

SUPER REGIONAL, SUPER GLOBAL

Annual Report 2016

For the fiscal year ended March 31, 2016



Corporate Profile

Main Business

JAPAN POST BANK Co., Ltd. is engaged in banking operations as a member of the JAPAN POST GROUP. The principal operations comprise deposit-taking, syndicated loans and other lending, securities investment, domestic and foreign exchange, retail sales of Japanese government bonds and investment trusts as well as insurance products, intermediary services including mortgages, and credit card operations. There are designated limits on deposit-taking.

Corporate Data (As of March 31, 2016)

Corporate name	JAPAN POST BANK Co., Ltd.
Date of establishment	September 1, 2006
Director, President and Representative Executive Officer	Norito Ikeda
Address of head office	1-3-2 Kasumigaseki, Chiyoda-ku, Tokyo 100-8798, Japan
Total assets	¥207,056,039 million
Total net assets	¥11,508,150 million
Capital	¥3,500,000 million
Number of employees*	12,905

* The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include short-term contract and part-time employees.

Total number of outstanding shares 3,749,475 thousand shares
(excluding 750,525 thousand shares of treasury stock)

Credit Rating

(As of May 13, 2016)

	Long-term	Short-term
Moody's	A1	P-1
S&P	A+	A-1

Overseas Representative Offices

London Representative Office

7th Floor Milton Gate, 60 Chiswell Street, London EC1Y 4SA,
United Kingdom

Hong Kong Representative Office

Suites 2304-5, 23rd Floor Tower 2, The Gateway,
25 Canton Road, Tsimshatsui, Kowloon, Hong Kong

Subsidiaries, etc.

SDP CENTER Co., Ltd.

Triton Square Tower X 43F, 8-10, Harumi 1-chome, Chuo-ku, Tokyo

ATM Japan Business Service, Ltd.

30-5, Hamamatsucho 1-chome, Minato-ku, Tokyo

JP Asset Management Co., Ltd.

5-11, Nihonbashihoncho 1-chome, Chuo-ku, Tokyo

JAPAN POST BANK aims to become “the most accessible and trustworthy bank in Japan,” guided by the needs and expectations of our customers.

The JAPAN POST GROUP has many post offices richly steeped in local characteristics throughout Japan. We look to these post offices in upholding our important relationships with customers.

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Cautionary Statement

This report is not a solicitation for the shares or other securities of the JAPAN POST GROUP. Furthermore, this report contains forward-looking statements, such as the Bank's forecasts and targets. These statements were written according to the Bank's judgment based on information available, forecasts, and assumptions made at the time when the report was created; they therefore encompass risks and uncertainties, and are not a guarantee of future results. You should bear in mind that actual business results may differ from those described in this report, because they are subject to a wide range of risks and factors such as changes in the assumed conditions relating to the business environment, economic and business trends, changes in laws and regulations, the occurrence of major disasters, fluctuations in the value of assets held by the Bank, and the impact of rumor and hearsay. The Bank undertakes no obligation to publicly update or revise any forward-looking statements in light of new information or future events.

All figures and percentages in this report are rounded down for presentation, and therefore the totals may not be equal to the sum of the presented figures. The figures and percentages are information as of March 31, 2016, unless separately noted. Unless the context states otherwise, references in this report to “we,” “us,” “our,” the “Bank” or similar terms are to JAPAN POST BANK.

Address by the Newly Appointed Director, President and Representative Executive Officer

Having assumed the position of Director, President and Representative Executive Officer of JAPAN POST BANK Co., Ltd. in 2016, I would first like to extend my sincere gratitude to all stakeholders for their continued encouragement and goodwill. Drawing on my experience to date, I will make every effort to carry out my assigned tasks and to fulfill my obligations.

I would also like to offer my heartfelt condolences to all who suffered as a result of the Kumamoto earthquake earlier this year and wish for the earliest possible recovery of the areas affected.

JAPAN POST BANK was listed on the First Section of the Tokyo Stock Exchange on November 4, 2015. Leveraging the strengths of our greatest asset, the nationwide network of 24,000 post offices of the JAPAN POST GROUP, we will continue to provide a stable stream of financial services to our broad spectrum of customers as a part of efforts to become the most accessible and trustworthy bank in Japan. As we work toward achieving this goal, we kindly request your continued support and understanding.

Norito Ikeda
Director, President and
Representative Executive Officer



■ Economic Environment and Business Performance for the Fiscal Year Ended March 2016

In the fiscal year ended March 31, 2016, conditions throughout the global economy were mixed. For the most part, advanced economies continued to experience moderate growth. However, there were signs of a slowdown in the rates of economic growth in emerging markets including China. On the domestic front, Japan's real GDP alternated from negative to positive from quarter to quarter. As a result, the outlook remained uncertain.

Looking at the financial and capital markets, the devaluation of the yuan in August 2015 triggered growing concerns of a further slowdown in the Chinese economy. This in turn resulted in a downturn in global stock prices. Thereafter, the markets experienced a period of prolonged volatility due to the further decline in crude oil prices, the decision by monetary authorities in the United States to begin raising interest rates in December, moves by the Bank of Japan to adopt quantitative and qualitative monetary easing measures with a negative interest rate policy at the end of January 2016, and other factors.

In specific terms, yields on Japanese long-term government bonds, which had remained at low levels, fell further with the decision to implement more accommodative measures. As a result, there were numerous instances of negative yields.

As far as foreign currency exchange rate markets are concerned, the value of the yen remained weak at the start of the fiscal year. Entering 2016, however, activity increased as efforts to mitigate the risk of a further slowdown in the global economy took hold. As a result, the value of the yen trended upward, temporarily falling below ¥111 against the U.S. dollar and coming close to ¥122 against the euro. Consequently, the Nikkei stock price average momentarily declined to the ¥14,000 level. On a more positive note, the excessive aversion to risk exhibited by investors eased in the ensuing period. In March 2016, the Nikkei stock price average recovered temporarily to the ¥17,000 level.

Under these circumstances, JAPAN POST BANK reported net income of ¥325 billion for the fiscal year ended March 31, 2016. While this represented a decrease of ¥44.3 billion compared with the previous fiscal year, the result was 1.5% higher than our forecast for the full fiscal year.

Net Income
For the Fiscal Year Ended March 2016

¥325 billion

■ Initiatives of JAPAN POST BANK

JAPAN POST BANK has defined the fiscal year ended March 31, 2016 as a year for further strengthening its business foundation as a listed company. We have continued to implement a variety of measures based on the JAPAN POST GROUP Medium-Term Management Plan, which was announced in April 2015.

Enhancing Sales Strategies

JAPAN POST BANK has concentrated on implementing two key measures under its overarching sales strategy. The first has been to increase assets under management by securing a stable customer base, and the second has been to increase fees and commissions. In specific terms, we focused on enhancing our asset management product lineup as well as our consulting-based marketing by financial consultants. As a result, sales of asset management products exceeded those of the previous fiscal year. Furthermore, JAPAN POST BANK, in alliance with JAPAN POST, Sumitomo Mitsui Trust Bank, Limited, and Nomura Holdings, Inc., established JP Asset Management Co., Ltd.* In order to support customers in their efforts to build assets on a long-term and stable basis, we commenced sales of the first investment trust established and managed by JP Asset Management in February 2016. Turning to the Bank's ATM initiatives, we adopted a strategic approach with respect to installation. At the same time, we worked to bolster collaboration with regional financial institutions. As a result, customers have been able to use cash cards from all regional banks in Japan at our ATMs since January 2016.

* Sumitomo Mitsui Trust Bank, Limited and Nomura Holdings, Inc. jointly established SNJ Preparatory Co., Ltd. in August 2015. Thereafter, JAPAN POST BANK and JAPAN POST took an equity interest in SNJ Preparatory Co., Ltd. and the company's name was changed to JP Asset Management Co., Ltd. in November 2015.

Executing an ALM* Strategy

JAPAN POST BANK engages in asset liability management in response to the changing market environment. In broad terms, the Bank's ALM strategy is based on the two pillars of a "base portfolio" that seeks to secure stable profits by investing mainly in Japanese government bonds, and a "satellite portfolio" that pursues high returns predominantly through the allocation of global assets. Specifically, we responded to the decline in the balance of the base portfolio affected by persisting historically low yen interest rates and expanded the satellite portfolio. We made efforts to expand investments in foreign securities mainly in investment grade bonds. At the same time, we worked on enhancing foreign currency funding. As a result, the satellite portfolio balance increased from approximately ¥48 trillion as of March 31, 2015 to approximately ¥61 trillion as of March 31, 2016. On this basis, we achieved our objectives ahead of projection under the Medium-Term Management Plan.

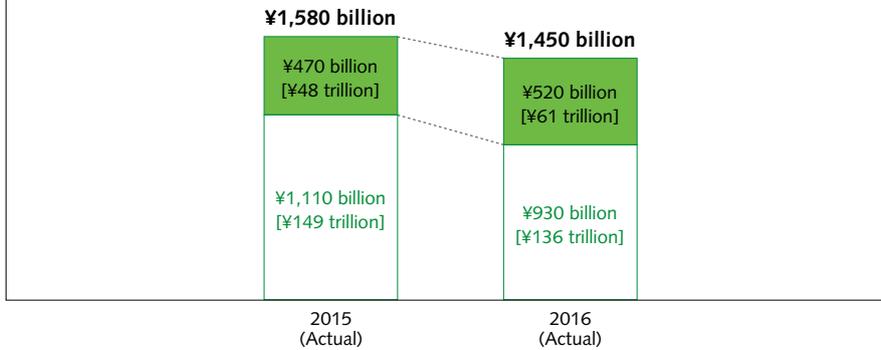
In terms of our organizational structure, we actively recruited investment professionals from outside the Bank. We also restructured our organization to a product-oriented framework specializing in various asset classes as a part of efforts to reinforce activities as a whole. Moreover, we took steps to upgrade and expand our risk management structure. For example, we established a division to focus on risk management and unified all relevant departments. We also appointed a dedicated executive officer to assume responsibility for managing risks.

* Asset Liability Management

Net Interest Income, etc.

For the fiscal year ended March 31,

■ Satellite Portfolio
□ Base Portfolio



Notes

1. Net interest income, etc. = Interest income Interest expenses + Other operating income Other operating expenses + Gains on money held in trust Losses on money held in trust + Gains on sales of stock, etc. Losses on sales of stock, etc. Write off on stock, etc.
2. Figures in parentheses show fiscal year-end balances.
3. Figures for net interest income, etc. are in billion yen units; those for balances are in trillion yen units.

Enhancing the Internal Control System and Strengthening Our Business Foundation

In the fiscal year under review, JAPAN POST BANK worked diligently to enhance its internal control system and strengthen its business foundation. After receiving a business improvement order from the Financial Services Agency (FSA) in December 2009, and in cooperation with JAPAN POST, we enhanced and reinforced our internal control system based on our strong belief that “companies cannot survive without compliance.” As a result of our efforts to date, the business improvement order was lifted in December 2015. Recognizing the important management need to foster greater awareness of compliance issues and to enhance our internal control system, however, we have continued our efforts.

With the aim of further strengthening a business foundation that is suitable for a publicly listed company, we put in place our “Basic Policy on Corporate Governance” in November 2015. In addition, we also introduced a performance-linked stock compensation system in May 2016 to ensure that the compensation paid to executive officers functions as a sound incentive toward the sustainable growth of JAPAN POST BANK.

Promoting Diversity Management

In addressing the wide-ranging needs of customers, each employee has strived to act with an understanding and awareness toward the diversity of each individual. With this in mind, the Bank has continued to place a priority on supporting women in the workforce, while nurturing a corporate culture that respects work-life balance management and career promotion.

The percentage of women among employees in management positions

As of April 1, 2016

10.9%

Target

Up to April 1, 2021

14% or more

■ Strategies in the Fiscal Year Ending March 2017

The public listing of JAPAN POST BANK on the First Section of the Tokyo Stock Exchange during the fiscal year ended March 2016 was a milestone in the Bank's efforts to secure management discretion and establish an autonomous management structure.

In the fiscal year ending March 31, 2017, each and every employee of the Bank is again working in unison to improve the quality of its services and increase customer satisfaction. With this in mind, we are dedicated to carrying out our Medium-Term Management Plan.

Securing Our Customer Base and Strengthening Our Fee Business

We will bolster our retail marketing capabilities in cooperation with JAPAN POST (post offices). We will also further enhance our stable and sustainable relationships with our customers by providing products according to their life cycles and various events. In addition, we will strengthen our fee businesses which are less susceptible to the impact of interest rate fluctuation. In particular, we will step up efforts to focus on the expected growth areas such as sales of asset management products and ATM alliance services, etc.

Specifically, with regard to the sales of asset management products, we will focus on providing such products as the investment trusts of JP Asset Management Co., Ltd., which are simple and easy to understand even for customers who are considering undertaking an investment for the first time. We will also enhance consultation-based marketing through a variety of measures including fostering and increasing the number of financial consultants.

As far as ATM services are concerned, we will install compact ATMs throughout FamilyMart's nationwide network of convenience stores as a part of efforts to expand our ATM network in highly convenient locations. In addition, we will further improve our collaboration with regional financial institutions by utilizing our ATM network.

* FamilyMart Co., Ltd. and JAPAN POST BANK entered into a basic memorandum with a view to concluding a business alliance on April 5, 2016.

Promoting Sophisticated Investment by Enhancing Assets in the Satellite Portfolio

With regard to the base portfolio, although the investment environment is extremely challenging, especially considering the continued occurrence of negative yields on Japanese long-term government bonds, we will manage our assets flexibly according to interest rate trends and aim to generate stable earnings in the medium to long term.

In the satellite portfolio, we will strive to improve earnings by exploring such new investment frontiers as private equity, real estate, etc. in addition to diversifying into foreign assets. To this end, we will further enhance our investment strategy through a variety of measures. We will, for example, work to secure

skilled personnel, enhance the foreign currency funding system, and introduce an employee stock ownership plan for management employees in the Investment Division.

In tandem with these endeavors to promote increasingly sophisticated investment, we will strengthen our risk analysis and monitoring capacity to enhance our risk management framework.

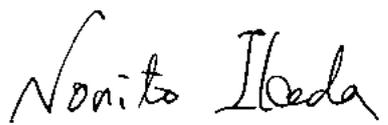
Enhancing the Internal Control System and Strengthening Our Business Foundation

Guided by a “Compliance First” policy, we are working to enhance our internal control system, which is an important management task, by fostering greater awareness of compliance through various forms of training. We are also enhancing the customer protection structure with respect to the sale of investment products. In addition to ongoing efforts to promote diversity with an emphasis on initiatives aimed at supporting women in the workforce, we are promoting human resource development while improving our IR activities and systems and dealing with FinTech*. Through these means, we are endeavoring to strengthen our business foundation.

JAPAN POST BANK is working diligently to enhance its corporate value through each of these initiatives. As we work toward achieving our goals, we kindly ask for the continued support and understanding of all stakeholders.

* A term that designates the fusion of financial services and technology encompassing new financial services that utilize information technology.

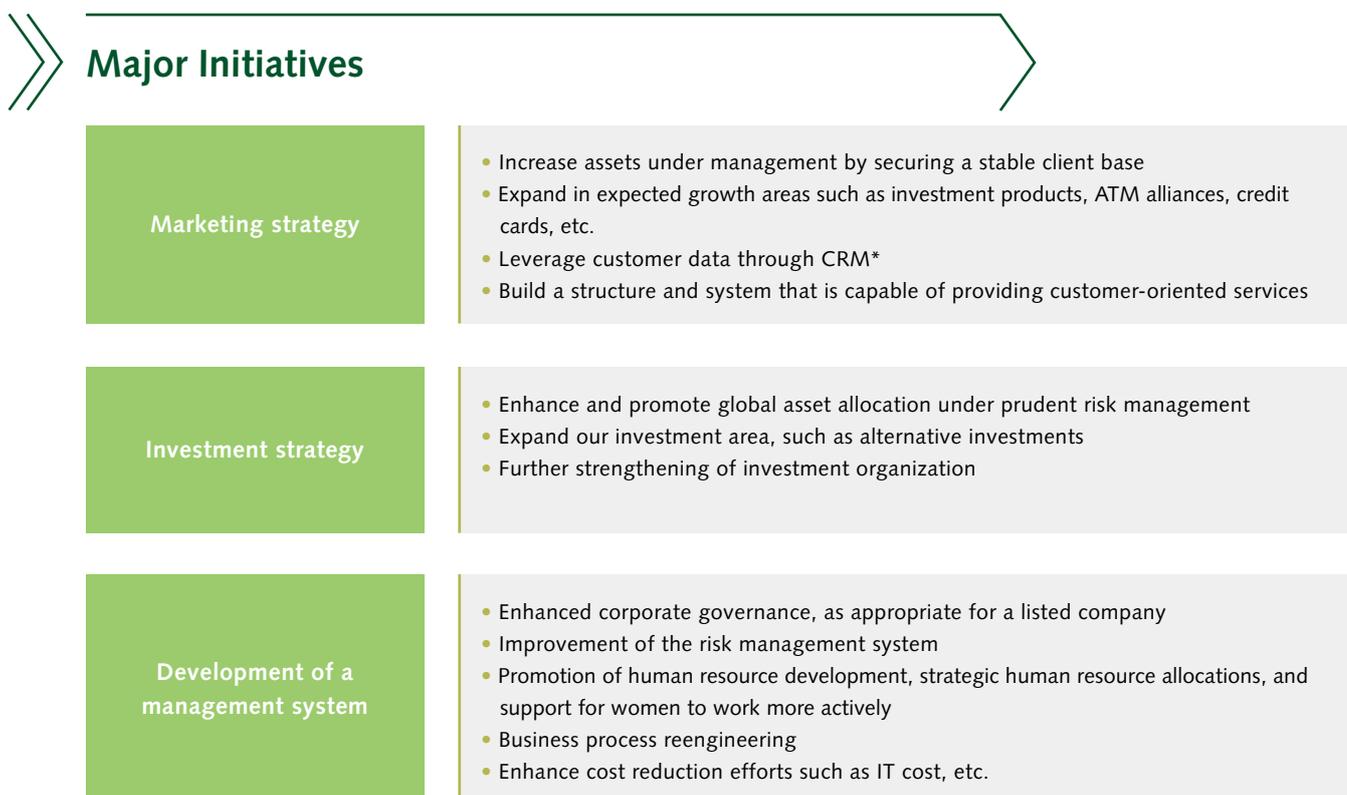
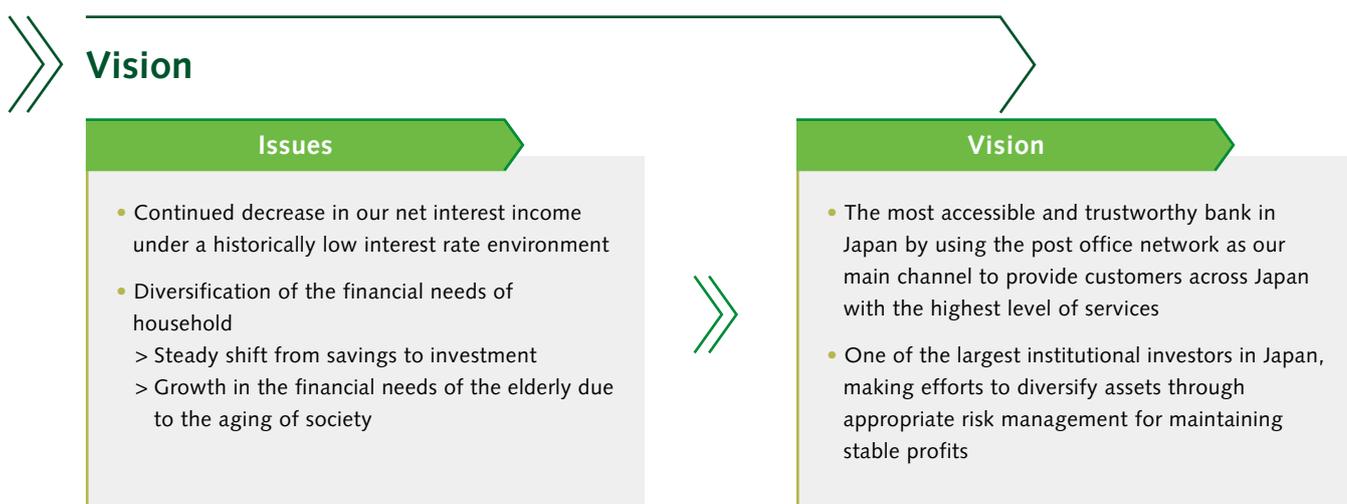
July 2016



Norito Ikeda
Director, President and
Representative Executive Officer

Overview of the Medium-term Management Plan

JAPAN POST BANK is working to carry out its medium-term management plan, which covers the three-year period from April 1, 2015 to March 31, 2018. We aim to be the most accessible and trustworthy bank in Japan by using the post office network as our main channel to provide our customers across Japan with the highest level of service. In addition, we aim to be one of the largest institutional investors in Japan, making efforts to diversify assets through appropriate risk management for maintaining stable profits.



* CRM: Customer Relationship Management



Financial Targets (FY2018/3) and Dividend Policy

Financial Targets in FY2018/3

•Assets under management (April 1, 2015 to March 31, 2018)	Deposits: (+)¥3 trillion* ¹ Investment products: (+)¥1 trillion* ²
•Net ordinary income	¥480 billion
•Net income	¥330 billion
•The reduction of non-personnel expenses (compared to FY2015/3)	Reduction of ¥50 billion or more

*1 Including accrued interest and excluding deposits relating to funds paid by us to acquire shares of our common stock held by JAPAN POST HOLDINGS Co., Ltd.

*2 Investment products = investment trusts + variable annuities

Dividend Policy

- Compelling /Stable Shareholder Return

Dividend payout ratio: approx. 50% or more

Note: Target and forecast numerical data put in place and announced in April 2015. The distribution of this annual report does not constitute a reconfirmation of target and forecast numerical data as of the date of distribution.

Financial Highlights

Statements of Income

For the fiscal year ended March 31,	Millions of yen					Thousands of U.S. dollars**
	2016	2015	2014	2013	2012	2016
Gross operating profit:	¥1,452,082	¥1,634,774	¥1,568,715	¥1,624,329	¥1,670,002	\$12,886,780
Net interest income* ¹	1,361,065	1,540,799	1,470,268	1,532,152	1,677,349	12,079,036
Net fees and commissions	91,139	89,251	92,690	88,126	88,460	808,834
Net other operating income (loss)	(122)	4,723	5,756	4,050	(95,806)	(1,089)
General and administrative expenses* ²	1,066,184	1,114,775	1,096,028	1,111,521	1,174,532	9,462,056
Operating profit (before provision for general reserve for possible loan losses)	385,897	519,998	472,687	512,808	495,470	3,424,724
Net ordinary income	481,998	569,489	565,095	593,535	576,215	4,277,585
Net income	325,069	369,434	354,664	373,948	334,850	2,884,892

Balance Sheets

As of March 31,	Millions of yen					Thousands of U.S. dollars**
	2016	2015	2014	2013	2012	2016
Total assets:	¥207,056,039	¥208,179,309	¥202,512,882	¥199,840,681	¥195,819,898	\$1,837,558,037
Securities	144,076,834	156,169,792	166,057,886	171,596,578	175,953,292	1,278,637,150
Loans	2,542,049	2,783,985	3,076,325	3,967,999	4,134,547	22,559,900
Total liabilities:	195,547,888	196,549,097	191,048,358	188,843,123	186,001,735	1,735,426,774
Deposits	177,871,986	177,710,776	176,612,780	176,096,136	175,635,370	1,578,558,628
Total net assets	11,508,150	11,630,212	11,464,524	10,997,558	9,818,162	102,131,262

Key Indicators and Others

As of and for the fiscal year ended March 31,	2016	2015	2014	2013	2012
Net income to assets (ROA)* ³	0.15%	0.17%	0.17%	0.18%	0.17%
Net income to equity (ROE)* ⁴	2.80%	3.20%	3.15%	3.59%	3.54%
Expense-to-deposit ratio* ⁵	0.59%	0.62%	0.61%	0.63%	0.66%
Capital adequacy ratio (non-consolidated, domestic standard)* ⁶	26.38%	38.42%	56.81%	66.04%	68.39%
Tier I capital ratio	—	—	—	66.03%	68.39%
Number of employees* ⁷	12,905	12,889	12,963	12,922	12,796
Number of outlets	24,113	24,167	24,208	24,215	24,249
Number of ATMs	27,314	27,215	26,698	26,669	26,557

Notes: 1. Net interest income is calculated by deducting interest expenses (excluding the expenses in relation to money held in trust) from interest income.

2. General and administrative expenses exclude non-recurring losses.

3. ROA = net income / [(sum of total assets at the beginning and the end of the fiscal year) / 2] x 100

4. ROE = net income / [(sum of total net assets at the beginning and the end of the fiscal year) / 2] x 100

5. Expense-to-deposit ratio = (general and administrative expenses / average deposit balances) x 100

6. Capital adequacy ratios (non-consolidated, domestic standard) are calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006). The Bank has applied Japanese domestic Basel III capital adequacy standards since the year ended March 2014.

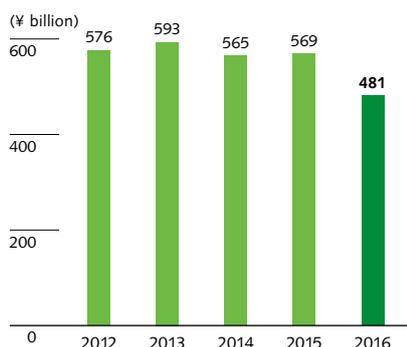
7. The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies.

The figures do not include short-term contract and part-time employees.

8. The U.S. dollar amounts have been translated at the rate of ¥112.68 to U.S.\$1.00.

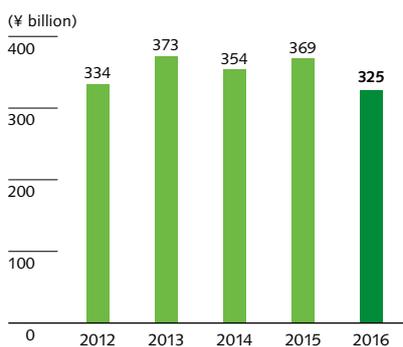
Net Ordinary Income

For the fiscal year ended March 31,



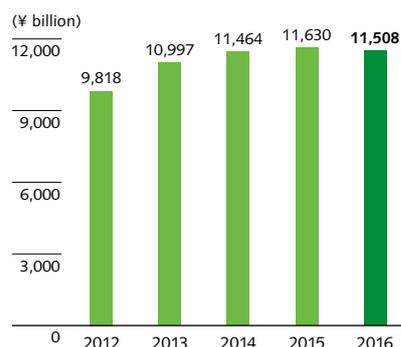
Net Income

For the fiscal year ended March 31,



Net Assets

As of March 31,



First General Meeting of Shareholders Held after the Bank's IPO

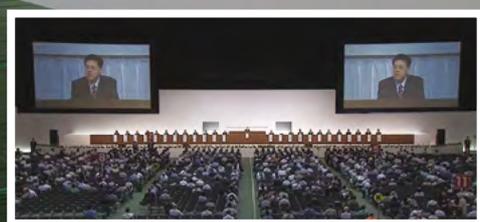
JAPAN POST BANK places the utmost importance on dialog and meeting the expectations of shareholders.

JAPAN POST BANK's 10th Ordinary General Meeting of Shareholders was held on June 21, 2016.

This was the first meeting of the Bank's shareholders after its IPO and an important opportunity to communicate directly with shareholders.

The Director, President and Representative Executive Officer gave an explanation of the Bank's growth strategies. Later, Executive Officers replied to inquiries from shareholders about such wide-ranging topics as efforts to strengthen the investment organization as well as initiatives to promote domestic business during a Q&A session.

JAPAN POST BANK will continue to place the utmost importance on dialog with its roughly 600,000 shareholders and make every effort to improve customer satisfaction.



Our DNA

The origin of JAPAN POST BANK dates back to 1875, in the Meiji Era, when the first postal savings service was established.

These savings accounts have been used to aid the modernization of Japan and to help reconstruct infrastructure after World War II. In 2001, the Postal Services Agency was reorganized by the Ministry of Post and Telecommunications as a part of various reforms by the central government; this was also the beginning of privatization.

In 2003, the Postal Service Agency was incorporated as Japan Post Corporation.

In 2007, JAPAN POST BANK was divested from JAPAN POST HOLDINGS as a private company.

JAPAN POST BANK listed its shares on the First Section of the Tokyo Stock Exchange on November 4, 2015.

Ensuring Asset Safety



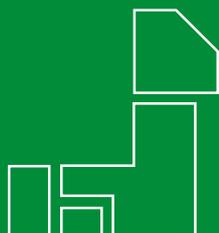
For some 140 years since the launch in 1875 of postal deposits as a simple and secure way of undertaking savings, JAPAN POST BANK has made every effort to ensure the safety of each individual customer's assets. Working tirelessly, the Bank has garnered wide-ranging support, providing large numbers of customers with the most trustworthy means in which to entrust their hard-earned savings. Playing an important role in the creation of financial assets in Japan, TEIGAKU deposits in particular have provided the impetus for robust growth in postal savings. Customers are able to place their funds with ease without the need to fix a deposit term in advance. TEIGAKU deposits therefore offer a level of flexibility that other banks are unable to provide.

Meeting a Variety of Financial Needs



In order to provide a full lineup of products and services that meet the requirements at each stage in an individual customer's life and of a wide range of lifestyles, JAPAN POST BANK offers more than just deposit services. In addition to investment trusts, the Bank provides a host of other financial services, including mortgage loans and credit cards. In this regard, consistently upgrading and expanding our lineup of financial products to ensure that we continuously meet changing customer needs while at the same time providing reliable, high-quality services that engender peace of mind is an immutable part of our DNA. At the same time, we work diligently to provide a level of quality that engenders peace of mind and the complete trust of our customers.

Contributing to the Development of Local Communities and Society at Large



Utilizing the vast sums of postal savings to fund growth in essential social infrastructure remains the lifeblood of the Bank's efforts to contribute to the development of local communities and society at large. From the end of the Second World War through to the period of Japan's high economic growth, postal savings have served to drive the nation forward and to underpin national investment and loan programs. Moreover, postal savings have helped to fund public and other works, contributing significantly to improving people's lifestyles. While these investment and loan programs were discontinued in April 2001, JAPAN POST BANK is currently working to revitalize regional economies by investing in local government bonds and the activities of the Japan Finance Organization for Municipalities while promoting the use of the Bank's ATM network in conjunction with regional financial institutions and other initiatives.

