

# **Selected Financial Information**

## **For the Six Months Ended September 30, 2019**



**JAPAN POST BANK Co., Ltd.**  
**November 14, 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 H1 Results

Non-consolidated  
Consolidated

## Results of Operations (FY2020/3 H1)

(¥bn, %)

	For the six months ended		Increase (decrease) from the six months ended September 30, 2018
	September 30, 2018	September 30, 2019	
Non-consolidated			
Ordinary income	965.3	909.8	(55.4) (5.7)%
Net ordinary income	223.4	201.0	(22.3) (10.0)%
Net income	159.2	144.7	(14.5) (9.1)%
Consolidated			
Ordinary income	965.3	909.9	(55.4) (5.7)%
Net ordinary income	223.3	201.1	(22.2) (9.9)%
Net income attributable to owners of parent	159.2	144.8	(14.4) (9.0)%

## Earnings forecasts (FY2020/3)

(¥bn, %)

	Earnings forecasts	Progress
<b>Consolidated</b>		
Net ordinary income	375.0	53.6%
Net income attributable to owners of parent	270.0	53.6%

## 【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 six months ended September 30, 2019 decreased by ¥41.9 bn year on year to ¥678.2 bn.  
Net interest income decreased by ¥47.2 bn year on year, mainly due to a decrease in interest on Japanese government bonds.  
Net fees and commissions increased by ¥12.4 bn year on year.  
Net other operating income decreased by ¥7.1 bn year on year, due to a decrease in gains (losses) on foreign exchanges, etc.
- General and administrative expenses decreased by ¥7.3 bn year on year to ¥514.6 bn.
- In the adverse business environment with yen interest rates remained at a low level, net operating profit decreased by ¥34.6 bn year on year to ¥163.6 bn.
- Net ordinary income decreased by ¥22.3 bn year on year to ¥201.0 bn.
- Net income decreased by ¥14.5 bn year on year to ¥144.7 bn.
- Net income attributable to owners of parent decreased by ¥14.4 bn year on year to ¥144.8 bn, which equated to 53.6% 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 H1 Results

Non-consolidated

Results of Operations			
	For the six months ended		(¥bn, %)
	September 30, 2018 (A)	September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Gross operating profit	720.2	678.2	(41.9)
Net interest income	549.1	501.8	(47.2)
Net fees and commissions	52.9	65.4	12.4
Net other operating income (loss)	118.1	110.9	(7.1)
Gains (losses) on foreign exchanges	132.8	107.8	(24.9)
Gains (losses) on bonds	(17.5)	5.3	22.9
General and administrative expenses (*)	521.9	514.6	(7.3)
Provision for general reserve for possible loan losses	—	—	—
Net operating profit	198.3	163.6	(34.6)
Non-recurring gains (losses)	25.1	37.4	12.2
Gains (losses) on money held in trust	26.6	27.7	1.0
Net ordinary income	223.4	201.0	(22.3)
Net income	159.2	144.7	(14.5)
ROE (**) (***)	2.78%	2.51%	(0.27)%
OHR (****)	72.46%	75.87%	3.40 %

Financial Condition			
	As of		(¥bn)
	March 31, 2019 (A)	September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Assets	208,970.4	213,122.9	4,152.4
Cash and due from banks	50,698.5	55,209.5	4,511.0
Call loans	400.0	160.0	(240.0)
Receivables under resale agreements	8,368.1	9,969.5	1,601.4
Money held in trust	3,990.7	4,197.7	206.9
Securities	137,135.2	135,423.4	(1,711.7)
Loans	5,297.4	4,936.2	(361.1)
Liabilities	197,619.6	201,477.0	3,857.3
Deposits	180,999.1	181,902.6	903.5
Payables under repurchase agreements	11,569.3	13,832.9	2,263.6
Payables under securities lending transactions	2,473.4	3,052.2	578.7
Net assets	11,350.8	11,645.9	295.1
Total shareholders' equity	8,973.0	9,024.1	51.0
Total valuation and translation adjustments	2,377.7	2,621.8	244.1

\* 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

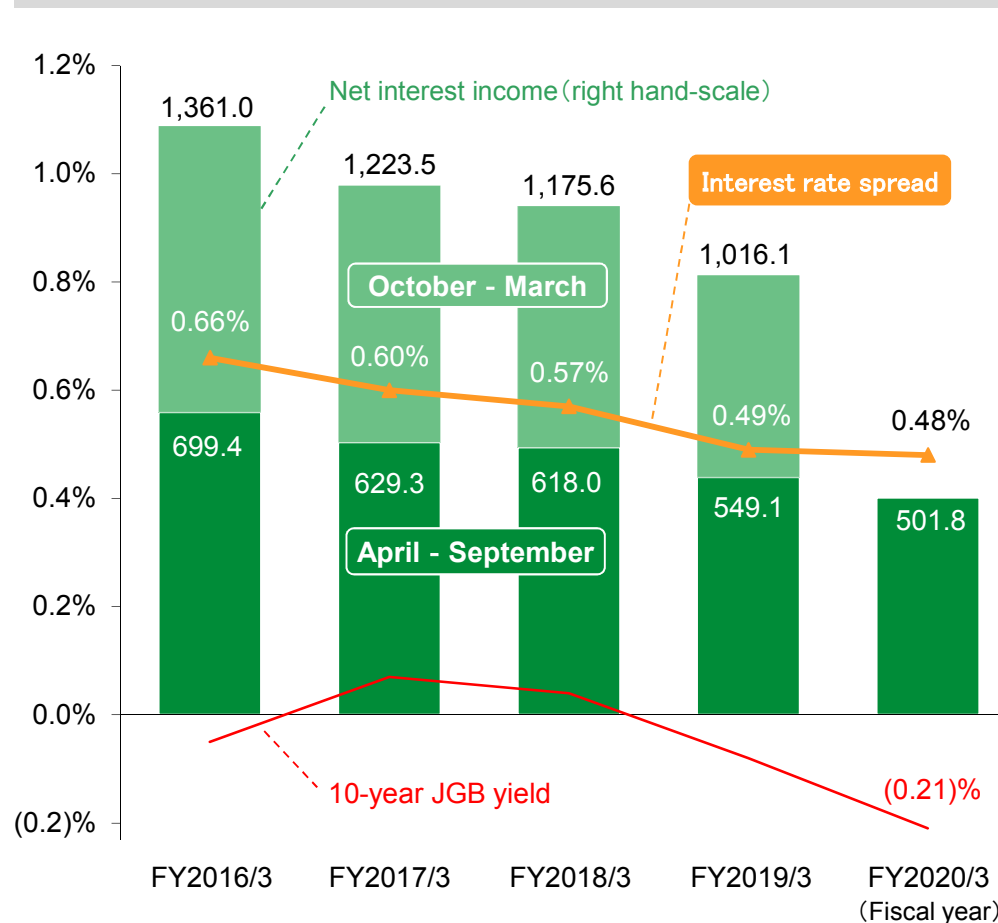
\*\*\* ROE is annualized.

