

Selected Financial Information

For the Nine Months Ended December 31, 2019

JAPAN POST BANK Co., Ltd.
February 14, 2020

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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

1. Overview of FY2020/3 3Q Results

Results of Operations (FY2020/3 3Q)

(¥bn, %)

| | For the nine months ended | | Increase (decrease) from the nine months ended December 31, 2018 |
|--|---------------------------|----------------------|---|
| | December 31, 2018 | December 31, 2019 | |
| Non-consolidated | | | |
| Ordinary income | 1,384.5 | 1,358.1 | (26.3) (1.9)% |
| Net ordinary income | 281.8 | 289.2 | 7.3 2.6 % |
| Net income | 203.1 | 209.7 | 6.6 3.2 % |
| Consolidated | | | |
| Ordinary income | 1,384.7 | 1,358.4 | (26.2) (1.8)% |
| Net ordinary income | 281.8 | 289.2 | 7.4 2.6 % |
| Net income attributable to owners of parent | 203.3 | 210.0 | 6.7 3.3 % |

Earnings forecasts (FY2020/3)

(¥bn, %)

| | Earnings forecasts | Progress |
|--|-----------------------|----------|
| Consolidated | | |
| Net ordinary income | 375.0 | 77.1% |
| Net income attributable to owners of parent | 270.0 | 77.8% |

[Consolidated subsidiaries, etc.]

| | |
|--|---|
| Consolidated subsidiaries | 4 companies (Principal companies: SDP CENTER Co., Ltd. Japan Post Investment Corporation) |
| Affiliates accounted for by the equity method | ATM Japan Business Service, Ltd. JP Asset Management Co., Ltd. |

- In the adverse business environment with yen interest rates remained at a low level, gross operating profit for the nine months ended December 31, 2019 decreased by ¥3.9 bn year on year to ¥1,016.1 bn.
Net interest income decreased by ¥43.2 bn year on year, mainly due to a decrease in interest on Japanese government bonds.
Net fees and commissions increased by ¥17.1 bn year on year.
Net other operating income increased by ¥22.1 bn year on year.
- General and administrative expenses decreased by ¥13.1 bn year on year to ¥769.2 bn.
- Net operating profit increased by ¥9.1 bn year on year to ¥246.9 bn.
- Net ordinary income increased by ¥7.3 bn year on year to ¥289.2 bn.
- Net income increased by ¥6.6 bn year on year to ¥209.7 bn.
- Net income attributable to owners of parent increased by ¥6.7 bn year on year to ¥210.0 bn, which equated to 77.8% 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 3Q Results

Non-consolidated

| Results of Operations | | | (¥bn, %) |
|--|---------------------------|--------------------------|-------------------------------------|
| | For the nine months ended | | Increase (Decrease) (B) – (A) |
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Gross operating profit | 1,020.0 | 1,016.1 | (3.9) |
| Net interest income | 795.9 | 752.6 | (43.2) |
| Net fees and commissions | 81.2 | 98.3 | 17.1 |
| Net other operating income (loss) | 142.9 | 165.1 | 22.1 |
| Gains (losses) on foreign exchanges | 160.5 | 158.9 | (1.5) |
| Gains (losses) on bonds | (16.1) | 7.0 | 23.1 |
| General and administrative expenses (*) | 782.3 | 769.2 | (13.1) |
| Provision for general reserve for possible loan losses | — | — | — |
| Net operating profit | 237.7 | 246.9 | 9.1 |
| Non-recurring gains (losses) | 44.1 | 42.2 | (1.8) |
| Gains (losses) on money held in trust | 29.4 | 32.3 | 2.8 |
| Net ordinary income | 281.8 | 289.2 | 7.3 |
| Net income | 203.1 | 209.7 | 6.6 |
| ROE (**) (***) | 2.42% | 2.44% | 0.01 % |
| OHR (****) | 76.69% | 75.70% | (0.99)% |

| Financial Condition | | | (¥bn) |
|--|-----------------------|--------------------------|-------------------------------------|
| | As of | | Increase (Decrease) (B) – (A) |
| | March 31, 2019 (A) | December 31, 2019 (B) | |
| Assets | 208,970.4 | 215,675.3 | 6,704.8 |
| Cash and due from banks | 50,698.5 | 51,907.2 | 1,208.6 |
| Call loans | 400.0 | 500.0 | 100.0 |
| Receivables under resale agreements | 8,368.1 | 10,359.3 | 1,991.2 |
| Money held in trust | 3,990.7 | 4,500.0 | 509.2 |
| Securities | 137,135.2 | 136,866.1 | (269.0) |
| Loans | 5,297.4 | 4,738.5 | (558.8) |
| Liabilities | 197,619.6 | 204,222.7 | 6,603.1 |
| Deposits | 180,999.1 | 183,913.2 | 2,914.1 |
| Payables under repurchase agreements | 11,569.3 | 15,488.5 | 3,919.2 |
| Payables under securities lending transactions | 2,473.4 | 2,235.9 | (237.5) |
| Net assets | 11,350.8 | 11,452.5 | 101.7 |
| Total shareholders' equity | 8,973.0 | 8,995.4 | 22.3 |
| Total valuation and translation adjustments | 2,377.7 | 2,457.0 | 79.3 |