History of JAPAN POST BANK

- Relevant History of the World and Japan

1871

Postal services started. Postal Law drafted by Hisoka Maejima enforced, marking the start of postal services. Japan's first postage stamp issued. Post boxes set up and service made available to general citizens.

1875

Commenced postal money order and postal savings services. Began handling overseas mail.



A postal deposit passbook circa 1875

1882

- The Bank of Japan established.

1906

Began money transfers between postal savings accounts nationwide.



This deposit passbook for children was designed to encourage children to get into the habit of saving.

1929

- The Great Depression starts.

1944

- The Bretton Woods agreement concluded.

1945

- The International Monetary Fund (IMF) established.

1973

- The system of floating foreign exchange markets introduced.

1981

ATM services were first offered.



1985

- The Plaza Accord concluded.

1997

- The Asian financial crisis starts.

1999

- The euro was born.

2001

In accordance with the central government reform, the Postal Services Agency established.

2003

JAPAN POST Co., Ltd. (Nippon Yusei Kosha, government-owned corporation) established.

2007

JAPAN POST BANK Co., Ltd. established together with three other operating companies.



2009

JAPAN POST BANK initiates domestic fund transfer services with other financial institutions upon joining the Zengin Data Telecommunication System (Zengin System).

2015

JAPAN POST BANK listed its shares on the First Section of the Tokyo Stock Exchange.



2016

Amount limit for deposits in JAPAN POST BANK raised from ¥10 million to ¥13 million per customer.

Our Business Model

Our Aspiration

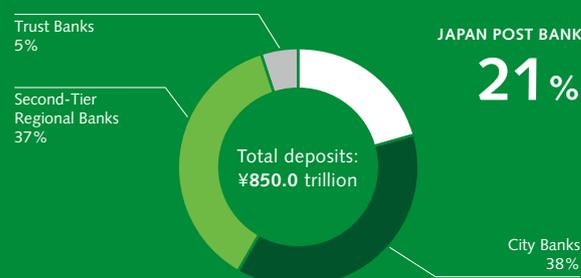
Building on the trust of our customers that we have nurtured over many years, we remain committed to further improving enterprise value. In specific terms, we have positioned “Super Regional” & “Super Global” attributes at the heart of our business model. In other words, the Bank actively manages assets on a global basis in the international financial market while seeking to generate higher returns, and takes a regional approach while utilizing the JAPAN POST GROUP’s network of approximately 24,000 post offices across the country as a part of efforts to increase fee income.

Total deposits: **¥177** trillion

An Overwhelming Presence in Terms of Our Total Deposit Balance

As of March 31, 2016, Japan led the world in savings deposits with a total balance in excess of ¥850 trillion. Of this total, JAPAN POST BANK boasts the largest share with a total deposit balance of more than ¥177 trillion. This largely reflects the high esteem in which the Bank is held as the nation’s long-standing premier financial institution.

Total Deposits by the Type of Financial Institution
(As of March 31, 2016)



Source: Flash Report on the Balances of Deposits and Loans of National Banks in Japan issued by the Japanese Bankers Association

Total Deposits of Major Banks Around the World

		(US\$ million)	
JAPAN POST BANK Co., Ltd.	1,578,558	Sumitomo Mitsui Financial Group	1,108,619
Mitsubishi UFJ Financial Group Inc.	1,531,386	Mizuho Financial Group Inc.	1,042,390
HSBC Holdings Plc	1,289,586	Citigroup Inc.	907,887
JP Morgan Chase & Company	1,279,715	BNP Paribas	769,570
Wells Fargo & Company	1,223,312	Banco Santander	750,683
Bank of America Corporation	1,197,259	Deutsche Bank	623,048

Notes 1: Japanese banks as of March 31, 2016, others as of December 30, 2015. Calculated based on foreign exchange rates as of the respective fiscal year-end.

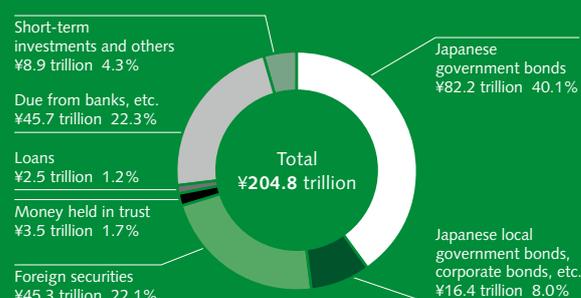
2: Negotiable certificates of deposits are included in the deposits of Japanese banks.

Source: Created from published materials

Details of the Bank’s Asset Management Activities

Based on an earnings structure that is heavily weighted toward interest income that is largely derived from investments in Japanese government bonds, JAPAN POST BANK is working diligently to spread its exposure and diversify the selection of revenue sources while continuing to closely monitor and control interest risk. In this manner, we are endeavoring to ensure stable periodic income. Guided by a refined risk management system, we are also striving to further strengthen profitability by aggressively building a satellite portfolio. This includes accelerating the pace of investment diversification around the world and expanding new investments mainly in our credit portfolio.

Asset Management Status (as of March 31, 2016)



Notes:

1. “Japanese local government bonds, corporate bonds, etc.” consist of Japanese local government bonds, commercial paper, Japanese corporate bonds, etc.
2. “Due from banks, etc.” consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.
3. “Short-term investments and others” consist of call loans and receivables under securities borrowing transactions, etc.

Sales Channels

JAPAN POST BANK largely entrusts its operations to JAPAN POST and that company's nationwide network of post offices. As of March 31, 2016, the Bank therefore provided its products and services through a nationwide network of 23,879 post offices and 27,314 ATMs far outstripping any other financial institution in Japan. These sales channels represent the Bank's greatest strength and the business platform necessary for future growth.

Branches:

234

Post office network:

23,879

ATMs:

27,314

Products and Services

JAPAN POST BANK provides financial services to a wide range of generations, from young children to senior citizens. Moving forward, the Bank will increasingly focus on customers who frequently utilize these services. In addition to providing accounts from which customers are able to complete various transactions including the withdrawal of salaries and pensions, the Bank will place the utmost importance on promoting cross sales in a bid to establish a stable customer platform.

(For reference) Products used by customer segment

Segment	Products				
Youth	New account openings				
Workers	Salary accounts	Credit cards Loans (Brokering)	Investment products (including NISAs)	Time/TEIGAKU deposits (including automatic accumulation types)	Automatic payment
Seniors	Pension accounts				



Our Network

Improving Convenience and Boosting Sales Capabilities

A Highly Convenient Network in Japan

As of March 31, 2016, JAPAN POST BANK maintained a nationwide network of 234 branches and 27,314 ATMs. Operations were also conducted on an agency basis through the 23,879 post offices held by JAPAN POST. As a result, the Bank's representation far exceeds the average number of outlets of the nation's three megabanks. Recognizing the comprehensive nature of its geographic coverage as a major inherent strength, the Bank is significantly contributing to customer convenience throughout Japan.

Number of Domestic Outlets (As of March 31, 2016)

234 Branches

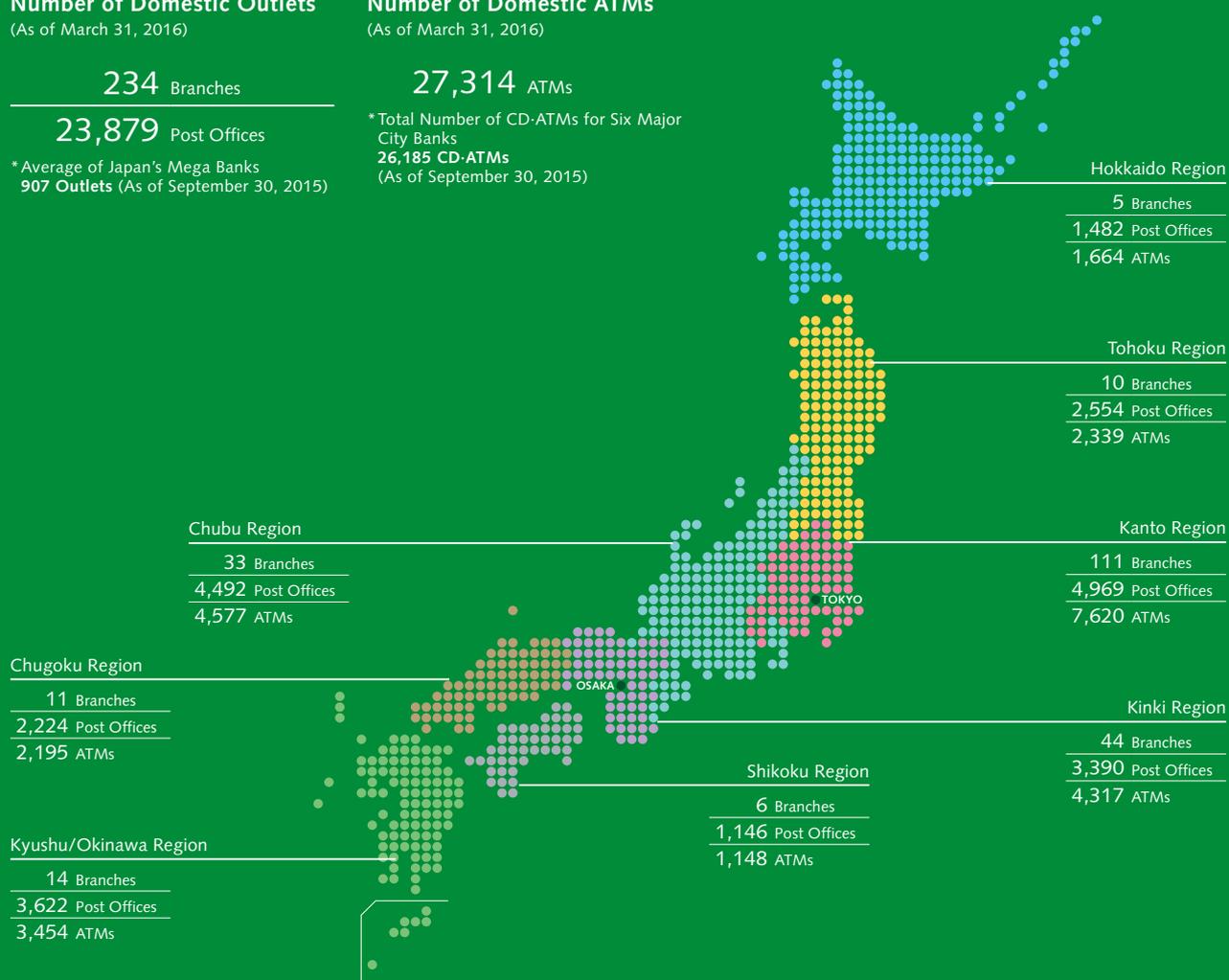
23,879 Post Offices

* Average of Japan's Mega Banks
907 Outlets (As of September 30, 2015)

Number of Domestic ATMs (As of March 31, 2016)

27,314 ATMs

* Total Number of CD-ATMs for Six Major
City Banks
26,185 CD-ATMs
(As of September 30, 2015)



Notes: 1. Outlets = Branches + bank agency offices

2. Japan's Mega Banks: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, and Mizuho Bank, Ltd.

Sources: Created from published materials from each company.
Japan Bankers Association official web site

Our Strategies

Business Strategies (Super Regional & Super Global)

JAPAN POST BANK employs a Super Regional & Super Global business model.

In addition to implementing regional approaches in tune with customers in every corner of Japan through the post-office network that covers the whole country, the Bank strives to ensure stable revenues through global investments by advancing an increased level of investment sophistication on the basis of appropriate risk management. Through these efforts, the Bank is aspiring to become the largest institutional investor in Japan.

Super Regional

Deeply in Tune with Customers in Every Corner of Japan

JAPAN POST BANK is aiming to remain “the most accessible and trustworthy bank in Japan” that provides services rated as No.1 for customer satisfaction by strengthening its consultation-based marketing through its network centered on the approximately 24,000 post offices and by expanding its ATM network in alliances with regional financial institutions. In doing so, the Bank is working to improve convenience for its customers across Japan and assist in their asset building.

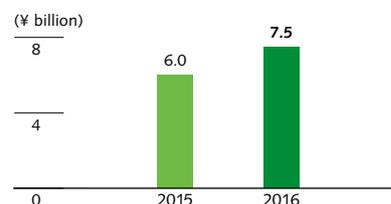
ATM Business Strategy

Numbering 27,314 machines, JAPAN POST BANK possesses Japan’s largest ATM network that is used by customers throughout the country. In addition to working on the strategic placement of ATMs, such as in highly convenient locations, JAPAN POST BANK broadened its collaborations with regional financial institutions and, in January 2016, reached the point from which the cards from all of Japan’s regional banks can be used at its ATMs. Having also introduced compact machines with additional functions, such as 16-language* compatibility, in the years to come, the Bank will make further progress in installing ATMs in highly convenient locations, including in convenience stores nationwide, and aim to increase fee income.

* ATM services provided in 16 languages (Japanese, English, Chinese (simplified characters), Chinese (traditional Chinese characters), Korean, Thai, Malay, Filipino, Indonesian, Vietnamese, French, German, Portuguese, Spanish, Russian, and Arabic) from January 2017.

ATM-related Commissions

For the fiscal year ended March 31,



Handling of JP Asset Management Products Commenced

In an alliance with JAPAN POST, Sumitomo Mitsui Trust Bank, Limited and Nomura Holdings, Inc., JAPAN POST BANK newly established JP Asset Management Co., Ltd., which from February 2016 commenced the handling of the JP4 Assets Balanced Fund, which could be purchased with confidence by customers who are considering investment for the first time. By handling JP Asset Management products, JAPAN POST BANK will assist more than ever in the building of long-term, stable assets based on customer life plans and investment needs.

Collaboration with Post Offices and Strengthening of Consultation-Based Marketing

Possessing the sales channels of 23,879 post offices nationwide, JAPAN POST's network is an indispensable partner that forms the foundation of JAPAN POST BANK's sales capabilities.

As the bank agent of JAPAN POST BANK, the post office network's strengths lie in its sales force that maintains close-knit ties to individual local communities and in its understanding of customer needs. Entrusted with the savings of customers from all over the country, the post office network has gained more than 90% of JAPAN POST BANK's deposits. At the same time, JAPAN POST BANK develops financial products, conducts sales promotions and strives to increase revenue. JAPAN POST BANK and the post office network are leveraging their mutual strengths and raising their sales capabilities.

For example, to address the investment needs of their diversifying customer base, JAPAN POST BANK and JAPAN POST are together concentrating on broadening their asset management product lineup and consultation-based marketing while steadily expanding asset management product balances. To further improve sales skills in investment trusts and other products, JAPAN POST BANK will promote the training and increase the numbers of their consultation-based marketing staff, such as by implementing employee training support in collaboration with JAPAN POST.

Number of Consulting Marketing Personnel

For the fiscal year ended March 31,



JAPAN POST BANK Co., Ltd.

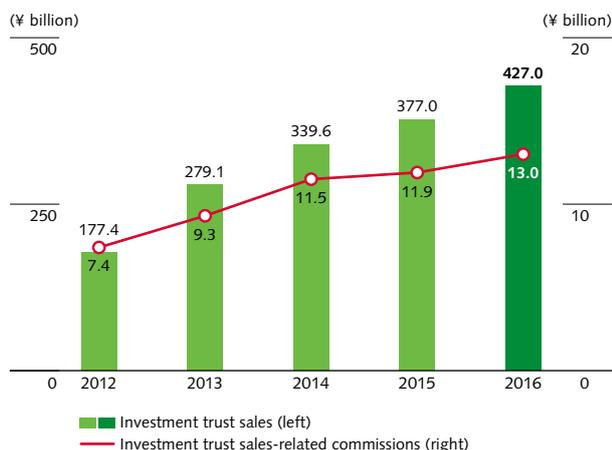
- Development of financial products that meet fundamental customer needs
- Conservative investment of deposits and implementation of sales promotions and campaigns
- Implementation of marketing education and training for post office employees

JAPAN POST Co., Ltd.

- Bank agency operations through a massive nationwide network of approximately 24,000 post offices
- Leverage points of customer contact that are closely linked to local communities and implement sales promotions
- Draw on brand recognition cultivated over an extensive history

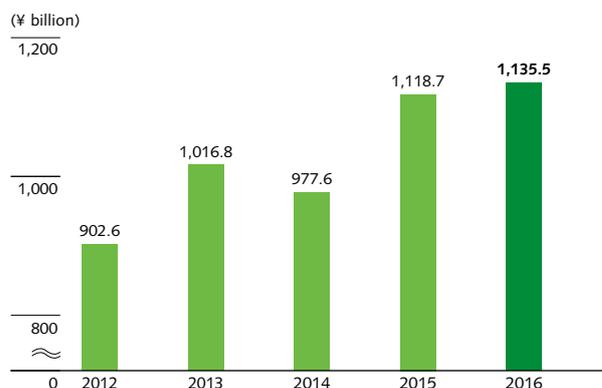
Investment Trust Sales

For the fiscal year ended March 31,



Net Balance of Investment Trusts

As of March 31,



Super Global

Engaging in Diversified Investment in Massive Overseas Financial Markets

JAPAN POST BANK is aiming to secure additional revenue by cultivating new investment frontiers, such as the acceleration of internationally diversified investments and alternative investments. In association with the increased level of sophistication of these investment strategies, the Bank is focusing efforts on further enhancing aspects of its operations, including risk analysis and risk management structure as well as its investigation systems.

Further Strengthening of Investment Systems

To increase the level of sophistication of its market investments and strengthen its risk management, JAPAN POST BANK is actively promoting the hiring of staff from outside the Bank who possess superior expertise. Centered on these investment professionals, the Bank has conducted an organizational restructuring by various asset classes and worked to further increase the level of sophistication of its investments and extend its investment fields.

Outline of Organizational Restructuring



Strengthening of Risk Management Structure

Having newly established a Risk Management Division, unified the relevant departments and appointed a dedicated executive officer in charge to strengthen the risk management structure in keeping with the increased level of sophistication of its investments, JAPAN POST BANK is working to strengthen its risk management structure.

Risk Management Structure Upgrades

- Enhancement of risk management structure in keeping with increased level of sophistication of investments, including alternative investments
- Surveys of developments/system upgrades in response to the strengthening of financial regulations in Japan and other countries

Increased Level of Investigation System Sophistication

- Strengthening of creditworthiness evaluations and monitoring systems
- Strengthening of investigation systems in accordance with increased level of investment sophistication

Corporate Governance

(As of July 1, 2016)

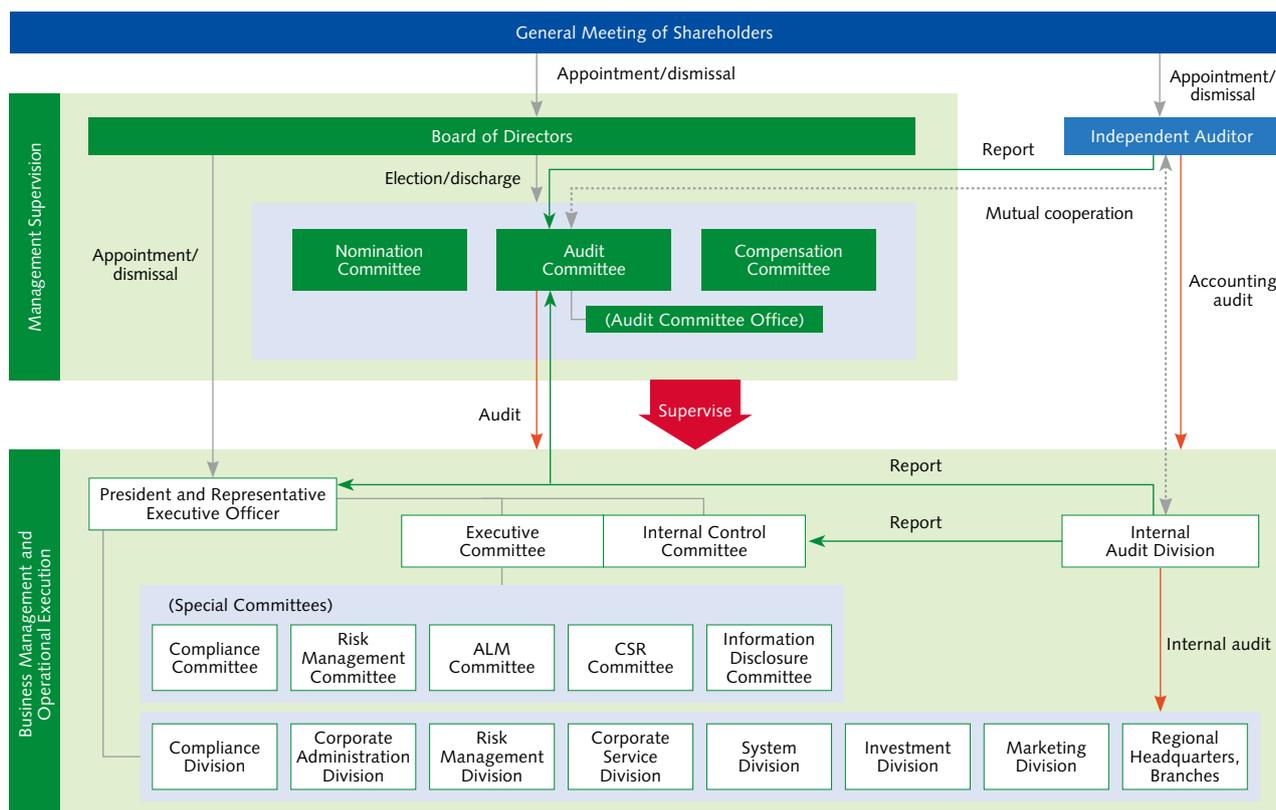
Basic Stance on Corporate Governance

With a view to its sustainable growth along with improvement of its corporate value over the medium and long terms, JAPAN POST BANK establishes its corporate governance system based on the following stance.

- 1 — We will engage in constant value creation by providing banking services through the distribution network based on the post office, while continuously creating new convenience for customers, in pursuit of providing higher quality of service.
- 2 — Fully recognizing fiduciary responsibilities to shareholders, we will give consideration to ensure the rights and equality of shareholders in an appropriate manner.
- 3 — We will value the dialogue with all stakeholders including shareholders, and seek appropriate collaboration and sustainable coexistence therewith. To this end, we will ensure management transparency and strive for disclosure and provision of adequate information.
- 4 — In order to promptly adapt to changes in economic and social environment and meet the expectation of all stakeholders, we will make swift decision-making in a firm attitude and conduct businesses under the effective supervision by the Board of Directors.

Corporate Governance System

JAPAN POST BANK has adopted the company with three statutory committees system of corporate governance in order to implement rapid decision-making and to increase management transparency. Accordingly, the Bank has established the Nomination Committee, the Audit Committee, and the Compensation Committee. In this way, the Bank has a system under which the Board of Directors and the three statutory committees can provide appropriate oversight of management.



Board of Directors and Three Statutory Committees

The JAPAN POST BANK Board of Directors has 12 members. Three of the directors also serve as Executive Officers, and the other eight directors are Outside Directors.

The Board has three statutory committees—the Nomination Committee, the Audit Committee, and the Compensation Committee. Outside Directors comprise a majority of the membership of these committees, which work together with the Board to oversee the Bank's operations.

Nomination Committee

The Nomination Committee determines the criteria for selecting and removing directors. The committee also determines the contents of proposals for submission to general meetings of shareholders concerning the election and dismissal of directors.

Audit Committee

The Audit Committee monitors the execution of duties by executive officers and directors, prepares audit reports, determines the contents of proposals for submission to general meetings of shareholders concerning the election, dismissal and refusal to re-elect independent auditors.

Compensation Committee

The Compensation Committee formulates compensation policies for directors and executive officers and determines detailed compensation for each individual.

Executive Officers

The Executive Officers, who are selected by the Board of Directors, are responsible for conducting business operations.

The President and Representative Executive Officer makes full use of the authority and responsibility delegated to him by the Board of Directors in the conduct of business operations.

JAPAN POST BANK has introduced a performance-linked stock compensation system utilizing a trust as part of its compensation for its Executive Officers. The objectives of the system are to further enhance the awareness of the Executive Officers of the Bank regarding the importance of contributing to sustainable growth and enhancing the Bank's corporate value over the medium and long terms, by clarifying the link between the Executive Officers' compensation and the share value of the Bank. Accordingly, the compensation of the Executive Officers of the Bank shall consist of a "base compensation" component as fixed compensation, and a "performance-linked stock compensation" component as variable compensation.

Executive Committee, Internal Control Committee, and Special Committees

The Executive Committee and the Internal Control Committee have been established as advisory bodies to the President and Representative Executive Officer. The Executive Committee holds discussions on important business execution matters, and the Internal Control Committee holds discussions on legal, regulatory, and other compliance-related issues as well as other important internal control matters. The Special Committees assist the Executive Committee in matters requiring specialized discussions.

Furthermore, we have established a system under which certain employees execute business operations by using their expertise as managing directors.

Roles of Special Committees

Compliance Committee

The Compliance Committee formulates compliance systems and programs and holds discussions and provides reports regarding progress in these matters.

Risk Management Committee

The Risk Management Committee formulates risk management systems and operational policies. The committee also holds discussions and provides reports regarding progress in risk management matters.

ALM Committee

The ALM Committee formulates basic ALM plans and operational policies, determines risk management items, and holds discussions and provides reports regarding progress in these matters.

CSR Committee

The CSR Committee formulates basic CSR policies and action plans and holds discussions and provides reports regarding progress in these matters.

Information Disclosure Committee

The Information Disclosure Committee formulates basic information disclosure policies and holds discussions and provides reports in order to ensure the appropriateness and effectiveness of information disclosure.

Board of Directors, Executive Officers and Managing Directors

(As of August 1, 2016)



Rear row, from left: Susumu Tanaka, Katsuaki Ikeda, Tetsu Machida, Yoshizumi Nezu, Tsuyoshi Okamoto, Toshihiro Tsuboi, Katsunori Sago
Front row, from left: Nobuko Akashi, Tomoyoshi Arita, Norito Ikeda, Masatsugu Nagato, Sawako Nohara

Directors

Norito Ikeda	President and Representative Executive Officer	Katsunori Sago	Representative Executive Vice President
Susumu Tanaka	Representative Executive Vice President	Masatsugu Nagato	*Director, Representative Executive Officer, President and CEO of JAPAN POST HOLDINGS Co., Ltd.

Outside Directors

Tomoyoshi Arita	Attorney-at-law	Nobuko Akashi	Board chairman of a non-profit organization, Japan Manners & Protocol Association
Yoshizumi Nezu	President and Representative Director of Tobu Railway Co., Ltd.	Toshihiro Tsuboi	Representative Director, Vice President & Executive Vice President of JAPAN POST Co., Ltd. (Past experience)
Sawako Nohara	President and CEO of IPSe Marketing, Inc.	Katsuaki Ikeda	Corporate Auditor of MS&AD Insurance Group Holdings, Inc. (Past experience)
Tetsu Machida	Independent economic journalist	Tsuyoshi Okamoto	Director and Chairman of the Board of TOKYO GAS CO., LTD.

Nomination Committee

Chairman	Masatsugu Nagato
Member	Yoshizumi Nezu
Member	Tomoyoshi Arita
Member	Tsuyoshi Okamoto

Audit Committee

Chairman	Tomoyoshi Arita
Member	Sawako Nohara
Member	Tetsu Machida
Member	Toshihiro Tsuboi
Member	Katsuaki Ikeda

Compensation Committee

Chairman	Tsuyoshi Okamoto
Member	Masatsugu Nagato
Member	Yoshizumi Nezu
Member	Katsuaki Ikeda

Executive Officers

President and Representative Executive Officer

*Director of JAPAN POST HOLDINGS Co., Ltd.

Representative Executive Vice President

*Managing Executive Officer of JAPAN POST HOLDINGS Co., Ltd.

Representative Executive Vice President

Executive Vice President

Senior Managing Executive Officer

Senior Managing Executive Officer

Senior Managing Executive Officer

Managing Executive Officer

Norito Ikeda

Susumu Tanaka

Katsunori Sago

Ryoichi Nakazato

Masahiro Murashima

Shigeki Matsushima

Hiroichi Shishimi

Riki Mukai

Yasuyuki Hori

Masahiro Nishimori

Masaya Aida

Harumi Yano

Suzunori Hayashi

Executive Officer Yoko Makino

Executive Officer Kunihiko Amaha

Executive Officer Makoto Shinmura

Executive Officer Satoru Ogata

Executive Officer Minoru Kotouda

Executive Officer Fujie Kawasaki

Executive Officer Toshiharu Ono

Executive Officer Shigeyuki Sakurai

Executive Officer Masatoshi Ishii

Executive Officer Masato Tamaki

Executive Officer Takayuki Tanaka

Executive Officer Yoshiko Iwashita

Managing Directors

Senior Managing Director

Kunio Tahara

Managing Director Taiichi Hoshino

Managing Director

Naohide Une

Managing Director Tatsuo Ichikawa

Managing Director

Takayuki Kasama

Managing Director David Sancho Shimizu

Managing Director

Tokihiko Shimizu

Notes:

1. Tomoyoshi Arita, Yoshizumi Nezu, Sawako Nohara, Tetsu Machida, Nobuko Akashi, Toshihiro Tsuboi, Katsuaki Ikeda and Tsuyoshi Okamoto are outside directors as set forth under Article 2.15 of Japan's Companies Act.
2. Managing Directors do not fall within the scope of definition of director as set forth under Japan's Companies Act.

Internal Auditing

The Internal Audit Division is independent from operating divisions in the head office. The division contributes to the sound and proper conduct of the Bank's operations by inspecting and assessing the Bank's operational execution and internal control systems. In this way, the Bank collects important information about the operations of audited divisions in a timely and appropriate manner.