\*\*\*\* 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 ¥501.8 bn and interest rate spread was 0.48% for the six months ended September 30, 2019.



Domestic		For the six months ended		Increase (Decrease)
		September 30, 2018 (A)	September 30, 2019 (B)	(B) – (A)
Net interest income		370.5	337.7	(32.7)
Interest income		434.3	378.2	(56.0)
Interest income on Japanese government bonds		271.7	227.7	(43.9)
Interest expenses		63.8	40.5	(23.3)

Overseas		For the six months ended		Increase (Decrease)
		September 30, 2018 (A)	September 30, 2019 (B)	(B) – (A)
Net interest income		178.5	164.0	(14.5)
Interest income		372.7	386.5	13.7
Interest income on foreign securities		372.0	385.5	13.4
Interest expenses		194.1	222.4	28.2

Total		For the six months ended		Increase (Decrease)
		September 30, 2018 (A)	September 30, 2019 (B)	(B) – (A)
Net interest income		549.1	501.8	(47.2)
Interest income		716.1	667.4	(48.7)
Interest expenses		166.9	165.5	(1.4)

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.

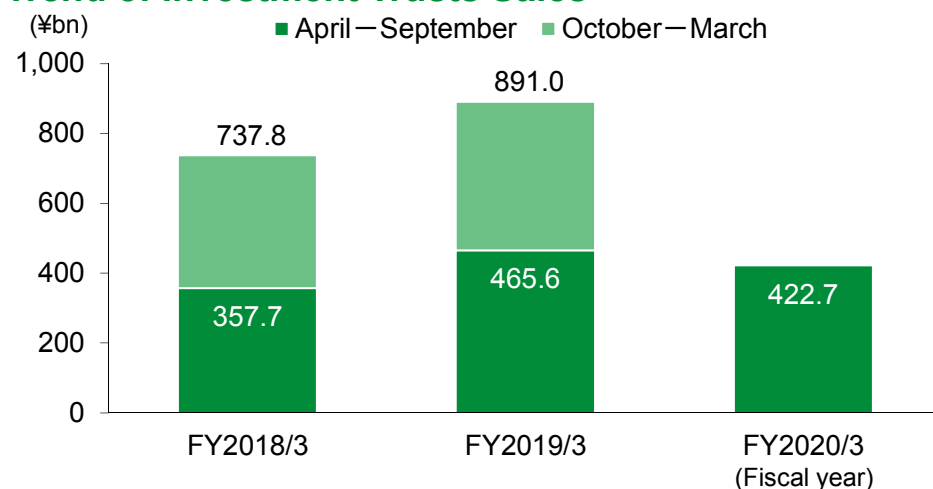
3. Interest rate spreads of FY2016/3 – FY2019/3 are the figures for the relevant fiscal years, while interest rate spread of FY2020/3 is the figure for the six months ended September 30, 2019. Interest rate spread of FY2020/3 is annualized.

### 3. Net Fees and Commissions

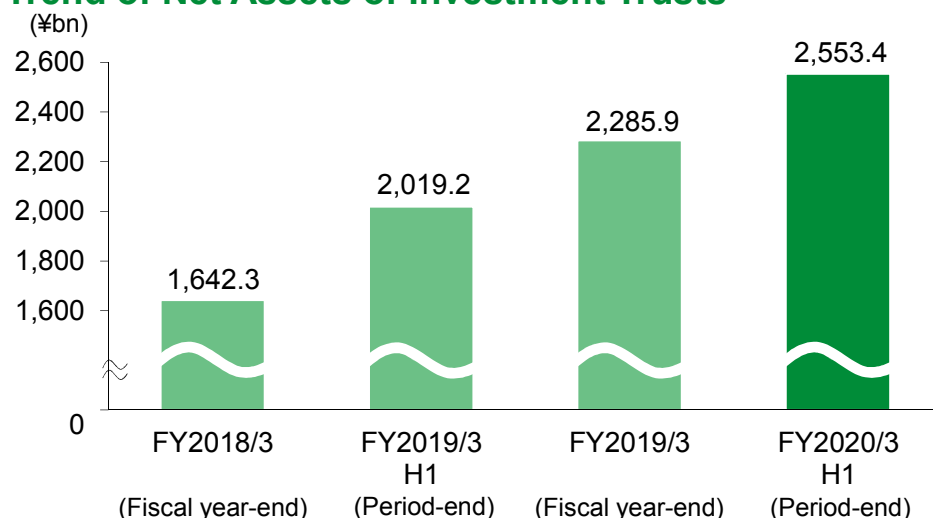
Non-consolidated

■ Net fees and commissions for the six months ended September 30, 2019 increased by ¥12.4 bn year on year to ¥65.4 bn.

#### Trend of Investment Trusts Sales



#### Trend of Net Assets of Investment Trusts



#### Breakdown of Net Fees and Commissions

(¥bn)

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2018 (A)	September 30, 2019 (B)	
Net fees and commissions relating to	52.9	65.4	12.4
Exchange and settlement transactions	30.2	39.9	9.6
ATMs	6.9	9.2	2.2
Investment trusts	11.1	11.8	0.6
Others	4.6	4.4	(0.1)

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

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2018 (A)	September 30, 2019 (B)	
Number of contracts (thousands)	1,028	1,471	443
Sales amount (billions of yen)	465.6	422.7	(42.9)