* 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

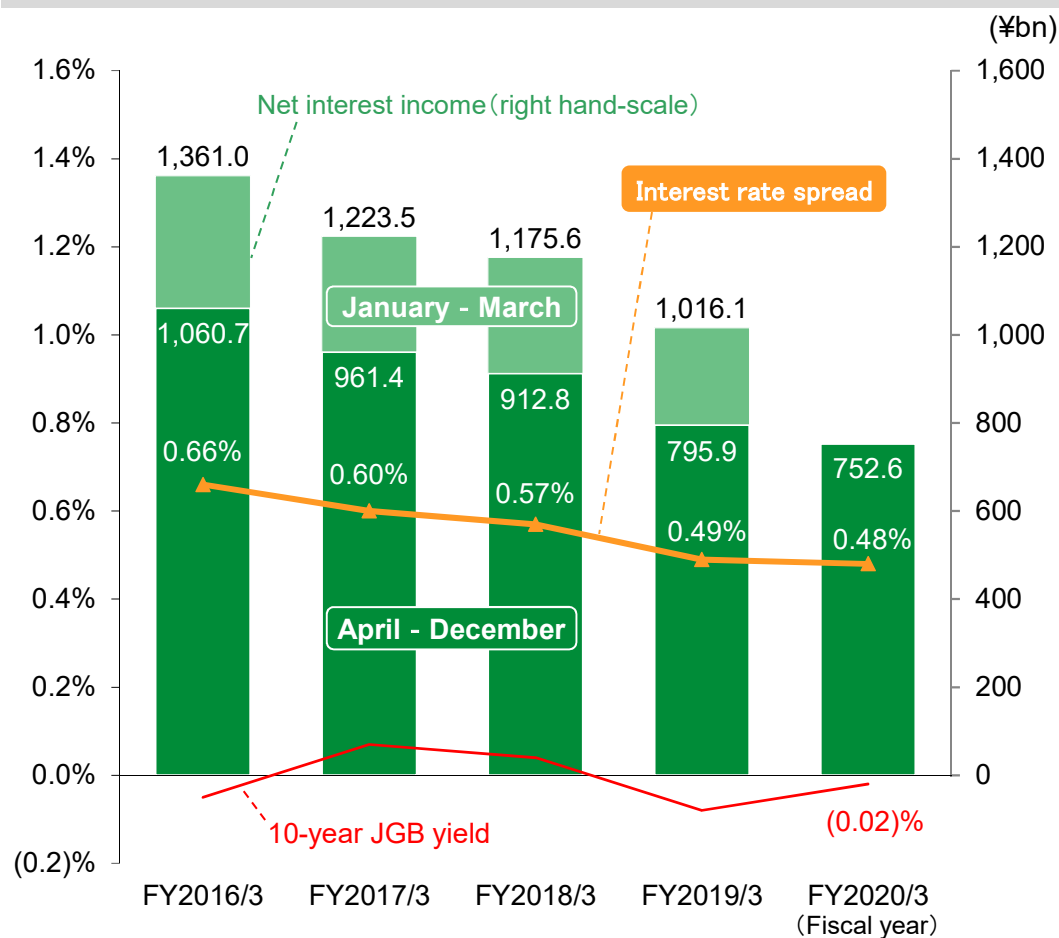
*** ROE is annualized.

**** 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 ¥752.6 bn and interest rate spread was 0.48% for the nine months ended December 31, 2019.



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 nine months ended December 31, 2019. Interest rate spread of FY2020/3 is annualized.

| | For the nine months ended | | Increase (Decrease) (B) – (A) |
|--|---------------------------|-----------------------|-------------------------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Domestic | | | |
| Net interest income | 508.2 | 449.6 | (58.5) |
| Interest income | 599.4 | 509.7 | (89.7) |
| Interest income on Japanese government bonds | 401.0 | 331.9 | (69.1) |
| Interest expenses | 91.2 | 60.0 | (31.1) |

| | For the nine months ended | | Increase (Decrease) (B) – (A) |
|---------------------------------------|---------------------------|-----------------------|-------------------------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Overseas | | | |
| Net interest income | 287.6 | 302.9 | 15.3 |
| Interest income | 544.8 | 600.2 | 55.4 |
| Interest income on foreign securities | 543.7 | 598.8 | 55.0 |
| Interest expenses | 257.1 | 297.2 | 40.1 |

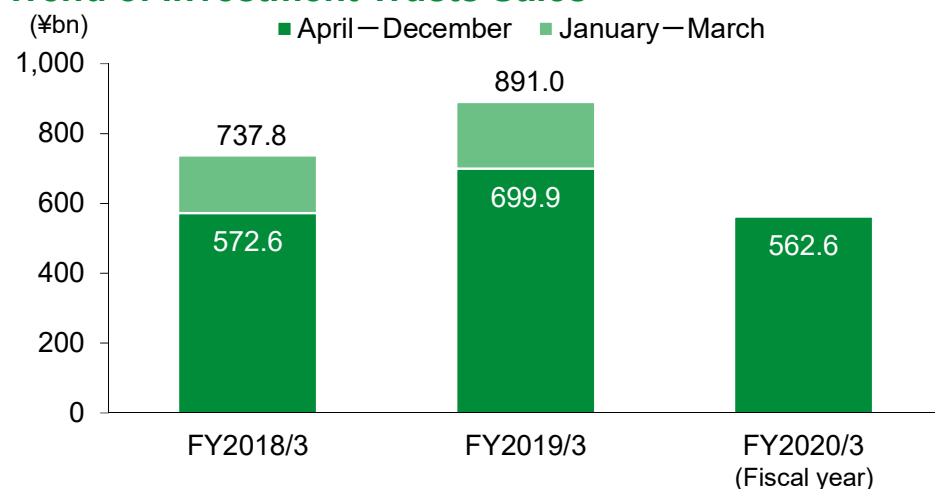
| | For the nine months ended | | Increase (Decrease) (B) – (A) |
|---------------------|---------------------------|-----------------------|-------------------------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Total | | | |
| Net interest income | 795.9 | 752.6 | (43.2) |
| Interest income | 1,050.7 | 1,009.7 | (40.9) |
| Interest expenses | 254.8 | 257.1 | 2.2 |

3. Net Fees and Commissions

Non-consolidated

■ Net fees and commissions for the nine months ended December 31, 2019 increased by ¥17.1 bn year on year to ¥98.3 bn.

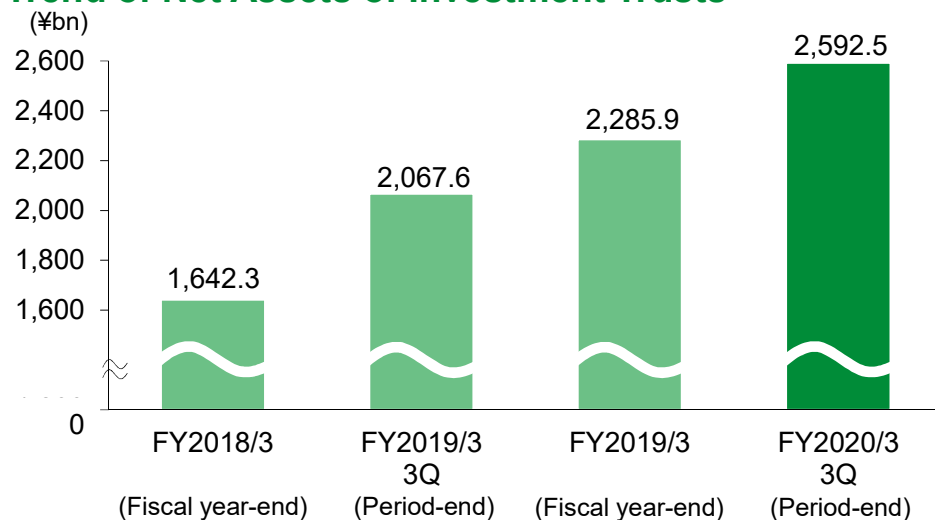
Trend of Investment Trusts Sales



Breakdown of Net Fees and Commissions

| | For the nine months ended | | Increase (Decrease) (B) – (A) |
|--------------------------------------|---------------------------|-----------------------|-------------------------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Net fees and commissions relating to | 81.2 | 98.3 | 17.1 |
| Exchange and settlement transactions | 46.7 | 60.9 | 14.1 |
| ATMs | 10.7 | 13.8 | 3.0 |
| Investment trusts | 16.8 | 16.9 | 0.0 |
| Others | 6.8 | 6.6 | (0.2) |