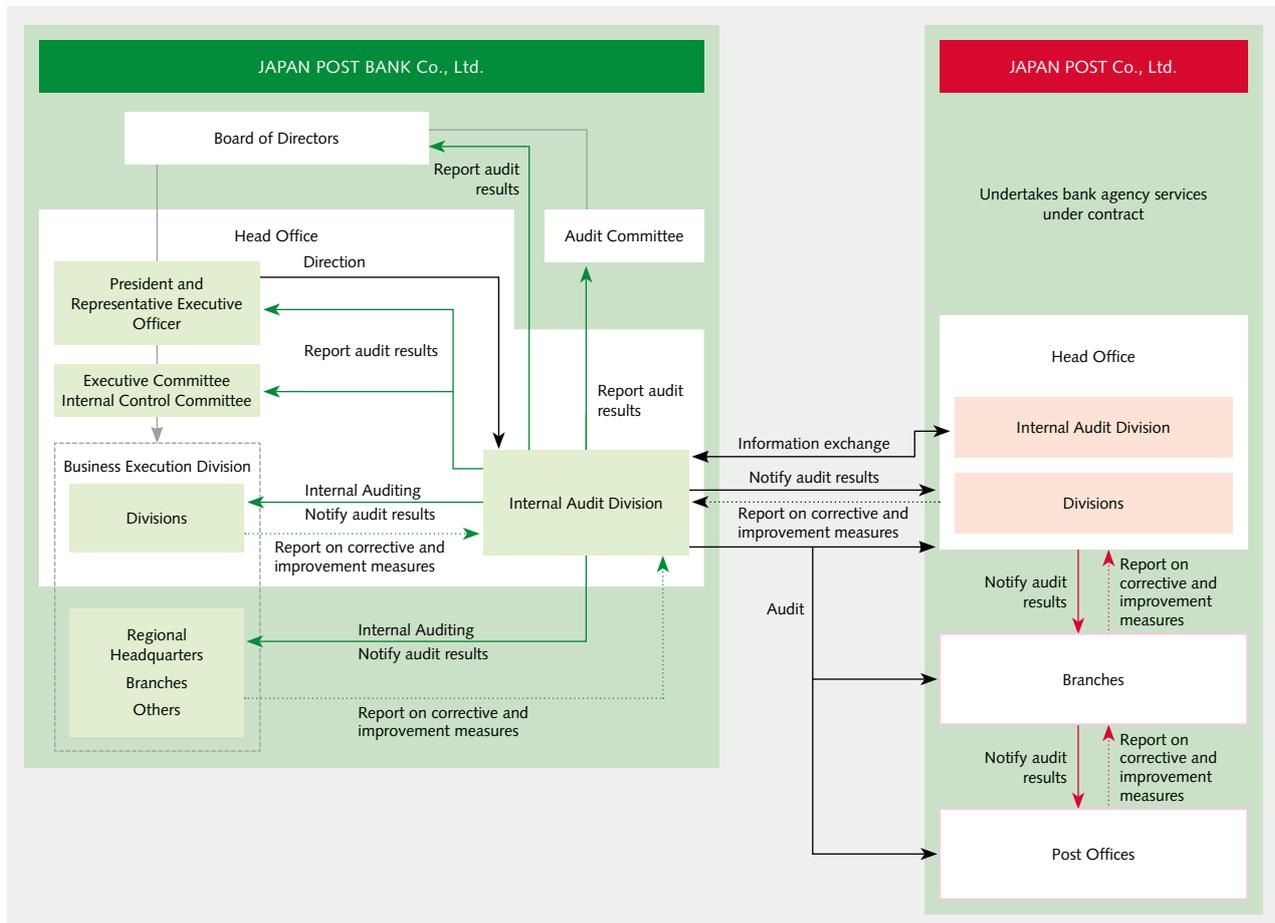
The Internal Audit Division conducts audits of the head office divisions (including overseas representative offices), Regional Headquarters, Branches, Administration Service Centers, Operation Support Centers, Seal Card Management Center, ATM Management Centers, Data Centers, Credit Card Collection Service Center and other work sites. Through

these audits, the division verifies the appropriateness and effectiveness of operational execution and internal control systems, including compliance and risk management.

In addition, the Internal Audit Division audits JAPAN POST, which undertakes bank agency services under contract. In these audits, the Internal Audit Division verifies the appropriateness of the internal control systems that are related to bank agency operations, including compliance and risk management.

In regard to major issues that are found in an audit, the division offers recommendations for correction and improvement, follows up on the progress of improvement measures, and provides reports to the President and Representative Executive Officer, the Board of Directors, and the Audit Committee.

Internal Auditing System



Risk Management

Advances in financial globalization and information technology have led to rapid growth in the diversity and complexity of banking operations, making risk management at financial institutions increasingly important. We place a high priority on risk management and are taking steps to refine our sophisticated framework for risk management, including the identification and control of the risks associated with our operational activities.

Our basic policy is to appropriately manage risks in view of our management

strategies and risk characteristics and most effectively utilize our capital. By doing so, we are able to increase enterprise value while maintaining sound finances and appropriate operations.

The authorities and responsibilities of organizational entities and of directors and employees involved in risk management are assigned so that conflicts of interest do not arise. In addition, we have established a system that provides for appropriate cross-checks.

Risk Categories and Definitions

We define our risks and classify them into the following categories, and manage these risks based on the unique characteristics of each type of risk.

Risk Category	Risk Definition
Market risk	Market risk is the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and stock prices and the risk of loss resulting from changes in earnings generated from assets and liabilities.
Market liquidity risk	Market liquidity risk is the risk that a financial institution will incur losses because it is unable to conduct market transactions or is forced to conduct transactions at far more unfavorable prices than under normal conditions due to a market crisis and the like.
Funding liquidity risk	Funding liquidity risk is the risk that a financial institution will incur losses because it finds it difficult to secure the necessary funds or is forced to obtain funds at far higher interest rates than under normal conditions due to a mismatch between the maturities of assets and liabilities or an unexpected outflow of funds.
Credit risk	Credit risk is the risk that a financial institution will incur losses from the decline or elimination of the value of assets (including off-balance sheet assets) due to deterioration in the financial condition of an entity to which credit is provided.
Operational risk	Operational risk is the risk of loss resulting from inadequate operation processes, inadequate activities by officers and employees and inadequate systems or from external events.
Processing risk	Processing risk is the risk of a financial institution incurring a loss from the neglect by officers and employees to conduct administrative work properly, accidents caused by them and violation of Laws conducted by them in the course of the administrative work process. The management of events that constitute processing risk also includes matters relating to administrative work that occur as a result of external impropriety.
IT system risk	IT system risk is the risk that a financial institution will incur loss because of a breakdown or malfunctioning of computer systems or other computer system inadequacies, or because of improper use of computer systems.
Information asset risk	The risk of losses arising from the loss, falsification, inappropriate use, or external leakage of information due to IT system damage or inappropriate processing.
Legal risk	The risk of losses arising from compensation for damages, penalties, or surcharges, or a decline in customer trust, due to an inability to rigorously comply with laws (including laws, ordinances, internal regulations, and processing procedures, etc.).
Human resources risk	The risk of losses arising from discriminatory acts in human resources administration.
Tangible assets risk	The risk of losses arising from damages to tangible assets resulting from natural disasters or other events.
Reputational risk	The risk of losses arising from the spread among the public, or a certain segment of the public, of false information about us, causing a loss of the Bank's credibility, damage to our image, and as a result, a loss of customers or fund-raising counterparties, or causing a worsening of transaction conditions.

Risk Management System

The Bank has identified certain risk categories outlined in the table below. Various entities have been established to manage each risk category. In addition, we have put in place the Risk Management Department, which is responsible for monitoring each risk category in an integrated manner in order to ensure the effectiveness of our comprehensive risk management. The Risk Management Department operates independently from other departments.

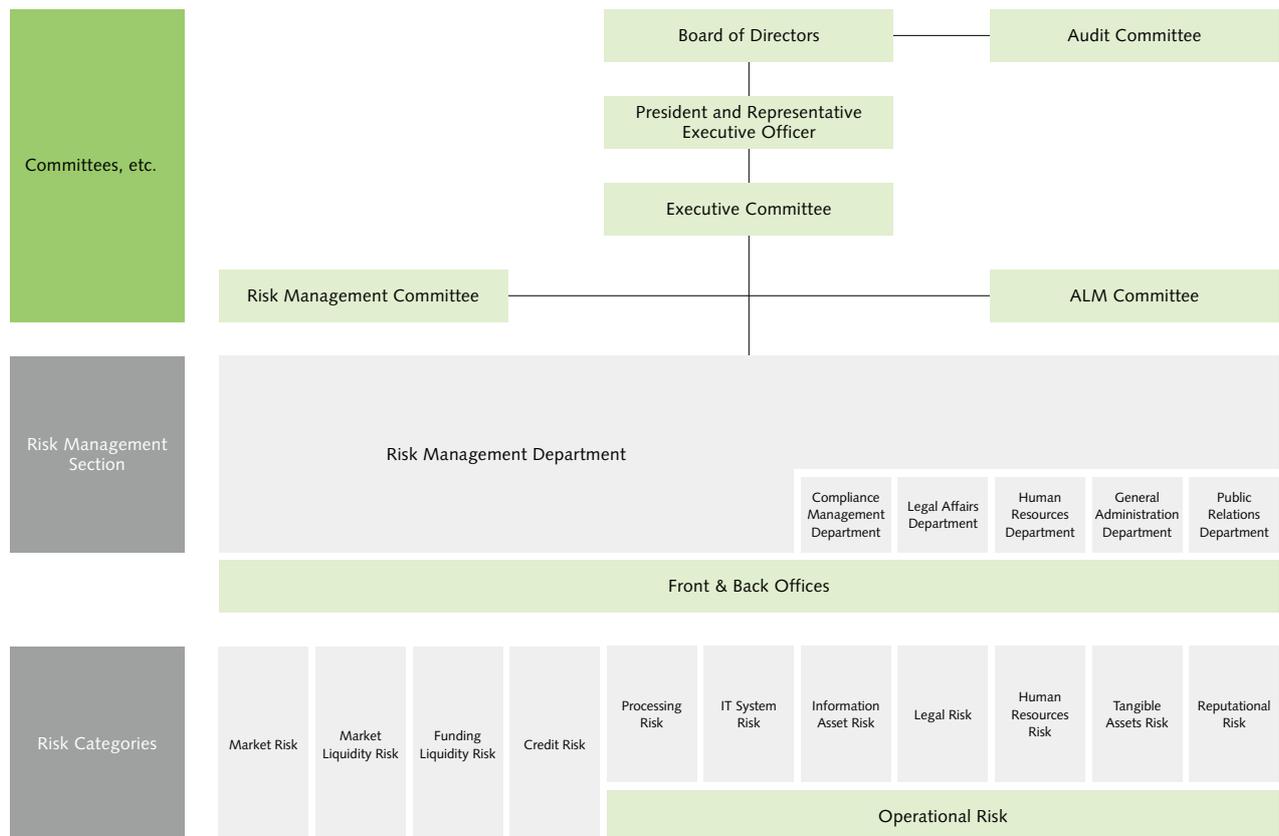
We have established special advisory committees to the Executive Committee to handle risk management responsibilities: the

Risk Management Committee and the ALM Committee. These advisory committees submit risk management reports based on risk characteristics and hold discussions about risk management policies and systems.

Prior to launching new products, services, or businesses, we assess potential risks and select appropriate methods to measure risks.

In January 2016, we newly organized the Risk Management Division and appointed a dedicated risk management officer in order to upgrade our risk management capabilities in response to the diversification and sophistication of our investments.

Risk Management System



Compliance with Basel Regulations

The Basel Committee on Banking Supervision has set capital adequacy standards, which are international standards to ensure bank soundness.

Capital adequacy standards are based on three pillars. Pillar 1 is the minimum regulatory capital ratio. Pillar 2 is the assessment and management of risks faced by the business as a whole, including risks not addressed by Pillar 1 (such as interest rate risk in the banking book and credit concentration risk) and the determination of the amount of capital required for business management. Pillar 3 is the market discipline that allows for the assessment of the market through appropriate disclosures. We are required to comply with all capital adequacy standard provisions. Basel III, which has been applied since March 31, 2014 as the domestic standard, requires further bolstering of capital in terms of both quality and quantity. We comply with all provisions of Basel III. As of March 31, 2016, our capital adequacy ratio was 26.38%, which exceeded the minimum requirement (4% under the domestic standard).

In calculating our capital adequacy ratio, we have adopted the standardized approach to calculate our credit risk-weighted assets, as well as the basic indicator approach to assess the capital requirements for operational risk. We have adopted special exemptions for market risk amounts.

Integrated Risk Management

We broadly classify and define risks into five categories: market, market liquidity, funding liquidity, credit, and operational risks. We manage these risks using both quantitative and qualitative approaches.

In our quantitative approach, we have introduced integrated risk management that quantifies and controls risk. Specifically, we establish in advance a total amount of equity capital that is available to take on risk, or risk capital. Risk capital is then allocated to each business in accordance with the type of expected risk and nature of the business activities. To quantify market risk and credit risk and control risk exposure, we use value at risk ("VaR") techniques. VaR is a statistical method used to compute the maximum expected loss based on assets and liabilities held at given probabilities and for given periods of time. In addition, we conduct stress testing based on scenarios that assume deterioration in the macroeconomic environment to confirm the impact on our financial condition, capital adequacy ratio and so forth.

In our qualitative approach, which is used in conjunction with the quantitative methodology, we assess the nature of the risks. For instance, for operational risk we have established a plan, do, check, action ("PDCA") cycle that recognizes, evaluates, manages, and mitigates risk across our business activities.

Allocation of risk capital is determined by the President and Representative Executive Officer following discussions in the ALM Committee and the Executive Committee.

Compliance System

For JAPAN POST BANK, compliance comprises adherence not only to laws and regulations but also to internal rules, social standards of behavior, and corporate ethics by all directors and employees. We are striving to be the most trustworthy bank in Japan, and consequently we view compliance as an important management issue. Accordingly, we conduct rigorous compliance activities.

The Bank has established the Compliance Committee, which is composed of Executive Officers with responsibilities related to compliance issues. The committee holds discussions about important compliance-related matters and their progress reports. In addition, the Bank has established the Compliance Management Department under the leadership of the Executive Managing Officer responsible for compliance. The department formulates compliance promotion plans and manages their progress.

We have also appointed compliance officers in certain departments who are independent from business promotion and other conflicting functions. Through their activities, we monitor the progress of the implementation of compliance-related

initiatives. Moreover, we have appointed compliance managers in departments and branches who are responsible for mentoring employees and promoting compliance.

Compliance Initiatives

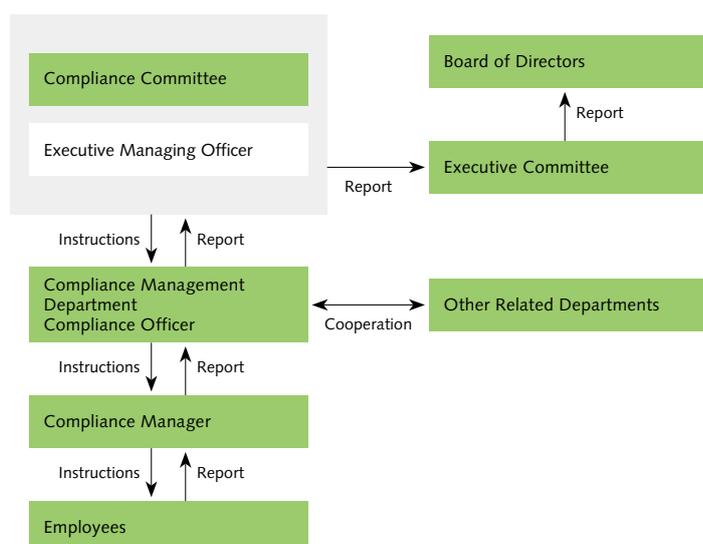
Every year the Bank formulates the Compliance Program, which serves as a detailed action plan for the promotion of compliance. With this program, the Bank rigorously implements compliance-related initiatives and conducts training for employees.

In addition, the Bank has formulated the Compliance Manual, which serves as a guide to the Bank's approach to compliance and various compliance items. We fully utilize these manuals, such as at training sessions for directors and employees, to enhance awareness and understanding of their content.

Each director and employee has received the Compliance Handbook, which contains the most important, baseline compliance items from the Compliance Manual that JAPAN POST BANK directors and employees need to be aware of. In this way, the Bank further raises compliance awareness.

Furthermore, the Bank has established whistle-blower systems for compliance, both within and outside of the Bank. These systems can be used when employees encounter compliance violations or potential compliance violations and they find it difficult to report to the person responsible for compliance in their office. In these situations, they can make reports directly through the whistle-blower systems. Through these systems, the Bank is working to prevent compliance violations from occurring and to quickly resolve any problems that may arise.

With these measures, the Bank has established a framework for effective compliance through the formulation of a clear-cut approach to compliance and the implementation of compliance promotion initiatives.



CSR (Corporate Social Responsibility)

JAPAN POST BANK sees CSR as an important management issue given the fundamental importance of the Bank's role in society. Aiming to become "the most accessible and trustworthy bank in Japan," we will continue to fulfill our responsibilities as a good corporate citizen.

Concept

JAPAN POST BANK is committed to the sustainable development of society. Our goal is to help create a society in which all individuals are able to pursue their own growth and well-being by providing increased value to customers, shareholders, society, the environment, and employees through our business activities.

Specific Activity Themes

JAPAN POST BANK undertakes a wide range of CSR activities based on specific themes that it believes are of particular importance. Our paramount goal is to help put in place a robust social platform. Accordingly, we focus on the needs of society and how best we can utilize the unique attributes of our business when identifying these themes.



Reliable services

Offering Accessible Services to Everyone

We strive to provide products and services that fully satisfy the needs of all our customers, including senior citizens and people who are physically challenged. Examples include a pension delivery service for senior citizens and braille services for the visually impaired.



Braille Guidance and Braille Displays

To ensure that visually impaired customers have access to the Bank's services, our ATMs provide instructions and display transaction amounts via the Braille system of small raised dots.

Telephone (Handset)

ATMs are also equipped with a handset and voice guidance system to provide customers with operating instructions and other assistance.

Earphone Jack

In addition to the above, our ATMs enable customers to use their personal earphones via an earphone jack to receive verbal instructions as well as other assistance.

Barrier-Free Facilities

The Bank is working to provide barrier-free facilities. For example, entrances and exits at branches have been fitted with ramps and handrails, thereby enabling senior citizens and people who are physically challenged to readily access the Bank's services. In addition, braille walkway blocks have been installed for customers who suffer from visual impairments.



Ramps and handrails as well as Braille walkway blocks have been installed at branch entrances and exits as well as ATMs.

Training Dementia Supporters

The Bank is also taking steps to promote the training of caregivers of people suffering from dementia.

Environment

Putting into Practice the JAPAN POST BANK Environmental Policy

The JAPAN POST GROUP has identified global warming, sustainable forests and the effective use of resources as the three key environmental issues that it should address.

For our part, we have put in place the JAPAN POST BANK Environmental Policy with the basic principle of engaging in activities that recognize the importance of protecting the environment. Guided by this Policy, it is our overarching goal to pass on the Earth's precious natural environment to future generations. To this end, we actively push forward

efforts to ensure the efficient use of energy as well as the "JP Forest" Creation and other initiatives.

"JP Forest" Creation

As one of the CSR activities undertaken by the JAPAN POST GROUP, the Bank has identified the JP Forest initiatives in a bid to promote the sustainable development of forests. Directors and employees of Group companies take part voluntarily in collaboration with NPOs and other organizations to plant and nurture trees throughout local and regional communities. These forestry activities were held on two occasions during the fiscal year ended March 31, 2016, involving around 100 Group employees and their families.

Diversity Management

In addressing the needs of our customers in tune with their life stages, we believe it is essential that each and every employee fully comprehend the rich dimensions of diversity and act in a manner that welcomes change each and every day.

With this in mind, JAPAN POST BANK established the Diversity and Inclusion Department in an effort to strengthen diversity management and to promote the use of a diverse range of human resources together with work style reform.

Supporting Women in the Workforce

JAPAN POST BANK has placed particular emphasis on supporting women in the workforce. The Bank is working to nurture its human resources and to put in place a workplace environment that allows talented employees to reach their full potential irrespective of gender. Among a host of endeavors, the Bank is fostering an inclusive corporate culture, engaging in work-life balance management, and helping employees shape their careers.

- Fostering an inclusive corporate culture

With management playing a central role, the Bank is implementing a variety of educational measures to develop a workplace environment that allows employees with diverse backgrounds to come together with a strong sense of mutual understanding.

- Work-life balance management

Each and every employee is taking a proactive and independent approach toward creating a framework that helps maintain a balance between work and everyday life while also reviewing work styles.

JAPAN POST BANK is putting in place measures with the aim of promoting work-life balance at each employee life cycle stage.

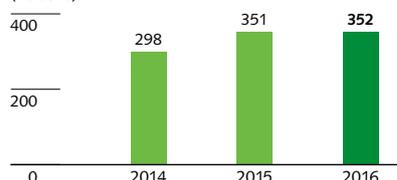
Supporting the nurturing of children, JAPAN POST BANK has received the Kurumin next generation accreditation mark authorized by Japan's Ministry of Health, Labour and Welfare over three business terms from the fiscal year ended March 31, 2011. In receiving the Kurumin mark, the Bank has been certified as an entity that provides support to families raising children.

In order to secure a balance between employees' work and daily lives while increasing productivity and ensuring high added-value, the Bank is encouraging employees to systematically take leave while at the same time promoting refresh days when employees finish work by the end of regular business hours.

(Reference) Work-Life Balance Support System Utilization

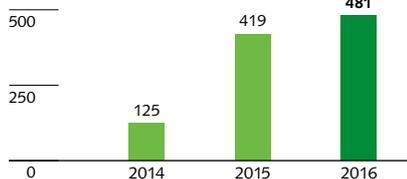
Employees taking childcare leave

For the fiscal year ended March 31,
(Persons)



Employees taking sick-child care leave

For the fiscal year ended March 31,
(Persons)



• Helping employees shape their careers

JAPAN POST BANK is helping its employees take the initiative to shape their own careers and fulfill their aspirations. Through a series of seminars and other measures that allow employees to map out their own plan, the Bank is providing opportunities to pick up on and learn about the attributes required to advance their careers.

The Bank also recognizes the importance of providing its employees with the ability to manage the work and personnel that are specific to a particular position. As a result, steps have been taken to put in place position-specific training. Participants undergo a simulation mapping out certain paths and careers. Candidates for managerial positions also take part in management training*¹ while also participating in round table talks with senior managers as part of the Bank's mentoring program.

Complementing these initiatives, JAPAN POST BANK's mentor program**² is designed to provide the wide-ranging follow-up and training necessary to help employees grow in the future.

JAPAN POST BANK has put in place a general business owner action plan based on the Bill on

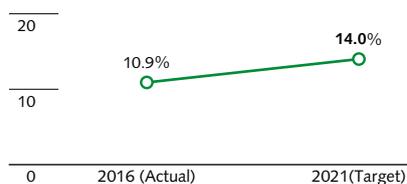
Promotion of Women's Participation and Advancement in the Workplace." The Bank has set the target of lifting the percentage of women in managerial positions to 14% or more by April 1, 2021.

*1 Open to all candidates irrespective of gender.

*2 A human resource training method. An initiative to support the growth of employees through dialogue with senior management who impart their advice (mentoring).

(Reference) Percentage of Women in Managerial Positions

As of April 1,



Employment Opportunities for the Physically and Mentally Challenged

JAPAN POST BANK is actively engaged in providing employment opportunities to the physically and mentally challenged. Individuals with disabilities continue to excel throughout the Bank's nationwide network of branches.

In 2010, the Bank established the JAPAN POST BANK ARIGATO Center as a part of efforts to provide individuals who are mentally challenged and seeking employment with the opportunity to work. At this center, individuals with disabilities bag candy, which is handed to customers visiting branches as a part of the Bank's customer appreciation initiative.

Education

Harnessing its attributes as a financial institution, JAPAN POST BANK is deeply involved in the education of the next generation as a part of its ongoing efforts to contribute to society.

Financial Education

JAPAN POST BANK conducts financial education classes at elementary and junior high schools. Utilizing proprietary teaching materials, the Bank strives to instill in young children the importance of financial management by giving them a sense of the value of money.

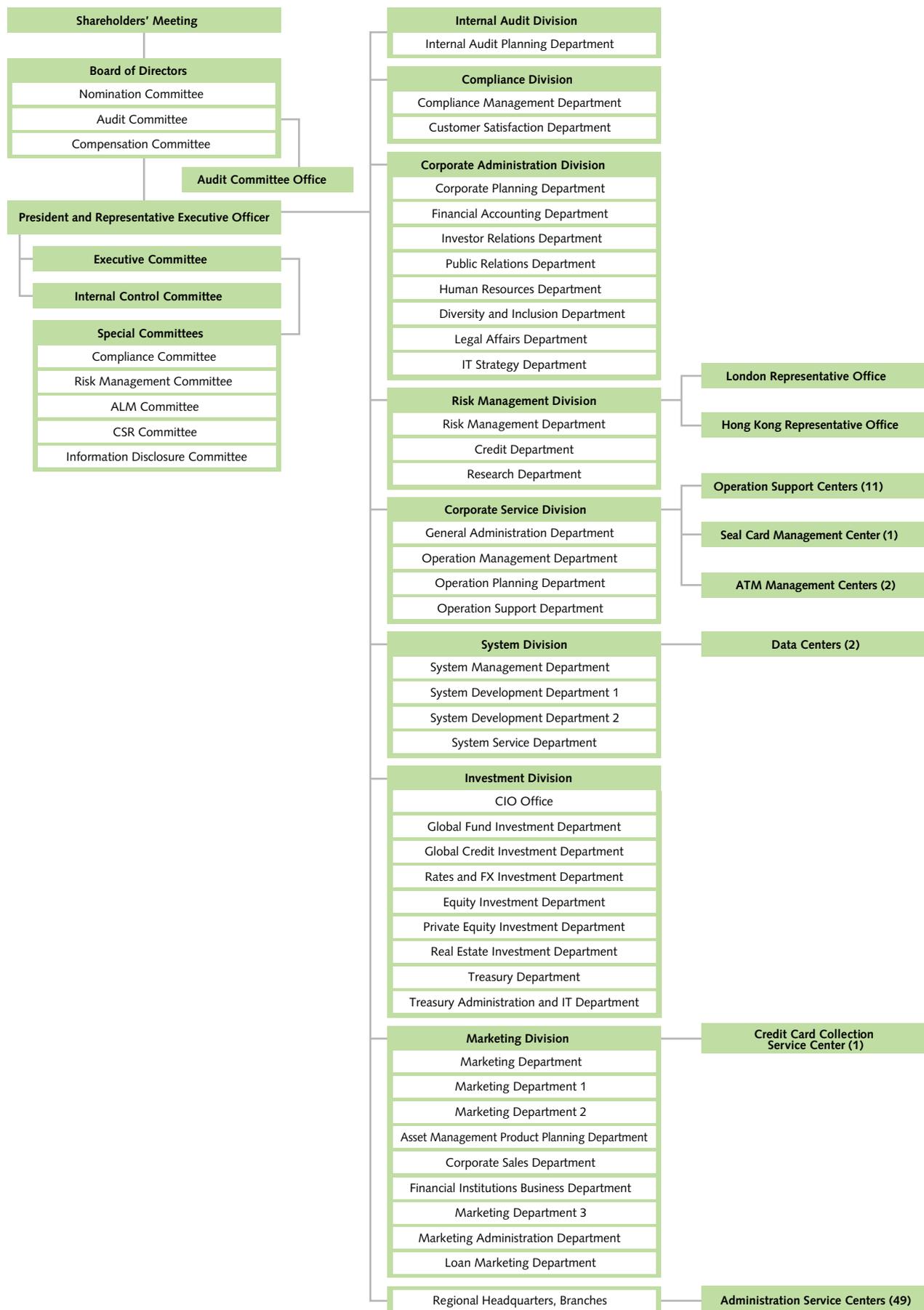
As another part of its finance education activities, the Bank also conducts a nationwide original piggy bank design contest for elementary school students.



Financial education class

Organization

(As of July 1, 2016)



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Management's Discussion and Analysis of Financial Condition and Results of Operations

The following section of this annual report presents management's discussion and analysis of financial condition and results of operations ("MD&A") of JAPAN POST BANK ("we," "us," "our," and similar terms). This MD&A highlights selected information and may not contain all of the information that is important to readers of this annual report. For a more complete description of events, trends, and uncertainties, as well as the capital, liquidity, and credit and market risks affecting us and our operations, readers should refer to other sections in this annual report. This section should be read in conjunction with the non-consolidated financial statements and notes included elsewhere in this annual report.

RESULTS OF OPERATIONS

The following table presents information as to our income, expenses and net income for the fiscal years ended March 31, 2016 and 2015.

	Billions of yen	
	For the fiscal year ended March 31,	
	2016	2015
Interest income	¥1,731.2	¥1,893.2
Interest expenses	374.9	356.7
Net interest income	1,356.2	1,536.4
Fees and commissions income	123.0	119.4
Fees and commissions expenses	31.8	30.1
Net fees and commissions	91.1	89.2
Other operating income	12.9	10.8
Other operating expenses	13.0	6.0
Net other operating income (loss)	(0.1)	4.7
General and administrative expenses	1,064.0	1,113.6
Other income	101.7	57.6
Other expenses	4.2	3.4
Income before income taxes	480.8	571.0
Income taxes—current	152.5	182.6
Income taxes—deferred	3.2	18.9
Net income	¥ 325.0	¥ 369.4

Fiscal Year Ended March 31, 2016 Compared to Fiscal Year Ended March 31, 2015

Net Interest Income

Interest Income

Our total interest income decreased by ¥162.0 billion, or 8.5%, from ¥1,893.2 billion in the fiscal year ended March 31, 2015 to ¥1,731.2 billion in the fiscal year ended March 31, 2016, mainly due to a decrease in interest and dividends on securities. Our interest and dividends on securities decreased by ¥168.4 billion, or 9.2%, to ¥1,657.6 billion in the fiscal year ended March 31, 2016. This decrease mainly reflected a decrease in interest on Japanese government bonds, despite an increase in interest on foreign securities. Our interest on loans decreased by ¥6.0 billion, or 19.3%, to ¥25.1 billion in the fiscal year ended March 31, 2016, mainly due to a decrease in the balance of our loan portfolio.

Interest Expenses

Our total interest expenses increased by ¥18.1 billion, or 5.0%, from ¥356.7 billion in the fiscal year ended March 31, 2015 to ¥374.9 billion in the fiscal year ended March 31, 2016, mainly due to an increase in interest on payables under securities lending transactions as a result of an increase in the amount of payables under securities lending transactions for foreign currency funding purposes. Interest expenses on deposits decreased by ¥8.9 billion, or 3.6%, to ¥232.7 billion in the fiscal year ended March 31, 2016, due to a decrease in interest rates.

