
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd.	0.4	0.1	(0.2)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	14.9	14.8	(0.0)
Taxes and dues	18.1	13.4	(4.7)
<b>Total</b>	<b>262.8</b>	<b>262.6</b>	<b>(0.2)</b>

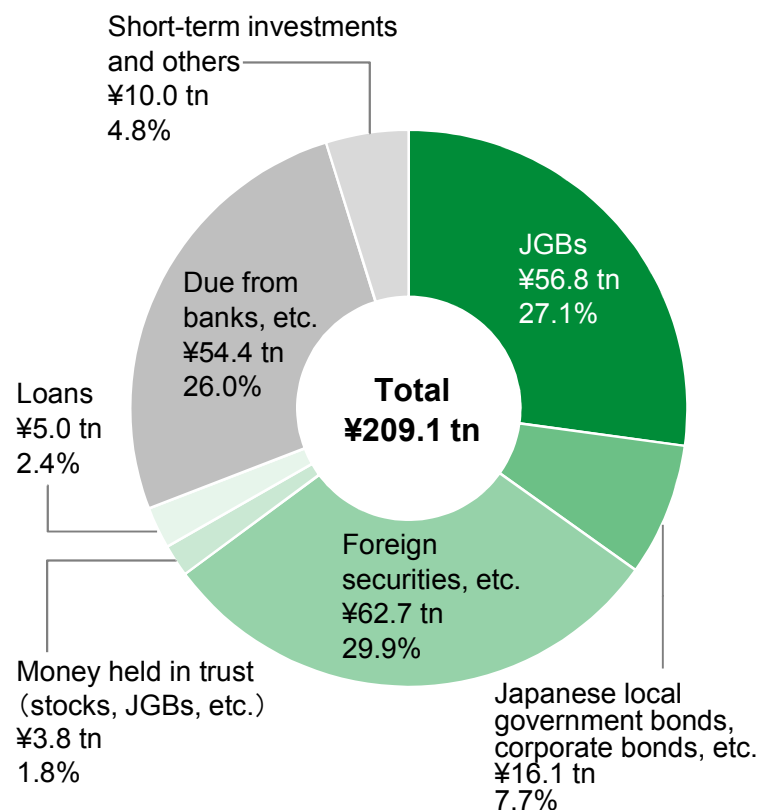
\* Personnel expenses include non-recurring losses.



# 5. Asset Management Status

Non-consolidated

■ Included in investment assets as of June 30, 2019, JGBs were ¥56.8 tn and foreign securities, etc. were ¥62.7 tn.



(¥bn)

Categories	As of March 31, 2019 (A)	%	As of June 30, 2019 (B)	%	Increase (Decrease) (B) – (A)
Securities	137,135.2	66.5	135,662.1	64.8	(1,473.1)
Japanese government bonds	58,356.5	28.3	56,803.2	27.1	(1,553.3)
Japanese local government bonds, corporate bonds, etc. (*)	16,279.1	7.9	16,118.1	7.7	(161.0)
Foreign securities, etc.	62,499.5	30.3	62,740.8	29.9	241.2
Foreign bonds	22,035.5	10.6	21,583.2	10.3	(452.3)
Investment trusts (**)	40,433.9	19.6	41,127.7	19.6	693.8
Money held in trust (stocks, JGBs, etc.)	3,990.7	1.9	3,899.6	1.8	(91.1)
Domestic stocks	2,141.7	1.0	2,060.9	0.9	(80.7)
Loans	5,297.4	2.5	5,093.2	2.4	(204.1)
Due from banks, etc. (***)	50,674.2	24.6	54,477.6	26.0	3,803.4
Short-term investments and others (****)	8,877.5	4.3	10,052.8	4.8	1,175.3
<b>Total</b>	<b>205,975.2</b>	<b>100.0</b>	<b>209,185.5</b>	<b>100.0</b>	<b>3,210.3</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 and receivables under resale agreements, 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 ¥3,607.5 bn as of June 30, 2019 (before application of tax effect accounting).