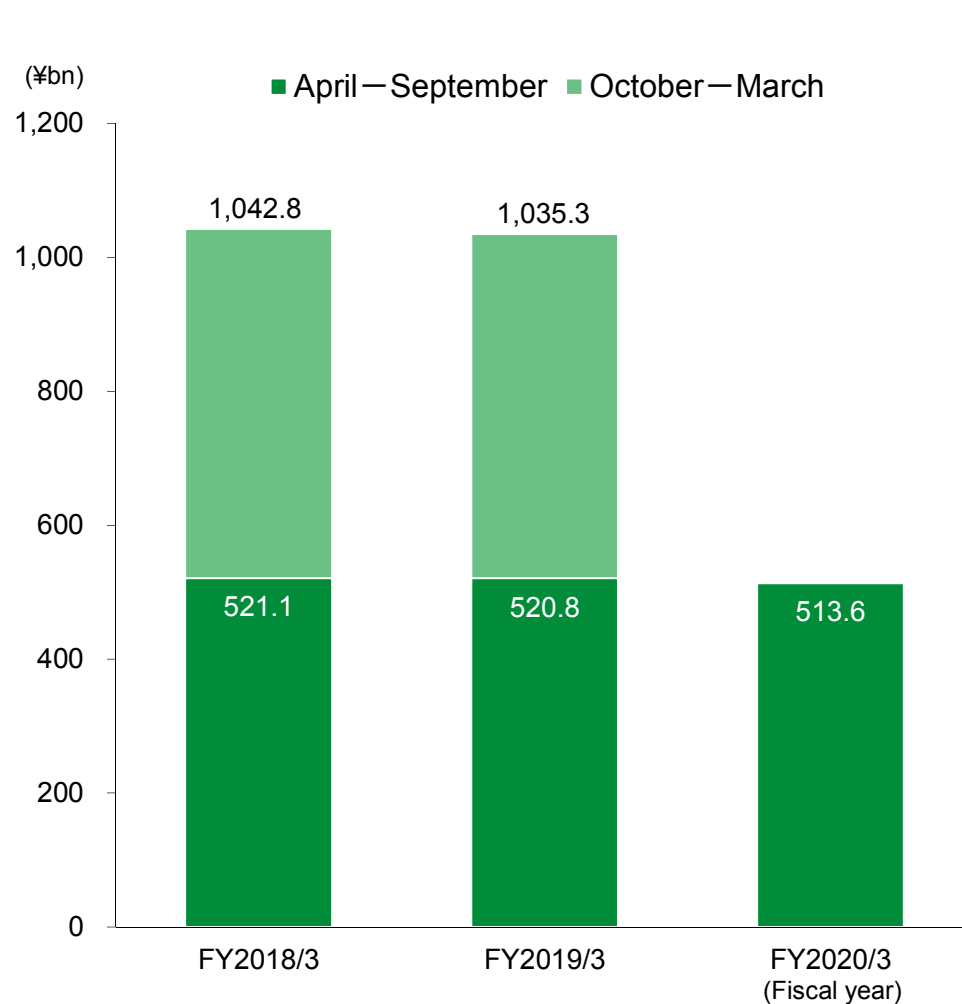
  

	As of September 30, 2018 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Number of investment trust accounts (thousands)	969	1,168	198
Net assets (billions of yen)	2,019.2	2,553.4	534.1

## 4. Trend of General and Administrative Expenses

Non-consolidated

■ General and administrative expenses for the six months ended September 30, 2019 decreased by ¥7.2 bn year on year to ¥513.6 bn.



	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2018 (A)	September 30, 2019 (B)	
Personnel expenses (*)	62.0	60.3	(1.7)
Salaries and allowances	51.0	49.5	(1.4)
Non-personnel expenses	422.2	427.6	5.4
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	303.6	189.1	(114.5)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network	—	118.9	118.9
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	29.8	29.7	(0.0)
Taxes and dues	36.6	25.6	(10.9)
Total	520.8	513.6	(7.2)

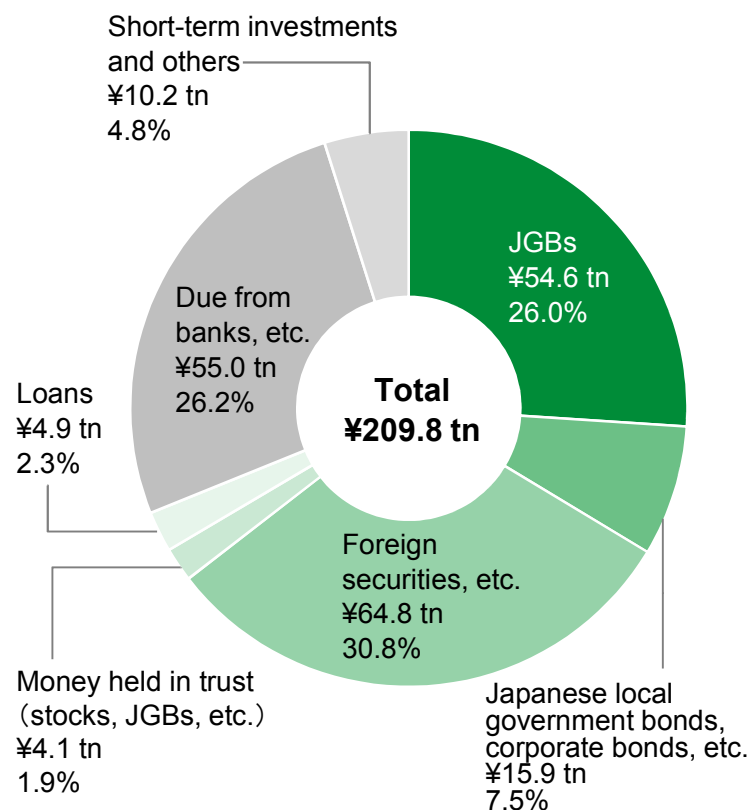
\* Personnel expenses include non-recurring losses.



## 5. Asset Management Status

Non-consolidated

■ Included in investment assets as of September 30, 2019, JGBs were ¥54.6 tn and foreign securities, etc. were ¥64.8 tn.



(¥bn)					
Categories	As of March 31, 2019 (A)	%	As of September 30, 2019 (B)	%	Increase (Decrease) (B) – (A)
Securities	137,135.2	66.5	135,423.4	64.5	(1,711.7)
Japanese government bonds	58,356.5	28.3	54,639.2	26.0	(3,717.3)
Japanese local government bonds, corporate bonds, etc. (*)	16,279.1	7.9	15,935.8	7.5	(343.2)
Foreign securities, etc.	62,499.5	30.3	64,848.3	30.8	2,348.7
Foreign bonds	22,035.5	10.6	22,668.4	10.8	632.9
Investment trusts (**)	40,433.9	19.6	42,140.7	20.0	1,706.7
Money held in trust (stocks, JGBs, etc.)	3,990.7	1.9	4,197.7	1.9	206.9
Domestic stocks	2,141.7	1.0	2,119.4	1.0	(22.3)
Loans	5,297.4	2.5	4,936.2	2.3	(361.1)
Due from banks, etc. (***)	50,674.2	24.6	55,060.9	26.2	4,386.7
Short-term investments and others (****)	8,877.5	4.3	10,270.6	4.8	1,393.1
<b>Total</b>	<b>205,975.2</b>	<b>100.0</b>	<b>209,889.1</b>	<b>100.0</b>	<b>3,913.9</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 ¥3,779.5 bn as of September 30, 2019 (before application of tax effect accounting).