Net Interest Income

Our net interest income calculated by deducting interest expenses from interest income, decreased by ¥180.2 billion, or 11.7%, from ¥1,536.4 billion in the fiscal year ended March 31, 2015 to ¥1,356.2 billion in the fiscal year ended March 31, 2016. Our interest rate spread was 0.66% for the fiscal year ended March 31, 2016, a decrease from 0.76% for the fiscal year ended March 31, 2015.

Average Balance of, and Interest, Average Earnings Yield and Average Interest Rate on, Interest-earning Assets and Interest-bearing Liabilities

The following table shows our average asset balances and related interest and average earnings yields of our interest-earning assets for the fiscal years ended March 31, 2016 and 2015. Although we do not have any overseas branches or subsidiaries, since our operations are not divided into reportable segments, we attribute yen-denominated transactions to “domestic” and foreign currency-denominated transactions to “overseas” (except that yen-denominated transactions with non-residents of Japan are included in “overseas”) and record income and expenses for each category. Accordingly, the table below shows the average asset balances and interest for “domestic” and “overseas” for the periods indicated.

	Billions of yen, except for percentages					
	For the fiscal year ended March 31,					
	2016			2015		
	Average asset balance ⁽⁴⁾	Interest	Average earnings yield	Average asset balance ⁽⁴⁾	Interest	Average earnings yield
Interest-earning assets:⁽¹⁾						
Loans:						
Domestic	¥ 2,681.9	¥ 25.0	0.93%	¥ 2,972.3	¥ 31.1	1.04%
Overseas	2.6	0.0	0.43	—	—	—
Total ⁽²⁾	2,684.5	25.1	0.93	2,972.3	31.1	1.04
Securities:						
Domestic	109,010.3	1,116.5	1.02	133,278.7	1,320.4	0.99
Overseas	40,072.7	541.0	1.35	26,849.9	505.6	1.88
Total ⁽²⁾	149,083.1	1,657.6	1.11	160,128.7	1,826.0	1.14
Due from banks, etc.: ⁽³⁾						
Domestic	39,310.3	35.6	0.09	25,859.6	24.5	0.09
Overseas	777.5	4.7	0.60	1,144.4	3.5	0.30
Total ⁽²⁾	40,087.9	40.3	0.10	27,004.1	28.0	0.10
Total interest-earning assets:						
Domestic	192,120.0	1,248.6	0.64	192,255.0	1,425.9	0.74
Overseas	40,910.4	545.9	1.33	28,033.6	509.2	1.81
Total ⁽²⁾	¥200,500.2	¥1,731.2	0.86%	¥198,005.9	¥1,893.2	0.95%

Notes: (1) Income earned on money held in trust is included in “other income,” and the average balance of money held in trust (¥2,450.8 billion for the fiscal year ended March 31, 2016 and ¥2,286.6 billion for the fiscal year ended March 31, 2015) is excluded from interest-earning assets.

(2) Average asset balance and interest on transactions between “domestic” and “overseas” are offset to calculate totals.

(3) “Due from banks, etc.” consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.

(4) Average asset balance is calculated on a daily basis.

(5) “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”).

The following table shows the average balances and related interest and average interest rates of our interest-bearing liabilities for the fiscal years ended March 31, 2016 and 2015.

	Billions of yen, except for percentages					
	For the fiscal year ended March 31,					
	2016			2015		
	Average liability balance ⁽³⁾	Interest	Average interest rate	Average liability balance ⁽³⁾	Interest	Average interest rate
Interest-bearing liabilities:⁽¹⁾						
Deposits:						
Domestic	¥177,868.0	¥232.7	0.13%	¥177,711.3	¥241.7	0.13%
Overseas	—	—	—	—	—	—
Total ⁽²⁾	177,868.0	232.7	0.13	177,711.3	241.7	0.13
Total interest-bearing liabilities:						
Domestic	184,078.1	278.0	0.15	183,495.7	286.0	0.15
Overseas	38,370.1	155.5	0.40	25,904.5	108.4	0.41
Total ⁽²⁾	¥189,918.1	¥370.1	0.19%	¥187,117.5	¥352.4	0.18%

Notes: (1) Expenses incurred on money held in trust are included in "other expenses," and the average balance corresponding to money held in trust (¥2,450.8 billion for the fiscal year ended March 31, 2016 and ¥2,286.6 billion for the fiscal year ended March 31, 2015) and the interest expenses (¥4.7 billion for the fiscal year ended March 31, 2016 and ¥4.3 billion for the fiscal year ended March 31, 2015) are excluded from interest-bearing liabilities.

(2) Average liability balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

(3) Average liability balance is calculated on a daily basis.

(4) "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").

Our average balance of interest-earning assets increased by ¥2,494.3 billion, or 1.2%, from ¥198,005.9 billion in the fiscal year ended March 31, 2015 to ¥200,500.2 billion in the fiscal year ended March 31, 2016. Our yield on interest-earning assets decreased from 0.95% in the fiscal year ended March 31, 2015 to 0.86% in the fiscal year ended March 31, 2016. As a result, our total interest income on interest-earning assets decreased from ¥1,893.2 billion in the fiscal year ended March 31, 2015 to ¥1,731.2 billion in the fiscal year ended March 31, 2016.

Our average balance of interest-bearing liabilities increased by ¥2,800.5 billion, or 1.4%, from ¥187,117.5 billion in the fiscal year ended March 31, 2015 to ¥189,918.1 billion in the fiscal year ended March 31, 2016. Our average interest rate on interest-bearing liabilities increased from 0.18% in the fiscal year ended March 31, 2015 to 0.19% in the fiscal year ended March 31, 2016. As a result, our total interest expenses on interest-bearing liabilities increased from ¥352.4 billion in the fiscal year ended March 31, 2015 to ¥370.1 billion in the fiscal year ended March 31, 2016.

Changes in Interest Income and Expenses Due to Changes in Balance and Interest Rate

The following table shows changes in our interest income allocated between changes in balance and changes in interest rate for the periods indicated.

	Billions of yen		
	For the fiscal year ended March 31, 2016 versus fiscal year ended March 31, 2015 increase (decrease) due to		
	Balance-related change ⁽¹⁾	Interest-related change ⁽¹⁾	Net change
Interest income:			
Loans:			
Domestic	¥ (2.8)	¥ (3.1)	¥ (6.0)
Overseas	0.0	—	0.0
Total ⁽²⁾	(2.8)	(3.1)	(6.0)
Securities:			
Domestic	(250.4)	46.5	(203.9)
Overseas	83.3	(47.8)	35.4
Total ⁽²⁾	(123.6)	(44.8)	(168.4)
Due from banks, etc.: ⁽³⁾			
Domestic	12.1	(1.0)	11.0
Overseas	(0.5)	1.7	1.1
Total ⁽²⁾	13.1	(0.8)	12.2
Total interest income:			
Domestic	(1.0)	(176.3)	(177.3)
Overseas	86.9	(50.2)	36.7
Total ⁽²⁾	¥ 24.1	¥(186.2)	¥(162.0)

Notes: (1) Factors that increase or decrease both balance and interest rate are allocated based on the proportion of the increase or decrease in the balance and interest rate.

(2) Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

(3) "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.

(4) "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").

The following table shows changes in our interest expenses allocated between changes in balance and changes in interest rate for the periods indicated.

	Billions of yen		
	For the fiscal year ended March 31, 2016 versus fiscal year ended March 31, 2015 increase (decrease) due to		
	Balance-related change ⁽¹⁾	Interest-related change ⁽¹⁾	Net change
Interest expenses:			
Deposits:			
Domestic	¥ 0.2	¥ (9.1)	¥ (8.9)
Overseas	—	—	—
Total ⁽²⁾	0.2	(9.1)	(8.9)
Total interest expenses:			
Domestic	0.9	(8.8)	(7.9)
Overseas	50.4	(3.3)	47.0
Total ⁽²⁾	¥ 5.3	¥12.3	¥17.6

Notes: (1) Factors that increase or decrease both balance and interest rate are allocated based on the proportion of the increase or decrease in the balance and interest rate.

(2) Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

(3) "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").

Our interest income in the fiscal year ended March 31, 2016 decreased by ¥162.0 billion compared to the previous fiscal year primarily due to a decrease in interest income from domestic securities as a result of a decrease in the balance of these securities, despite an increase in interest income from foreign securities as a result of increases in the balance of such securities.

Our interest expenses in the fiscal year ended March 31, 2016 increased by ¥17.6 billion compared to the previous fiscal year due to an increase in interest expenses in “overseas” as a result of an increase in the amount of payables under securities lending transactions for foreign currency funding purposes.

Interest Rate Spread

The following table shows our yield on interest-earning assets, interest rates on interest-bearing liabilities and interest rate spread for the periods indicated.

	For the fiscal year ended March 31,	
	2016	2015
Yield on interest-earning assets:		
Domestic	0.64%	0.74%
Overseas	1.33	1.81
Total	0.86	0.95
Interest rate on interest-bearing liabilities:		
Domestic	0.15	0.15
Overseas	0.40	0.41
Total	0.19	0.18
Interest rate spread:		
Domestic	0.49	0.58
Overseas	0.92	1.39
Total	0.66%	0.76%

Note: (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”).

Our interest rate spread, for the fiscal year ended March 31, 2016, decreased to 0.66% from 0.76% for the previous fiscal year. This decrease was primarily the result of decreased interest rate spread on domestic and overseas assets, reflecting historically low interest rates.

Net Fees and Commissions

The following table sets forth our fees and commissions income and expenses for the periods indicated:

	Billions of yen	
	For the fiscal year ended March 31,	
	2016	2015
Fees and commissions income:		
Fees and commissions on domestic and foreign exchanges	¥ 60.9	¥ 60.8
Other	62.0	58.5
Total	123.0	119.4
Fees and commissions expenses:		
Fees and commissions on domestic and foreign exchanges	3.6	3.3
Other	28.2	26.8
Total	31.8	30.1
Net fees and commissions	¥ 91.1	¥ 89.2

Net fees and commissions increased by ¥1.8 billion, or 2.1%, from ¥89.2 billion in the fiscal year ended March 31, 2015 to ¥91.1 billion in the fiscal year ended March 31, 2016. Fees and commissions income increased by ¥3.5 billion, or 3.0%, from ¥119.4 billion in the fiscal year ended March 31, 2015 to ¥123.0 billion in the fiscal year ended March 31, 2016, while fees and commissions expenses increased by ¥1.7 billion to ¥31.8 billion for the fiscal year ended March 31, 2016. This increase was due to an increase in fees relating to the sale of investment trusts, ATMs, etc.

Net Other Operating Income (Loss)

The following table sets forth our net other operating income (loss) for the periods indicated:

	Billions of yen	
	For the fiscal year ended March 31,	
	2016	2015
Other operating income:		
Gains on foreign exchanges	¥ —	¥ 9.3
Gains on sales of bonds	12.9	1.4
Other	—	0.0
Total	12.9	10.8
Other operating expenses:		
Losses on foreign exchanges	1.4	—
Losses on sales of bonds	11.1	5.4
Other	0.4	0.6
Total	13.0	6.0
Net other operating income (loss)	¥ (0.1)	¥ 4.7

Net other operating loss was ¥0.1 billion in the fiscal year ended March 31, 2016 as compared to net other operating income of ¥4.7 billion in the fiscal year ended March 31, 2015. This was primarily due to a decrease in gains on foreign exchanges and an increase in losses on sales of bonds, despite an increase in gains on sales of bonds.

General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses for the periods indicated:

	Billions of yen	
	For the fiscal year ended March 31,	
	2016	2015
General and administrative expenses:		
Personnel expenses:		
Salaries and allowances	¥ 101.4	¥ 99.9
Others	21.8	22.1
Total	123.2	122.0
Non-personnel expenses:		
Commissions on bank agency services, etc., paid to JAPAN POST Co., Ltd.	609.4	602.4
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. ⁽¹⁾	9.8	18.9
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	64.4	103.6
Rent for land, buildings and others	11.8	11.1
Expenses on consigned businesses	52.6	62.3
Depreciation and amortization	36.6	34.6
Communication and transportation expenses	19.6	19.9
Maintenance expenses	12.3	16.0
IT expenses	22.2	22.4
Others	25.9	25.7
Total	865.1	917.4
Taxes and dues (consumption tax and stamp tax, etc.)	75.5	74.1
Total	¥1,064.0	¥1,113.6

Note: (1) We make subsidy payments to JAPAN POST HOLDINGS Co., Ltd. in accordance with Article 122 of the Postal Service Privatization Act.

Our general and administrative expenses decreased 4.4% from ¥1,113.6 billion in the fiscal year ended March 31, 2015 to ¥1,064.0 billion in the fiscal year ended March 31, 2016. This decrease was mainly due to decreases in both the deposit insurance expenses paid to Deposit Insurance Corporation of Japan and also the deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd., as a result of a reduction in the deposit insurance premium rate. Pursuant to Article 122 of the Postal Service Privatization Act, we are required to make payments equivalent to annual deposit insurance premiums to JAPAN POST HOLDINGS Co., Ltd. with respect to special deposits.

Other Income and Expenses

The following table sets forth our other income and expenses for the periods indicated:

	Billions of yen	
	For the fiscal year ended March 31,	
	2016	2015
Other income:		
Gains on money held in trust	¥ 93.8	¥43.1
Other	7.9	14.5
Total	101.7	57.6
Other expenses:		
Losses on money held in trust	0.0	—
Other	4.2	3.4
Total	4.2	3.4
Net other income (expenses)	¥ 97.5	¥54.2

Other income increased by ¥44.1 billion, or 76.4%, from ¥57.6 billion in the fiscal year ended March 31, 2015 to ¥101.7 billion in the fiscal year ended March 31, 2016. Other expenses increased by ¥0.7 billion, or 21.8%, from ¥3.4 billion in the fiscal year ended March 31, 2015 to ¥4.2 billion in the fiscal year ended March 31, 2016. As a result, net other income increased by ¥43.3 billion, or 79.9%, from ¥54.2 billion in the fiscal year ended March 31, 2015 to ¥97.5 billion in the fiscal year ended March 31, 2016. The increase was primarily due to an increase in gains on money held in trust as a result of an increase in gains on the sales of domestic equity securities, which we hold through money held in trust.

Income Taxes

The following table sets forth our income taxes for the periods indicated:

	Billions of yen, except for percentages	
	For the fiscal year ended March 31,	
	2016	2015
Income taxes:		
Current	¥152.5	¥182.6
Deferred	3.2	18.9
Effective income tax rate	32.4%	35.3%

Current income taxes decreased ¥30.1 billion, and deferred income taxes decreased ¥15.6 billion, for the fiscal year ended March 31, 2016, compared to the previous fiscal year due to tax reforms, which changed the effective statutory tax rate from 35.6% to 33.0%. The effective income tax rate was 32.4% for the fiscal year ended March 31, 2016, 0.6 percentage points lower than the effective statutory tax rate of 33.0%. The lower effective income tax rate primarily relates to the effect of nontaxable dividends received.

Net Income

As a result of the foregoing, net income was ¥325.0 billion in the fiscal year ended March 31, 2016 as compared to net income of ¥369.4 billion in the fiscal year ended March 31, 2015.

FINANCIAL CONDITION

Total Assets

As of March 31, 2016, we had total assets of ¥207,056.0 billion, a decrease of ¥1,123.2 billion, or 0.5%, as compared to total assets of ¥208,179.3 billion as of March 31, 2015.

Securities Portfolio

Our securities portfolio totaled ¥144,076.8 billion as of March 31, 2016, a decrease of ¥12,092.9 billion, or 7.7%, from ¥156,169.7 billion as of March 31, 2015. This decrease was mainly due to a decrease in Japanese government bonds of ¥24,511.3 billion, or 22.9%, offset in part by an increase in other securities, which mainly consisted of foreign securities, by ¥12,501.9 billion, or 38.0%.

The following table shows a breakdown of our securities by type of security, as of the dates indicated.

	Billions of yen	
	As of March 31,	
	2016	2015
Domestic:		
Japanese government bonds	¥ 82,255.6	¥106,767.0
Japanese local government bonds	5,856.5	5,525.1
Japanese corporate bonds	10,567.7	10,983.0
Other securities	1.3	0.9
Subtotal	98,681.2	123,276.1
Overseas:		
Other securities	45,395.5	32,893.6
Foreign bonds	19,829.5	18,817.7
Investment trusts	25,520.9	13,967.7
Subtotal	45,395.5	32,893.6
Total	¥144,076.8	¥156,169.7

Note: (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").

Our investment securities are classified into the following primary categories:

- Held-to-maturity securities, which are expected to be held to maturity, are reported at amortized cost (using the straight-line method) based on the moving average method. These securities are not reported at fair value.
- Available-for-sale securities, which are not classified as held-to-maturity securities, are reported at fair value, determined based upon market prices. Net unrealized gains (losses) (including those relating to foreign exchange fluctuations, except where fair value hedge accounting is applicable), net of applicable taxes, are reported in a separate component of net assets.

Held-to-Maturity Securities

The following tables set forth the amounts on the balance sheet and fair values of held-to-maturity securities, and the difference of these amounts, as of the dates indicated:

	Billions of yen				
	As of March 31, 2016				
	Carrying amount	Fair value	Difference	Amount for which fair value exceeds carrying amount	Amount for which fair value does not exceed carrying amount
Japanese government bonds	¥47,897.3	¥49,960.4	¥2,063.0	¥2,063.0	—
Japanese local government bonds	341.1	345.1	3.9	3.9	—
Japanese corporate bonds	3,717.2	3,827.9	110.7	110.7	¥0.0
Others	96.7	127.4	30.6	30.6	—
Foreign bonds	96.7	127.4	30.6	30.6	—
Total	¥52,052.5	¥54,260.9	¥2,208.3	¥2,208.3	¥0.0

	Billions of yen				
	As of March 31, 2015				
	Carrying amount	Fair value	Difference	Amount for which fair value exceeds carrying amount	Amount for which fair value does not exceed carrying amount
Japanese government bonds	¥60,906.0	¥62,974.3	¥2,068.2	¥2,068.2	—
Japanese local government bonds	744.6	757.3	12.7	12.7	—
Japanese corporate bonds	4,687.2	4,821.7	134.4	134.5	¥0.0
Others	136.5	189.4	52.8	52.8	—
Foreign bonds	136.5	189.4	52.8	52.8	—
Total	¥66,474.5	¥68,742.9	¥2,268.3	¥2,268.4	¥0.0

The carrying amount of our held-to-maturity securities as of March 31, 2016 was ¥52,052.5 billion, a decrease of ¥14,422.0 billion, or 21.6%, from ¥66,474.5 billion as of March 31, 2015. This decrease was primarily due to a decrease in the amount of Japanese government bonds, as a larger amount of held-to-maturity Japanese government bonds matured during the period than were newly acquired.

Available-for-Sale Securities

The following tables set forth the amounts on the balance sheet, acquisition cost and the difference of these amounts for securities whose fair value is available as of the dates indicated.

	Billions of yen				
	As of March 31, 2016				
	Carrying amount	Acquisition cost	Difference	Amount for which carrying amount exceeds acquisition cost	Amount for which carrying amount does not exceed acquisition cost
Japanese government bonds	¥34,358.2	¥32,613.5	¥1,744.7	¥1,744.8	¥ 0.0
Japanese local government bonds	5,515.3	5,389.6	125.7	126.0	0.3
Japanese corporate bonds	6,850.4	6,683.1	167.3	168.8	1.5
Others	45,562.3	43,727.6	1,834.6	2,278.1	443.5
Foreign bonds	19,732.7	17,764.8	1,967.8	2,152.7	184.8
Investment trusts	25,520.9	25,649.0	(128.0)	124.0	252.0
Total	¥92,286.3	¥88,413.9	¥3,872.4 ⁽¹⁾	¥4,317.9	¥445.4

Note: (1) Of the difference shown above, ¥35.3 billion is included in the statement of income as losses because of the application of fair value hedge accounting.

	Billions of yen				
	As of March 31, 2015				
	Carrying amount	Acquisition cost	Difference	Amount for which carrying amount exceeds acquisition cost	Amount for which carrying amount does not exceed acquisition cost
Japanese government bonds	¥45,860.9	¥44,478.9	¥1,382.0	¥1,383.8	¥ 1.7
Japanese local government bonds	4,780.4	4,661.4	118.9	119.5	0.5
Japanese corporate bonds	6,295.7	6,157.7	138.0	140.7	2.6
Others	33,584.0	30,146.5	3,437.5	3,482.1	44.6
Foreign bonds	18,681.1	15,530.2	3,150.8	3,189.6	38.7
Investment trusts	13,967.7	13,702.8	264.9	270.4	5.5
Total	¥90,521.3	¥85,444.7	¥5,076.5⁽¹⁾	¥5,126.1	¥49.6

Note: (1) Of the difference shown above, ¥591.4 billion is included in the statement of income as profit because of the application of fair value hedge accounting.

Our available-for-sale securities include domestic bonds and other securities. Domestic bonds consist of Japanese government bonds, Japanese local government bonds and Japanese corporate bonds. Other securities include foreign bonds and investment trusts.

As of March 31, 2016, the carrying amount of our domestic bonds held as available-for-sale securities was ¥46,724.0 billion, a decrease of ¥10,213.1 billion, or 17.9%, from ¥56,937.2 billion as of March 31, 2015. This decrease was primarily due to a decrease in Japanese government bonds. As of March 31, 2016, the carrying amount of other securities was ¥45,562.3 billion, an increase of ¥11,978.2 billion, or 35.6%, from ¥33,584.0 billion as of March 31, 2015. This increase was due to an increase in our holding of foreign securities as part of our portfolio diversification efforts. As of March 31, 2016, the total difference of carrying amount and acquisition cost for available-for-sale securities was ¥3,872.4 billion, a decrease of ¥1,204.0 billion from a difference of ¥5,076.5 billion as of March 31, 2015. This decrease was mainly due to a decrease in the difference of carrying amount and acquisition cost of other securities, which was comprised of foreign securities, resulting from fluctuating interest rates and foreign exchange rates.

Impairment Losses on Securities

For the fiscal years ended March 31, 2016 and 2015, no impairment losses were recognized.

Foreign Bonds

The following table sets forth the amount of foreign bonds by currency as of the dates indicated.

	Billions of yen, except for percentages			
	As of March 31,			
	2016		2015	
	Outstanding assets	Percentage	Outstanding assets	Percentage
Japanese yen	¥ 5,299.8	26.7%	¥ 4,261.9	22.6%
U.S. dollar	11,019.0	55.5	11,015.2	58.5
Euro	3,218.5	16.2	3,162.7	16.8
Others	292.0	1.4	377.8	2.0
Total	¥19,829.5	100.0%	¥18,817.7	100.0%

As of March 31, 2016, our holdings of U.S. dollar-denominated bonds totaled ¥11,019.0 billion, an increase of ¥3.8 billion, or 0.0%, from ¥11,015.2 billion as of March 31, 2015. As of March 31, 2016, our holdings of Euro-denominated bonds totaled ¥3,218.5 billion, an increase of ¥55.8 billion, or 1.7%, from ¥3,162.7 billion as of March 31, 2015. As of March 31, 2016, our holdings of foreign bonds totaled ¥19,829.5 billion, an increase of ¥1,011.7 billion, or 5.3%, from ¥18,817.7 billion as of March 31, 2015. These increases were primarily due to our diversification of our investment portfolio.

Scheduled Redemption Amounts of Securities

The following tables below set forth scheduled redemption amounts of securities that have maturities as of the dates indicated.

	Billions of yen						
	As of March 31, 2016						
	One year or less	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years	Total
Japanese government bonds	¥15,866.9	¥17,101.0	¥15,549.6	¥22,318.4	¥ 7,785.6	¥1,779.8	¥ 80,401.4
Japanese local government bonds	504.4	1,318.7	2,177.7	878.8	751.9	29.5	5,661.4
Japanese corporate bonds	1,391.5	3,863.5	2,494.4	531.6	867.1	1,226.7	10,375.1
Other securities	2,689.4	6,028.7	6,354.5	2,448.9	1,718.7	100.2	19,340.6
Total	¥20,452.4	¥28,312.1	¥26,576.3	¥26,177.9	¥11,123.4	¥3,136.3	¥115,778.6

	Billions of yen						
	As of March 31, 2015						
	One year or less	Over one year to three years	Over three years to five years	Over five years to seven years	Over seven years to ten years	Over ten years	Total
Japanese government bonds	¥19,118.8	¥32,720.1	¥15,180.7	¥16,100.1	¥20,223.0	¥1,887.0	¥105,229.8
Japanese local government bonds	1,001.5	1,063.7	1,513.9	1,231.7	510.6	31.6	5,353.1
Japanese corporate bonds	2,042.7	2,795.2	3,427.3	667.8	763.8	1,122.0	10,819.0
Other securities	2,532.1	5,528.7	5,934.6	2,409.1	1,734.0	169.0	18,307.7
Total	¥24,695.2	¥42,107.8	¥26,056.7	¥20,408.7	¥23,231.5	¥3,209.6	¥139,709.8

Loans

Unlike other banks in Japan, our lending activities have been limited, primarily due to regulatory restrictions on our lending business, although we are applying for regulatory approval to engage in home mortgage lending and lending directly to corporations. We offer loans secured by deposits, loans secured by Japanese government bonds, loans to local and regional government authorities and credit card loans. We also participate in syndicated loans to corporate borrowers, though never as syndicate manager, and acquire corporate loans and others in the secondary market. As of March 31, 2016, our total outstanding loan amount was ¥2,542.0 billion. Loans to the Management Organization for Postal Savings and Postal Life Insurance ("Management Organization"), which are included in finance and insurance loans below, comprise the majority of our loan portfolio. As of March 31, 2016, loans to the Management Organization totaled ¥1,216.7 billion, or 47.8% of our entire loan portfolio.

As of March 31, 2016 and 2015, there were no "Loans to bankrupt borrowers," "Non-accrual delinquent loans," "Past-due loans for three months or more," and "Restructured loans."

The substantial majority of our loans are made to domestic borrowers. As of March 31, 2016, we had ¥2,538.7 billion in domestic loans and ¥3.3 billion in overseas loans.

The following table shows a breakdown of our loans by industry as of the dates indicated.

	Billions of yen, except for percentages			
	As of March 31,			
	2016		2015	
	Amount	Percentage	Amount	Percentage
Agriculture, forestry, fisheries, and mining	—	—	—	—
Manufacturing	¥ 51.8	2.0%	¥ 83.0	2.9%
Utilities, information/communications, and transportation	83.7	3.2	91.0	3.2
Wholesale and retail	—	—	18.2	0.6
Finance and insurance ⁽¹⁾	1,525.9	60.0	1,759.2	63.1
Construction and real estate	12.1	0.4	2.0	0.0
Services and goods rental/leasing	26.1	1.0	8.6	0.3
Central and local governments	638.1	25.1	614.2	22.0
Others	204.0	8.0	207.4	7.4
Total	¥2,542.0	100.0%	¥2,783.9	100.0%

Note: (1) Of "Finance and insurance," loans to the Management Organization were ¥1,216.7 billion and ¥1,486.3 billion, as of March 31, 2016 and 2015, respectively.

As of March 31, 2016, our loans were ¥2,542.0 billion, or 1.2% of total assets, representing a decrease of ¥241.9 billion, or 8.6%, from March 31, 2015. The decrease in our loans was due to a decrease in the balance of loans to the Management Organization.

The following table shows a breakdown of our loans by maturity:

	Billions of yen						Total
	As of March 31, 2016						
	One year or less	More than one year to three years	More than three years to five years	More than five years to seven years	More than seven years to ten years	Over ten years	
Loans	¥639.3	¥666.1	¥565.4	¥297.4	¥259.5	¥110.9	¥2,538.7

Money Held in Trust

We hold money held in trust for purposes other than trading or held-to-maturity and money held in trust is classified as available-for-sale securities. We did not hold money held in trust for the purpose of trading or held-to-maturity as of March 31, 2016 and 2015. Money held in trust (excluding trading and held-to-maturity purposes) as of March 31, 2016 and 2015 was as follows:

	Billions of yen, except for percentages			
	As of March 31,			
	2016		2015	
	Outstanding assets	Percentage	Outstanding assets	Percentage
Domestic stocks	¥1,878.6	59.2%	¥2,146.1	61.9%
Domestic bonds	1,293.4	40.7	1,288.7	37.1
Foreign stocks	0.0	0.0	31.1	0.8
Total	¥3,172.0	100.0%	¥3,466.0	100.0%

Note: (1) Cash, deposits, etc. are excluded.

Assets in respect of money held in trust are primarily held in Japanese yen. As of March 31, 2016, our investment in stocks has been mainly through money held in trust, and such investments have been made for the purpose of further diversifying investment.

Sources of Funding and Liquidity

Deposits

Our primary source of funding is from deposits, mainly TEIGAKU deposits and ordinary deposits. The balance of deposits as of March 31, 2016 was ¥177.8 trillion. TEIGAKU deposits can be withdrawn any time 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. Ordinary deposits are demand deposits designed for day-to-day use and can be used for automatic withdrawals, direct deposits and other settlement transactions. Most of our deposits are from retail customers. All of our deposits are denominated in Japanese yen. As of March 31, 2016, our deposits of ¥177.8 trillion exceeded our securities of ¥144.0 trillion by ¥33.7 trillion, and our security-deposit ratio was 81.0%. These deposits provide us with a source of stable and low-cost funds. We continuously monitor fluctuations in the respective types of deposits from time to time relative to fluctuating market conditions to manage the impact of such fluctuations on our interest rate spread and liquidity.

The following table shows a breakdown of our deposits as of the dates indicated:

	Billions of yen, except for percentages			
	As of March 31,			
	2016		2015	
	Amount	Percentage	Amount	Percentage
Liquid deposits ⁽¹⁾	¥ 63,834.9	35.8%	¥ 61,053.6	34.3%
Transfer deposits	13,874.6	7.8	11,747.3	6.6
Ordinary deposits, etc. ⁽²⁾	49,571.8	27.8	48,912.8	27.5
Savings deposits	388.4	0.2	393.4	0.2
Fixed-term deposits ⁽³⁾	113,852.8	64.0	116,453.0	65.5
Time deposits	11,441.1	6.4	13,569.9	7.6
TEIGAKU deposits, etc. ⁽⁴⁾	102,410.6	57.5	102,881.5	57.8
Other deposits	184.1	0.1	204.0	0.1
Subtotal	177,871.9	100.0	177,710.7	100.0
Negotiable certificates of deposit	—	—	—	—
Total	¥177,871.9	100.0%	¥177,710.7	100.0%

Notes: (1) Liquid deposits = transfer deposits + ordinary deposits, etc. + savings deposits.