	As of March 31, 2019		As of June 30, 2019	
	Amount on the balance sheet	Net unrealized gains (losses)	Amount on the balance sheet	Net unrealized gains (losses)
Held-to-maturity securities	27,242.5	793.1	26,179.5	760.2

(¥bn)

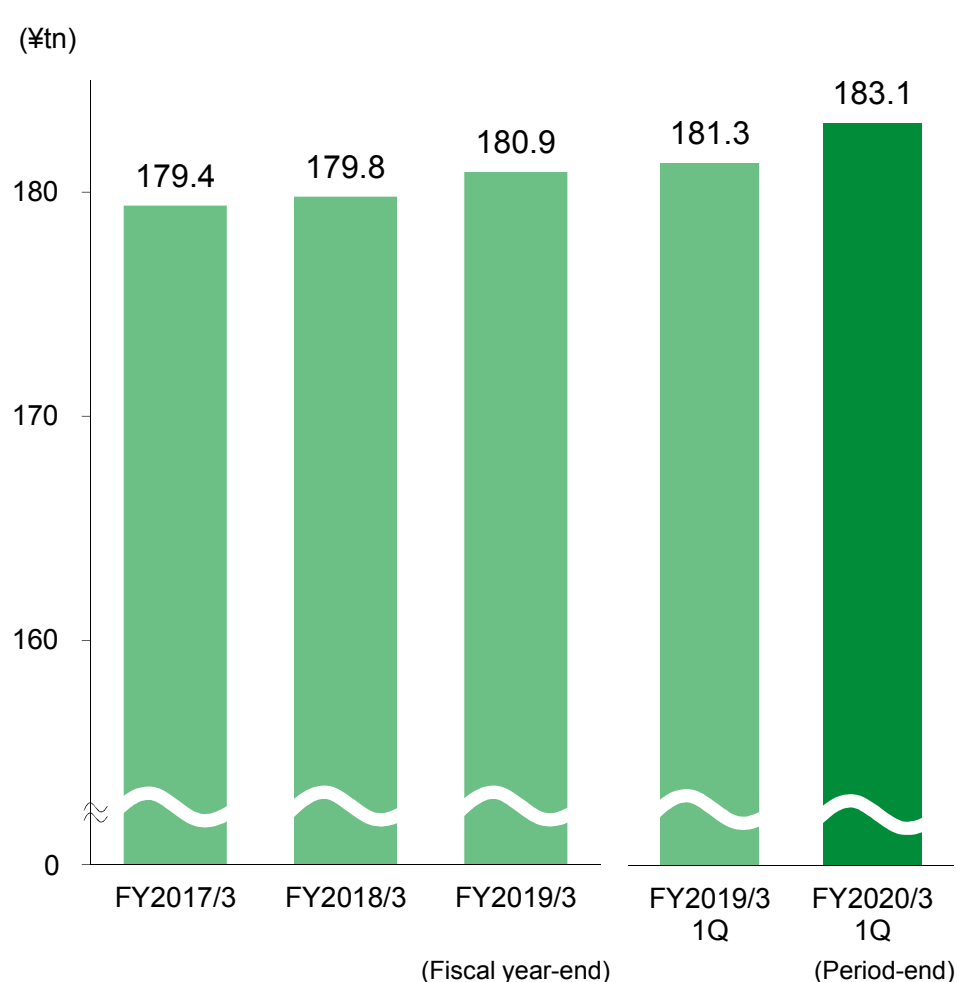
	As of March 31, 2019		As of June 30, 2019	
	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)	Amount on the balance sheet / Notional amount	Net unrealized gains (losses) / Net deferred gains (losses)
Available-for-sale	114,193.4	3,517.2	113,720.2	3,647.9
Securities (A)	110,241.9	2,128.5	109,820.6	2,136.3
Japanese government bonds	33,340.6	1,167.6	33,097.9	1,234.9
Foreign bonds	22,003.0	637.7	21,583.2	357.8
Investment trusts	40,433.9	184.9	41,127.7	408.3
Others	14,464.2	138.2	14,011.6	135.2
Effect of fair value hedge accounting (B)		266.4		466.4
Money held in trust (C)	3,951.4	1,122.2	3,899.6	1,045.1
Domestic stocks	2,141.7	1,106.4	2,060.9	1,026.9
Others	1,809.7	15.8	1,838.6	18.2
Derivatives for which deferred hedge accounting is applied (D)	14,366.1	(89.8)	15,215.1	(40.4)
Total (A) + (B) + (C) + (D)		3,427.4		3,607.5

(¥bn)

# 7. Trend of Deposit Balance

Non-consolidated

■ Deposit balance as of June 30, 2019 was ¥183.1 tn, which remained stable.