(¥bn)

	As of March 31, 2019		As of September 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	24,404.9	757.2

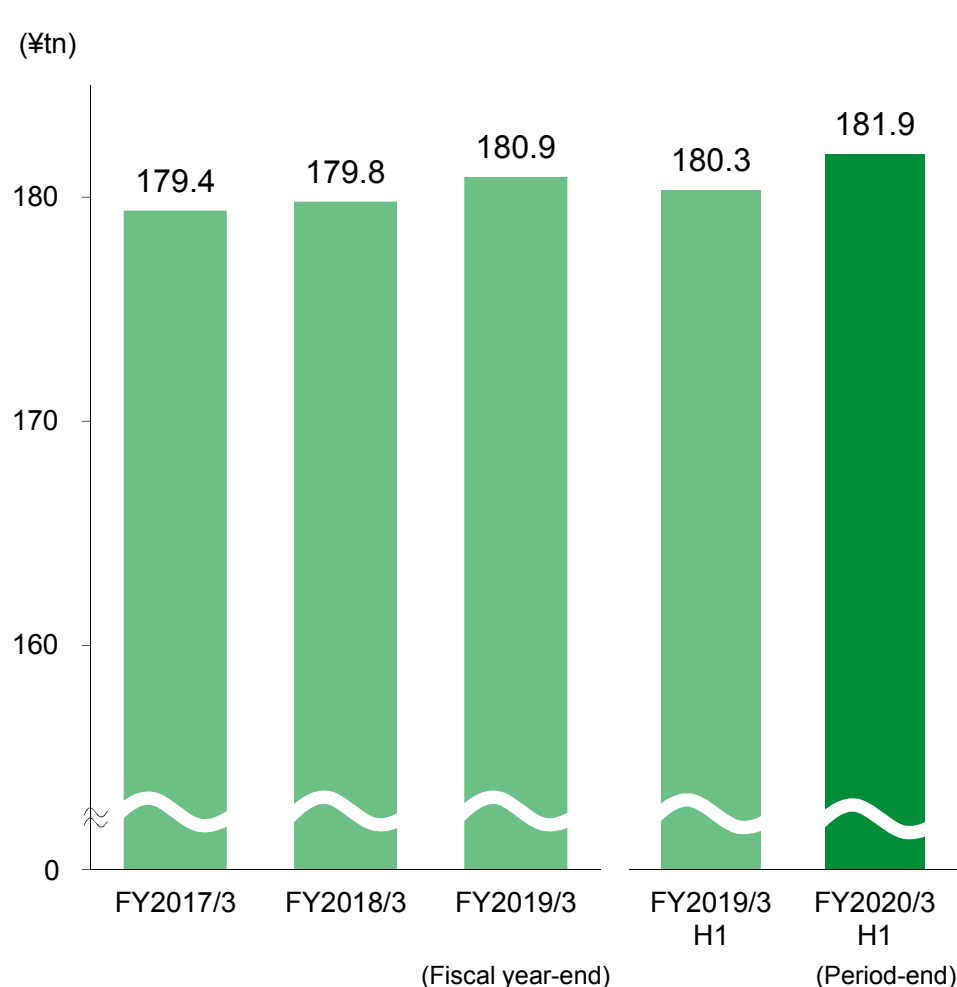
(¥bn)

	As of March 31, 2019		As of September 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	115,534.4	3,879.8
Securities (A)	110,241.9	2,128.5	111,336.6	2,324.2
Japanese government bonds	33,340.6	1,167.6	32,782.3	1,294.6
Foreign bonds	22,003.0	637.7	22,668.4	378.1
Investment trusts	40,433.9	184.9	42,140.7	522.5
Others	14,464.2	138.2	13,745.2	128.9
Effect of fair value hedge accounting (B)		266.4		450.3
Money held in trust (C)	3,951.4	1,122.2	4,197.7	1,105.2
Domestic stocks	2,141.7	1,106.4	2,119.4	1,086.2
Others	1,809.7	15.8	2,078.3	19.0
Derivatives for which deferred hedge accounting is applied (D)	14,366.1	(89.8)	15,619.2	(100.3)
Total (A) + (B) + (C) + (D)		3,427.4		3,779.5

## 7. Trend of Deposit Balance

Non-consolidated

■ Deposit balance as of September 30, 2019 was ¥181.9 tn, which remained stable.



	As of March 31, 2019 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Liquid deposits	79.9	83.7	3.7
Transfer deposits	16.1	7.5	(8.6)
Ordinary deposits, etc. (*)	63.4	75.7	12.3
Savings deposits	0.4	0.4	0.0
Fixed-term deposits	100.9	98.0	(2.8)
Time deposits	7.0	6.2	(0.8)
TEIGAKU deposits	93.8	91.7	(2.0)
Other deposits	0.1	0.1	0.0
Total	180.9	181.9	0.9

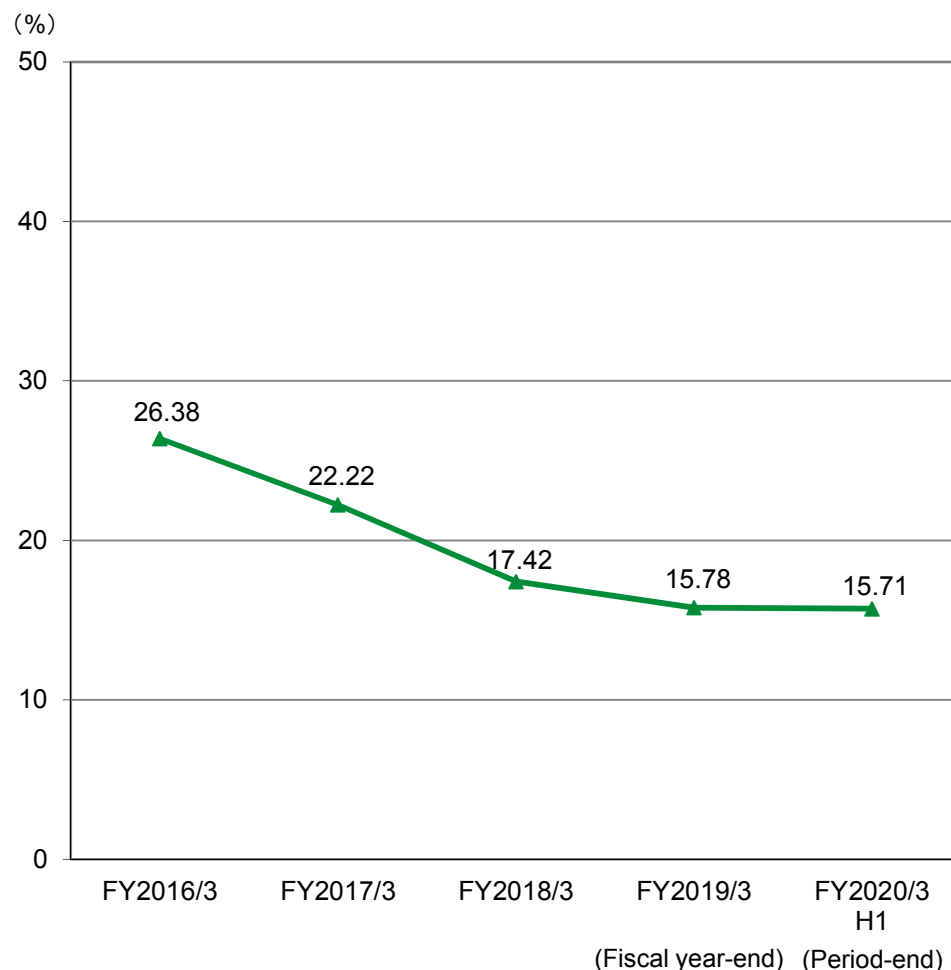
\* Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)

## 8. Trend of Capital Adequacy Ratio

Non-consolidated  
Consolidated

■ Capital adequacy ratio (non-consolidated, domestic standard) was 15.71% as of September 30, 2019.