(2) Ordinary deposits, etc. = ordinary deposits + special deposits (those equivalent to ordinary savings deposits). Special deposits, which represent deposits received from the Management Organization, correspond to Postal Savings Deposits that were passed on to the Management Organization by Japan Post Corporation. Special deposits (those equivalent to ordinary savings deposits) are the portion of deposits received from the Management Organization corresponding to time deposits, TEIGAKU deposits, installment deposits, housing installment deposits and education installment deposits that had reached full term and were passed on to the Management Organization by Japan Post Corporation.

(3) Fixed-term deposits = time deposits + TEIGAKU deposits, etc. + special deposits (those equivalent to education installment deposits).

(4) TEIGAKU deposits, etc. = TEIGAKU deposits + special deposits (those equivalent to TEIGAKU deposits).

The total balance of deposits as of March 31, 2016 was ¥177,871.9 billion, an increase of ¥161.2 billion from ¥177,710.7 billion as of March 31, 2015.

The following table sets forth a breakdown of our deposits by retail and corporate clients:

	Billions of yen	
	As of March 31,	
	2016	2015
Retail	¥154,412.0	¥151,181.8
Corporate	4,492.4	4,456.4
Total	¥158,904.4	¥155,638.2

Notes: (1) Special deposits (deposits received from the Management Organization corresponding to Postal Savings Deposits that were passed on to the Management Organization by Japan Post Corporation) are excluded. The balance of special deposits was ¥18,967.5 billion and ¥22,072.5 billion as of March 31, 2016 and 2015, respectively.

(2) Special savings and ordinary remittances and postal orders are entirely included in "Corporate."

The following table sets forth the balances of our time deposits based on the remaining time to maturity:

	Billions of yen						Total
	As of March 31, 2016						
	Less than three months	Three months to less than six months	Six months to less than one year	One year to less than two years	Two years to less than three years	Three years or more	
Fixed interest rates	¥2,183.0	¥2,291.5	¥5,465.8	¥585.4	¥554.0	¥361.3	¥11,441.1
Floating interest rates	—	—	—	—	—	—	—
Other time deposits	—	—	—	—	—	—	—

The following table sets forth the balances of TEIGAKU deposits based on the remaining time to maturity:

	Billions of yen					Total
	As of March 31, 2016					
	Less than one year	One year to less than three years	Three years to less than five years	Five years to less than seven years	Seven years or more	
TEIGAKU Deposits, etc.	¥7,841.5	¥29,809.0	¥19,822.7	¥18,310.2	¥26,627.0	¥102,410.6

Notes: (1) TEIGAKU deposits and special deposits (equivalent to TEIGAKU deposits) are based on the balance by remaining time to maturity.

(2) Special deposits are deposits received from the Management Organization corresponding to Postal Savings Deposits that were passed on to the Management Organization by Japan Post Corporation.

(3) Figures have been calculated based on the assumption that all deposits will be held to maturity.

Due from Banks and Interbank Funding

Currently, most of our funding, other than deposits, is from short-term borrowings in the interbank market including payables under securities lending transactions and call money. Liquidity may also be provided by redemptions of financial assets such as available-for-sale securities, receivables under securities borrowing transactions and call loans, as well as a reduction of due from banks. As market interest rates have declined in recent years, we have increased due from banks, in particular deposits with the Bank of Japan, which we have used and plan to use for funding various investments as opportunities arise from time to time. The table below shows the outstanding amount of due from banks as of the dates indicated:

	Billions of yen	
	As of March 31,	
	2016	2015
Due from banks	¥45,744.3	¥33,164.5

Net Assets

The table below presents information relating to our net assets as of March 31, 2016 and 2015:

	Billions of yen, except for percentages	
	As of March 31,	
	2016	2015
Capital stock	¥ 3,500.0	¥ 3,500.0
Capital surplus	4,296.2	4,296.2
Retained earnings	2,108.9	1,968.6
Treasury stock	(1,299.9)	(1,299.9)
Total shareholders' equity	8,605.2	8,464.9
Net unrealized gains (losses) on available-for-sale securities	3,322.8	3,824.6
Net deferred gains (losses) on hedges	(419.9)	(659.3)
Total valuation and translation adjustments	2,902.8	3,165.3
Net assets	¥11,508.1	¥11,630.2
Net assets as a percentage of total assets	5.5%	5.5%

Net assets as of March 31, 2016 was ¥11,508.1 billion, a decrease of ¥122.0 billion, or 1.0%, compared to March 31, 2015. The decrease was primarily due to a decrease in total valuation and translation adjustments as a result of market fluctuations.

CAPITAL RESOURCE MANAGEMENT

Capital Adequacy Ratio

As determined under the Banking Act of Japan, our capital adequacy ratio (non-consolidated, domestic standard) as of March 31, 2016 was 26.38%, a decrease of 12.04 percentage points from March 31, 2015.

Total risk-based capital, the numerator of the ratio, was ¥8,499.3 billion, an increase of ¥225.3 billion from ¥8,274.0 billion as of March 31, 2015.

Risk-weighted assets, which correspond to the denominator of the ratio, amounted to ¥32,218.5 billion, representing an increase of ¥10,685.0 billion from ¥21,533.4 billion as of March 31, 2015.

Capital Adequacy Ratio (Non-Consolidated, Domestic Standard)

	Millions of yen		Y-o-Y change
	As of March 31,		
	2016	2015	
Core Capital: instruments and reserves (A)	¥ 8,511,796	¥ 8,280,501	¥ 231,294
Core Capital: regulatory adjustments (B)	12,471	6,491	5,979
Total risk-based capital (A)-(B)=(C)	8,499,325	8,274,010	225,315
Total amount of risk-weighted assets (D)	32,218,529	21,533,490	10,685,038
Total credit risk-weighted assets	29,253,213	18,490,222	10,762,991
Total market risk equivalent / 8%	—	—	—
Total operational risk equivalent / 8%	2,965,316	3,043,268	(77,952)
Capital adequacy ratio (C)/(D) (%)	26.38	38.42	(12.04)

Dividends

Our total dividend payment for the fiscal year ended March 31, 2016 was ¥93.7 billion. The dividend per share was ¥25.00 and the dividend payout ratio was 28.83%.

RISK MANAGEMENT

Advances in financial globalization and information technology have led to rapid growth in the diversity and complexity of banking operations, making risk management at financial institutions increasingly important. We place a high priority on risk management and are taking steps to refine our sophisticated framework for risk management, including the identification and control of the risks associated with our operational activities.

Our basic policy is to appropriately manage risks in view of our management strategies and risk characteristics and most effectively utilize our capital. By doing so, we are able to increase enterprise value while maintaining sound finances and appropriate operations.

The authorities and responsibilities of organizational entities and of directors and employees involved in risk management are assigned so that conflicts of interest do not arise. In addition, we have established a system that provides for appropriate cross-checks.

Risk Management System

The Bank has identified certain risk categories. Various entities have been established to manage each risk category. In addition, we have put in place the Risk Management Department, which is responsible for monitoring each risk category in an integrated manner in order to ensure the effectiveness of our comprehensive risk management. The Risk Management Department operates independently from other departments.

We have established special advisory committees to the Executive Committee to handle risk management responsibilities: the Risk Management Committee and the Asset Liability Management (ALM) Committee. These advisory committees submit risk management reports based on risk characteristics and hold discussions about risk management policies and systems.

Prior to launching new products, services, or businesses, we assess potential risks and select appropriate methods to measure risks.

In January 2016, we newly organized the Risk Management Division and appointed a dedicated risk management officer in order to upgrade our risk management capabilities in response to the diversification and sophistication of our investments.

Compliance with Basel Regulations

Capital adequacy standards are based on three pillars. Pillar 1 is the minimum regulatory capital ratio. Pillar 2 is the assessment and management of risks faced by the business as a whole, including risks not addressed by Pillar 1 (such as interest rate risk in the banking book and credit concentration risk) and the determination of the amount of capital required for business management. Pillar 3 is the market discipline that allows for the assessment of the market through appropriate disclosures. We are required to comply with all capital adequacy standard provisions. Basel III, which has been applied since March 31, 2014 as the domestic standard, requires further bolstering of capital in terms of both quality and quantity. We comply with all provisions of Basel III. As of March 31, 2016, our capital adequacy ratio was 26.38%, which exceeded the minimum requirement (4% under the domestic standard).

Integrated Risk Management

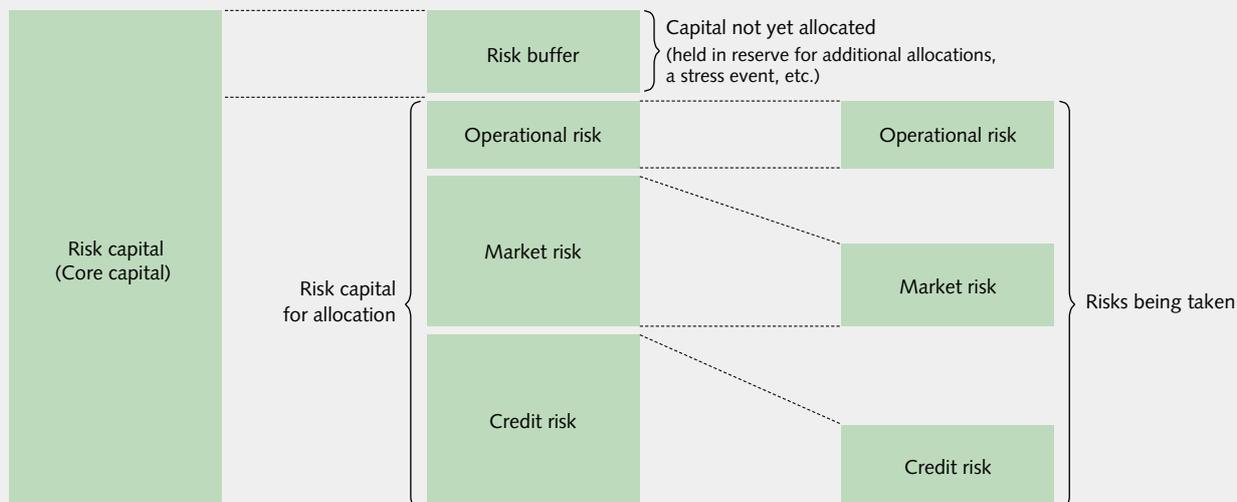
We broadly classify and define risks into five categories: market, market liquidity, funding liquidity, credit, and operational risks. We manage these risks using both quantitative and qualitative approaches.

In our quantitative approach, we have introduced integrated risk management that quantifies and controls risk. Specifically, we establish in advance a total amount of equity capital that is available to take on risk, or risk capital. Risk capital is then allocated to each business in accordance with the type of expected risk and nature of the business activities. To quantify market risk and credit risk and control risk exposure, we use value at risk ("VaR") techniques. VaR is a statistical method used to compute the maximum expected loss based on assets and liabilities held at given probabilities and for given periods of time. In addition, we conduct stress testing based on scenarios that assume deterioration in the macroeconomic environment to confirm the impact on our financial condition, capital adequacy ratio and so forth.

In our qualitative approach, which is used in conjunction with the quantitative methodology, we assess the nature of the risks. For instance, for operational risk we have established a plan, do, check, action ("PDCA") cycle that recognizes, evaluates, manages, and mitigates risk across our business activities.

Allocation of risk capital is determined by the President and Representative Executive Officer following discussions in the ALM Committee and the Executive Committee.

Risk Capital Allocation



MARKET RISK MANAGEMENT / MARKET LIQUIDITY RISK MANAGEMENT

1. Market Risk Management System

We manage market risk in a way that reflects the characteristics of our assets, which are principally marketable securities (e.g., Japanese Government Bonds), and our liabilities, which are principally term deposits including TEIGAKU deposits. Through the following methods, we aim to achieve a stable income flow while appropriately controlling market risk.

We use the VaR statistical method to quantify market risk. We adjust our market risk frameworks and loss limits in order to ensure that market risk does not exceed risk capital allocated for this purpose. We conduct risk monitoring and management on an on-going basis, and also carry out stress testing to account for extreme market fluctuations that might exceed our statistical estimates.

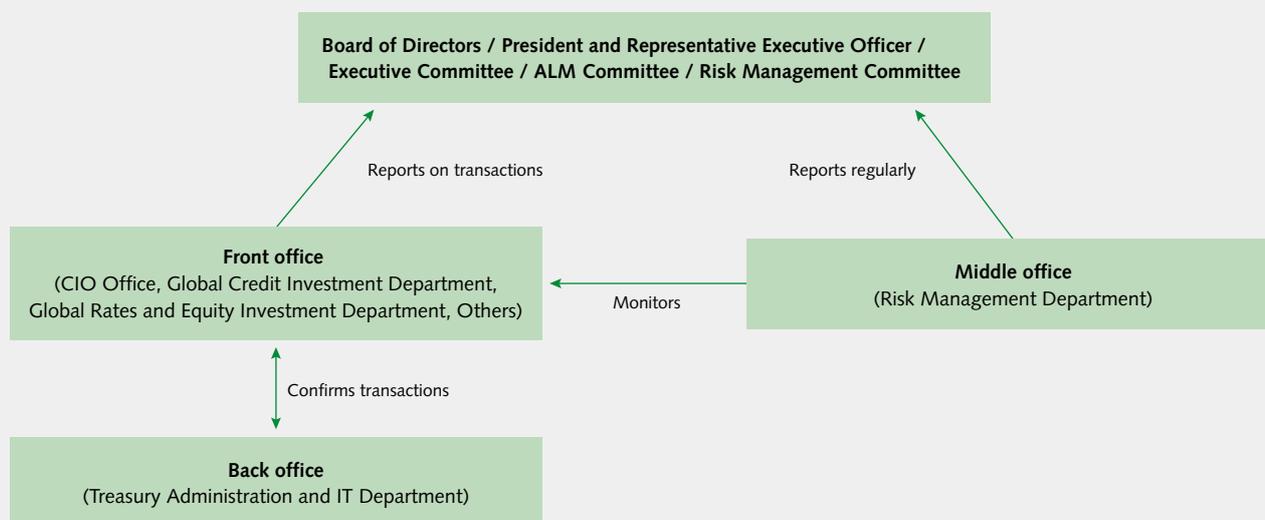
We have established a system for closely monitoring interest rate risk, in recognition of the importance of interest rates on our business. As part of this system, we perform simulations to gauge the effect of interest changes on our earnings.

To provide a system of cross checks and balances in market risk management, we have set up the Risk Management Department as a “middle office” that is independent from our front and back offices.

Matters concerning the establishment and operation of a market risk management system and implementation of market risk management are decided through discussions in the Risk Management Committee, the ALM Committee and the Executive Committee.

Daily reports concerning our VaR, market risk limits and loss limits are made directly to management, allowing management to respond rapidly to developments. Risk analyses based on backtesting and stress testing are conducted regularly with reports made to the Executive Committee.

Market Risk Management System



2. Market Risk Measurement Model

Our VaR risk management model measures market risk based on a historical simulation method. The VaR model is based on a one-tailed confidence interval of 99%, a holding period of 240 business days (i.e., one year), and an observation period of 1,200 business days (i.e., five years).

To measure market risk relating to liquid deposits, the Bank has applied an internal model to allocate the estimated balance and termination dates of liquid deposits that have remained on deposit in the Bank for a long term without being withdrawn (so-called “core deposits”) and calculates the interest rate risk amount for them. Market risk relating to TEIGAKU deposits is calculated based on an estimated future cash flow model.

3. Market Risk Exposure

In the fiscal year ended March 31, 2016, our VaR was as follows:

VaR (From April 1, 2015 to March 31, 2016)

	Billions of yen			
	Year-end	Maximum	Minimum	Average
Fiscal year ended March 31, 2016	¥1,790.4	¥2,044.5	¥1,424.3	¥1,750.3

Currently, we are engaged only in banking operations. We do not conduct trading operations.

4. Stress Testing

VaR models statistically calculate maximum losses at a certain probability, based on historical data. Accordingly, VaR models do not appropriately measure risks in the event of extreme market fluctuations or in the event that historical assumptions do not hold. Consequently, we regularly conduct stress testing to measure our potential losses in the event of market fluctuations exceeding the limits assumed in the model. The results of the stress testing are reported to the Executive Committee.

In our stress testing, we use a number of scenarios, including the estimated effect of the largest fluctuations in financial markets over the past decade.

5. Market Liquidity Risk Management

Our basic approach to market liquidity risk management is to monitor portfolio assets and market conditions so that we are able to take appropriate actions in line with market liquidity conditions. The Risk Management Department monitors market liquidity risk as well as market risk.

FUNDING LIQUIDITY RISK MANAGEMENT

Our basic approach to funding liquidity risk management is to closely monitor our funding conditions and take timely and appropriate actions when necessary. In addition, we maintain appropriate liquidity reserves in preparation for unexpected fund outflows.

The Risk Management Department, which was originally established to manage funding liquidity risk, conducts monitoring and analysis of funding liquidity risk.

In managing funding liquidity risk, we establish, monitor, and manage funding liquidity indicators to ensure stable liquidity management.

In accordance with funding liquidity and fund-raising trends, we have categorized risk into three stages: "normal," "concerned," and "emergency." We have determined the principal measures we will take in the event that funding liquidity risk reaches the "concerned" or "emergency" stages.

CREDIT RISK MANAGEMENT

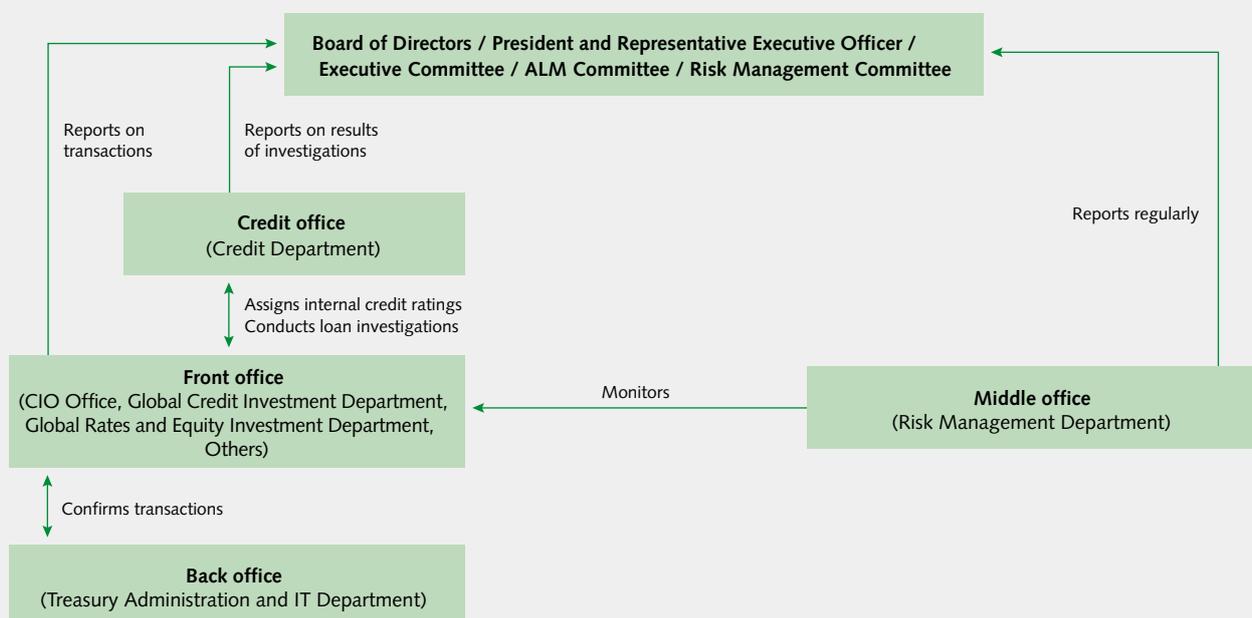
1. Credit Risk Management System

The Risk Management Department provides a system of cross checks and balances in credit risk management, as a "middle office" that is independent from our front and back offices. The Risk Management Department oversees our internal credit rating system, self-assessments of assets, and other credit risk management activities. Matters concerning our credit risk management system are decided through discussions at the Executive Committee, the Risk Management Committee and the ALM Committee.

We use the VaR statistical method to quantify credit risk. We monitor our credit risk limit amounts on an ongoing basis in order to ensure that VaR does not exceed allocated risk capital. We also carry out stress testing to consider the possibility of credit risk due to large-scale economic fluctuations outside those in the VaR model. In addition, we set credit limits for individual companies and corporate groups in order to control credit concentration risk.

We manage our credit risk using an internal credit rating system. Our Credit Department handles all credit investigations and assigns internal credit ratings to borrowers. In addition, it monitors borrowers.

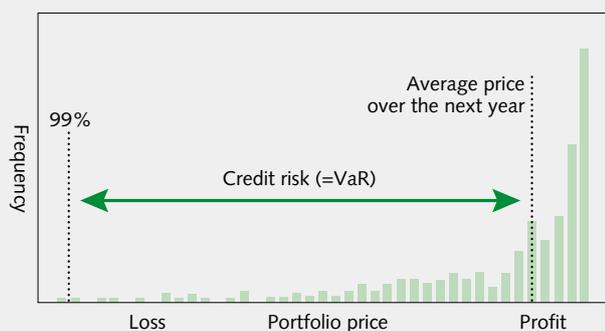
Credit Risk Management System



2. Measuring Credit Risk

To measure our credit risk amount (VaR), we use a model which adopts the Monte Carlo method using a one-tailed confidence interval of 99% and holding period of one year. In addition, we use the mark to market, or MTM, method to recognize loss. Under the MTM method, we take into account the impairment of economic values resulting from a deterioration in our debtors' credit ratings, as well as losses at the time of the debtors' default.

Value at Risk (VaR) Image



3. Stress Testing

Since VaR is a statistically determined amount of credit risk calculated using probability-based data, such as the probability of a change in credit rating, it may not be able to capture deteriorations in creditworthiness resulting from large-scale economic changes. Therefore, in order to assess the magnitude of losses in the event of any changes in credit-worthiness beyond that assumed by the model, we regularly conduct stress testing and report those results to the Executive Committee, the Risk Management Committee and the ALM Committee.

In our stress testing, we use a number of scenarios, including a one-tailed confidence interval of 99.9%.

4. Internal Credit Ratings

Internal credit ratings are used for various purposes such as in credit policies in daily credit management, credit risk measurement, appropriate pricing, management of the credit portfolio, initial self-assessments, and in making preparations related to write-offs and reserves. Accordingly, in accordance with their credit rating, borrowers are classified into the following 14 categories.

Internal Credit Rating System

Grades		Concept	Category
1		Has highest credit standing and many superior attributes.	Normal
2		Has exceedingly high credit standing and superior attributes.	
3		Has high credit standing and certain superior attributes.	
4	a	Has sufficient credit standing but requires attention in case of significant changes in the environment.	
	b		
5	a	Has no problems with credit standing at this point but has attributes requiring attention in case of changes in the environment.	
	b		
6	a	Has no current problems with credit standing but has attributes requiring constant attention.	
	b		
7		Has problems with loan conditions, such as by seeking interest rate reductions or rescheduling. Has problems with performance, such as overdue payments of principal or interest. Also has attributes requiring attention to management in the future, such as weak or unstable results or financial problems.	
8		Payment of principal or interest is past due three months or more calculated from the day following the scheduled payment date. Or, to facilitate the recovery of the loan, loan provisions have been eased to assist in the restructuring of the borrower or otherwise assisting the borrower. The borrower has fallen into business difficulties.	(Borrowers requiring monitoring)
9		Is not currently in bankruptcy but is having management problems. Progress with management improvement plan is not exceptional, and there is a high probability of bankruptcy in the future.	Doubtful borrowers
10		Is not yet legally bankrupt but is in serious financial difficulty. Deemed to have no prospects for restructuring. Effectively bankrupt.	Substantially bankrupt borrowers
11		Legally bankrupt.	Bankrupt borrowers

5. Self-assessments, Write-Offs, and Reserves

One key aspect of our credit risk management system is conducting self-assessments to classify our assets, based on degree of risk, by estimating the risk of non-recovery or loss in value. These self-assessments are the preparatory work for appropriate accounting treatment, including write-offs and reserve for possible loan losses.

Detailed accounting standards for reserve for possible loan losses are as follows.

In accordance with predefined standards for write-offs and reserves, reserve for possible loan losses is provided for, as described below, in accordance with borrower categories stipulated in "Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions" (Japanese Institute of Certified Public Accountants, Special

Committee for Audits of Banks, etc., Report No. 4). Operational divisions conduct assessments of all loans in accordance with our standards for loan self-assessments. The results of those assessments are audited by the Internal Audit Planning Department, which is independent from operational divisions. The reserve is provided for in accordance with those assessments.

Loans to borrowers classified as normal or requiring caution are divided into groups, and the expected loss amount for each classification is reserved based on the data provided by credit rating agencies.

For loans to doubtful borrowers, we subtract from the loan balance both the estimated collectible amount from collateral and the estimated collectible amount from guarantees. We then make a provision at an amount equal to a portion of the resulting amount, based on our judgment.

For loans to bankrupt borrowers and loans to substantially bankrupt borrowers, we subtract from the loan balance both the estimated collectible amount from collateral and the estimated collectible amount from guarantees. We then make a provision at an amount equal to the entire resulting amount.

Asset Classifications

Asset Category	Description
Unclassified (Type I)	Not classified as type II, III, or IV and deemed to have no problems in regard to recovery risk or damage to asset value.
Type II	Above-ordinary level of recovery risk due to failure to meet contractual obligations or to doubts about credit-related issues, etc.
Type III	Final recovery or asset value is very doubtful. There is a high risk of incurring a loss but it is difficult to rationally calculate the amount of that loss.
Type IV	Assessed as unrecoverable or worthless.

6. Management of Individual Borrowers

We regularly monitor borrowers' loan repayment status, financial conditions, and other matters that affect credit standing in order to respond to the credit risks of borrowers in a timely and appropriate manner. We also more closely monitor certain borrowers depending on their business condition, such as borrowers subject to possible credit rating downgrades or experiencing sharp drop in stock price.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk that losses will be incurred due to inadequate or failed internal processes, people and systems, or due to external events. We classify operational risk into seven categories: processing, IT system, information assets, legal, human resources, tangible assets, and reputational risks. Operational risk is managed in an integrated manner, by the Risk Management Department.

We identify, assess, control, monitor, and mitigate risk for each risk category to manage operational risk and to maintain the soundness of our operations.

The risk management process identifies risks associated with business operations and assesses these risks based on the occurrence frequency, and the degree of their impact on operations. Through the implementation of Risk & Control Self-Assessment ("RCSA"), operational risks and the control effectiveness for mitigating these risks are regularly assessed and examined. RCSA points out areas that require improvement and aspects of our risk management activities that need to be reinforced. Based on the results, we form improvement plans, establish measures to further mitigate risk exposure, and take the required actions.

We maintain an operational risk reporting system, which reports the occurrence of issues such as operational incidents and systemic issues.

We analyze the contents of these reports to determine the causes of these incidents and problems and identify trends. This process yields fundamental data for formulating and executing effective countermeasures.