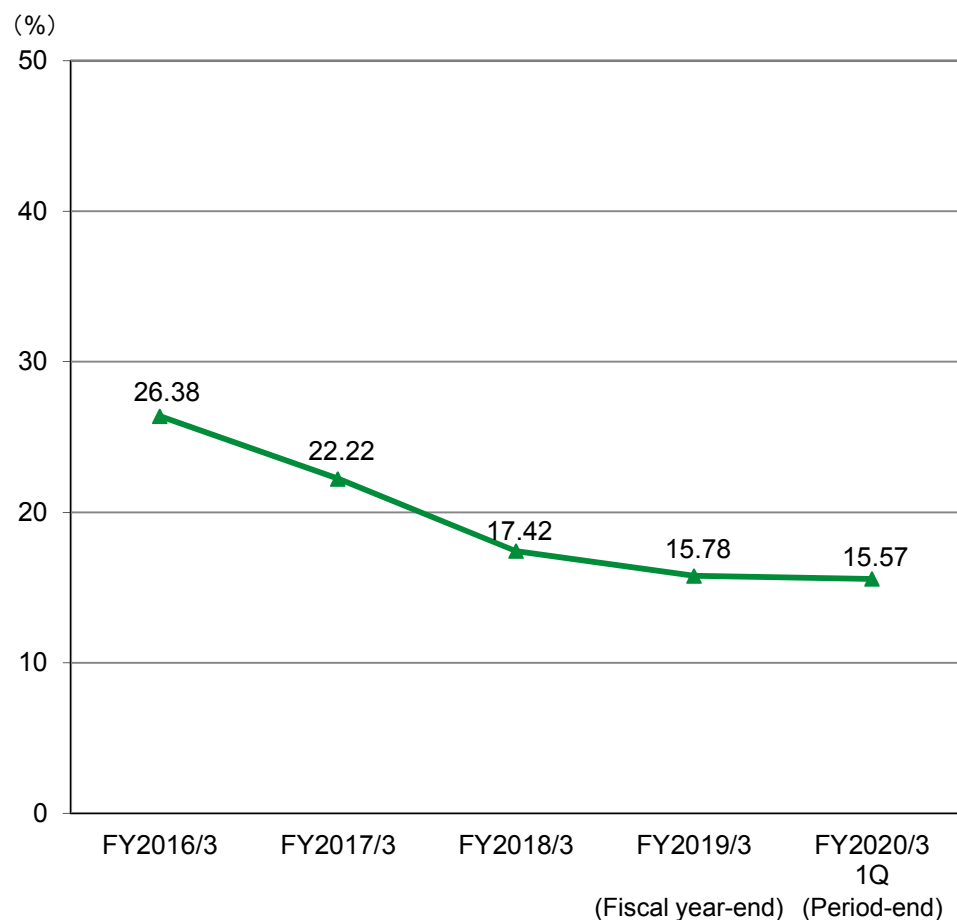
	As of March 31, 2019 (A)	As of June 30, 2019 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	79.9	83.4	3.4
Transfer deposits	16.1	7.5	(8.5)
Ordinary deposits, etc. (*)	63.4	75.3	11.9
Savings deposits	0.4	0.4	0.0
Fixed-term deposits	100.9	99.6	(1.3)
Time deposits	7.0	6.7	(0.3)
TEIGAKU deposits	93.8	92.8	(0.9)
Other deposits	0.1	0.1	0.0
<b>Total</b>	<b>180.9</b>	<b>183.1</b>	<b>2.1</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 15.57% as of June 30, 2019.