【Non-consolidated】



【Non-consolidated】

	As of March 31, 2019 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,844.2	8,897.7	53.5
Total amount of risk-weighted assets (b)	56,033.5	56,604.3	570.7
Credit risk-weighted assets	53,334.0	53,929.8	595.8
Capital adequacy ratio (a) / (b)	15.78%	15.71%	(0.06)%

【Consolidated】

	As of March 31, 2019 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Total capital (a)	8,853.3	8,907.9	54.6
Total amount of risk-weighted assets (b)	56,004.5	56,582.4	577.8
Credit risk-weighted assets	53,305.1	53,908.0	602.9
Capital adequacy ratio (consolidated) (a) / (b)	15.80%	15.74%	(0.06)%

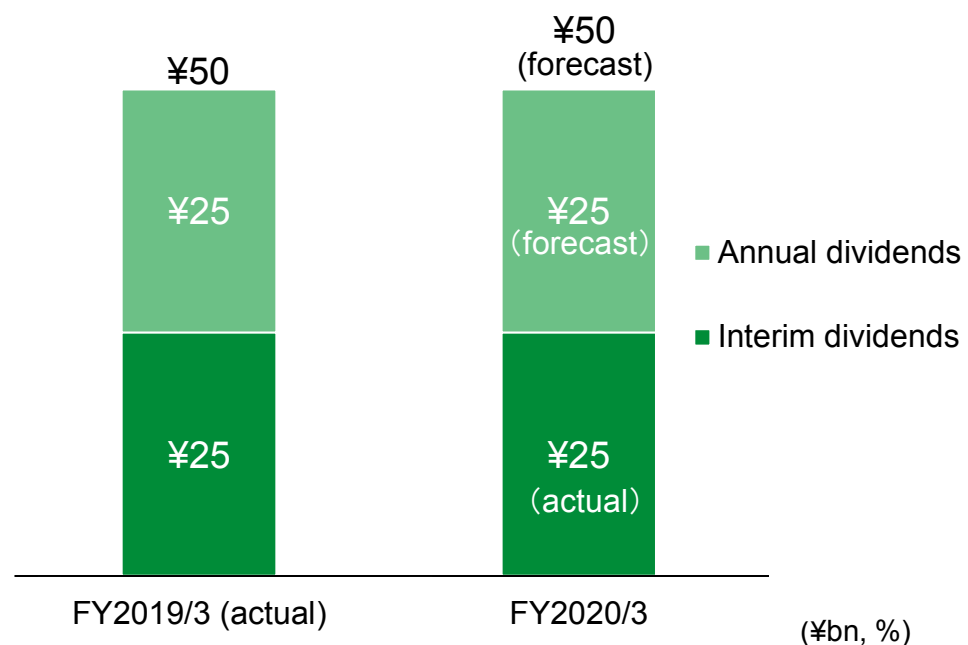
## 9. Dividends

Consolidated

■ Interim dividend per share is ¥25. Dividend forecast for the fiscal year ending March 31, 2020 is unchanged i.e. ¥50.

### Actual result and forecast of dividends

<Dividend per share>



### Dividend policy (until March 31, 2021)

1. The Bank aims to secure dividends of ¥50 per share.
2. The Bank aims to maintain stable dividends per share.
3. The Bank shall also consider the implementation of additional shareholder returns according to conditions such as future regulatory trends, income growth and adequacy of internal reserves.

	For the fiscal year	
	ended March 31, 2019 (actual)	ending March 31, 2020 (forecast)
Total dividend payment	187.4	187.4
Dividend payout ratio	70.4%	69.4%

# (Reference) Portfolio Management Status

Non-consolidated

(¥bn)

	As of March 31, 2019 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Yen interest rates assets	116,823.2	116,710.2	(112.9)
Short-term assets	55,363.1	59,270.3	3,907.1
Japanese government bonds and government guaranteed bonds	61,460.0	57,439.9	(4,020.1)
Risk assets	81,931.4	84,289.6	2,358.2
Japanese local government bonds	6,383.9	6,185.9	(198.0)
Japanese corporate bonds, etc.	7,865.4	7,790.7	(74.7)
Foreign securities, etc.	60,121.0	62,578.5	2,457.4
Loans	2,216.8	2,264.5	47.7
Money held in trust (stocks), etc.	2,415.5	2,499.1	83.6
Strategic investment areas	2,928.5	2,970.6	42.1

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 September 30, 2019 (B)	Increase (Decrease) (B) – (A)
<b>Total assets</b>	<b>208,970,478</b>	<b>213,122,963</b>	<b>4,152,485</b>
Cash and due from banks	50,698,549	55,209,560	4,511,011
Call loans	400,000	160,000	(240,000)
Receivables under resale agreements	8,368,139	9,969,560	1,601,420
Monetary claims bought	295,679	270,816	(24,863)
Trading account securities	2	83	80
Money held in trust	3,990,780	4,197,774	206,994
Securities	137,135,264	135,423,494	(1,711,770)
Loans	5,297,424	4,936,238	(361,186)
Foreign exchanges	80,396	88,110	7,713
Other assets	2,452,409	2,625,540	173,131
Tangible fixed assets	201,786	195,388	(6,398)
Intangible fixed assets	51,003	47,311	(3,691)
Reserve for possible loan losses	(958)	(914)	44

	As of March 31, 2019 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
<b>Total liabilities and net assets</b>	<b>208,970,478</b>	<b>213,122,963</b>	<b>4,152,485</b>
<b>Total liabilities</b>	<b>197,619,672</b>	<b>201,477,033</b>	<b>3,857,361</b>
Deposits	180,999,134	181,902,696	903,561
Payables under repurchase agreements	11,569,371	13,832,978	2,263,606
Payables under securities lending transactions	2,473,457	3,052,225	578,767
Commercial paper	28,029	25,579	(2,450)
Borrowed money	3,900	7,700	3,800
Foreign exchanges	628	841	212
Other liabilities	1,354,810	1,361,016	6,205
Reserve for bonuses	7,739	7,195	(544)
Reserve for employees' retirement benefits	144,190	145,042	851
Reserve for employee stock ownership plan trust	839	350	(489)
Reserve for management board benefit trust	238	235	(3)
Reserve for reimbursement of deposits	88,332	83,552	(4,780)
Deferred tax liabilities	948,998	1,057,620	108,622
<b>Total net assets</b>	<b>11,350,806</b>	<b>11,645,930</b>	<b>295,124</b>
Capital stock	3,500,000	3,500,000	—
Capital surplus	4,296,285	4,296,285	—
Retained earnings	2,477,736	2,528,704	50,968
Treasury stock	(1,300,926)	(1,300,881)	45
<b>Total shareholders' equity</b>	<b>8,973,095</b>	<b>9,024,109</b>	<b>51,013</b>
Net unrealized gains (losses) on available-for-sale securities	2,440,064	2,691,426	251,361
Net deferred gains (losses) on hedges	(62,353)	(69,605)	(7,251)
<b>Total valuation and translation adjustments</b>	<b>2,377,710</b>	<b>2,621,821</b>	<b>244,110</b>