Non-Consolidated Financial Statements

NON-CONSOLIDATED BALANCE SHEETS

As of March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Assets:			
Cash and due from banks (Notes 19, 22 and 23):	¥ 45,895,068	¥ 33,301,050	\$ 407,304,479
Cash	150,763	136,469	1,337,975
Due from banks	45,744,305	33,164,580	405,966,504
Call loans (Note 22)	978,837	1,961,526	8,686,876
Receivables under securities borrowing transactions (Note 22)	7,923,229	8,374,084	70,316,199
Monetary claims bought (Notes 22 and 23)	178,509	122,032	1,584,213
Trading account securities (Notes 22 and 23):	187	104	1,665
Trading Japanese government bonds	187	104	1,665
Money held in trust (Notes 22 and 23)	3,561,110	3,491,637	31,603,750
Securities (Notes 8, 21, 22, 23 and 24):	144,076,834	156,169,792	1,278,637,150
Japanese government bonds	82,255,654	106,767,047	729,993,384
Japanese local government bonds	5,856,509	5,525,117	51,974,700
Japanese corporate bonds	10,567,710	10,983,036	93,785,149
Other securities	45,396,959	32,894,591	402,883,916
Loans (Notes 22 and 25):	2,542,049	2,783,985	22,559,900
Loans on deeds	2,322,098	2,549,816	20,607,903
Overdrafts	219,951	234,169	1,951,996
Foreign exchanges (Note 3)	25,328	49,332	224,786
Other assets (Notes 4, 8 and 22)	1,573,316	1,603,912	13,962,694
Tangible fixed assets (Note 5)	182,733	179,933	1,621,699
Intangible fixed assets (Note 6)	44,865	47,971	398,167
Customers' liabilities for acceptances and guarantees (Note 7)	75,000	95,000	665,601
Reserve for possible loan losses (Note 22)	(1,030)	(1,055)	(9,149)
Total assets	¥207,056,039	¥208,179,309	\$1,837,558,037

See notes to non-consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Liabilities:			
Deposits (Notes 8, 9 and 22)	¥177,871,986	¥177,710,776	\$1,578,558,628
Call money (Note 22)	22,536	—	200,000
Payables under repurchase agreements (Notes 8 and 22)	554,522	—	4,921,212
Payables under securities lending transactions (Notes 8 and 22)	13,123,558	13,570,198	116,467,503
Foreign exchanges (Note 3)	338	266	3,006
Other liabilities (Notes 10 and 22)	2,532,920	3,576,119	22,478,886
Reserve for bonuses	6,020	5,581	53,425
Reserve for employees' retirement benefits (Note 26)	149,720	150,466	1,328,719
Deferred tax liabilities (Note 27)	1,211,286	1,440,688	10,749,790
Acceptances and guarantees (Notes 7 and 8)	75,000	95,000	665,601
Total liabilities	195,547,888	196,549,097	1,735,426,774
Contingent liabilities (Note 11)			
Net assets (Note 18):			
Capital stock (Note 12)	3,500,000	3,500,000	31,061,412
Capital surplus	4,296,285	4,296,285	38,128,203
Retained earnings	2,108,969	1,968,617	18,716,449
Treasury stock	(1,299,999)	(1,299,999)	(11,537,090)
Total shareholders' equity	8,605,256	8,464,904	76,368,975
Net unrealized gains (losses) on available-for-sale securities (Note 23)	3,322,827	3,824,643	29,489,057
Net deferred gains (losses) on hedges	(419,932)	(659,335)	(3,726,770)
Total valuation and translation adjustments	2,902,894	3,165,307	25,762,287
Total net assets	11,508,150	11,630,212	102,131,262
Total liabilities and net assets	¥207,056,039	¥208,179,309	\$1,837,558,037

See notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF INCOME

For the fiscal years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Income:			
Interest income:	¥1,731,217	¥1,893,273	\$15,364,017
Interest on loans	25,103	31,127	222,783
Interest and dividends on securities	1,657,623	1,826,086	14,710,893
Interest on call loans	5,307	4,754	47,101
Interest on receivables under securities borrowing transactions	7,958	7,877	70,626
Interest on deposits with banks	33,977	22,680	301,538
Other interest income	1,247	747	11,074
Fees and commissions:	123,019	119,429	1,091,756
Fees and commissions on domestic and foreign exchanges	60,921	60,834	540,658
Other fees and commissions	62,097	58,595	551,098
Other operating income (Note 13)	12,953	10,809	114,959
Other income (Note 14)	101,797	57,675	903,417
Total income	1,968,987	2,081,187	17,474,150
Expenses:			
Interest expenses:	374,928	356,780	3,327,373
Interest on deposits	232,795	241,707	2,065,987
Interest on call money	630	9	5,592
Interest on payables under repurchase agreements	1,795	—	15,931
Interest on payables under securities lending transactions	33,233	14,889	294,933
Interest on interest rate swaps	105,571	99,372	936,917
Other interest expenses	902	801	8,010
Fees and commissions:	31,879	30,177	282,922
Fees and commissions on domestic and foreign exchanges	3,653	3,308	32,426
Other fees and commissions	28,225	26,868	250,496
Other operating expenses (Note 15)	13,076	6,086	116,048
General and administrative expenses (Note 16)	1,064,004	1,113,654	9,442,710
Other expenses (Note 17)	4,209	3,453	37,354
Total expenses	1,488,098	1,510,153	13,206,410
Income before income taxes	480,888	571,034	4,267,740
Income taxes (Note 27):			
Current	152,528	182,658	1,353,641
Deferred	3,291	18,941	29,206
Total income taxes	155,819	201,599	1,382,848
Net income	¥ 325,069	¥ 369,434	\$ 2,884,892

Per Share of Common Stock

	Yen		U.S. dollars (Note 1)
	2016	2015	2016
Basic net income (Note 31)	¥86.69	¥89.58	\$0.76

See notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the fiscal years ended March 31, 2016 and 2015

2016

Millions of yen

	Shareholders' equity					Valuation and translation adjustments				Total net assets
	Capital stock	Capital surplus		Retained earnings Other retained earnings Retained earnings brought forward	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
		Legal capital surplus								
Balance at the beginning of the fiscal year	¥3,500,000	¥4,296,285	¥1,968,617	¥(1,299,999)	¥8,464,904	¥3,824,643	¥(659,335)	¥3,165,307	¥11,630,212	
Cumulative effect of a change in accounting policies						—			—	
Balance including a change in accounting policies at the beginning of the fiscal year	3,500,000	4,296,285	1,968,617	(1,299,999)	8,464,904	3,824,643	(659,335)	3,165,307	11,630,212	
Changes during the fiscal year:										
Cash dividends			(184,717)		(184,717)				(184,717)	
Net income			325,069		325,069				325,069	
Repurchase of treasury stock										
Net changes in items other than shareholders' equity						(501,816)	239,403	(262,413)	(262,413)	
Total changes during the fiscal year	—	—	140,351	—	140,351	(501,816)	239,403	(262,413)	(122,061)	
Balance at the end of the fiscal year	¥3,500,000	¥4,296,285	¥2,108,969	¥(1,299,999)	¥8,605,256	¥3,322,827	¥(419,932)	¥2,902,894	¥11,508,150	

2016

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Valuation and translation adjustments				Total net assets
	Capital stock	Capital surplus		Retained earnings Other retained earnings Retained earnings brought forward	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
		Legal capital surplus								
Balance at the beginning of the fiscal year	\$31,061,412	\$38,128,203	\$17,470,871	\$(11,537,090)	\$75,123,397	\$33,942,522	\$(5,851,400)	\$28,091,122	\$103,214,520	
Cumulative effect of a change in accounting policies						—			—	
Balance including a change in accounting policies at the beginning of the fiscal year	31,061,412	38,128,203	17,470,871	(11,537,090)	75,123,397	33,942,522	(5,851,400)	28,091,122	103,214,520	
Changes during the fiscal year:										
Cash dividends			(1,639,313)		(1,639,313)				(1,639,313)	
Net income			2,884,892		2,884,892				2,884,892	
Repurchase of treasury stock										
Net changes in items other than shareholders' equity						(4,453,465)	2,124,629	(2,328,835)	(2,328,835)	
Total changes during the fiscal year	—	—	1,245,578	—	1,245,578	(4,453,465)	2,124,629	(2,328,835)	(1,083,257)	
Balance at the end of the fiscal year	\$31,061,412	\$38,128,203	\$18,716,449	\$(11,537,090)	\$76,368,975	\$29,489,057	\$(3,726,770)	\$25,762,287	\$102,131,262	

2015

Millions of yen

	Shareholders' equity					Valuation and translation adjustments				Total net assets
	Capital stock	Capital surplus		Retained earnings Other retained earnings Retained earnings brought forward	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Net deferred gains (losses) on hedges	Total valuation and translation adjustments	
		Legal capital surplus								
Balance at the beginning of the fiscal year	¥3,500,000	¥4,296,285	¥1,702,007	¥—	¥9,498,293	¥2,563,134	¥(596,903)	¥1,966,231	¥11,464,524	
Cumulative effect of a change in accounting policies			(8,837)		(8,837)				(8,837)	
Balance including a change in accounting policies at the beginning of the fiscal year	3,500,000	4,296,285	1,693,170	—	9,489,456	2,563,134	(596,903)	1,966,231	11,455,687	
Changes during the fiscal year:										
Cash dividends			(93,987)		(93,987)				(93,987)	
Net income			369,434		369,434				369,434	
Repurchase of treasury stock				(1,299,999)	(1,299,999)				(1,299,999)	
Net changes in items other than shareholders' equity						1,261,508	(62,432)	1,199,076	1,199,076	
Total changes during the fiscal year	—	—	275,447	(1,299,999)	(1,024,551)	1,261,508	(62,432)	1,199,076	174,524	
Balance at the end of the fiscal year	¥3,500,000	¥4,296,285	¥1,968,617	¥(1,299,999)	¥8,464,904	¥3,824,643	¥(659,335)	¥3,165,307	¥11,630,212	

See notes to non-consolidated financial statements.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

For the fiscal years ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
Cash flows from operating activities:			
Income before income taxes	¥ 480,888	¥ 571,034	\$ 4,267,740
Adjustments for:			
Depreciation and amortization	36,666	34,601	325,404
Losses on impairment of fixed assets	5	17	49
Net change in reserve for possible loan losses	(24)	(72)	(219)
Net change in reserve for bonuses	438	15	3,893
Net change in reserve for employees' retirement benefits	(746)	(112)	(6,626)
Interest income	(1,731,217)	(1,893,273)	(15,364,017)
Interest expenses	374,928	356,780	3,327,373
Losses (gains) related to securities—net	(5,078)	4,592	(45,069)
Losses (gains) on money held in trust—net	(93,867)	(43,151)	(833,048)
Foreign exchange losses (gains)—net	274,924	(520,093)	2,439,872
Losses (gains) on sales and disposals of fixed assets—net	1,103	(1,561)	9,795
Net change in loans	240,481	291,104	2,134,199
Net change in deposits	161,209	1,097,995	1,430,687
Net change in negotiable certificates of deposit	620,000	(90,000)	5,502,307
Net change in call loans, etc.	923,288	(177,681)	8,193,894
Net change in receivables under securities borrowing transactions	450,855	(1,161,315)	4,001,203
Net change in call money, etc.	577,058	—	5,121,212
Net change in payables under securities lending transactions	(446,640)	2,902,607	(3,963,795)
Net change in foreign exchange assets	24,003	(18,672)	213,026
Net change in foreign exchange liabilities	72	16	646
Interest received	1,875,027	2,060,574	16,640,290
Interest paid	(235,284)	(212,213)	(2,088,075)
Other—net	99,727	(152,940)	885,047
Subtotal	3,627,821	3,048,254	32,195,791
Income taxes paid	(181,785)	(199,193)	(1,613,287)
Net cash provided by operating activities	3,446,036	2,849,061	30,582,504
Cash flows from investing activities:			
Purchases of securities	(25,203,413)	(25,606,164)	(223,672,467)
Proceeds from sales of securities	9,810,599	2,193,557	87,066,019
Proceeds from maturity of securities	25,650,370	35,751,029	227,639,072
Investment in money held in trust	(850,000)	(160,000)	(7,543,485)
Proceeds from disposition of money held in trust	586,748	145,159	5,207,206
Purchases of tangible fixed assets	(32,274)	(29,990)	(286,422)
Proceeds from sales of tangible fixed assets	11	4,734	99
Purchases of intangible fixed assets	(9,610)	(6,115)	(85,287)
Other—net	(54)	(422)	(486)
Net cash provided by investing activities	9,952,376	12,291,787	88,324,248
Cash flows from financing activities:			
Cash dividends paid	(184,717)	(93,987)	(1,639,313)
Repurchase of treasury stock	—	(1,299,999)	—
Net cash used in financing activities	(184,717)	(1,393,986)	(1,639,313)
Effect of exchange rate changes on cash and cash equivalents	323	565	2,871
Net change in cash and cash equivalents	13,214,018	13,747,427	117,270,310
Cash and cash equivalents at the beginning of the fiscal year	32,596,050	18,848,622	289,279,820
Cash and cash equivalents at the end of the fiscal year (Note 19)	¥ 45,810,068	¥ 32,596,050	\$ 406,550,131

See notes to non-consolidated financial statements.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Fiscal years ended March 31, 2016 and 2015

1. Basis of Presenting Financial Statements

JAPAN POST BANK Co., Ltd. (the "Bank") became a private bank under the Banking Act of Japan (the "Banking Act"), as a wholly owned subsidiary of JAPAN POST HOLDINGS Co., Ltd., following its privatization on October 1, 2007 in accordance with the Postal Service Privatization Act. In November 2015, the Bank filed for an initial public offering. As a result, the Bank is no longer a wholly owned subsidiary of JAPAN POST HOLDINGS Co., Ltd., while its significant majority of shares are still held by JAPAN POST HOLDINGS Co., Ltd.

The Bank has no subsidiaries to be consolidated. Accordingly, the consolidated financial statements are not presented herein.

The accompanying financial statements have been prepared in accordance with the provisions set forth in a) the Japanese Financial Instruments and Exchange Act and its related accounting regulations and b) the "Ordinance for the Enforcement of the Banking Act" (Ordinance of Ministry of Finance No. 10 of 1982), and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The "Accounting Standard for Presentation of Comprehensive Income" (Accounting Standards Board of Japan ("ASBJ") Statement No. 25 revised on September 13, 2013) requires companies to present the statements of comprehensive income. However, the standard does not apply to the non-consolidated financial statements for the time being. The Bank prepares only the non-consolidated financial statements. Accordingly, the statements of comprehensive income are not presented herein.

In preparing these financial statements, certain reclassifications and rearrangements have been made to the financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

In conformity with the Japanese Financial Instruments and Exchange Act and its related accounting regulations, all Japanese yen figures in the financial statements have been rounded down to the nearest million yen amount, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items.

The financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.68 to US\$1.00, the approximate rate of exchange as of March 31, 2016. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate. All U.S. dollar figures in the financial statements have been rounded down to the nearest thousand dollar amount, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items.

2. Summary of Accounting Policies

- a. **Trading Account Securities, Securities and Money Held in Trust**—Securities are classified into four categories, based principally on the Bank's intent, as follows:
 - (1) Trading account securities are stated at fair value;
 - (2) Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are stated at amortized cost (straight-line method) determined by the moving-average method;
 - (3) Investments in affiliates are stated at cost determined by the moving-average method; and

- (4) Available-for-sale securities that are not classified as either of the aforementioned securities are primarily carried at the fiscal year-end market prices (cost of securities sold is calculated using primarily the moving-average method). However, available-for-sale securities that are deemed to be extremely difficult to determine a fair value are stated at cost determined by the moving-average method. Net unrealized gains and losses including foreign exchange fluctuations, but excluding cases where the fair value hedge accounting method is applied to hedge exposure to the risks of foreign exchange fluctuations, net of applicable income taxes, are stated in a separate component of net assets.

Securities invested in money held in trust are stated at fair value. The balance sheet amounts as of March 31, 2016 and 2015 are stated respectively at the average market price of the final month (March) of the fiscal years ended March 31, 2016 and 2015 for equity securities and at the market price at the balance sheet date for other securities (the costs of other securities sold are determined primarily based on the moving-average method). Unrealized gains and losses on these securities, net of applicable income taxes, are stated in a separate component of net assets.

- b. **Tangible Fixed Assets**—Depreciation of tangible fixed assets is computed by the straight-line method. The range of useful lives is principally from 3 to 50 years for buildings and from 2 to 75 years for others.
- c. **Intangible Fixed Assets**—The amortization of intangible fixed assets is computed by the straight-line method. Capitalized cost of computer software developed and obtained for internal use is amortized over the estimated useful life (mainly 5 years).
- d. **Reserve for Possible Loan Losses**—The reserve for possible loan losses is provided for in accordance with the prescribed standards for write-offs and reserves as described below:

Loans to normal borrowers and borrowers requiring caution, as provided by “Practical Guidance for Checking Internal Controls for Self-Assessments of Assets by Banks and Other Financial Institutions and for Audits of Loans Written Off and Loan Loss Allowance Provisions” (Japanese Institute of Certified Public Accountants (JICPA), Special Committee for Audits of Banks, etc., Report No. 4, released on July 4, 2012), are classified into certain groups, and a reserve is provided for each group based on the estimated rate of loan losses.

For loans to doubtful borrowers, a reserve is provided in the amount of loans, net of amounts expected to be collected through disposition of collateral or through execution of guarantees, and considered to be necessary based on a solvency assessment. For loans to bankrupt or substantially bankrupt borrowers, a reserve is provided based on the amount of loans, net of amounts expected to be collected through disposition of collateral or to be recoverable under guarantees.

All loans are assessed initially by the marketing and other departments based on internal rules for self-assessment of asset quality. The asset evaluation department, which is independent from the marketing and other departments, reviews these self-assessments.

- e. **Reserve for Bonuses**—The reserve for bonuses is provided for the estimated amount of employees' bonuses attributable to the fiscal year.
- f. **Reserve for Employees' Retirement Benefits**—The reserve for employees' retirement benefits, which is provided for future payments to employees, is recorded in the amount deemed accrued based on the projected benefit obligation at the end of the fiscal year ended March 31, 2016. The method of attributing projected benefit obligation to periods ending on or before March 31, 2016 is by the benefit formula basis.

Prior service cost is amortized using the straight-line method for a fixed period (10 years), within the employees' average remaining service period.

Actuarial gains and losses are amortized using the straight-line method for a fixed period (10 years), within the employees' average remaining service period, from the following year after they are incurred.

(Additional Information)

The Bank revised its internal retirement benefit rule over the lump-sum retirement payment plan from the final salary basis to the point basis effective from the beginning of April 1, 2015. As a result, projected benefit obligation decreased and prior service cost (benefit) of ¥11,612 million was recorded. Prior service cost is amortized using the straight-line method for a fixed period (10 years), within the employees' average remaining service period.

- g. Foreign Currency Transactions**—Foreign currency denominated assets and liabilities at the balance sheet date are translated into Japanese yen principally at the exchange rates in effect at the balance sheet date.
- h. Derivatives and Hedging Activities**—Derivatives are stated at fair value.
- Hedging against interest rate risks:
The Bank uses interest rate swaps to reduce its exposure to interest rate risk on its monetary assets.
The Bank applies the deferred hedge accounting method for hedges of interest rate risk on its monetary assets.
Evaluating the effectiveness of hedges, the Bank considers the hedges deemed to be highly effective because the Bank designates the hedges in such a way that the major conditions of the hedged items are almost the same as the hedging instruments, which allows the interest rate swaps to meet conditions stipulated for special accounting treatment for interest rate swaps.
- Hedging against foreign exchange fluctuation risks:
The Bank applies the deferred hedge accounting method, the fair value hedge accounting method, and the accounting method translating foreign currency receivables at forward rates to reduce its exposure to exchange rate fluctuations on the portion of the net unrealized gains/losses on available-for-sale securities exposed to the risks of foreign exchange fluctuations.
In order to hedge risk arising from volatility of exchange rates for securities denominated in foreign currencies, the Bank applies portfolio hedges, on the conditions that the hedged foreign securities are designated in advance and that sufficient on-balance (actual) or off-balance (forward) liability exposure exists to cover the cost of the hedged foreign securities denominated in the same foreign currencies.
In case of the individual hedges, the Bank considers its hedges to be highly effective because the Bank designates the hedges in such a way that the major conditions of the hedged items and the hedging instruments are almost the same.
- i. Cash and Cash Equivalents**—For the purpose of the statement of cash flows, cash and cash equivalents represent cash and due from banks on the balance sheets, excluding negotiable certificates of deposit in other banks.
- j. Consumption Taxes**—The Bank is subject to Japan's national and local consumption taxes. Japan's national and local consumption taxes are excluded from transaction amounts.
- k. Income Taxes**—Prior to November 4, 2015, the Bank had adopted the consolidated taxation system designating JAPAN POST HOLDINGS Co., Ltd. as the parent company. However, the Bank ceased to be a wholly-owned subsidiary of JAPAN POST HOLDINGS Co., Ltd. due to the listing of the Bank's shares on November 4, 2015 and therefore is no longer included in the consolidated taxation group designating JAPAN POST HOLDINGS Co., Ltd. as the consolidated parent company.

l. Changes in Accounting Policies—Application of “Accounting Standard for Retirement Benefits,” etc. The Bank has adopted the paragraph 35 of “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 released on May 17, 2012, hereinafter “the Standard”) and the paragraph 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 released on March 26, 2015, hereinafter “the Guidance”) from the beginning of the fiscal year ended March 31, 2015. Following the adoption of the Standard and the Guidance, the Bank amended the method of determining retirement benefit obligations and current service costs. As part of the amendment, the Bank revised the method of attributing expected retirement benefits to periods from straight-line basis to benefit formula basis. In addition, the method of determining the discount rates applied in the calculation of projected benefit obligation was changed from the method using the number of years approximate to the employees’ average remaining service period to the method using the single weighted average discount rate that reflects the estimated period and amount of benefit payment in each period.

The Standard is being applied transitionally as determined in its paragraph 37. At the beginning of the fiscal year ended March 31, 2015, the effect of the change in accounting standard is stated as an increase or decrease of remeasurements of retirement benefit obligations and current service costs under retained earnings.

As a result, reserve for employees’ retirement benefits increased ¥13,730 million, deferred tax liabilities declined ¥4,893 million, and retained earnings decreased ¥8,837 million from the beginning of the fiscal year ended March 31, 2015. Meanwhile, the impact on income before income taxes for the fiscal year ended March 31, 2015 was immaterial.

The impact on per share data is stated on the below Note 31. Per Share Data.

m. Accounting Pronouncements Issued But Not Yet Adopted—The Bank plans to adopt the “Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, released on March 28, 2016), as follows:

- Overview

The Guidance is basically a continuation of accounting treatments for recoverability of deferred tax assets prescribed within the JICPA Audit Committee Report No. 66, the “Audit Treatment of Judgments with Regard to Recoverability of Deferred Tax Assets,” but certain changes were made.

- Planned Effective Dates

The Bank will adopt the Guidance at the beginning of the fiscal year starting on April 1, 2016.

- Effect of Adopting this Accounting Standard and Guidance

The Bank is currently evaluating the effect of adopting the Guidance.

3. Foreign Exchanges

Foreign exchanges as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Assets:			
Due from foreign banks	¥25,309	¥49,307	\$224,617
Foreign bills bought and foreign exchanges purchased	19	25	168
Total	¥25,328	¥49,332	\$224,786
Liabilities:			
Foreign bills payable	¥ 338	¥ 266	\$ 3,006
Total	¥ 338	¥ 266	\$ 3,006

4. Other Assets

Other assets as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Domestic exchange settlement accounts—debit	¥ 15,387	¥ 17,970	\$ 136,556
Prepaid expenses	4,183	5,632	37,123
Accrued income	274,678	308,773	2,437,686
Derivatives other than trading	160,483	69,911	1,424,243
Advance payments of funds necessary for delivery of deposits in bank agency services	940,000	1,020,000	8,342,208
Other	178,583	181,624	1,584,876
Total	¥1,573,316	¥1,603,912	\$13,962,694

5. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Buildings	¥115,386	¥109,227	\$1,024,018
Land	59,034	59,034	523,916
Construction in progress	7,638	3,911	67,793
Other tangible fixed assets	155,409	163,917	1,379,211
Subtotal	337,469	336,091	2,994,940
Accumulated depreciation	154,736	156,157	1,373,241
Total	¥182,733	¥179,933	\$1,621,699

6. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Software	¥106,017	¥101,680	\$ 940,876
Other intangible fixed assets	13,959	8,449	123,888
Subtotal	119,977	110,129	1,064,765
Accumulated depreciation	75,112	62,157	666,597
Total	¥ 44,865	¥ 47,971	\$ 398,167

7. Customers' Liabilities for Acceptances and Guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" is shown on the assets side of the balance sheets, representing the Bank's right of indemnity from the applicants.

8. Assets Pledged as Collateral

Assets pledged as collateral and their relevant liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Assets pledged as collateral:			
Securities	¥31,168,369	¥34,123,289	\$276,609,600
Liabilities corresponding to assets pledged as collateral:			
Deposits	18,983,827	22,088,270	168,475,571
Payables under repurchase agreements	554,522	—	4,921,212
Payables under securities lending transactions	13,123,558	13,570,198	116,467,503
Acceptances and guarantees	75,000	95,000	665,601

In addition, the settlement accounts of Bank of Japan overdrafts, exchange settlement transactions, or derivative transactions were collateralized, and margins for future transactions were substituted by securities of ¥4,264,448 million (\$37,845,659 thousand) and ¥4,907,935 million as of March 31, 2016 and 2015, respectively.

“Other assets” included guarantee deposits of ¥1,932 million (\$17,149 thousand) and ¥1,523 million, as of March 31, 2016 and 2015 and pledged margins of ¥7,716 million (\$68,485 thousand) as of March 31, 2016, respectively.

9. Deposits

Deposits as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Transfer deposits	¥ 13,874,601	¥ 11,747,374	\$ 123,132,777
Ordinary deposits	47,465,923	46,140,042	421,245,323
Savings deposits	388,475	393,443	3,447,596
Time deposits	11,441,153	13,569,920	101,536,684
Special deposits*	18,967,503	22,072,518	168,330,702
TEIGAKU deposits**	85,550,160	83,583,379	759,231,105
Other deposits	184,168	204,097	1,634,437
Total	¥177,871,986	¥177,710,776	\$1,578,558,628

*“Special deposits” represent deposits received from the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency.

**“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.

Note: “Transfer deposits” correspond to “Current deposits” and “TEIGAKU deposits” to “Other deposits” in liabilities in accordance with the “Ordinance for the Enforcement of the Banking Act.”

10. Other Liabilities

Other liabilities as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Domestic exchange settlement accounts—credit	¥ 21,341	¥ 22,498	\$ 189,398
Income taxes payable	45,370	35,121	402,651
Accrued expenses	1,526,248	1,393,247	13,544,981
Unearned income	72	89	647
Derivatives other than trading	778,128	1,036,631	6,905,648
Asset retirement obligations	396	368	3,519
Accounts payable	131,679	1,059,611	1,168,613
Other	29,682	28,549	263,425
Total	¥2,532,920	¥3,576,119	\$22,478,886

11. Contingent Liabilities

The Bank has contractual obligations to make future payments on consignment contracts for system-related services (such as usage of hardware, software, telecommunication services, and maintenance). The details as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
One year or less	¥2,173	¥3,928	\$19,290
Over one year	139	3,439	1,236
Total	¥2,312	¥7,368	\$20,526

12. Capital Stock

Capital stock consists of common stock. Common stock as of March 31, 2016 and 2015 were as follows:

	Number of shares			
	2016		2015	
	Authorized	Issued	Authorized	Issued
Common stock	18,000,000,000	4,500,000,000	600,000,000	150,000,000

Note: The Bank conducted a stock split effective on August 1, 2015, under which each share of common stock was split into 30 shares.

13. Other Operating Income

Other operating income for the fiscal years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Gains on foreign exchanges	¥ —	¥ 9,300	\$ —
Gains on sales of bonds	12,953	1,494	114,959
Income from derivatives other than for trading or hedging	—	15	—
Total	¥12,953	¥10,809	\$114,959

14. Other Income

Other income for the fiscal years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Reversal of reserve for possible loan losses	¥ 0	¥ 39	\$ 3
Recoveries of written-off claims	39	43	352
Gains on sales of stocks and other securities	3,232	—	28,683
Gains on money held in trust	93,868	43,151	833,053
Gains on sales and disposals of fixed assets	—	3,008	—
Other	4,656	11,431	41,324
Total	¥101,797	¥57,675	\$903,417

15. Other Operating Expenses

Other operating expenses for the fiscal years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Losses on foreign exchanges	¥ 1,471	¥ —	\$ 13,060
Losses on sales of bonds	11,107	5,480	98,573
Losses on redemption of bonds	—	606	—
Expenses from derivatives other than for trading or hedging	497	—	4,415
Total	¥13,076	¥6,086	\$116,048

16. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2016 and 2015 included the following expenses:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Commissions on bank agency services, etc. paid to JAPAN POST Co., Ltd.	¥609,431	¥602,446	\$5,408,512
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	64,465	103,695	572,110

17. Other Expenses

Other expenses for the fiscal years ended March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Losses on money held in trust	¥ 0	¥ —	\$ 4
Losses on sales and disposals of fixed assets	1,103	1,446	9,795
Losses on impairment of fixed assets	5	17	49
Other	3,099	1,989	27,505
Total	¥4,209	¥3,453	\$37,354

18. Shareholders' Equity

The Corporate Law of Japan requires that all shares of capital stock be issued with no par value and at least 50% of the amount paid of new shares is required to be recorded as capital stock and the remaining net proceeds as legal capital surplus, which is included in capital surplus. The Banking Act of Japan provides that an amount equal to at least 20% of cash dividends and other cash appropriations shall be reserved as legal retained earnings or legal capital surplus until the total amount of them equals 100% of capital stock. Legal retained earnings and legal capital surplus that could be used to eliminate or reduce a deficit, or could be capitalized, generally require a resolution of the shareholders' meeting. All legal retained earnings and legal capital surplus are potentially available for dividends. The Corporate Law of Japan permits Japanese companies, upon approval of the board of directors, to issue shares to existing shareholders without consideration by way of a stock split. Such issuance of shares generally does not give rise to changes within shareholders' accounts.

The Corporate Law of Japan allows Japanese companies to purchase treasury stock and dispose of such treasury stock upon approval of the board of directors. The aggregate purchased amount of treasury stock cannot exceed the amount available for future dividends.

The maximum amount that the Bank is able to distribute as dividends subject to the approval of the shareholders is calculated based on the non-consolidated financial statements of the Bank in accordance with the Corporate Law of Japan.

Type and number of shares issued and treasury stock for the fiscal year ended March 31, 2016 were as follows:

	Thousand shares				Notes
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	
Shares issued					
Common stock	150,000	4,350,000	—	4,500,000	(*)(**)
Treasury stock					
Common stock	25,017	725,507	—	750,525	(*)(***)

* The Bank conducted a stock split effective on August 1, 2015, under which each share of common stock was split into 30 shares.

** An increase of 4,350,000 thousand issued shares of common stock is due to a stock split.

*** An increase of 725,507 thousand shares of treasury stock of common stock is due to a stock split.

Type and number of shares issued and treasury stock for the fiscal year ended March 31, 2015 were as follows:

	Thousand shares				Notes
	Number of shares at the beginning of the fiscal year	Increase	Decrease	Number of shares at the end of the fiscal year	
Shares issued					
Common stock	150,000	—	—	150,000	—
Treasury stock					
Common stock	—	25,017	—	25,017	(*)

*An increase of the treasury stock of 25,017 thousand shares is due to the part of the capital strategy of JAPAN POST GROUP by JAPAN POST HOLDINGS Co., Ltd. The Bank's board of directors made a decision on September 18, 2014 to repurchase the Bank's own shares from JAPAN POST HOLDINGS Co., Ltd. as of September 30, 2014, given that the same decision was made at the Bank's shareholders' meeting on September 17, 2014.

Dividends distributed during the fiscal year ended March 31, 2016

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends (Thousands of U.S. dollars)	Cash dividends per share (Yen)	Cash dividends per share (U.S. dollars)	Record date	Effective date
May 11, 2015 at the meeting of the Board of Directors	Common stock	¥184,717	\$1,639,313	¥1,477.95	\$13.11	March 31, 2015	May 12, 2015

Dividends distributed during the fiscal year ended March 31, 2015

Resolution	Type	Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
May 9, 2014 at the meeting of the Board of Directors	Common stock	¥93,987	¥626.58	March 31, 2014	May 12, 2014

Dividends with the record date within the fiscal years ended March 31, 2016 and 2015 and with the effective date coming after the end of the fiscal years

Resolution	Type	2016					Record date	Effective date
		Cash dividends (Millions of yen)	Cash dividends (Thousands of U.S. dollars)	Resource of dividends	Cash dividends per share (Yen)	Cash dividends per share (U.S. dollars)		
May 13, 2016 at the meeting of the Board of Directors	Common stock	¥93,736	\$831,885	Retained earnings	¥25.00	\$0.22	March 31, 2016	June 22, 2016

Resolution	Type	2015				
		Cash dividends (Millions of yen)	Cash dividends per share (Yen)	Resource of dividends	Record date	Effective date
May 11, 2015 at the meeting of the Board of Directors	Common stock	¥184,717	¥1,477.95	Retained earnings	March 31, 2015	May 12, 2015

19. Cash and Cash Equivalents

The reconciliation between cash and cash equivalents in the statements of cash flows and cash and due from banks in the balance sheets as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash and due from banks	¥45,895,068	¥33,301,050	\$407,304,479
Due from banks, –negotiable certificates of deposit in other banks	(85,000)	(705,000)	(754,348)
Cash and cash equivalents	¥45,810,068	¥32,596,050	\$406,550,131

20. Leases

Operating lease transactions:

Future lease payments on non-cancelable operating leases as of March 31, 2016 and 2015 were as follows:

(Lessees)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	¥ 405	¥ 422	\$ 3,600
Due over one year	1,641	2,104	14,570
Total	¥2,047	¥2,526	\$18,171

(Lessors)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Due within one year	¥20	¥20	\$180
Due over one year	40	61	361
Total	¥61	¥81	\$542

21. Securities

As of the end of the fiscal years ended March 31, 2016 and 2015, Japanese government bonds include ¥100,126 million (\$888,590 thousand) and ¥301,181 million of secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions).