【Non-consolidated】



【Non-consolidated】

	As of March 31, 2019 (A)	As of June 30, 2019 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,844.2	8,923.5	79.3
Total amount of risk-weighted assets (b)	56,033.5	57,302.3	1,268.8
Credit risk-weighted assets	53,334.0	54,602.8	1,268.8
Capital adequacy ratio (a) / (b)	15.78%	15.57%	(0.21)%

(¥bn, %)

【Consolidated】

	As of March 31, 2019 (A)	As of June 30, 2019 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,853.3	8,932.3	79.0
Total amount of risk-weighted assets (b)	56,004.5	57,274.0	1,269.5
Credit risk-weighted assets	53,305.1	54,574.6	1,269.5
Capital adequacy ratio (consolidated) (a) / (b)	15.80%	15.59%	(0.21)%

(¥bn, %)

# (Reference) Portfolio Management Status

Non-consolidated

(¥bn)

	As of March 31, 2019 (A)	As of June 30, 2019 (B)	Increase (Decrease) (B) – (A)
Yen interest rates assets	116,823.2	118,803.1	1,979.9
Short-term assets	55,363.1	59,021.4	3,658.2
Japanese government bonds and government guaranteed bonds	61,460.0	59,781.7	(1,678.3)
Risk assets	81,931.4	81,964.4	33.0
Japanese local government bonds	6,383.9	6,287.0	(96.8)
Japanese corporate bonds, etc.	7,865.4	7,796.1	(69.2)
Foreign securities, etc.	60,121.0	60,331.2	210.2
Loans	2,216.8	2,267.7	50.9
Money held in trust (stocks), etc.	2,415.5	2,287.7	(127.8)
Strategic investment areas	2,928.5	2,994.4	65.9

- 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 and Real Estate Funds (Equity), etc.), Real Estate Funds (Debt) and Direct Lending Funds.

## Financial Data

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# 1. Summarized Balance Sheets

Non-consolidated

	As of March 31, 2019 (A)	As of June 30, 2019 (B)	Increase (Decrease) (B) – (A)
<b>Total assets</b>	<b>208,970,478</b>	<b>212,520,542</b>	<b>3,550,063</b>
Cash and due from banks	50,698,549	54,640,480	3,941,930
Call loans	400,000	260,000	(140,000)
Receivables under resale agreements	8,368,139	9,700,834	1,332,694
Monetary claims bought	295,679	284,363	(11,316)
Trading account securities	2	3	0
Money held in trust	3,990,780	3,899,631	(91,148)
Securities	137,135,264	135,662,120	(1,473,144)
Loans	5,297,424	5,093,264	(204,160)
Foreign exchanges	80,396	83,123	2,726
Other assets	2,452,409	2,649,602	197,193
Tangible fixed assets	201,786	199,322	(2,464)
Intangible fixed assets	51,003	48,749	(2,253)
Reserve for possible loan losses	(958)	(954)	4

(Millions of yen)

	As of March 31, 2019 (A)	As of June 30, 2019 (B)	Increase (Decrease) (B) – (A)
<b>Total liabilities and net assets</b>	<b>208,970,478</b>	<b>212,520,542</b>	<b>3,550,063</b>
<b>Total liabilities</b>	<b>197,619,672</b>	<b>201,060,762</b>	<b>3,441,090</b>
Deposits	180,999,134	183,133,851	2,134,717
Payables under repurchase agreements	11,569,371	12,757,126	1,187,754
Payables under securities lending transactions	2,473,457	2,524,899	51,441
Commercial paper	28,029	31,665	3,636
Borrowed money	3,900	4,300	400
Foreign exchanges	628	667	39
Other liabilities	1,354,810	1,372,322	17,511
Reserve for bonuses	7,739	1,813	(5,925)
Reserve for employees' retirement benefits	144,190	143,738	(452)
Reserve for employee stock ownership plan trust	839	399	(439)
Reserve for management board benefit trust	238	235	(3)
Reserve for reimbursement of deposits	88,332	85,721	(2,611)
Deferred tax liabilities	948,998	1,004,021	55,023
<b>Total net assets</b>	<b>11,350,806</b>	<b>11,459,779</b>	<b>108,973</b>
Capital stock	3,500,000	3,500,000	–
Capital surplus	4,296,285	4,296,285	–
Retained earnings	2,477,736	2,461,781	(15,955)
Treasury stock	(1,300,926)	(1,300,901)	24
<b>Total shareholders' equity</b>	<b>8,973,095</b>	<b>8,957,165</b>	<b>(15,930)</b>
Net unrealized gains (losses) on available-for-sale securities	2,440,064	2,530,659	90,594
Net deferred gains (losses) on hedges	(62,353)	(28,045)	34,308
<b>Total valuation and translation adjustments</b>	<b>2,377,710</b>	<b>2,502,614</b>	<b>124,903</b>