Trend of Net Assets of Investment Trusts



Results of Investment Trusts Sales (Contract Basis)

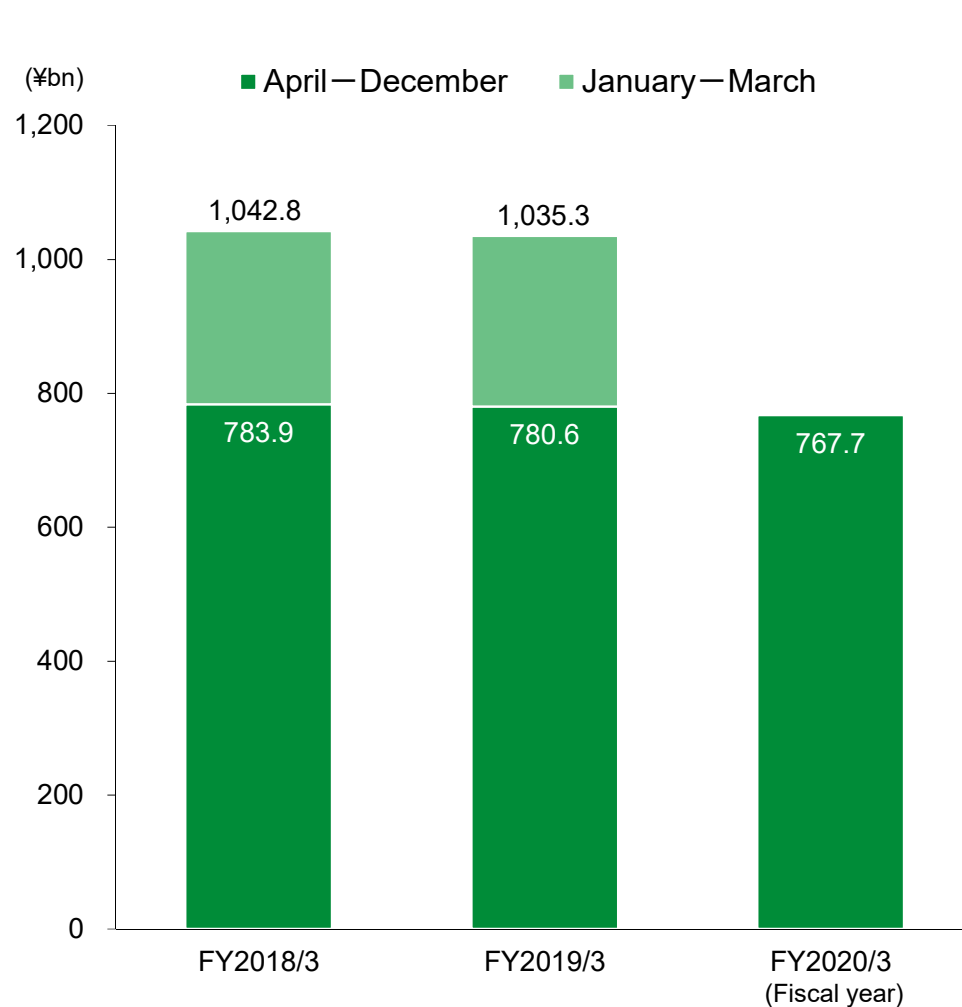
| | For the nine months ended | | Increase (Decrease) (B) – (A) |
|---------------------------------|---------------------------|-----------------------|-------------------------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Number of contracts (thousands) | 1,650 | 2,258 | 607 |
| Sales amount (billions of yen) | 699.9 | 562.6 | (137.2) |

| | As of December 31, 2018 (A) | As of December 31, 2019 (B) | Increase (Decrease) (B) – (A) |
|------------------------------|---|-----------------------------|-------------------------------|
| | Number of investment trust accounts (thousands) | 1,024 | |
| Net assets (billions of yen) | 2,067.6 | 2,592.5 | 524.8 |

4. Trend of General and Administrative Expenses

Non-consolidated

■ General and administrative expenses for the nine months ended December 31, 2019 decreased by ¥12.9 bn year on year to ¥767.7 bn.



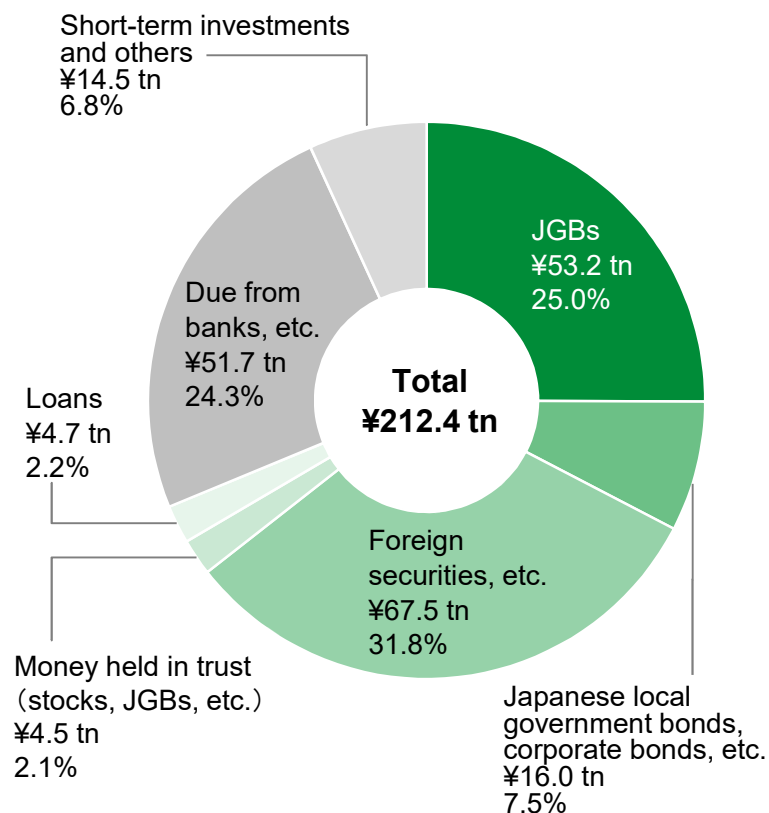
| | For the nine months ended | | Increase (Decrease) (B) – (A) |
|--|---------------------------|-----------------------|-------------------------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Personnel expenses (*) | 92.6 | 90.2 | (2.3) |
| Salaries and allowances | 76.1 | 74.1 | (2.0) |
| Non-personnel expenses | 634.1 | 637.4 | 3.3 |
| Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd. | 454.5 | 281.8 | (172.7) |
| Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network | — | 178.3 | 178.3 |
| Deposit insurance expenses paid to Deposit Insurance Corporation of Japan | 44.7 | 44.6 | (0.1) |
| Taxes and dues | 53.9 | 40.0 | (13.9) |
| Total | 780.6 | 767.7 | (12.9) |

* Personnel expenses include non-recurring losses.