Among the securities borrowed under the contract of loan for consumption (securities borrowing transactions) and those borrowed with cash collateral under securities lending agreements, that the Bank had the right to sell or pledge without restrictions, the Bank held ¥7,936,347 million (\$70,432,621 thousand) and ¥8,377,060 million of securities neither sold nor pledged as of March 31, 2016 and 2015.

22. Financial Instruments

a. Notes related to the conditions of financial instruments

(1) Policy for handling financial instruments

The Bank's operations comprise deposit-taking up to designated limits, syndicated loans and other lending, securities investment, domestic and foreign exchange, retail sales of Japanese government bonds, investment trusts, and insurance products, intermediary services including mortgages, and credit card operations.

The Bank raises funds primarily through deposits from individuals, and subsequently manages those funds by investing in securities including Japanese bonds, which consist of Japanese government bonds, etc., and foreign bonds, etc., as well as by making loans. Most of these financial assets and liabilities are subject to price fluctuations associated with interest rate movements and other risks, making it necessary to manage them so that future interest rate and foreign exchange rate movements do not have a negative impact on the Bank including affecting the stability of its earnings. The Bank therefore strives to appropriately manage its earnings and risks using integrated asset-liability management (ALM), and as part of this, engages in derivative transactions including interest rate swaps, currency swaps and others.

Since its incorporation in October 2007, the Bank has diversified its earnings sources through investment diversification and consequently the outstanding amount of financial assets with credit risk has steadily grown. However, these investments are made with careful regard to the securities in which the Bank invests and the amount invested so that the occurrence of a credit risk event or other factors will not result in excessive losses.

(2) Details of financial instruments and associated risks

The financial assets held by the Bank are securities including Japanese bonds, which consist of Japanese government bonds, etc., and foreign bonds, etc. These financial assets contain credit risk with regard to the issuer and risks associated with interest rate fluctuations, market price movements, and other factors. Financial assets also include loans and equity investments via money held in trust, but the amounts of these investments are less than those of bonds and other securities.

From the viewpoint of the Bank's ALM, the Bank utilizes interest rate swaps as hedging instruments for interest rate-related instruments to avoid the risks of changes in future economic values and interest rates (cash flows) of securities, loans, and time deposits on fluctuations of the yen interest rate. For currency-related instruments, the Bank utilizes currency swaps and others as hedging instruments to avoid the risk of foreign exchange fluctuations in connection with the translation of foreign currency-denominated securities held by the Bank and related yen translation amounts of redemption of principal and interest.

Derivatives which meet certain requirements are accounted for by the hedge accounting method to control the effect on financial accounting within a fixed range when utilizing derivatives for hedging purposes.

The hedging instruments, the hedged items, the hedging policy, and the way to evaluate the effectiveness of hedges are included in “h. Derivatives and Hedging Activities” of Note 2. Summary of Accounting Policies.

(3) Risk management structure for financial instruments

a) Basic policy

The Executive Committee has established special advisory committees, the Risk Management Committee and the ALM Committee, to handle risk management responsibilities. These advisory committees submit risk management reports based on the nature of each risk and discuss risk management policies and measures.

b) Credit risk

The Bank manages credit risk using Value at Risk (VaR: a statistical method that identifies the maximum loss possible based on designated probabilities in the financial assets and liabilities held) based on internal guidelines to quantitatively measure the amount of credit risk. The Bank sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of credit risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

In order to control credit concentration, the Bank has set credit limits for individual companies and corporate groups according to their creditworthiness, as well as credit guidelines for countries and areas, and monitors the portfolios in an appropriate manner by adhering to these limits and guidelines. The Risk Management Department oversees the Bank's internal credit rating system, self-assessments of loans, and other credit risk management activities. The Credit Department assigns internal credit ratings, monitors borrower status, watches large borrowers, and judges individual loans.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the credit risk management structure, and matters related to the implementation of credit risk management.

c) Market risk

As per the Bank's ALM policy, the Bank makes investments in instruments including Japanese and foreign bonds and equities as part of its banking operations, and these investments may therefore be affected by interest rate, exchange rate, share price and other fluctuations. However, based on internal guidelines regarding market risk management, the Bank measures the amount of market risk using the VaR statistical method. The Bank sets appropriate risk limits to reflect risk capital allocations and then ensures the amounts of market risk do not exceed its limits based on its financial strength, which is driven by a number of factors including capital.

The main financial instruments held by the Bank or transactions undertaken by the Bank that are affected by changes in variable components of major market risk (interest rates, currency exchange rates, stock prices) are call loans, monetary claims bought, money held in trust, securities, loans, deposits and derivative transactions.

The Bank measures and manages market risk using the VaR method. For its market risk measurement model, the Bank uses a historical simulation method (holding period of 240 operating days (one year); confidence interval of 99%; and observation period of 1,200 operating days (five years)). For liability measurement, the Bank uses its own internal model.

As of March 31, 2016 and 2015, the Bank calculates the amounts of its market risk volume (estimated potential losses from such risk) as ¥1,790,459 million (\$15,889,768 thousand) and ¥1,866,712 million, respectively. VaR provides the major market risk exposure which is statistically calculated under certain probability based on historical market fluctuations. Thus, it may not capture fully the risk stemming from extraordinary changes in the market environment that are normally considered improbable. To complement such risks, the Bank conducts stress testing using a variety of scenarios.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the market risk management structure, and matters related to the implementation of market risk management.

In addition, the Bank has a distinctive asset and liability structure, with Japanese government bonds accounting for the majority of its assets and TEIGAKU deposits for a majority of its liabilities. Recognizing the importance of the impact of interest rate risk on the Bank's profit structure, the Bank closely monitors and carefully controls interest rate risk by performing earnings simulations based on various market scenarios as part of its ALM.

Policy with regard to its ALM is discussed and determined at meetings of the Executive Committee, and the status of its implementation is reported to the ALM Committee and the Executive Committee.

The Bank manages market risk that arises from derivative transactions by separating the responsibilities of executing transactions, evaluating the effectiveness of hedges and operational management, and by establishing an internal control structure, based on internal guidelines related to derivatives.

d) Funding liquidity risk

The Bank's funding liquidity risk management consists primarily of closely monitoring funding conditions and taking timely and appropriate actions. It then maintains appropriate liquidity reserves for unexpected fund outflows.

Through these steps, the Bank sets, monitors, and analyzes its funding liquidity indicators to ensure stable liquidity management.

The Risk Management Committee, the ALM Committee, and the Executive Committee regularly hold meetings to discuss matters related to the maintenance and management of the funding liquidity risk management structure and matters related to the implementation of funding liquidity risk management.

(4) Supplementary explanation of items related to the fair value of financial instruments

The Bank determines the fair value of financial instruments based on the market price, but could use a rational estimate in cases where a market price does not exist. Various assumptions are used in these price estimates, and these prices may differ based on different assumptions and other factors.

b. Notes related to the fair values of financial instruments

The amounts on the balance sheets, the fair values, and the differences between the two as of March 31, 2016 and 2015 were as follows.

	Millions of yen		
	2016		
	Amount on the balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 45,895,068	¥ 45,895,068	¥ —
(2) Call loans	978,837	978,837	—
(3) Receivables under securities borrowing transactions	7,923,229	7,923,229	—
(4) Monetary claims bought	178,509	178,509	—
(5) Trading account securities:			
Securities classified as trading purposes	187	187	—
(6) Money held in trust	3,561,110	3,561,110	—
(7) Securities:			
Held-to-maturity securities	52,052,553	54,232,814	2,180,260
Available-for-sale securities	92,022,889	92,022,889	—
(8) Loans:	2,542,049		
Reserve for possible loan losses*	(112)		
	2,541,936	2,618,044	76,107
Total assets	¥205,154,323	¥207,410,691	¥2,256,368
(1) Deposits	¥177,871,986	¥178,326,145	¥ 454,159
(2) Call money	22,536	22,536	—
(3) Payables under repurchase agreements	554,522	554,522	—
(4) Payables under securities lending transactions	13,123,558	13,123,558	—
Total liabilities	¥191,572,602	¥192,026,762	¥ 454,159
Derivative transactions**:			
For which hedge accounting is not applied	¥ (42)	¥ (42)	¥ —
For which hedge accounting is applied	(617,602)	(617,602)	—
Total derivative transactions	¥ (617,644)	¥ (617,644)	¥ —

	Millions of yen		
	2015		
	Amount on the balance sheet	Fair value	Difference
(1) Cash and due from banks	¥ 33,301,050	¥ 33,301,050	¥ —
(2) Call loans	1,961,526	1,961,526	—
(3) Receivables under securities borrowing transactions	8,374,084	8,374,084	—
(4) Monetary claims bought	122,032	122,032	—
(5) Trading account securities:			
Securities classified as trading purposes	104	104	—
(6) Money held in trust	3,491,637	3,491,637	—
(7) Securities:			
Held-to-maturity securities	66,474,578	68,695,383	2,220,804
Available-for-sale securities	89,694,278	89,694,278	—
(8) Loans:	2,783,985		
Reserve for possible loan losses*	(122)		
	2,783,863	2,862,727	78,864
Total assets	¥206,203,156	¥208,502,825	¥2,299,668
(1) Deposits	¥177,710,776	¥178,233,509	¥ 522,733
(2) Call money	—	—	—
(3) Payables under repurchase agreements	—	—	—
(4) Payables under securities lending transactions	13,570,198	13,570,198	—
Total liabilities	¥191,280,975	¥191,803,708	¥ 522,733
Derivative transactions**:			
For which hedge accounting is not applied	¥ 501	¥ 501	¥ —
For which hedge accounting is applied	(967,220)	(967,220)	—
Total derivative transactions	¥ (966,719)	¥ (966,719)	¥ —

	Thousands of U.S. dollars		
	2016		
	Amount on the balance sheet	Fair value	Difference
(1) Cash and due from banks	\$ 407,304,479	\$ 407,304,479	\$ —
(2) Call loans	8,686,876	8,686,876	—
(3) Receivables under securities borrowing transactions	70,316,199	70,316,199	—
(4) Monetary claims bought	1,584,213	1,584,213	—
(5) Trading account securities:			
Securities classified as trading purposes	1,665	1,665	—
(6) Money held in trust	31,603,750	31,603,750	—
(7) Securities:			
Held-to-maturity securities	461,950,248	481,299,385	19,349,137
Available-for-sale securities	816,674,563	816,674,563	—
(8) Loans:	22,559,900		
Reserve for possible loan losses*	(999)		
	22,558,901	23,234,330	675,429
Total assets	\$1,820,680,898	\$1,840,705,464	\$20,024,566
(1) Deposits	\$1,578,558,628	\$1,582,589,152	\$ 4,030,523
(2) Call money	200,000	200,000	—
(3) Payables under repurchase agreements	4,921,212	4,921,212	—
(4) Payables under securities lending transactions	116,467,503	116,467,503	—
Total liabilities	\$1,700,147,344	\$1,704,177,868	\$ 4,030,523
Derivative transactions**:			
For which hedge accounting is not applied	\$ (378)	\$ (378)	\$ —
For which hedge accounting is applied	(5,481,026)	(5,481,026)	—
Total derivative transactions	\$ (5,481,404)	\$ (5,481,404)	\$ —

*Reserve for possible loan losses is the general reserve for possible loan losses corresponding to loans.

**Figures are total derivative transactions recorded as other assets or other liabilities.

The net amount is shown for net claims and obligations arising from derivative transactions, with totals that are net obligations shown in parentheses.

Hedges covered by designation of foreign exchange forward contracts, etc., are treated as being an inseparable part of the foreign securities being hedged, and their fair value is therefore included in that of corresponding foreign securities.

Valuation methodology for financial instruments

Assets

(1) Cash and due from banks

The fair value of due from banks that do not have a maturity date is approximately the same as their book value, and therefore the Bank uses the book value as the fair value. For due from banks that have a maturity date, their contract tenors are short term (within one year) and their fair value is approximately the same as the book value, and therefore the Bank uses the book value as the fair value.

(2) Call loans, (3) Receivables under securities borrowing transactions

Contract tenors are short term (within one year) and the fair value is approximately the same as the book value, and therefore the Bank uses the book value as the fair value.

(4) Monetary claims bought

The Bank uses the price provided by a broker, etc., as the fair value.

(5) Trading account securities

The Bank uses the purchase price provided by the Bank of Japan as the fair value.

(6) Money held in trust

For invested securities representing trust assets in money held in trust, the Bank uses the price at the exchange market for equities and the Reference Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association for bonds as the fair value.

Notes pertaining to money held in trust by holding purpose are included in the below "h. Money held in trust" of Note 23. Fair Value Information.

(7) Securities

For bonds, the Bank uses the price at the exchange market, the Reference Prices [Yields] for OTC Bond Transactions published by the Japan Securities Dealers Association, and the comparable price method, or the price provided by a broker, etc., as the fair value. The Bank uses the funds' unit price for investment trust as the fair value.

Notes pertaining to securities by holding purpose are included in the below Note 23. Fair Value Information for Securities.

(8) Loans

Loans with floating interest rates reflect market interest rates within the short term. Unless a borrower's credit standing has changed significantly after the loan was originated, the fair value is approximately the same as the book value, and therefore the Bank uses the book value as the fair value. For fixed-rate loans, the Bank calculates the fair value for each loan based on total principal and interest amounts discounted at the interest rate that reflects the remaining tenor and credit risk of the borrower.

For loans that are limited to within a designated percentage of the amount of pledged assets, such as loans secured by deposit, the fair value is approximately the same as the book value based on the repayment period, interest rate conditions, etc., and therefore the Bank uses the book value as the fair value.

Liabilities

(1) Deposits

For demand deposits including transfer deposits and ordinary deposits, the Bank uses the amount that might be paid on demand at the balance sheet date (the book value) as the fair value.

For fixed-term deposits including time deposits and TEIGAKU deposits, the Bank classifies the deposits by specified tenors and then calculates the present value by discounting the projected future cash flow. In addition, for TEIGAKU deposits, the projected future cash flow reflects an early cancellation rate calculated using historical results. The Bank uses the interest rates on newly accepted fixed-term deposits as the discount rate.

(2) Call money, (3) Payables under repurchase agreements, (4) Payables under securities lending transactions

Contract tenors are short term (within one year) and the fair value is approximately the same as the book value, and therefore the Bank uses the book value as the fair value.

Derivative transactions

Derivative transactions consist of interest rate-related instruments (interest rate swaps) and currency-related instruments (foreign exchange forward contracts, currency swaps), and the Bank calculates the fair value using the discounted present value.

The amount on the balance sheet of financial instruments for which the Bank deems it extremely difficult to determine a fair value as of March 31, 2016 and 2015 were as follows. The fair value information for these financial instruments is not included in "Assets (7) Securities."

Type	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unlisted stocks	¥1,390	¥935	\$12,338

Scheduled redemption amounts of monetary claims and securities with a maturity date subsequent to the fiscal years ended March 31, 2016 and 2015 were as follows:

	Millions of yen					
	2016					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Due from banks	¥45,744,305	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans	978,837	—	—	—	—	—
Receivables under securities borrowing transactions	7,923,229	—	—	—	—	—
Monetary claims bought	231	59,492	58,419	13,967	4,127	40,682
Securities:	20,452,422	28,312,168	26,576,377	26,177,950	11,123,454	3,136,305
Held-to-maturity securities:	13,722,776	13,345,184	7,475,531	15,010,261	2,491,809	—
Japanese government bonds	12,568,440	11,348,000	6,941,500	14,981,100	2,053,300	—
Japanese local government bonds	296,662	44,622	—	—	—	—
Japanese corporate bonds	825,840	1,920,084	501,598	29,161	438,509	—
Other securities	31,833	32,478	32,433	—	—	—
Available-for-sale securities (with maturity date):	6,729,646	14,966,983	19,100,846	11,167,689	8,631,645	3,136,305
Japanese government bonds	3,298,483	5,753,061	8,608,120	7,337,310	5,732,365	1,779,800
Japanese local government bonds	207,833	1,274,172	2,177,768	878,892	751,957	29,510
Japanese corporate bonds	565,759	1,943,469	1,992,846	502,526	428,600	1,226,708
Other securities	2,657,571	5,996,279	6,322,111	2,448,959	1,718,723	100,286
Loans	639,309	666,103	565,443	297,496	259,503	110,902
Total	¥75,738,336	¥29,037,763	¥27,200,240	¥26,489,414	¥11,387,085	¥3,287,890

	Millions of yen					
	2015					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Due from banks	¥33,164,580	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans	1,961,526	—	—	—	—	—
Receivables under securities borrowing transactions	8,374,084	—	—	—	—	—
Monetary claims bought	7	24,768	47,139	15,113	5,224	28,635
Securities:	24,695,223	42,107,891	26,056,732	20,408,796	23,231,576	3,209,629
Held-to-maturity securities:	14,431,995	20,899,402	10,887,190	9,031,200	11,197,770	—
Japanese government bonds	12,990,000	18,779,940	9,351,100	9,031,200	10,730,100	—
Japanese local government bonds	403,851	341,284	—	—	—	—
Japanese corporate bonds	998,290	1,713,866	1,503,657	—	467,670	—
Other securities	39,853	64,311	32,433	—	—	—
Available-for-sale securities (with maturity date):	10,263,228	21,208,489	15,169,542	11,377,596	12,033,806	3,209,629
Japanese government bonds	6,128,818	13,940,178	5,829,696	7,068,912	9,492,924	1,887,000
Japanese local government bonds	597,668	722,433	1,513,918	1,231,729	510,673	31,608
Japanese corporate bonds	1,044,432	1,081,430	1,923,685	667,825	296,200	1,122,007
Other securities	2,492,309	5,464,448	5,902,241	2,409,128	1,734,008	169,014
Loans	706,403	718,947	606,119	309,032	293,342	145,921
Total	¥68,901,827	¥42,851,606	¥26,709,991	¥20,732,942	¥23,530,143	¥3,384,186

	Thousands of U.S. dollars					
	2016					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Due from banks	\$405,966,504	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans	8,686,876	—	—	—	—	—
Receivables under securities borrowing transactions	70,316,199	—	—	—	—	—
Monetary claims bought	2,050	527,975	518,456	123,959	36,626	361,041
Securities:	181,508,899	251,261,701	235,857,096	232,321,176	98,717,207	27,833,740
Held-to-maturity securities:	121,785,376	118,434,369	66,343,015	133,211,403	22,114,030	—
Japanese government bonds	111,541,001	100,709,975	61,603,656	132,952,609	18,222,399	—
Japanese local government bonds	2,632,783	396,006	—	—	—	—
Japanese corporate bonds	7,329,080	17,040,156	4,451,526	258,794	3,891,631	—
Other securities	282,512	288,232	287,832	—	—	—
Available-for-sale securities (with maturity date):	59,723,522	132,827,331	169,514,080	99,109,772	76,603,176	27,833,740
Japanese government bonds	29,273,014	51,056,637	76,394,393	65,116,347	50,872,962	15,795,172
Japanese local government bonds	1,844,453	11,307,885	19,327,017	7,799,898	6,673,389	261,892
Japanese corporate bonds	5,020,936	17,247,691	17,685,894	4,459,770	3,803,691	10,886,660
Other securities	23,585,118	53,215,116	56,106,774	21,733,756	15,253,133	890,015
Loans	5,673,676	5,911,457	5,018,134	2,640,189	2,303,013	984,229
Total	\$672,154,207	\$257,701,134	\$241,393,687	\$235,085,325	\$101,056,847	\$29,179,011

Scheduled repayment amounts of interest-bearing liabilities subsequent to fiscal years ended March 31, 2016 and 2015 were as follows:

	Millions of yen					
	2016					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits*	¥81,802,034	¥30,948,556	¥20,184,082	¥18,310,254	¥26,627,057	¥—
Call money	22,536	—	—	—	—	—
Payables under repurchase agreements	554,522	—	—	—	—	—
Payables under securities lending transactions	13,123,558	—	—	—	—	—
Total	¥95,502,651	¥30,948,556	¥20,184,082	¥18,310,254	¥26,627,057	¥—

	Millions of yen					
	2015					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits*	¥74,857,459	¥25,572,162	¥20,968,406	¥28,693,665	¥27,619,083	¥—
Payables under securities lending transactions	13,570,198	—	—	—	—	—
Total	¥88,427,658	¥25,572,162	¥20,968,406	¥28,693,665	¥27,619,083	¥—

	Thousands of U.S. dollars					
	2016					
	One Year or Less	> One and ≤ Three Years	> Three and ≤ Five Years	> Five and ≤ Seven Years	> Seven and ≤ Ten Years	Over Ten Years
Deposits*	\$725,967,649	\$274,658,828	\$179,127,463	\$162,497,822	\$236,306,865	\$—
Call money	200,000	—	—	—	—	—
Payables under repurchase agreements	4,921,212	—	—	—	—	—
Payables under securities lending transactions	116,467,503	—	—	—	—	—
Total	\$847,556,365	\$274,658,828	\$179,127,463	\$162,497,822	\$236,306,865	\$—

*Demand deposits are included in "One Year or Less."

23. Fair Value Information

The fair value information of securities was as follows.

Securities discussed here include trading account securities, negotiable certificates of deposit recorded under cash and due from banks, monetary claims bought, as well as Japanese government bonds, Japanese local government bonds, Japanese corporate bonds, and other securities listed on the balance sheets.

a. Trading account securities

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the statements of income for the fiscal years ended March 31, 2016 and 2015.

b. Held-to-maturity securities

		Millions of yen		
		2016		
	Type	Amount on the balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the balance sheet	Japanese government bonds	¥47,897,398	¥49,960,430	¥2,063,032
	Japanese local government bonds	341,147	345,102	3,954
	Japanese corporate bonds	3,714,191	3,824,895	110,703
	Others:	96,744	127,414	30,670
	Foreign bonds	96,744	127,414	30,670
	Total	52,049,482	54,257,843	2,208,360
Those for which the fair value does not exceed the amount on the balance sheet	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	3,071	3,070	(1)
	Others:	—	—	—
	Foreign bonds	—	—	—
	Total	3,071	3,070	(1)
Total		¥52,052,553	¥54,260,913	¥2,208,359

		Millions of yen		
		2015		
	Type	Amount on the balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the balance sheet	Japanese government bonds	¥60,906,077	¥62,974,374	¥2,068,297
	Japanese local government bonds	744,647	757,388	12,740
	Japanese corporate bonds	4,322,636	4,457,149	134,512
	Others:	136,597	189,458	52,860
	Foreign bonds	136,597	189,458	52,860
	Total	66,109,959	68,378,371	2,268,411
Those for which the fair value does not exceed the amount on the balance sheet	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	364,619	364,584	(34)
	Others:	—	—	—
	Foreign bonds	—	—	—
	Total	364,619	364,584	(34)
Total		¥66,474,578	¥68,742,956	¥2,268,377

		Thousands of U.S. dollars		
		2016		
	Type	Amount on the balance sheet	Fair value	Difference
Those for which the fair value exceeds the amount on the balance sheet	Japanese government bonds	\$425,074,534	\$443,383,303	\$18,308,769
	Japanese local government bonds	3,027,578	3,062,673	35,095
	Japanese corporate bonds	32,962,298	33,944,762	982,463
	Others:	858,577	1,130,764	272,187
	Foreign bonds	858,577	1,130,764	272,187
	Total	461,922,988	481,521,504	19,598,515
Those for which the fair value does not exceed the amount on the balance sheet	Japanese government bonds	—	—	—
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	27,259	27,247	(11)
	Others:	—	—	—
	Foreign bonds	—	—	—
	Total	27,259	27,247	(11)
Total		\$461,950,248	\$481,548,752	\$19,598,504

c. Investments in subsidiaries and affiliates

As of March 31, 2016 and 2015, there were no investments in subsidiaries.

The securities of affiliates (¥1,385 million (\$12,291 thousand) as of March 31, 2016 and ¥935 million as of March 31, 2015) were all unlisted, and did not have a market price. Since it was extremely difficult to determine a fair value for the securities, the fair value and different amounts were not disclosed.

d. Available-for-sale securities whose fair value is available

		Millions of yen		
		2016		
	Type	Amount on the balance sheet	Acquisition cost	Difference (Note 1)
Those for which the amount on the balance sheet exceeds the acquisition cost	Bonds:	¥46,170,593	¥44,130,814	¥2,039,779
	Japanese government bonds	34,347,751	32,602,907	1,744,843
	Japanese local government bonds	5,310,013	5,183,963	126,049
	Japanese corporate bonds	6,512,828	6,343,942	168,886
	Others:	24,013,886	21,735,717	2,278,168
	Foreign bonds	15,212,996	13,060,269	2,152,726
	Investment trusts (Note 2)	8,717,363	8,593,353	124,009
	Total	70,184,479	65,866,532	4,317,947
Those for which the amount on the balance sheet does not exceed the acquisition cost	Bonds:	553,471	555,415	(1,944)
	Japanese government bonds	10,504	10,594	(90)
	Japanese local government bonds	205,348	205,654	(305)
	Japanese corporate bonds	337,618	339,167	(1,548)
	Others:	21,548,447	21,991,967	(443,519)
	Foreign bonds	4,519,763	4,704,621	(184,858)
	Investment trusts (Note 2)	16,803,603	17,055,683	(252,080)
	Total	22,101,919	22,547,383	(445,464)
Total		¥92,286,398	¥88,413,915	¥3,872,483

		Millions of yen		
		2015		
	Type	Amount on the balance sheet	Acquisition cost	Difference (Note 1)
Those for which the amount on the balance sheet exceeds the acquisition cost	Bonds:	¥52,716,400	¥51,072,342	¥1,644,058
	Japanese government bonds	42,770,872	41,387,059	1,383,812
	Japanese local government bonds	4,496,637	4,377,102	119,535
	Japanese corporate bonds	5,448,890	5,308,180	140,710
	Others:	30,315,529	26,833,415	3,482,114
	Foreign bonds	17,257,138	14,067,503	3,189,634
	Investment trusts (Note 2)	12,953,121	12,682,650	270,471
	Total	83,031,930	77,905,757	5,126,172
Those for which the amount on the balance sheet does not exceed the acquisition cost	Bonds:	4,220,819	4,225,819	(5,000)
	Japanese government bonds	3,090,097	3,091,876	(1,778)
	Japanese local government bonds	283,831	284,395	(563)
	Japanese corporate bonds	846,889	849,547	(2,657)
	Others:	3,268,561	3,313,172	(44,610)
	Foreign bonds	1,423,970	1,462,769	(38,799)
	Investment trusts (Note 2)	1,014,595	1,020,159	(5,564)
	Total	7,489,380	7,538,991	(49,610)
Total		¥90,521,311	¥85,444,748	¥5,076,562

		Thousands of U.S. dollars		
		2016		
	Type	Amount on the balance sheet	Acquisition cost	Difference (Note 1)
Those for which the amount on the balance sheet exceeds the acquisition cost	Bonds:	\$409,749,676	\$391,647,269	\$18,102,406
	Japanese government bonds	304,825,624	289,340,679	15,484,944
	Japanese local government bonds	47,124,719	46,006,068	1,118,650
	Japanese corporate bonds	57,799,332	56,300,521	1,498,811
	Others:	213,115,781	192,897,742	20,218,038
	Foreign bonds	135,010,616	115,905,835	19,104,780
	Investment trusts (Note 2)	77,363,891	76,263,341	1,100,549
	Total	622,865,457	584,545,012	38,320,445
Those for which the amount on the balance sheet does not exceed the acquisition cost	Bonds:	4,911,886	4,929,143	(17,257)
	Japanese government bonds	93,224	94,025	(800)
	Japanese local government bonds	1,822,403	1,825,116	(2,713)
	Japanese corporate bonds	2,996,258	3,010,001	(13,743)
	Others:	191,235,780	195,171,881	(3,936,100)
	Foreign bonds	40,111,494	41,752,055	(1,640,560)
	Investment trusts (Note 2)	149,126,758	151,363,896	(2,237,138)
	Total	196,147,667	200,101,025	(3,953,358)
	Total	\$819,013,125	\$784,646,038	\$34,367,087

Notes: 1. Of the difference shown above, ¥35,341 million (\$313,640 thousand) losses and ¥591,487 million profit were included in the statements of income for the fiscal years ended March 31, 2016 and 2015, respectively, because of the application of fair value hedge accounting.

2. Investment trusts are mainly invested in foreign bonds.

3. Available-for-sale securities that are deemed to be extremely difficult to determine a fair value as of March 31, 2016 were as follows.

	Millions of yen	Thousands of U.S. dollars
	Amount on the balance sheet	Amount on the balance sheet
Investments in stocks	¥5	\$47

Since these securities did not have a market price and it was extremely difficult to determine a fair value, they are not included in "Available-for-sale securities whose fair value is available" shown above.

e. Held-to-maturity securities sold during the fiscal year

There were no held-to-maturity securities sold during the fiscal years ended March 31, 2016 and 2015.

f. Available-for-sale securities sold during the fiscal year

Available-for-sale securities sold during the fiscal years ended March 31, 2016 and 2015 consisted of the following:

		Millions of yen		
		2016		
	Type	Sales proceeds	Total realized gains	Total realized losses
Bonds:		¥8,750,645	¥ 6,357	¥ (681)
	Japanese government bonds	8,749,632	6,357	(594)
	Japanese corporate bonds	1,013	—	(86)
Others:		1,052,715	9,828	(10,426)
	Foreign bonds	902,605	6,596	(10,426)
	Investment trusts	150,109	3,232	—
	Total	¥9,803,360	¥16,185	¥(11,107)

Type	Millions of yen		
	2015		
	Sales proceeds	Total realized gains	Total realized losses
Bonds:	¥1,947,642	¥ 287	¥(5,393)
Japanese government bonds	1,945,276	287	(4,855)
Japanese corporate bonds	2,365	—	(538)
Others:	253,151	1,206	(86)
Foreign bonds	253,151	1,206	(86)
Total	¥2,200,793	¥1,494	¥(5,480)

Type	Thousands of U.S. dollars		
	2016		
	Sales proceeds	Total realized gains	Total realized losses
Bonds:	\$77,659,263	\$ 56,420	\$ (6,043)
Japanese government bonds	77,650,268	56,420	(5,276)
Japanese corporate bonds	8,994	—	(767)
Others:	9,342,519	87,221	(92,529)
Foreign bonds	8,010,347	58,538	(92,529)
Investment trusts	1,332,172	28,683	—
Total	\$87,001,782	\$143,642	\$(98,573)

g. Securities for which accounting for impairment was applied

For the securities (excluding trading securities) with market quotations, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Bank reduces its book value of securities to fair value on the balance sheet and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized. No impairment losses were recognized for the fiscal years ended March 31, 2016 and 2015.