## 2. Income Analysis

Non-consolidated

(Millions of yen)

	For the three months ended		(B) – (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
Gross operating profit	370,045	364,494	(5,551)
Net interest income	276,605	256,629	(19,976)
Net fees and commissions	26,785	33,171	6,385
Net other operating income (loss)	66,654	74,693	8,039
Gains (losses) on foreign exchanges	65,563	73,467	7,904
Gains (losses) on bonds	1,225	1,897	672
General and administrative expenses	(263,414)	(263,091)	322
Personnel expenses	(31,813)	(30,648)	1,165
Non-personnel expenses	(213,410)	(218,998)	(5,588)
Taxes and dues	(18,189)	(13,444)	4,745
Operating profit (before provision for general reserve for possible loan losses)	106,631	101,402	(5,228)
Provision for general reserve for possible loan losses	—	(8)	(8)
<b>Net operating profit</b>	<b>106,631</b>	<b>101,393</b>	<b>(5,237)</b>
Non-recurring gains (losses)	(12)	4,349	4,361
Gains (losses) related to stocks	3	5,120	5,117
Gains (losses) on money held in trust	3,164	2,649	(514)
<b>Net ordinary income</b>	<b>106,619</b>	<b>105,742</b>	<b>(876)</b>

	For the three months ended		(B) – (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
Extraordinary income (loss)	(151)	(36)	115
Gains (losses) on sales and disposals of fixed assets	(151)	(36)	115
<b>Income before income taxes</b>	<b>106,467</b>	<b>105,706</b>	<b>(760)</b>
Income taxes – current	(25,481)	(28,039)	(2,558)
Income taxes – deferred	(2,777)	114	2,892
<b>Total income taxes</b>	<b>(28,259)</b>	<b>(27,925)</b>	<b>333</b>
<b>Net income</b>	<b>78,208</b>	<b>77,781</b>	<b>(427)</b>
Gains (losses) on money held in trust	3,164	2,649	(514)
Dividends and interest income	8,398	10,513	2,114
Gains (losses) on sales of stocks	96	0	(96)
Unrealized gains (losses)	(50)	3	53
Impairment losses	(993)	(1,250)	(257)
Withholding income tax, etc.	(4,287)	(6,617)	(2,329)
Credit-related expenses	4	(8)	(13)
Provision for general reserve for possible loan losses	4	(8)	(13)
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 (¥485 million and ¥540 million recorded as profits for the three months ended June 30, 2019 and 2018, 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) (B) – (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
Net income to assets (ROA)	0.14%	0.14%	(0.00)%
Net income to equity (ROE)	2.74	2.73	(0.00)
Overhead ratio (OHR)	71.18	72.17	0.99
Expense-to-deposit ratio	0.58	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 three months ended		Increase (Decrease) (B) – (A)
	June 30, 2018 (A)	June 30, 2019 (B)	
Yield on interest-earning assets (a)	0.71%	0.66%	(0.04)%
Total cost of funding (including general and administrative expenses) (b)	0.71	0.70	(0.01)
Interest rate on interest-bearing liabilities (c)	0.16	0.16	(0.00)
Overall interest rate spread (a) - (b)	(0.00)	(0.03)	(0.03)
Interest rate spread (a) - (c)	0.54	0.50	(0.04)

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) (B) – (A)
	June 30, 2018 (A)			June 30, 2019 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	194,487,268	263,930	0.54%	196,717,814	240,565	0.49%	(0.05)%
Loans	6,442,167	3,128	0.19	5,098,886	2,801	0.22	0.02
Securities	79,039,007	163,238	0.82	73,795,720	135,285	0.73	(0.09)
Due from banks, etc.	50,459,255	7,167	0.05	52,033,541	7,412	0.05	0.00
Interest-bearing liabilities	186,541,663	32,469	0.06	189,547,142	21,464	0.04	(0.02)
Deposits	180,697,117	25,995	0.05	182,309,039	14,942	0.03	(0.02)
Payables under securities lending transactions	8,598,537	380	0.01	188,780	47	0.09	0.08