5. Asset Management Status

Non-consolidated

■ Included in investment assets as of December 31, 2019, JGBs were ¥53.2 tn and foreign securities, etc. were ¥67.5 tn.



(¥bn)

| Categories | As of March 31, 2019 (A) | % | As of December 31, 2019 (B) | % | Increase (Decrease) (B) – (A) |
|--|--------------------------|--------------|-----------------------------|--------------|-------------------------------|
| Securities | 137,135.2 | 66.5 | 136,866.1 | 64.4 | (269.0) |
| Japanese government bonds | 58,356.5 | 28.3 | 53,237.6 | 25.0 | (5,118.8) |
| Japanese local government bonds, corporate bonds, etc. (*) | 16,279.1 | 7.9 | 16,062.0 | 7.5 | (217.0) |
| Foreign securities, etc. | 62,499.5 | 30.3 | 67,566.4 | 31.8 | 5,066.8 |
| Foreign bonds | 22,035.5 | 10.6 | 23,780.3 | 11.1 | 1,744.7 |
| Investment trusts (**) | 40,433.9 | 19.6 | 43,741.5 | 20.5 | 3,307.5 |
| Money held in trust (stocks, JGBs, etc.) | 3,990.7 | 1.9 | 4,500.0 | 2.1 | 509.2 |
| Domestic stocks | 2,141.7 | 1.0 | 2,306.1 | 1.0 | 164.3 |
| Loans | 5,297.4 | 2.5 | 4,738.5 | 2.2 | (558.8) |
| Due from banks, etc. (***) | 50,674.2 | 24.6 | 51,795.2 | 24.3 | 1,121.0 |
| Short-term investments and others (****) | 8,877.5 | 4.3 | 14,539.9 | 6.8 | 5,662.3 |
| Total | 205,975.2 | 100.0 | 212,440.0 | 100.0 | 6,464.7 |

* "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 ¥3,542.1 bn as of December 31, 2019 (before application of tax effect accounting).

(¥bn)

| | As of March 31, 2019 | | As of December 31, 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 | 23,888.5 | 560.6 |

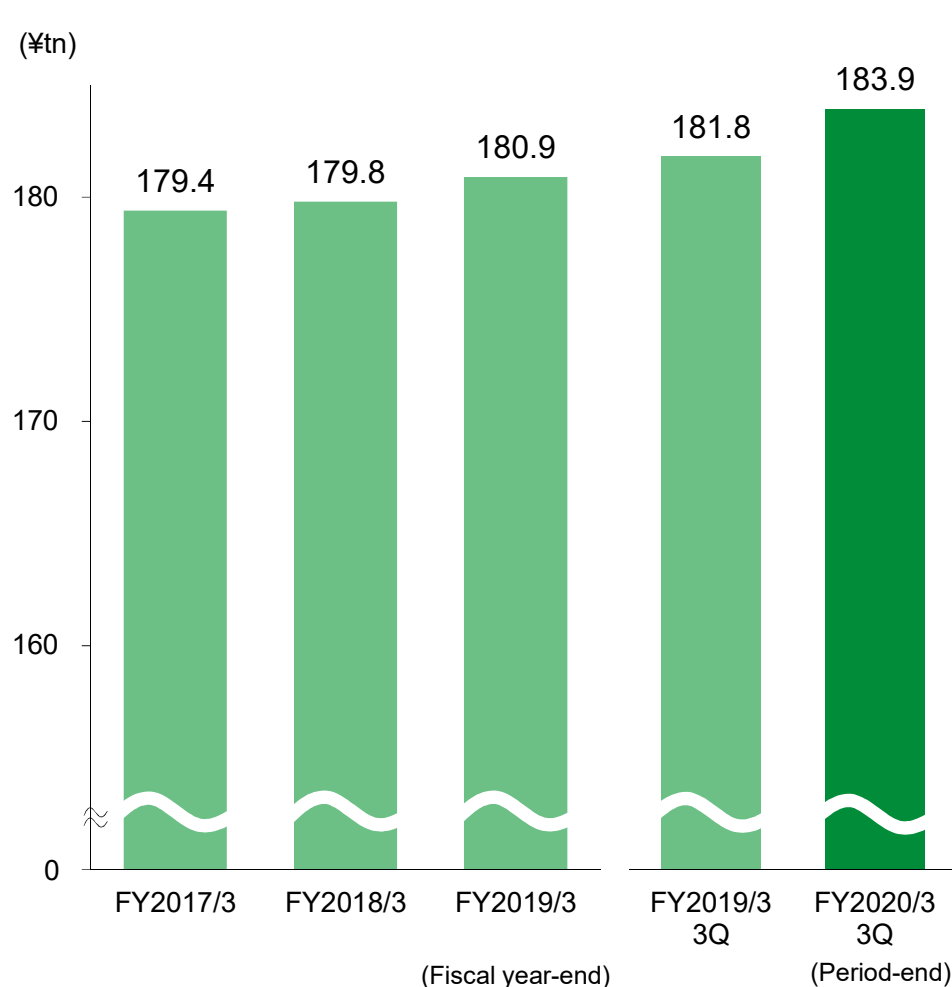
(¥bn)

| | As of March 31, 2019 | | As of December 31, 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 | 117,797.9 | 3,739.8 |
| Securities (A) | 110,241.9 | 2,128.5 | 113,297.8 | 2,198.7 |
| Japanese government bonds | 33,340.6 | 1,167.6 | 32,147.4 | 933.7 |
| Foreign bonds | 22,003.0 | 637.7 | 23,780.3 | 579.0 |
| Investment trusts | 40,433.9 | 184.9 | 43,741.5 | 597.8 |
| Others | 14,464.2 | 138.2 | 13,628.5 | 88.1 |
| Effect of fair value hedge accounting (B) | | 266.4 | | 259.2 |
| Money held in trust (C) | 3,951.4 | 1,122.2 | 4,500.0 | 1,281.7 |
| Domestic stocks | 2,141.7 | 1,106.4 | 2,306.1 | 1,273.2 |
| Others | 1,809.7 | 15.8 | 2,193.9 | 8.5 |
| Derivatives for which deferred hedge accounting is applied (D) | 14,366.1 | (89.8) | 15,808.9 | (197.7) |
| Total (A) + (B) + (C) + (D) | | 3,427.4 | | 3,542.1 |