## 2. Income Analysis

Non-consolidated

(Millions of yen)

	For the six months ended		(B) – (A)
	September 30, 2018 (A)	September 30, 2019 (B)	
Gross operating profit	720,278	678,294	(41,984)
Net interest income	549,135	501,840	(47,295)
Net fees and commissions	52,994	65,490	12,495
Net other operating income (loss)	118,148	110,963	(7,184)
Gains (losses) on foreign exchanges	132,846	107,860	(24,985)
Gains (losses) on bonds	(17,568)	5,370	22,938
General and administrative expenses	(521,976)	(514,652)	7,324
Personnel expenses	(63,158)	(61,339)	1,819
Non-personnel expenses	(422,213)	(427,615)	(5,402)
Taxes and dues	(36,604)	(25,697)	10,907
Operating profit (before provision for general reserve for possible loan losses)	198,301	163,641	(34,660)
Provision for general reserve for possible loan losses	—	—	—
<b>Net operating profit</b>	<b>198,301</b>	<b>163,641</b>	<b>(34,660)</b>
Non-recurring gains (losses)	25,176	37,453	12,276
Gains (losses) related to stocks	193	10,705	10,512
Gains (losses) on money held in trust	26,698	27,777	1,079
<b>Net ordinary income</b>	<b>223,478</b>	<b>201,095</b>	<b>(22,383)</b>

	For the six months ended		(B) – (A)
	September 30, 2018 (A)	September 30, 2019 (B)	
Extraordinary income (loss)	(370)	(109)	260
Gains (losses) on sales and disposals of fixed assets	(347)	(109)	238
Losses on impairment of fixed assets	(22)	(0)	22
<b>Income before income taxes</b>	<b>223,107</b>	<b>200,985</b>	<b>(22,122)</b>
Income taxes – current	(60,763)	(55,417)	5,345
Income taxes – deferred	(3,052)	(862)	2,190
<b>Total income taxes</b>	<b>(63,815)</b>	<b>(56,279)</b>	<b>7,536</b>
<b>Net income</b>	<b>159,291</b>	<b>144,705</b>	<b>(14,586)</b>
Gains (losses) on money held in trust	26,698	27,777	1,079
Dividends and interest income	33,754	37,505	3,751
Gains (losses) on sales of stocks	270	0	(270)
Unrealized gains (losses)	(825)	3	829
Impairment losses	(1,010)	(2,649)	(1,639)
Withholding income tax, etc.	(5,490)	(7,082)	(1,591)
Credit-related expenses	6	12	5
Provision for general reserve for possible loan losses	6	12	5
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 (¥970 million and ¥1,082 million recorded as profits for the six months ended September 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 six months ended		Increase (Decrease) (B) – (A)
	September 30, 2018 (A)	September 30, 2019 (B)	
Net income to assets (ROA)	0.15%	0.13%	(0.01)%
Net income to equity (ROE)	2.78	2.51	(0.27)
Overhead ratio (OHR)	72.46	75.87	3.40
Expense-to-deposit ratio	0.57	0.56	(0.01)

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

### 4. Interest Rate Spread

Non-consolidated

	For the six months ended		Increase (Decrease) (B) – (A)
	September 30, 2018 (A)	September 30, 2019 (B)	
Yield on interest-earning assets (a)	0.71%	0.65%	(0.05)%
Total cost of funding (including general and administrative expenses) (b)	0.71	0.69	(0.02)
Interest rate on interest-bearing liabilities (c)	0.17	0.16	(0.00)
Overall interest rate spread (a) - (b)	(0.00)	(0.03)	(0.03)
Interest rate spread (a) - (c)	0.53	0.48	(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 six months ended						Increase (Decrease) (B) – (A)
		September 30, 2018 (A)			September 30, 2019 (B)			
		Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets		194,287,761	434,376	0.44%	197,309,717	378,281	0.38%	(0.06)%
	Loans	6,540,168	6,259	0.19	5,063,261	5,625	0.22	0.03
	Securities	78,738,136	321,288	0.81	73,052,033	262,889	0.71	(0.09)
	Due from banks, etc.	49,858,459	15,124	0.06	52,923,230	14,522	0.05	(0.00)
Interest-bearing liabilities		186,503,726	63,836	0.06	189,969,911	40,518	0.04	(0.02)
	Deposits	180,944,300	47,152	0.05	182,623,839	28,952	0.03	(0.02)
	Payables under securities lending transactions	8,341,119	644	0.01	128,841	64	0.09	0.08

### (2) Overseas

(Millions of yen, %)

	For the six months ended						Increase (Decrease) (B) – (A)
	September 30, 2018 (A)			September 30, 2019 (B)			
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets	57,362,740	372,777	1.29%	61,705,949	386,547	1.24%	(0.04)%
Loans	5,000	10	0.41	7,131	18	0.52	0.10
Securities	57,245,971	372,096	1.29	61,590,570	385,566	1.24	(0.04)
Due from banks, etc.	14,023	121	1.73	2,526	29	2.35	0.61
Interest-bearing liabilities	56,639,738	194,182	0.68	61,635,917	222,470	0.71	0.03
Payables under securities lending transactions	2,859,308	29,769	2.07	2,375,577	28,902	2.42	0.35

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

Non-consolidated

(3) Total

(Millions of yen, %)

		For the six months ended						Increase (Decrease) (B) – (A)
		September 30, 2018 (A)			September 30, 2019 (B)			
		Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield	Earnings yield
Interest-earning assets		200,097,163	716,116	0.71%	202,377,177	667,413	0.65%	(0.05)%
	Loans	6,545,168	6,269	0.19	5,070,392	5,643	0.22	0.03
	Securities	135,984,108	693,384	1.01	134,642,604	648,456	0.96	(0.05)
	Due from banks, etc.	49,872,483	15,245	0.06	52,925,757	14,552	0.05	(0.00)
Interest-bearing liabilities		191,590,127	166,981	0.17	194,967,339	165,573	0.16	(0.00)
	Deposits	180,944,300	47,152	0.05	182,623,839	28,952	0.03	(0.02)
	Payables under securities lending transactions	11,200,427	30,414	0.54	2,504,418	28,967	2.30	1.76