(2) Overseas

(Millions of yen, %)

	For the three months ended						Increase (Decrease) (B) – (A)
	June 30, 2018 (A)			June 30, 2019 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	56,747,633	183,430	1.29%	61,273,167	191,211	1.25%	(0.04)%
Loans	5,000	5	0.41	6,156	7	0.48	0.06
Securities	56,611,657	183,047	1.29	61,161,494	190,736	1.25	(0.04)
Due from banks, etc.	26,067	111	1.71	4,365	25	2.35	0.63
Interest-bearing liabilities	56,138,661	138,286	0.98	60,983,084	153,683	1.01	0.02
Payables under securities lending transactions	3,110,395	15,053	1.94	2,263,144	14,041	2.48	0.54

## 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) (B) – (A)
	June 30, 2018 (A)			June 30, 2019 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	200,363,177	357,304	0.71%	201,734,229	335,585	0.66%	(0.04)%
Loans	6,447,167	3,133	0.19	5,105,043	2,808	0.22	0.02
Securities	135,650,664	346,286	1.02	134,957,215	326,022	0.96	(0.05)
Due from banks, etc.	50,485,322	7,278	0.05	52,037,906	7,437	0.05	(0.00)
Interest-bearing liabilities	191,808,600	80,698	0.16	194,273,474	78,956	0.16	(0.00)
Deposits	180,697,117	25,995	0.05	182,309,039	14,942	0.03	(0.02)
Payables under securities lending transactions	11,708,932	15,433	0.52	2,451,925	14,089	2.30	1.77

- 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, 2019, ¥3,008,379 million; three months ended June 30, 2018, ¥2,977,607 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (three months ended June 30, 2019, ¥3,008,379 million; three months ended June 30, 2018, ¥2,977,607 million) and the corresponding interest (three months ended June 30, 2019, ¥5,143 million; three months ended June 30, 2018, ¥5,271 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 ¥20,736 million for the three months ended June 30, 2019 (¥17,578 million for the three months ended June 30, 2018).
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, 2019 (A)		As of June 30, 2019 (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	25,015,921	755,550	23,705,226	726,446	(1,310,694)	(29,104)
Japanese local government bonds	533,474	4,001	716,414	5,220	182,939	1,218
Japanese corporate bonds	1,660,749	28,626	1,757,899	28,550	97,150	(76)
Others	32,433	5,014	–	–	(32,433)	(5,014)
Foreign bonds	32,433	5,014	–	–	(32,433)	(5,014)
<b>Total</b>	<b>27,242,577</b>	<b>793,192</b>	<b>26,179,540</b>	<b>760,216</b>	<b>(1,063,036)</b>	<b>(32,976)</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, 2019 (A)		As of June 30, 2019 (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	96,909	5,124	44,330	322	(52,578)	(4,802)
Bonds	47,326,243	1,298,872	46,695,062	1,367,442	(631,181)	68,570
Japanese government bonds	33,340,646	1,167,684	33,097,983	1,234,922	(242,663)	67,237
Japanese local government bonds	5,850,490	50,706	5,570,672	46,516	(279,817)	(4,190)
Commercial paper	220,998	–	310,995	–	89,996	–
Japanese corporate bonds	7,914,108	80,481	7,715,411	86,003	(198,696)	5,522
Others	62,818,814	824,586	63,081,221	768,576	262,407	(56,009)
Foreign bonds	22,003,095	637,751	21,583,226	357,838	(419,868)	(279,912)
Investment trusts	40,433,941	184,918	41,127,780	408,307	693,839	223,389
<b>Total</b>	<b>110,241,967</b>	<b>2,128,583</b>	<b>109,820,614</b>	<b>2,136,342</b>	<b>(421,352)</b>	<b>7,758</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, ¥466,474 million and ¥266,443 million losses were included in the statements of income for the three months ended June 30, 2019 and the fiscal year ended March 31 2019, respectively, because of the application of fair value hedge accounting.

4. Investment trusts are mainly invested in foreign bonds.

5. Impairment losses for the three months ended June 30, 2019 and the fiscal year ended March 31, 2019 amounted to ¥303 million and ¥8,063 million, respectively.