7. Trend of Deposit Balance

Non-consolidated

■ Deposit balance as of December 31, 2019 was ¥183.9 tn, which remained stable.



| | As of March 31, 2019 (A) | As of December 31, 2019 (B) | Increase (Decrease) (B) – (A) |
|-----------------------------|--------------------------|-----------------------------|-------------------------------|
| Liquid deposits | 79.9 | 87.0 | 7.1 |
| Transfer deposits | 16.1 | 7.6 | (8.4) |
| Ordinary deposits, etc. (*) | 63.4 | 78.9 | 15.5 |
| Savings deposits | 0.4 | 0.4 | 0.0 |
| Fixed-term deposits | 100.9 | 96.6 | (4.2) |
| Time deposits | 7.0 | 5.7 | (1.3) |
| TEIGAKU deposits | 93.8 | 90.9 | (2.8) |
| Other deposits | 0.1 | 0.1 | 0.0 |
| Total | 180.9 | 183.9 | 2.9 |

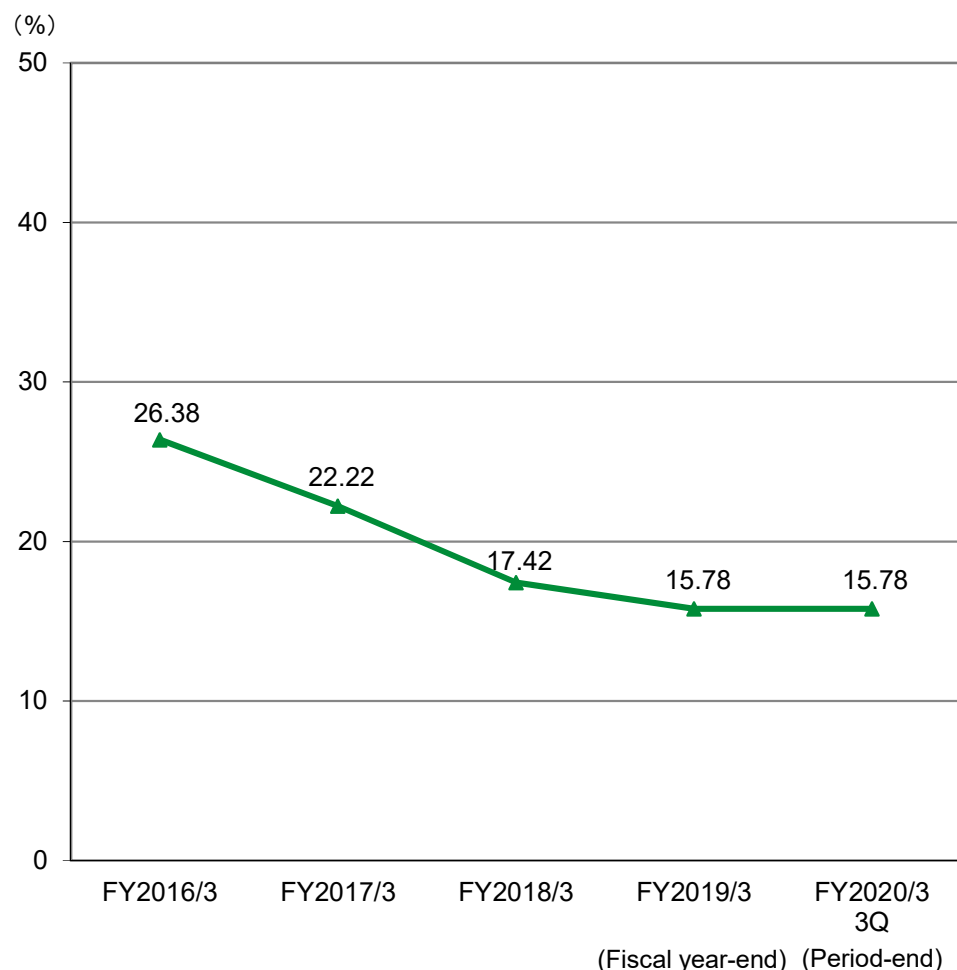
* Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)

8. Trend of Capital Adequacy Ratio

Non-consolidated
Consolidated

■ Capital adequacy ratio (non-consolidated, domestic standard) was 15.78% as of December 31, 2019.

【Non-consolidated】



【Non-consolidated】

| | As of March 31, 2019 (A) | As of December 31, 2019 (B) | Increase (Decrease) (B) – (A) |
|--|--------------------------|-----------------------------|-------------------------------|
| Total capital (a) | 8,844.2 | 8,963.8 | 119.6 |
| Total amount of risk-weighted assets (b) | 56,033.5 | 56,777.8 | 744.2 |
| Credit risk-weighted assets | 53,334.0 | 54,103.3 | 769.3 |
| Capital adequacy ratio (a) / (b) | 15.78% | 15.78% | 0.00% |

(¥bn, %)

【Consolidated】

| | As of March 31, 2019 (A) | As of December 31, 2019 (B) | Increase (Decrease) (B) – (A) |
|---|--------------------------|-----------------------------|-------------------------------|
| Total capital (a) | 8,853.3 | 8,974.3 | 120.9 |
| Total amount of risk-weighted assets (b) | 56,004.5 | 56,758.3 | 753.7 |
| Credit risk-weighted assets | 53,305.1 | 54,083.9 | 778.8 |
| Capital adequacy ratio (consolidated) (a) / (b) | 15.80% | 15.81% | 0.00% |

(¥bn, %)

(Reference) Portfolio Management Status

Non-consolidated

(¥bn)

| | As of March 31, 2019 (A) | As of December 31, 2019 (B) | Increase (Decrease) (B) – (A) |
|--|--------------------------------|-----------------------------------|-------------------------------------|
| Yen interest rates assets | 116,823.2 | 116,345.3 | (477.8) |
| Short-term assets | 55,363.1 | 60,201.7 | 4,838.6 |
| Japanese government bonds and government guaranteed bonds | 61,460.0 | 56,143.5 | (5,316.5) |
| Risk assets | 81,931.4 | 87,116.8 | 5,185.4 |
| Japanese local government bonds | 6,383.9 | 6,096.0 | (287.9) |
| Japanese corporate bonds, etc. | 7,865.4 | 7,669.9 | (195.5) |
| Foreign securities, etc. | 60,121.0 | 65,338.6 | 5,217.5 |
| Loans | 2,216.8 | 2,267.3 | 50.5 |
| Money held in trust (stocks), etc. | 2,415.5 | 2,590.5 | 175.0 |
| Strategic investment areas | 2,928.5 | 3,154.3 | 225.8 |