- 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 (six months ended September 30, 2019, ¥2,977,202 million; six months ended September 30, 2018, ¥3,005,541 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (six months ended September 30, 2019, ¥2,977,202 million; six months ended September 30, 2018, ¥3,005,541 million) and the corresponding interest (six months ended September 30, 2019, ¥5,120 million; six months ended September 30, 2018, ¥5,307 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 ¥34,313 million for the six months ended September 30, 2019 (¥29,461 million for the six months ended September 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. Asset Management Status

Non-consolidated

(Millions of yen, %)

	As of March 31, 2019 (A)		As of September 30, 2019 (B)		Increase (Decrease) (B) – (A)
	Amount	%	Amount	%	Amount
Due from banks, etc.	50,674,248	24.60	55,060,988	26.23	4,386,739
Call loans	400,000	0.19	160,000	0.07	(240,000)
Receivables under resale agreements	8,368,139	4.06	9,969,560	4.74	1,601,420
Money held in trust	3,990,780	1.93	4,197,774	1.99	206,994
Domestic stocks	2,141,784	1.03	2,119,470	1.00	(22,314)
Domestic bonds	1,195,685	0.58	1,145,987	0.54	(49,697)
Securities	137,135,264	66.57	135,423,494	64.52	(1,711,770)
Japanese government bonds	58,356,567	28.33	54,639,262	26.03	(3,717,305)
Japanese local government bonds	6,383,964	3.09	6,185,942	2.94	(198,022)
Commercial paper	220,998	0.10	368,993	0.17	147,995
Japanese corporate bonds	9,574,857	4.64	9,358,800	4.45	(216,056)
Japanese stocks	99,286	0.04	22,159	0.01	(77,126)
Other securities	62,499,590	30.34	64,848,335	30.89	2,348,745
Foreign bonds	22,035,528	10.69	22,668,431	10.80	632,902
Investment trusts	40,433,941	19.63	42,140,714	20.07	1,706,772
Loans	5,297,424	2.57	4,936,238	2.35	(361,186)
Others	109,366	0.05	141,081	0.06	31,714
Total	205,975,224	100.00	209,889,136	100.00	3,913,911

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

2. Investment trusts are mainly invested in foreign bonds.

## 7. Unrealized Gains (Losses) on Financial Instruments

Non-consolidated

### (1) Held-to-maturity Securities

(Millions of yen)

	As of March 31, 2019 (A)		As of September 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	21,856,947	726,488	(3,158,974)	(29,062)
Japanese local government bonds	533,474	4,001	801,991	4,633	268,517	631
Japanese corporate bonds	1,660,749	28,626	1,745,980	26,113	85,231	(2,513)
Others	32,433	5,014	—	—	(32,433)	(5,014)
Foreign bonds	32,433	5,014	—	—	(32,433)	(5,014)
Total	27,242,577	793,192	24,404,919	757,234	(2,837,658)	(35,958)

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 September 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	19,782	(66)	(77,126)	(5,191)
Bonds	47,326,243	1,298,872	46,148,079	1,420,929	(1,178,163)	122,056
Japanese government bonds	33,340,646	1,167,684	32,782,314	1,294,608	(558,331)	126,923
Japanese local government bonds	5,850,490	50,706	5,383,950	40,499	(466,539)	(10,206)
Commercial paper	220,998	—	368,993	—	147,995	—
Japanese corporate bonds	7,914,108	80,481	7,612,820	85,821	(301,287)	5,340
Others	62,818,814	824,586	65,168,822	903,383	2,350,007	78,797
Foreign bonds	22,003,095	637,751	22,668,431	378,112	665,335	(259,638)
Investment trusts	40,433,941	184,918	42,140,714	522,531	1,706,772	337,613
Total	110,241,967	2,128,583	111,336,684	2,324,247	1,094,717	195,663

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, ¥450,368 million and ¥ 266,443 million losses were included in the statements of income for the six months ended September 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 six months ended September 30, 2019 and the fiscal year ended March 31, 2019 amounted to ¥1,063 million and ¥8,063 million, respectively.

## 7. 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 September 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	4,197,774	1,105,270	246,284	(16,995)
Domestic stocks	2,141,784	1,106,458	2,119,470	1,086,265	(22,314)	(20,193)
Domestic bonds	1,195,685	17,468	1,145,987	21,089	(49,697)	3,621

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 six months ended September 30, 2019 and the fiscal year ended March 31, 2019 amounted to ¥2,649 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 September 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)	8,592,833	(266,527)	753,688	(144,150)
Currency swaps	6,527,044	32,497	7,026,383	166,195	499,339	133,697
Foreign exchange forward contracts	—	—	—	—	—	—
Total	14,366,189	(89,879)	15,619,217	(100,331)	1,253,027	(10,452)

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 September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Total net unrealized gains (losses)	3,427,414	3,779,554	352,139

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

## 8. General and Administrative Expenses

Non-consolidated

(Millions of yen, %)					
	For the six months ended				Increase (Decrease) (B) – (A)
	September 30, 2018 (A)		September 30, 2019 (B)		
	Amount	%	Amount	%	Amount
Personnel expenses	62,076	11.91	60,368	11.75	(1,707)
Salaries and allowances	51,029	9.79	49,591	9.65	(1,437)
Others	11,046	2.12	10,776	2.09	(269)
Non-personnel expenses	422,213	81.05	427,615	83.24	5,402
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	303,689	58.30	189,162	36.82	(114,527)
Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network (*)	—	—	118,933	23.15	118,933
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (**)	809	0.15	255	0.04	(554)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	29,827	5.72	29,743	5.79	(83)
Rent for land, buildings and others	6,549	1.25	6,033	1.17	(516)
Expenses on consigned businesses	32,243	6.18	31,367	6.10	(875)
Depreciation and amortization	15,791	3.03	18,221	3.54	2,430
Communication and transportation expenses	9,484	1.82	8,571	1.66	(913)
Maintenance expenses	5,905	1.13	5,984	1.16	78
IT expenses	7,945	1.52	10,208	1.98	2,263
Others	9,967	1.91	9,135	1.77	(831)
Taxes and dues	36,604	7.02	25,697	5.00	(10,907)
Total	520,894	100.00	513,682	100.00	(7,212)

\* 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.