## 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, 2019 (A)		As of June 30, 2019 (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	3,951,489	1,122,266	3,899,631	1,045,120	(51,857)	(77,145)
Domestic stocks	2,141,784	1,106,458	2,060,991	1,026,915	(80,793)	(79,542)
Domestic bonds	1,195,685	17,468	1,146,243	20,273	(49,441)	2,805

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 for the three months ended June 30, 2019 and the fiscal year ended March 31, 2019 amounted to ¥1,250 million and ¥3,573 million, respectively.

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

(Millions of yen)

	As of March 31, 2019 (A)		As of June 30, 2019 (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	7,839,145	(122,376)	8,522,263	(191,502)	683,118	(69,125)
Currency swaps	6,527,044	32,497	6,692,870	151,077	165,826	118,579
Foreign exchange forward contracts	—	—	64	(0)	64	(0)
Total	14,366,189	(89,879)	15,215,199	(40,425)	849,009	49,453

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, 2019 (A)	As of June 30, 2019 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	3,427,414	3,607,512	180,097

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) (B) – (A)
	June 30, 2018 (A)		June 30, 2019 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	31,272	11.89	30,163	11.48	(1,109)
Salaries and allowances	25,817	9.82	24,947	9.49	(869)
Others	5,455	2.07	5,215	1.98	(239)
Non-personnel expenses	213,410	81.18	218,998	83.39	5,588
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	153,834	58.52	97,732	37.21	(56,102)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network (*)	—	—	59,489	22.65	59,489
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (**)	404	0.15	127	0.04	(277)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	14,913	5.67	14,871	5.66	(41)
Rent for land, buildings and others	3,193	1.21	3,052	1.16	(140)
Expenses on consigned businesses	15,913	6.05	15,400	5.86	(512)
Depreciation and amortization	7,743	2.94	9,122	3.47	1,378
Communication and transportation expenses	4,950	1.88	4,344	1.65	(605)
Maintenance expenses	2,948	1.12	2,966	1.12	17
IT expenses	3,870	1.47	7,265	2.76	3,395
Others	5,638	2.14	4,625	1.76	(1,013)
Taxes and dues	18,189	6.91	13,444	5.11	(4,745)
<b>Total</b>	<b>262,873</b>	<b>100.00</b>	<b>262,606</b>	<b>100.00</b>	<b>(266)</b>

\* The Bank makes payments of contributions to the Organization for Postal Savings, Postal Life Insurance and Post Office Network in accordance with Article 18-3 of the Act on Organization for Postal Savings, Postal Life Insurance and Post Office Network.

\*\* 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, 2019 (A)	As of June 30, 2019 (B)	Increase (Decrease) (B) – (A)
Loans to borrowers classified as bankrupt or quasi-bankrupt	—	—	—
Loans to borrowers classified as doubtful	—	1	1
Loans requiring close monitoring	—	—	—
Subtotal (a)	—	1	1
Loans to borrowers classified as normal	5,381,637	5,179,028	(202,609)
Total (b)	5,381,637	5,179,030	(202,607)
Non-performing loan ratio (a) / (b)	—%	0.00%	0.00%

# (Reference) Securitized Products Exposure

Non-consolidated

As of March 31, 2019 and June 30, 2019, the Bank held the following securitized products and others.

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, 2019			As of June 30, 2019		
		Acquisition cost	Net unrealized gains (losses)	Credit ratings	Acquisition cost	Net unrealized gains (losses)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,305.7	40.1	AAA	1,311.1	42.9	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	—	—	—	—	—	—
	Other securitized products(****)	165.5	0.0	AAA	155.8	0.0	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	1.2	0.0	AAA	1.2	0.0	AAA
	Subtotal	1,472.5	40.2		1,468.1	43.0	
Overseas (*****)	Residential mortgage-backed securities (RMBS)	99.7	(11.6)	AAA	79.6	(11.8)	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO) (*****)	1,178.7	(6.0)	AAA	1,320.5	(39.2)	AAA
	Subtotal	1,278.5	(17.7)		1,400.1	(51.0)	
Total		2,751.1	22.5		2,868.3	(8.0)	

\* 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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