- 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

1. Summarized Balance Sheets

Non-consolidated

| | As of March 31, 2019 (A) | As of December 31, 2019 (B) | Increase (Decrease) (B) – (A) |
|---|--------------------------------|-----------------------------------|-------------------------------------|
| Total assets | 208,970,478 | 215,675,322 | 6,704,844 |
| Cash and due from banks | 50,698,549 | 51,907,246 | 1,208,696 |
| Call loans | 400,000 | 500,000 | 100,000 |
| Receivables under resale agreements | 8,368,139 | 10,359,364 | 1,991,225 |
| Receivables under securities borrowing transactions | – | 3,478,873 | 3,478,873 |
| Monetary claims bought | 295,679 | 276,594 | (19,085) |
| Trading account securities | 2 | 45 | 43 |
| Money held in trust | 3,990,780 | 4,500,073 | 509,293 |
| Securities | 137,135,264 | 136,866,167 | (269,097) |
| Loans | 5,297,424 | 4,738,560 | (558,864) |
| Foreign exchanges | 80,396 | 89,626 | 9,229 |
| Other assets | 2,452,409 | 2,717,687 | 265,278 |
| Tangible fixed assets | 201,786 | 196,142 | (5,643) |
| Intangible fixed assets | 51,003 | 45,861 | (5,141) |
| Reserve for possible loan losses | (958) | (922) | 36 |

(Millions of yen)

| | As of March 31, 2019 (A) | As of December 31, 2019 (B) | Increase (Decrease) (B) – (A) |
|--|--------------------------------|-----------------------------------|-------------------------------------|
| Total liabilities and net assets | 208,970,478 | 215,675,322 | 6,704,844 |
| Total liabilities | 197,619,672 | 204,222,798 | 6,603,126 |
| Deposits | 180,999,134 | 183,913,297 | 2,914,162 |
| Payables under repurchase agreements | 11,569,371 | 15,488,572 | 3,919,200 |
| Payables under securities lending transactions | 2,473,457 | 2,235,912 | (237,545) |
| Commercial paper | 28,029 | 81,985 | 53,956 |
| Borrowed money | 3,900 | 10,100 | 6,200 |
| Foreign exchanges | 628 | 832 | 204 |
| Other liabilities | 1,354,810 | 1,278,038 | (76,771) |
| Reserve for bonuses | 7,739 | 1,780 | (5,959) |
| Reserve for employees' retirement benefits | 144,190 | 146,417 | 2,226 |
| Reserve for employee stock ownership plan trust | 839 | 348 | (490) |
| Reserve for management board benefit trust | 238 | 235 | (3) |
| Reserve for reimbursement of deposits | 88,332 | 81,728 | (6,604) |
| Deferred tax liabilities | 948,998 | 983,549 | 34,551 |
| Total net assets | 11,350,806 | 11,452,524 | 101,718 |
| Capital stock | 3,500,000 | 3,500,000 | – |
| Capital surplus | 4,296,285 | 4,296,285 | – |
| Retained earnings | 2,477,736 | 2,500,040 | 22,303 |
| Treasury stock | (1,300,926) | (1,300,881) | 45 |
| Total shareholders' equity | 8,973,095 | 8,995,444 | 22,349 |
| Net unrealized gains (losses) on available-for-sale securities | 2,440,064 | 2,594,255 | 154,190 |
| Net deferred gains (losses) on hedges | (62,353) | (137,175) | (74,821) |
| Total valuation and translation adjustments | 2,377,710 | 2,457,079 | 79,369 |

2. Income Analysis

Non-consolidated

(Millions of yen)

| | For the nine months ended | | (B) – (A) |
|--|---------------------------|-----------------------|--------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Gross operating profit | 1,020,047 | 1,016,133 | (3,914) |
| Net interest income | 795,901 | 752,685 | (43,216) |
| Net fees and commissions | 81,209 | 98,315 | 17,105 |
| Net other operating income (loss) | 142,935 | 165,132 | 22,197 |
| Gains (losses) on foreign exchanges | 160,528 | 158,930 | (1,597) |
| Gains (losses) on bonds | (16,165) | 7,025 | 23,191 |
| General and administrative expenses | (782,316) | (769,212) | 13,103 |
| Personnel expenses | (94,227) | (91,688) | 2,538 |
| Non-personnel expenses | (634,103) | (637,479) | (3,376) |
| Taxes and dues | (53,985) | (40,044) | 13,941 |
| Operating profit (before provision for general reserve for possible loan losses) | 237,730 | 246,920 | 9,189 |
| Core net operating profit | 253,896 | 239,894 | (14,002) |
| Excluding gains (losses) on cancellation of investment trusts | 207,632 | 209,292 | 1,660 |
| Provision for general reserve for possible loan losses | – | – | – |
| Net operating profit | 237,730 | 246,920 | 9,189 |
| Non-recurring gains (losses) | 44,135 | 42,298 | (1,836) |
| Gains (losses) related to stocks | (978) | 11,114 | 12,092 |
| Gains (losses) on money held in trust | 29,415 | 32,300 | 2,885 |
| Net ordinary income | 281,865 | 289,218 | 7,352 |

| | For the nine months ended | | (B) – (A) |
|--|---------------------------|-----------------------|----------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Extraordinary income (loss) | (916) | (184) | 732 |
| Gains (losses) on sales and disposals of fixed assets | (823) | (184) | 639 |
| Losses on impairment of fixed assets | (93) | (0) | 93 |
| Income before income taxes | 280,948 | 289,034 | 8,085 |
| Income taxes – current | (76,782) | (79,743) | (2,961) |
| Income taxes – deferred | (1,002) | 486 | 1,489 |
| Total income taxes | (77,784) | (79,256) | (1,472) |
| Net income | 203,164 | 209,777 | 6,613 |
| Gains (losses) on money held in trust | 29,415 | 32,300 | 2,885 |
| Dividends and interest income | 42,331 | 47,178 | 4,846 |
| Gains (losses) on sales of stocks | 997 | 115 | (882) |
| Unrealized gains (losses) | (1,087) | 3 | 1,091 |
| Impairment losses | (3,348) | (2,560) | 787 |
| Withholding income tax, etc. | (9,477) | (12,435) | (2,958) |
| Credit-related expenses | 4 | 8 | 4 |
| Provision for general reserve for possible loan losses | 4 | 8 | 4 |

- Notes: 1. General and administrative expenses exclude non-recurring losses related to retirement benefit costs (¥1,456 million and ¥1,623 million recorded as profits for the nine months ended December 31, 2019 and 2018, respectively).
2. Core net operating profit = Operating profit (before provision for general reserve for possible loan losses) - Gains (losses) on bonds
3. Credit-related expenses are those expenses related to problem assets disclosed under the Financial Reconstruction Act.
4. Numbers in parenthesis indicate the amount of loss, expense or decrease.