## 9. Loans

Non-consolidated

(Millions of yen, %)

	As of March 31, 2019 (A)		As of September 30, 2019 (B)		Increase (Decrease) (B) – (A)
	Amount	%	Amount	%	Amount
Domestic (excluding Japan Offshore Market accounts)	5,292,424	100.00	4,925,916	100.00	(366,507)
Agriculture, forestry, fisheries, and mining	—	—	—	—	—
Manufacturing	15,519	0.29	22,427	0.45	6,907
Utilities, information/communications, and transportation	115,517	2.18	108,591	2.20	(6,926)
Wholesale and retail	37,289	0.70	37,142	0.75	(146)
Finance and insurance	930,873	17.58	841,195	17.07	(89,678)
Construction and real estate	2,000	0.03	10,500	0.21	8,500
Services and goods rental/leasing	37,695	0.71	37,304	0.75	(390)
Central and local governments	3,997,677	75.53	3,716,101	75.43	(281,576)
Others	155,851	2.94	152,654	3.09	(3,197)
Overseas and Japan Offshore Market accounts	5,000	100.00	10,321	100.00	5,321
Governments	—	—	—	—	—
Financial institutions	—	—	—	—	—
Others	5,000	100.00	10,321	100.00	5,321
Total	5,297,424		4,936,238		(361,186)

Notes: 1. “Domestic” represents loans to residents of Japan, while “overseas” represents loans to non-residents of Japan.

2. Of “Finance and insurance,” loans to the Organization for Postal Savings, Postal Life Insurance and Post Office Network, were ¥499,757 million and ¥640,676 million as of September 30, 2019 and March 31, 2019, respectively.

3. “Others” in “Domestic” represents loans to individuals.

## 10. Balances by Type of Deposit

Non-consolidated

(Millions of yen, %)

	As of March 31, 2019 (A)		As of September 30, 2019 (B)		Increase (Decrease) (B) – (A)
	Amount	%	Amount	%	Amount
Liquid deposits	79,959,377	44.17	83,706,653	46.01	3,747,276
Transfer deposits	16,143,580	8.91	7,524,089	4.13	(8,619,491)
Ordinary deposits, etc.	63,410,139	35.03	75,714,793	41.62	12,304,653
Savings deposits	405,656	0.22	467,771	0.25	62,114
Fixed-term deposits	100,927,190	55.76	98,052,225	53.90	(2,874,965)
Time deposits	7,096,334	3.92	6,276,442	3.45	(819,892)
TEIGAKU deposits	93,830,855	51.84	91,775,782	50.45	(2,055,072)
Other deposits	112,566	0.06	143,816	0.07	31,250
Subtotal	180,999,134	100.00	181,902,696	100.00	903,561
Negotiable certificates of deposit	—	—	—	—	—
Total	180,999,134	100.00	181,902,696	100.00	903,561
Deposits including accrued interest	181,431,911		182,287,509		855,598

Notes: 1. Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)

2. Special deposits (equivalent to ordinary savings) are the portion of deposits received from the Organization for Postal Savings, Postal Life Insurance and Post Office Network, corresponding to savings for time savings, TEIGAKU savings, installment savings, savings for housing installments, and education installment savings that had reached full term and were passed on to the organization by Japan Post Corporation.

3. TEIGAKU deposits are a kind of 10-year-maturity time deposits unique to the Bank. The key feature is that depositors have the option to withdraw money anytime six months after the initial deposit. The interest rates on such deposits rise every six months in a staircase pattern, with duration of up to three years. After three years, the interest is compounded using fixed interest rates until the maturity of 10 years.

# 11. Deferred Tax Assets/Liabilities

Non-consolidated

(Millions of yen)

	As of March 31, 2019 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Deferred tax assets	135,977	137,783	1,806
Reserve for possible loan losses	—	2	2
Reserve for employees' retirement benefits	44,158	44,418	260
Accrued enterprise taxes	1,385	3,390	2,005
Net deferred losses on hedges	27,525	30,726	3,200
Reserve for reimbursement of deposits	27,051	25,587	(1,463)
Depreciation	8,569	9,225	655
Unrealized losses of money held in trust	3,149	3,162	13
Other	24,137	21,269	(2,868)
Deferred tax liabilities	(1,084,975)	(1,195,404)	(110,429)
Net unrealized gains on available-for-sale securities	(1,077,133)	(1,188,094)	(110,961)
Other	(7,841)	(7,309)	532
Net deferred tax assets (liabilities)	(948,998)	(1,057,620)	(108,622)

## 12. Problem Assets Disclosed under the Financial Reconstruction Act

Non-consolidated

(Millions of yen, %)			
	As of March 31, 2019 (A)	As of September 30, 2019 (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	5,381,637	5,026,920	(354,716)
Total (b)	5,381,637	5,026,921	(354,716)
Non-performing loan ratio (a) / (b)	—%	0.00%	0.00%

## 13. Reserve for Possible Loan Losses

Non-consolidated

(Millions of yen)			
	As of March 31, 2019 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Total	958	914	(44)
General reserve for possible loan losses	243	230	(12)
Specific reserve for possible loan losses	715	683	(32)

# 14. Capital

Non-consolidated  
Consolidated

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

(Millions of yen, %)

	As of March 31, 2019 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	8,879,601	8,930,603	51,001
Core Capital: regulatory adjustments (b)	35,388	32,822	(2,566)
Total capital (a) - (b) = (c)	8,844,213	8,897,780	53,567
Total amount of risk-weighted assets (d)	56,033,562	56,604,313	570,751
Credit risk-weighted assets	53,334,010	53,929,859	595,848
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,699,551	2,674,453	(25,097)
Capital adequacy ratio (c) / (d)	15.78%	15.71%	(0.06)%

(2) Capital Adequacy Ratio (Consolidated, Domestic Standard)

(Millions of yen, %)

	As of March 31, 2019 (A)	As of September 30, 2019 (B)	Increase (Decrease) (B) – (A)
Core Capital: instruments and reserves (a)	8,888,716	8,940,821	52,104
Core Capital: regulatory adjustments (b)	35,398	32,831	(2,567)
Total capital (a) - (b) = (c)	8,853,318	8,907,989	54,671
Total amount of risk-weighted assets (d)	56,004,545	56,582,408	577,862
Credit risk-weighted assets	53,305,125	53,908,085	602,960
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	2,699,419	2,674,322	(25,097)
Capital adequacy ratio (consolidated) (c) / (d)	15.80%	15.74%	(0.06)%

# (Reference) Securitized Products Exposure

Non-consolidated

As of March 31, 2019 and September 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 September 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	1,321.3	45.5	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO)	—	—	—	—	—	—
	Other securitized products(****)	165.5	0.0	AAA	140.5	0.0	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—	—	—
	Collateralized debt obligations (CDO)	1.2	0.0	AAA	1.1	0.0	AAA
	Subtotal	1,472.5	40.2		1,462.9	45.6	
Overseas (*****)	Residential mortgage-backed securities (RMBS)	99.7	(11.6)	AAA	76.4	(11.7)	AAA
	Subprime loan related	—	—	—	—	—	—
	Collateralized loan obligations (CLO) (*****)	1,178.7	(6.0)	AAA	1,524.1	(34.0)	AAA
	Subtotal	1,278.5	(17.7)		1,600.6	(45.7)	
Total		2,751.1	22.5		3,063.6	(0.1)	

\* 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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