3. Selected Ratios

Non-consolidated

| | For the nine months ended | | Increase (Decrease) (B) – (A) |
|----------------------------|---------------------------|-----------------------|-------------------------------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Net income to assets (ROA) | 0.12% | 0.13% | 0.00% |
| Net income to equity (ROE) | 2.42 | 2.44 | 0.01 |
| Overhead ratio (OHR) | 76.69 | 75.70 | (0.99) |
| Expense-to-deposit ratio | 0.57 | 0.55 | (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 nine months ended | | Increase (Decrease) (B) – (A) |
|---|---------------------------|-----------------------|-------------------------------------|
| | December 31, 2018 (A) | December 31, 2019 (B) | |
| Yield on interest-earning assets (a) | 0.69% | 0.65% | (0.03)% |
| 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 | 0.17 | (0.00) |
| Overall interest rate spread (a) - (b) | (0.02) | (0.03) | (0.01) |
| Interest rate spread (a) - (c) | 0.51 | 0.48 | (0.03) |

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, 2018 (A) | | | December 31, 2019 (B) | | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield | Earnings yield |
| Interest-earning assets | 194,489,838 | 599,472 | 0.40% | 197,705,102 | 509,751 | 0.34% | (0.06)% |
| Loans | 6,341,940 | 9,271 | 0.19 | 4,983,915 | 8,360 | 0.22 | 0.02 |
| Securities | 78,268,382 | 472,637 | 0.80 | 72,302,970 | 382,319 | 0.70 | (0.09) |
| Due from banks, etc. | 49,339,209 | 23,379 | 0.06 | 53,030,340 | 21,800 | 0.05 | (0.00) |
| Interest-bearing liabilities | 186,839,578 | 91,219 | 0.06 | 190,349,361 | 60,062 | 0.04 | (0.02) |
| Deposits | 181,074,980 | 64,782 | 0.04 | 182,777,410 | 42,208 | 0.03 | (0.01) |
| Payables under securities lending transactions | 7,925,301 | 951 | 0.01 | 203,625 | 153 | 0.09 | 0.08 |

(2) Overseas

(Millions of yen, %)

| | For the nine months ended | | | | | | Increase (Decrease) (B) – (A) |
|---|---------------------------|----------|----------------|-----------------------|----------|----------------|-------------------------------------|
| | December 31, 2018 (A) | | | December 31, 2019 (B) | | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield | Earnings yield |
| Interest-earning assets | 58,601,191 | 544,818 | 1.23% | 62,647,709 | 600,283 | 1.27% | 0.03% |
| Loans | 5,000 | 15 | 0.41 | 9,435 | 33 | 0.46 | 0.04 |
| Securities | 58,484,417 | 543,746 | 1.23 | 62,529,914 | 598,804 | 1.27 | 0.03 |
| Due from banks, etc. | 10,604 | 144 | 1.81 | 1,681 | 29 | 2.35 | 0.53 |
| Interest-bearing liabilities | 57,822,711 | 257,170 | 0.59 | 62,588,618 | 297,287 | 0.63 | 0.04 |
| Payables under securities lending transactions | 2,761,470 | 45,365 | 2.18 | 2,373,405 | 41,354 | 2.31 | 0.13 |

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, 2018 (A) | | | December 31, 2019 (B) | | | |
| | Average balance | Interest | Earnings yield | Average balance | Interest | Earnings yield | Earnings yield |
| Interest-earning assets | 200,322,163 | 1,050,782 | 0.69% | 203,146,945 | 1,009,790 | 0.65% | (0.03)% |
| Loans | 6,346,940 | 9,287 | 0.19 | 4,993,350 | 8,393 | 0.22 | 0.02 |
| Securities | 136,752,800 | 1,016,384 | 0.98 | 134,832,884 | 981,124 | 0.96 | (0.02) |
| Due from banks, etc. | 49,349,813 | 23,524 | 0.06 | 53,032,021 | 21,830 | 0.05 | (0.00) |
| Interest-bearing liabilities | 191,893,423 | 254,880 | 0.17 | 195,732,113 | 257,105 | 0.17 | (0.00) |
| Deposits | 181,074,980 | 64,782 | 0.04 | 182,777,410 | 42,208 | 0.03 | (0.01) |
| Payables under securities lending transactions | 10,686,771 | 46,316 | 0.57 | 2,577,030 | 41,507 | 2.13 | 1.56 |

- 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, 2019, ¥3,033,763 million; nine months ended December 31, 2018, ¥3,018,485 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (nine months ended December 31, 2019, ¥3,033,763 million; nine months ended December 31, 2018, ¥3,018,485 million) and the corresponding interest (nine months ended December 31, 2019, ¥5,316 million; nine months ended December 31, 2018, ¥5,348 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 ¥37,957 million for the nine months ended December 31, 2019 (¥71,392 million for the nine months ended December 31, 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 December 31, 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 | 21,090,251 | 540,647 | (3,925,669) | (214,903) |
| Japanese local government bonds | 533,474 | 4,001 | 984,493 | 2,667 | 451,019 | (1,334) |
| Japanese corporate bonds | 1,660,749 | 28,626 | 1,813,799 | 17,381 | 153,050 | (11,244) |
| 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 | 23,888,545 | 560,696 | (3,354,032) | (232,496) |

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 December 31, 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 | 284 | (54) | (96,625) | (5,179) |
| Bonds | 47,326,243 | 1,298,872 | 45,407,367 | 1,020,440 | (1,918,876) | (278,432) |
| Japanese government bonds | 33,340,646 | 1,167,684 | 32,147,441 | 933,724 | (1,193,205) | (233,960) |
| Japanese local government bonds | 5,850,490 | 50,706 | 5,111,537 | 31,585 | (738,952) | (19,121) |
| Commercial paper | 220,998 | – | 796,969 | – | 575,971 | – |
| Japanese corporate bonds | 7,914,108 | 80,481 | 7,351,418 | 55,130 | (562,689) | (25,350) |
| Others | 62,818,814 | 824,586 | 67,890,242 | 1,178,398 | 5,071,428 | 353,812 |
| Foreign bonds | 22,003,095 | 637,751 | 23,780,324 | 579,052 | 1,777,228 | (58,699) |
| Investment trusts | 40,433,941 | 184,918 | 43,741,530 | 597,875 | 3,307,589 | 412,957 |
| Total | 110,241,967 | 2,128,583 | 113,297,894 | 2,198,784 | 3,055,926 | 70,200 |

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, ¥259,289 million and ¥ 266,443 million losses were included in the statements of income for the nine months ended December 31, 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 nine months ended December 31, 2019 and the fiscal year ended March 31, 2019 amounted to ¥228 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 December 31, 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 | 4,500,073 | 1,281,792 | 548,583 | 159,526 |
| Domestic stocks | 2,141,784 | 1,106,458 | 2,306,131 | 1,273,205 | 164,346 | 166,747 |
| Domestic bonds | 1,195,685 | 17,468 | 1,133,986 | 10,170 | (61,698) | (7,297) |

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 nine months ended December 31, 2019 and the fiscal year ended March 31, 2019 amounted to ¥2,560 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 December 31, 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) | 8,593,046 | (207,714) | 753,901 | (85,337) |
| Currency swaps | 6,527,044 | 32,497 | 7,215,858 | 9,984 | 688,814 | (22,513) |
| Foreign exchange forward contracts | — | — | — | — | — | — |
| Total | 14,366,189 | (89,879) | 15,808,905 | (197,729) | 1,442,716 | (107,850) |

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 December 31, 2019 (B) | Increase (Decrease) (B) – (A) |
|-------------------------------------|--------------------------|-----------------------------|-------------------------------|
| Total net unrealized gains (losses) | 3,427,414 | 3,542,136 | 114,721 |

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, 2018 (A) | | December 31, 2019 (B) | | |
| | Amount | % | Amount | % | Amount |
| Personnel expenses | 92,604 | 11.86 | 90,232 | 11.75 | (2,371) |
| Salaries and allowances | 76,116 | 9.74 | 74,114 | 9.65 | (2,001) |
| Others | 16,487 | 2.11 | 16,118 | 2.09 | (369) |
| Non-personnel expenses | 634,103 | 81.22 | 637,479 | 83.03 | 3,376 |
| Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd. | 454,546 | 58.22 | 281,825 | 36.70 | (172,720) |
| Contributions paid to the Organization for Postal Savings, Postal Life Insurance and Post Office Network (*) | — | — | 178,376 | 23.23 | 178,376 |
| Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (**) | 1,214 | 0.15 | 382 | 0.04 | (831) |
| Deposit insurance expenses paid to Deposit Insurance Corporation of Japan | 44,740 | 5.73 | 44,615 | 5.81 | (125) |
| Rent for land, buildings and others | 9,987 | 1.27 | 9,008 | 1.17 | (978) |
| Expenses on consigned businesses | 49,224 | 6.30 | 47,130 | 6.13 | (2,094) |
| Depreciation and amortization | 24,157 | 3.09 | 27,067 | 3.52 | 2,910 |
| Communication and transportation expenses | 13,875 | 1.77 | 12,743 | 1.65 | (1,132) |
| Maintenance expenses | 8,817 | 1.12 | 9,339 | 1.21 | 521 |
| IT expenses | 12,487 | 1.59 | 13,674 | 1.78 | 1,186 |
| Others | 15,051 | 1.92 | 13,316 | 1.73 | (1,735) |
| Taxes and dues | 53,985 | 6.91 | 40,044 | 5.21 | (13,941) |
| Total | 780,693 | 100.00 | 767,756 | 100.00 | (12,936) |

* 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 December 31, 2019 (B) | Increase (Decrease) (B) – (A) |
|---|--------------------------|-----------------------------|-------------------------------------|
| Loans to borrowers classified as bankrupt or quasi-bankrupt | — | — | — |
| Loans to borrowers classified as doubtful | — | — | — |
| Loans requiring close monitoring | — | — | — |
| Subtotal (a) | — | — | — |
| Loans to borrowers classified as normal | 5,381,637 | 4,830,672 | (550,965) |
| Total (b) | 5,381,637 | 4,830,672 | (550,965) |
| Non-performing loan ratio (a) / (b) | —% | —% | —% |

(Reference) Securitized Products Exposure

Non-consolidated

As of March 31, 2019 and December 31, 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

(Millions of yen)

| Region | | As of March 31, 2019 | | | As of December 31, 2019 | | |
|----------|---|----------------------|-------------------------------|----------------|-------------------------|-------------------------------|----------------|
| | | Acquisition cost | Net unrealized gains (losses) | Credit ratings | Acquisition cost | Net unrealized gains (losses) | Credit ratings |
| Domestic | Residential mortgage-backed securities (RMBS) | 1,305,786 | 40,178 | AAA | 1,349,188 | 31,384 | AAA |
| | Subprime loan related | — | — | — | — | — | — |
| | Collateralized loan obligations (CLO) | — | — | — | — | — | — |
| | Other securitized products | 165,503 | 11 | AAA | 142,289 | (138) | AAA |
| | Commercial mortgage-backed securities (CMBS) | — | — | — | — | — | — |
| | Collateralized debt obligations (CDO) | 1,247 | 52 | AAA | 1,098 | 40 | AAA |
| | Subtotal | 1,472,537 | 40,241 | | 1,492,576 | 31,285 | |
| Overseas | Residential mortgage-backed securities (RMBS) | 99,786 | (11,624) | AAA | 72,697 | (8,637) | AAA |
| | Subprime loan related | — | — | — | — | — | — |
| | Collateralized loan obligations (CLO) | 1,178,783 | (6,083) | AAA | 1,746,685 | (8,727) | AAA |
| | Subtotal | 1,278,569 | (17,708) | | 1,819,383 | (17,365) | |
| Total | | 2,751,107 | 22,533 | | 3,311,960 | 13,920 | |

Notes: 1. The underlying assets provided are only those from multiple debtors comprising securitized products.

2. No hedging activities against credit risks were made.

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

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

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

6. The overseas collateralized loan obligations (CLO) are only those in the United States.

7. Net unrealized gains (losses) do not reflect the effect of foreign exchange hedging.

(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.

This presentation contains forward-looking statements including forecasts, targets and plans of the Group. These statements are based on estimates at the time in light of the information currently available to the Bank. The statements and assumptions may prove to be incorrect and may not be realized in the future.

Any uncertainties, risks and other factors that may cause such a situation to arise include, but are not limited to, risks related to the effectiveness of risk management policies and procedures; risks related to business strategy and management planning such as market risk, market liquidity risk, credit risk and operational risk; risks related to the expansion of the scope of operations; risks related to the business environment; and other various risks. Please also see the Securities Report and the latest quarterly financial report for material facts that the Bank recognizes as potentially affecting the Group's actual results, performance or financial position. The Group's actual results, performance or financial position may be materially different from those expressed or implied by such forward-looking statements.

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