The criteria for determining if a security's fair value shows a "substantial decline," as a general principle, are as follows:

- a) Bonds and bonds equivalent
 - Securities whose fair value is 70% or less than the acquisition cost
- b) Securities other than a)
 - Securities whose fair value is 50% or less than the acquisition cost, or
 - Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

h. Money held in trust

Fair value information of money held in trust was as follows.

The Bank did not hold money held in trust for the purpose of trading or held-to-maturity as of March 31, 2016 and 2015.

Money held in trust (excluding trading and held-to-maturity purposes) as of March 31, 2016 and 2015 were as follows:

	Millions of yen				
	2016				
	Amount on the balance sheet	Acquisition cost	Difference	Those for which the amount on the balance sheet exceeds the acquisition cost	Those for which the amount on the balance sheet does not exceed the acquisition cost
Money held in trust classified as:					
Available-for-sale	¥3,561,110	¥2,677,221	¥883,889	¥897,609	¥(13,720)

	Millions of yen				
	2015				
	Amount on the balance sheet	Acquisition cost	Difference	Those for which the amount on the balance sheet exceeds the acquisition cost	Those for which the amount on the balance sheet does not exceed the acquisition cost
Money held in trust classified as:					
Available-for-sale	¥3,491,637	¥2,320,742	¥1,170,895	¥1,173,132	¥(2,237)

	Thousands of U.S. dollars				
	2016				
	Amount on the balance sheet	Acquisition cost	Difference	Those for which the amount on the balance sheet exceeds the acquisition cost	Those for which the amount on the balance sheet does not exceed the acquisition cost
Money held in trust classified as:					
Available-for-sale	\$31,603,750	\$23,759,507	\$7,844,242	\$7,966,004	\$(121,761)

Notes: 1. The amount on the balance sheet is stated at the average market price of the final month for the fiscal year for equity securities and at the market price at the balance sheet date for other securities.

2. "Those for which the amount on the balance sheet exceeds the acquisition cost" and "Those for which the amount on the balance sheet does not exceed the acquisition cost" represent the breakdown of the "Difference" for the respective items.

i. Money held in trust for which accounting for impairment was applied

For money held in trust (excluding money held in trust for the purpose of trading) that are under management as trust assets, whose fair value shows a substantial decline from their acquisition cost and is not judged to recover to their acquisition cost, the Bank reduces its book value of securities to fair value on the balance sheet and charges valuation differences to income (hereafter "impairment losses") in the fiscal year in which they are recognized. Impairment losses for the fiscal years ended March 31, 2016 and 2015 amounted to ¥1,588 million (\$14,093 thousand) and ¥549 million, respectively.

The criteria for determining if a security's fair value shows a "substantial decline," as a general principle, are as follows:

- a) Bonds and bonds equivalent
 - Securities whose fair value is 70% or less than the acquisition cost
- b) Securities other than a)
 - Securities whose fair value is 50% or less than the acquisition cost, or
 - Securities whose fair value is 70% or less but over 50% of the acquisition cost and the market price continues to be less than a certain level

j. Unrealized gains (losses) on available-for-sale securities

Unrealized gains (losses) on available-for-sale securities as of March 31, 2016 and 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Valuation differences:	¥ 4,791,713	¥ 5,655,970	\$ 42,524,970
Available-for-sale securities	3,907,824	4,485,074	34,680,727
Available-for-sale money held in trust	883,889	1,170,895	7,844,242
Deferred tax assets (liabilities)	(1,468,886)	(1,831,326)	(13,035,912)
Unrealized gains (losses) on available-for-sale securities	¥ 3,322,827	¥ 3,824,643	\$ 29,489,057

Note: Of the difference shown above, ¥35,341 million (\$313,640 thousand) is included in the statement of income as losses for the fiscal year ended March 31, 2016 and ¥591,487 million is included in the statement of income as profit for the fiscal year ended March 31, 2015 because of the application of fair value hedge accounting.

24. Derivatives

a. Derivatives for which hedge accounting is not applied as of March 31, 2016 and 2015

For derivative transactions for which hedge accounting is not applied, the contract amounts at the balance sheet date for each type of underlying instrument, the principal equivalent amount stipulated in the contract, the fair value, unrealized gains or losses, and the valuation method are as follows. The amount shown as the contract amount, etc., does not show market risk related to the derivative transactions.

(1) Interest rate-related derivatives: None as of March 31, 2016 and 2015

(2) Currency-related derivatives

		Millions of yen			
		2016			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Foreign exchange forward contracts—bought	¥120,520	¥—	¥(42)	¥(42)
Total		—	—	¥(42)	¥(42)

		Millions of yen			
		2015			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Foreign exchange forward contracts—sold	¥ 7,230	¥—	¥ (16)	¥ (16)
	Foreign exchange forward contracts—bought	120,192	—	517	517
Total		—	—	¥501	¥501

		Thousands of U.S. dollars			
		2016			
Category	Type	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)	Unrealized gains/losses
OTC	Foreign exchange forward contracts—bought	\$1,069,585	\$—	\$(378)	\$(378)
Total		—	—	\$(378)	\$(378)

Notes: 1. The above instruments are stated at fair value and unrealized gains (losses) are charged to income or expenses in the statements of income.
2. The fair value is determined using the discounted cash flows.

(3) Equity-related derivatives: None as of March 31, 2016 and 2015

(4) Bond-related derivatives: None as of March 31, 2016 and 2015

(5) Commodity-related derivatives: None as of March 31, 2016 and 2015

(6) Credit derivatives: None as of March 31, 2016 and 2015

b. Derivatives for which hedge accounting is applied as of March 31, 2016 and 2015

For derivative instruments for which hedge accounting is applied, the contract amount at the balance sheet date for each type of underlying instruments for each hedge accounting method, the principal equivalent amount stipulated in the contract, the fair value, and the valuation method are as follows. The amount shown as the contract amount, etc., does not show market risk related to the derivative instruments.

(1) Interest rate-related derivatives

			Millions of yen		
			2016		
Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Interest rate swap instruments: Pay fixed swaps, receive floating swaps	Available-for-sale securities: (Japanese government bonds and foreign securities)	¥3,987,422	¥3,987,422	¥(417,964)
Total			—	—	¥(417,964)

Hedge accounting method	Type	Primary hedged instrument	Millions of yen		
			2015		
			Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Interest rate swap instruments: Pay fixed swaps, receive floating swaps	Available-for-sale securities: (Japanese government bonds and foreign securities)	¥2,940,067	¥2,940,067	¥(295,168)
Total			—	—	¥(295,168)

Hedge accounting method	Type	Primary hedged instrument	Thousands of U.S. dollars		
			2016		
			Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Interest rate swap instruments: Pay fixed swaps, receive floating swaps	Available-for-sale securities: (Japanese government bonds and foreign securities)	\$35,387,136	\$35,387,136	\$(3,709,308)
Total			—	—	\$(3,709,308)

Notes: 1. The deferred hedge accounting method is applied as the hedge accounting method for interest rate risks arising from financial assets and liabilities.
2. The fair value is determined using the discounted cash flows.

(2) Currency-related derivatives

Hedge accounting method	Type	Primary hedged instrument	Millions of yen		
			2016		
			Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Currency swap	Available-for-sale securities: (Foreign securities)	¥3,651,466	¥2,989,550	¥(200,332)
	Foreign exchange forward contracts—sold		80,937	58,775	(28,004)
Accounting method for recognizing gains and losses on hedged items	Foreign exchange forward contracts—sold	Available-for-sale securities: (Foreign securities)	2,686,330	—	28,699
Accounting method translating foreign currency receivables at forward rates	Currency swap	Held-to maturity securities: (Foreign securities)	59,220	59,220	(Note 3)
	Foreign exchange forward contracts—sold		39,121	5,863	
Total			—	—	¥(199,637)

Hedge accounting method	Type	Primary hedged instrument	Millions of yen		
			2015		
			Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Currency swap	Available-for-sale securities: (Foreign securities)	¥2,913,732	¥2,118,969	¥(676,266)
	Foreign exchange forward contracts—sold		153,648	80,937	(49,456)
	Foreign exchange forward contracts—bought		3,572	—	43
Accounting method for recognizing gains and losses on hedged items	Foreign exchange forward contracts—sold	Available-for-sale securities: (Foreign securities)	1,553,307	—	53,627
Accounting method translating foreign currency receivables at forward rates	Currency swap	Held-to maturity securities: (Foreign securities)	59,220	59,220	(Note 3)
	Foreign exchange forward contracts—sold		82,388	39,121	
Total			—	—	¥(672,051)

			Thousands of U.S. dollars		
			2016		
Hedge accounting method	Type	Primary hedged instrument	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value (Note 2)
Standard treatment	Currency swap	Available-for-sale securities: (Foreign securities)	\$32,405,631	\$26,531,334	\$(1,777,886)
	Foreign exchange forward contracts—sold		718,294	521,617	(248,534)
Accounting method for recognizing gains and losses on hedged items	Foreign exchange forward contracts—sold	Available-for-sale securities: (Foreign securities)	23,840,347	—	254,703
Accounting method translating foreign currency receivables at forward rates	Currency swap	Held-to maturity securities: (Foreign securities)	525,563	525,563	(Note 3)
	Foreign exchange forward contracts—sold		347,194	52,036	
Total			—	—	\$(1,771,718)

Notes: 1. The deferred hedge accounting method is primarily used to hedge the risk from market exchange rate fluctuations for foreign currency-denominated securities.
2. The fair value is determined using the discounted cash flows.
3. Derivatives under the accounting method translating foreign currency receivables at forward rates are treated as being an inseparable part of the securities being hedged, and their fair value is therefore included in that of the corresponding securities under Note 22. Financial Instruments.

(3) Equity-related derivatives: None as of March 31, 2016 and 2015

(4) Bond-related derivatives: None as of March 31, 2016 and 2015

25. Loans

There were no loans to bankrupt borrowers, non-accrual delinquent loans, past-due loans for three months or more, and restructured loans as of March 31, 2016 and 2015.

Loans to bankrupt borrowers refer to loans for which accrued interest is not recognized upon determination that collection or repayment of principal or interest is unlikely due to a delay in payment of principal or interest over a considerable period or for some other reasons (excluding the portion written down, hereinafter “non-accrual loans”) which satisfy the conditions stipulated in Article 96, Paragraph 1, Item 3, (a) through (e) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965) or Item 4 of the same Paragraph.

Non-accrual delinquent loans refer to non-accrual loans other than the loans to bankrupt borrowers and the loans for which interest payments are deferred with the objective of restructuring businesses of the borrowers or supporting them.

Past-due loans for three months or more refer to loans with principal or interest unpaid for three months or more after the day following the due date, excluding loans to bankrupt borrowers and non-accrual delinquent loans.

Restructured loans refer to loans of which terms and conditions have been amended in favor of the borrowers, such as by a reduction of the original interest rate, deferral of interest payments, extension of principal repayments or debt forgiveness, with the objective of restructuring businesses of the borrowers or supporting them, excluding the loans to bankrupt borrowers, non-accrual delinquent loans and past-due loans for three months or more.

Contracts of overdraft facilities and loan commitments are contracts with customers to lend funds up to a certain limit agreed in advance. The Bank will make the loans upon the request of an obligor to draw down funds under such loan agreements based on various terms and conditions stipulated in the relevant loan agreement.

There were no unused commitment balances relating to these loan agreements as of March 31, 2016 and 2015.

26. Reserve for Retirement Benefits

An outline of employees' retirement benefits as of March 31, 2016 and 2015 was as follows:

1. Outline of employees' retirement benefit plans adopted by the Bank

The Bank has a lump-sum retirement payment plan for employees based on the internal retirement benefit rule.

In addition, started from October 1, 2015, the new retirement pension plan has been applied to the Bank. The plan is based on the "Act for Partial Amendment of the Act on National Public Officers' Retirement Allowance, etc., for the Purpose of Review over the Levels of the Retirement Benefits for National Public Officers (Act No. 96 of 2012)," which was introduced as a new pension system to replace the discontinued occupational portion (third-tier portion) of the mutual pension.

2. Defined-benefit plan

(1) Reconciliations of the projected benefit obligation at the beginning and the end of the fiscal years

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Projected benefit obligation at the beginning of the fiscal year	¥132,898	¥129,697	\$1,179,430
Cumulative effect of a change in accounting policies	—	13,730	—
Balance including a change in accounting policies at the beginning of the fiscal year	132,898	143,428	1,179,430
Service cost	7,443	7,455	66,059
Interest cost on projected benefit obligation	931	1,004	8,262
Net actuarial (gains) losses arising during the fiscal year	632	64	5,608
Retirement benefits paid	(6,960)	(7,358)	(61,774)
Prior service cost arising during the fiscal year	—	(11,612)	—
Others	26	(84)	232
Projected benefit obligation at the end of the fiscal year	¥134,970	¥132,898	\$1,197,820

Note: Prior service cost arose during the fiscal year ended March 31, 2015, due to the change over the lump-sum retirement payment plan from the final salary basis to the point basis.

(2) Reconciliations of the projected benefit obligation at the end of the fiscal years and the reserve for employees' retirement benefits recorded on the balance sheet

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unfunded projected benefit obligation	¥134,970	¥132,898	\$1,197,820
Unrecognized net actuarial losses	4,395	6,053	39,008
Unrecognized prior service cost	10,354	11,515	91,889
Net amount recorded on the balance sheet	¥149,720	¥150,466	\$1,328,719
Reserve for employees' retirement benefits	¥149,720	¥150,466	\$1,328,719
Net amount recorded on the balance sheet	149,720	150,466	1,328,719

(3) Total retirement benefit costs and components

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥ 7,443	¥ 7,455	\$ 66,059
Interest cost on projected benefit obligation	931	1,004	8,262
Amortization of net actuarial losses	(1,025)	(1,032)	(9,102)
Amortization of prior service cost	(1,161)	(96)	(10,305)
Others	157	165	1,400
Total retirement benefit costs related to the defined-benefit plan	¥ 6,345	¥ 7,496	\$ 56,315

(4) The major assumptions used in the calculation of projected benefit obligation

	2016	2015
Discount rate	0.7%	0.7%

27. Deferred Tax Assets/Liabilities

Income taxes, which consist of corporation, inhabitants', and enterprise taxes, are calculated based on taxable income.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Reserve for possible loan losses	¥ 131	¥ 126	\$ 1,166
Reserve for employees' retirement benefits	45,887	48,718	407,241
Depreciation	9,720	11,179	86,267
Accrued interest on deposits	574	560	5,096
Unrealized losses of money held in trust	1,698	1,901	15,077
Net deferred losses on hedges	185,373	315,120	1,645,135
Accrued enterprise taxes	3,786	6,966	33,605
Other	21,134	19,747	187,558
Total deferred tax assets	268,307	404,320	2,381,149
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	(1,468,886)	(1,831,326)	(13,035,912)
Other	(10,707)	(13,682)	(95,026)
Total deferred tax liabilities	(1,479,594)	(1,845,009)	(13,130,939)
Net deferred tax assets (liabilities)	¥(1,211,286)	¥(1,440,688)	\$(10,749,790)

For the fiscal years ended March 31, 2016 and 2015, the difference between the effective statutory tax rate and the effective income tax rate was less than 5%.

Adjustment of deferred tax assets and deferred tax liabilities following the change in the corporate income tax rate, etc.

The "Act on Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016), and the "Act on Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) were enacted by Japanese Diet on March 29, 2016, and accordingly, the corporate income tax rate, etc. has been reduced from fiscal years beginning on or after April 1, 2016. As a result, the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities has been revised from 32.26% to 30.86% for the temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2016 and April 1, 2017, and to 30.62% for the temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2018. In response to this change in the tax rates, deferred tax liabilities decreased by ¥63,350 million (\$562,219 thousand), net unrealized gains on available-for-sale securities increased by ¥76,963 million (\$683,025 thousand) and deferred income taxes increased by ¥3,709 million (\$32,916 thousand).

The "Act on Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015), and the "Act on Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015, and accordingly, the corporate income tax rate, etc. has been reduced from fiscal years beginning on or after April 1, 2015. As a result, the effective statutory tax rate used by the Bank to calculate deferred tax assets and deferred tax liabilities has been revised from 35.64% to 33.10% for the fiscal year beginning on April 1, 2015, and 32.34% for the fiscal year beginning on or after April 1, 2016. Each revised rate has been applied to the temporary differences

that are expected to be deductible in the fiscal year beginning on April 1, 2015, and the fiscal year beginning on or after April 1, 2016. In response to this change in the tax rates, deferred tax liabilities decreased by ¥145,118 million, net unrealized gains on available-for-sale securities increased by ¥184,602 million and deferred income taxes increased by ¥7,283 million.

28. Profit or Loss from Equity Method, etc.

The details for the fiscal years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Investments in affiliates	¥1,385	¥ 935	\$12,291
Investments, if equity method was adopted	1,472	1,031	13,064
Investment gains (losses), if equity method was adopted	(9)	119	(87)

29. Segment Information

Segment Information

Segment information is omitted since the Bank comprises of only one segment, which is defined as banking service.

Related Information

a. Information about services

Information about services is omitted since income from securities investment accounted for more than 90% of the total income in the statements of income for the fiscal years ended March 31, 2016 and 2015.

b. Information about geographical areas

1) Income

Information about income by geographical area is omitted as income from external customers in Japan accounted for more than 90% of the total income in the statements of income for the fiscal years ended March 31, 2016 and 2015.

2) Tangible fixed assets

Information about tangible fixed assets by geographical areas is omitted as related assets located in Japan accounted for more than 90% of the tangible fixed assets in the balance sheets as of March 31, 2016 and 2015.

c. Information about major customers

Information about major customers is omitted as there was no single external customer that accounted for 10% or more of the total income in the statements of income for the fiscal years ended March 31, 2016 and 2015.

Information about losses on impairment of fixed assets by reported segments

The related information is omitted as the Bank comprises of only one segment, which is defined as banking service.

Information about amortization of goodwill and unamortized balance by reported segment

None

Information about recognized gain on negative goodwill by reported segments

None

30. Related Party Transactions

a. Transactions with related parties

Transactions between the Bank and related parties for the fiscal years ended March 31, 2016 and 2015 were as follows:

(1) Transactions between the Bank and the parent company, or major corporate shareholders:

For the fiscal year ended March 31, 2016

JAPAN POST HOLDINGS Co., Ltd. (Parent company)

Ownership of voting rights held	89.00% of the Bank's shares (Direct)	
Capital	¥3,500,000 million (\$31,061,412 thousand)	
Nature of transactions	Management of JAPAN POST GROUP Concurrent holding of positions by executive management directors	
Details of transactions	Payment of grants*	Payment of brand royalty fees**
Transaction amount	¥9,862 million (\$87,527 thousand)	¥4,088 million (\$36,279 thousand)
Account	—	Other liabilities
Outstanding balance at the end of the fiscal year	—	¥367 million (\$3,265 thousand)

Transaction conditions and policies on determining transaction conditions, etc.

*Payment is made pursuant to Article 122 of the Postal Service Privatization Act.

**The Bank belongs to JAPAN POST GROUP and receives benefits from the brand value of JAPAN POST GROUP that reflects the Bank's performance, and pays brand royalty fees calculated at a certain rate of the average deposit balance for the previous fiscal year, which is considered as the representative performance metric.

Note: Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

For the fiscal year ended March 31, 2015

JAPAN POST HOLDINGS Co., Ltd. (Parent company)

Ownership of voting rights held	100% of the Bank's shares (Direct)			
Capital	¥3,500,000 million			
Nature of transactions	Business management Concurrent holding of positions by executive management directors			
Details of transactions	Payment of grants*	Payment of IT system (PNET) service charge**	Payment of management fees***	Repurchase of treasury stock****
Transaction amount	¥18,967 million	¥14,898 million	¥3,485 million	¥1,299,999 million
Account	Other assets	Other liabilities	Other liabilities	—
Outstanding balance at the end of the fiscal year	¥3,626 million	¥1,335 million	¥313 million	—

Transaction conditions and policies on determining transaction conditions, etc.

*Payment is made pursuant to Article 122 of the Postal Service Privatization Act.

**Payment is made for data processing services using JAPAN POST GROUP internal networks in accordance with a contract with the parent company, at rates determined based on arm's length principle.

***Payment of management fees is determined based on the total costs incurred in regard to business management conducted by the parent company.

****The price of the repurchase was determined by referring to the valuation results of an independent external third party. The repurchase of treasury stock is stated in "Type and number of shares issued and treasury stock" of Note 18. Shareholders' Equity.

Note: Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

(2) Transactions between the Bank and unconsolidated subsidiaries or affiliates:

None for the fiscal years ended March 31, 2016 and 2015

(3) Transactions between the Bank and companies with the same parent or subsidiaries of the Bank's affiliates:

For the fiscal year ended March 31, 2016

JAPAN POST Co., Ltd. (Subsidiary of parent company)

Ownership of voting rights held	Nil				
Capital	¥400,000 million (\$3,549,875 thousand)				
Nature of transactions	Concurrent holding of positions by executive management directors, Commissions on bank agency services, etc., Bank counter services agreement and Consignment contracts for logistics operations				
Details of transactions	Payment of commissions on bank agency services, etc.*	Receipt and payment of funds related to bank agency services	—***	Payment of consignment fees for logistics operations****	
Transaction amount	¥609,431 million (\$5,408,512 thousand)	¥978,196 million (\$8,681,192 thousand)	—***	¥3,036 million (\$26,950 thousand)	
Account	Other liabilities	Other assets**	Other liabilities***	Other liabilities	Accrued expenses
Outstanding balance at the end of the fiscal year	¥54,736 million (\$485,773 thousand)	¥940,000 million (\$8,342,208 thousand)	¥3,917 million (\$34,766 thousand)	¥287 million (\$2,551 thousand)	¥40 million (\$362 thousand)

Transaction conditions and policies on determining transaction conditions, etc.

*The figures are determined based on costs, etc., incurred in connection with commissions on bank agency services, etc.

**The figures represent advance payments of funds necessary for delivery of deposits in bank agency services. The transaction amounts are presented on an average balance basis for the fiscal year ended March 31, 2016.

***The figures represent the unsettled amount between the Bank and JAPAN POST Co., Ltd. in connection with receipt/payment operations with customers in bank agency services. Transaction amounts are not presented because, being settlement transactions, these amounts are substantial.

****Payment is made for consigned operations, such as loading and unloading, storage, and delivery of articles at rates determined based on arm's length principle.

Note: Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

Japan Post Information Technology Co., Ltd. (Subsidiary of parent company)

Ownership of voting rights held	Nil				
Capital	¥3,150 million (\$27,955 thousand)				
Nature of transactions	Concurrent holding of positions by executive management directors Payment of IT system (PNET) service charge				
Details of transactions	Payment of IT system (PNET) service charge*				
Transaction amount	¥14,018 million (\$124,405 thousand)				
Account	Accrued expenses				
Outstanding balance at the end of the fiscal year	¥1,303 million (\$11,566 thousand)				

Transaction conditions and policies on determining transaction conditions, etc.

*Payment is made for data processing services using JAPAN POST GROUP internal networks at rates determined based on arm's length principle.

Note: Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

For the fiscal year ended March 31, 2015

JAPAN POST Co., Ltd. (Subsidiary of parent company)

Ownership of voting rights held	Nil				
Capital	¥400,000 million				
Nature of transactions	Concurrent holding of positions by executive management directors, Commissions on bank agency services, etc., Bank counter services agreement and Consignment contracts for logistics operations				
Details of transactions	Payment of commissions on bank agency services, etc.*	Receipt and payment of funds related to bank agency services	—***	Payment of consignment fees for logistics operations****	
Transaction amount	¥602,446 million	¥1,027,041 million	—***	¥3,018 million	
Account	Other liabilities	Other assets**	Other assets***	Other liabilities	Accrued expenses
Outstanding balance at the end of the fiscal year	¥54,090 million	¥1,020,000 million	¥7,984 million	¥340 million	¥39 million

Transaction conditions and policies on determining transaction conditions, etc.

*The figures are determined based on costs, etc., incurred in connection with commissions on bank agency services, etc.

**The figures represent advance payments of funds necessary for delivery of deposits in bank agency services. The transaction amounts are presented on an average balance basis for the fiscal year ended March 31, 2015.

***The figures represent the unsettled amount between the Bank and JAPAN POST Co., Ltd. in connection with receipt/payment operations with customers in bank agency services. Transaction amounts are not presented because, being settlement transactions, these amounts are substantial.

****Payment is made for consigned operations, such as loading and unloading, storage, and delivery of articles at rates determined based on arm's length principle.

Note: Transaction amount is exclusive of consumption taxes. Year-end balance includes consumption taxes.

- (4) Transactions between the Bank and directors and/or executive officers, or major individual shareholders:
None for the fiscal years ended March 31, 2016 and 2015

b. Notes related to the parent company and/or significant affiliates

- (1) Information on the parent company
JAPAN POST HOLDINGS Co., Ltd. (Listed on Tokyo Stock Exchange)
- (2) Information on significant affiliates
None

31. Per Share Data

Net assets per share as of March 31, 2016 and 2015 and net income per share for the fiscal years then ended were as follows:

	Yen		U.S. dollars
	2016	2015	2016
Net assets per share	¥3,069.26	¥3,101.82	\$27.23
Net income per share	86.69	89.58	0.76

Notes: 1. Diluted net income per share is not presented since there has been no potential dilution for the fiscal years ended March 31, 2016 and 2015.

2. The Bank conducted a stock split effective on August 1, 2015, under which each share of common stock was split into 30 shares. However, the Bank's calculation of the net assets per share and net income per share are based on the assumption that the stock split was effective at the beginning of the previous fiscal year.

3. Net assets per share as of March 31, 2016 and 2015 were calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net assets	¥11,508,150	¥11,630,212	\$102,131,262
Net assets attributable to common stock at the end of the fiscal year	11,508,150	11,630,212	102,131,262
Number of common stock at the end of the fiscal year used for the calculation of net assets per share (thousand shares)	3,749,475	3,749,475	

4. Net income per share data for the fiscal years ended March 31, 2016 and 2015 were calculated based on the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Net income	¥325,069	¥369,434	\$2,884,892
Net income attributable to common stock	325,069	369,434	2,884,892
Average number of common stock outstanding during the fiscal year (thousand shares)	3,749,475	4,123,709	

As stated in "I. Changes in Accounting Policies" of Note 2. Summary of Accounting Policies, the Bank has adopted the paragraph 35 of "Accounting Standard for Retirement Benefits" and the paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" from the beginning of the fiscal year ended March 31, 2015. The Standard is being applied transitionally as determined in its paragraph 37.

As a result, net assets per share declined ¥1.96 from the beginning of the fiscal year ended March 31, 2015, while the impact on net income per share for the fiscal year ended March 31, 2015 was immaterial.

32. Significant Subsequent Event

None



Independent Auditor's Report

To the Board of Directors of JAPAN POST BANK Co., Ltd.:

We have audited the accompanying non-consolidated financial statements of JAPAN POST BANK Co., Ltd., which comprise the non-consolidated balance sheets as at March 31, 2016 and 2015, and the non-consolidated statements of income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of JAPAN POST BANK Co., Ltd. as at March 31, 2016 and 2015, and its financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the non-consolidated financial statements.

KPMG AZSA LLC

June 23, 2016
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KEY FINANCIAL INDICATORS

Key Financial Indicators

Fiscal years ended March 31

	Millions of yen	
	2016	2015
Ordinary income	¥ 1,968,987	¥ 2,078,179
Operating profit (before provision for general reserve for possible loan losses)	385,897	519,998
Net operating profit	385,897	519,998
Net ordinary income	481,998	569,489
Net income	325,069	369,434
Capital stock	3,500,000	3,500,000
Shares outstanding (thousand shares)	4,500,000	150,000
Net assets	11,508,150	11,630,212
Total assets	207,056,039	208,179,309
Deposits	177,871,986	177,710,776
Loans	2,542,049	2,783,985
Securities	144,076,834	156,169,792
Capital adequacy ratio (non-consolidated, domestic standard)	26.38%	38.42%
Dividend payout ratio	28.83%	50.00%
Employees	12,905	12,889

Notes: 1. The Bank conducted a stock split effective on August 1, 2015, under which each share of common stock was split into 30 shares.

2. Capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006).

3. Dividend payout ratio is calculated by dividing the total dividend payment by net income for the relevant period.

4. The number of employees excludes employees assigned to other companies by the Bank but includes employees assigned to the Bank by other companies. The figures do not include part-time employees.

EARNINGS

Income Analysis

Fiscal years ended March 31

	Millions of yen	
	2016	2015
Gross operating profit:	¥ 1,452,082	¥ 1,634,774
(Excluding gains (losses) on bonds)	1,450,236	1,639,366
Domestic gross operating profit:	1,066,169	1,223,360
(Excluding gains (losses) on bonds)	1,060,492	1,228,466
Net interest income	970,588	1,139,951
Net fees and commissions	90,401	88,499
Net trading income	—	—
Net other operating income (loss)	5,178	(5,091)
(Gains (losses) on bonds)	5,676	(5,106)
Overseas gross operating profit:	385,913	411,413
(Excluding gains (losses) on bonds)	389,743	410,900
Net interest income	390,477	400,847
Net fees and commissions	737	751
Net trading income	—	—
Net other operating income (loss)	(5,301)	9,814
(Gains (losses) on bonds)	(3,830)	513
General and administrative expenses:	(1,066,184)	(1,114,775)
Personnel expenses	(125,423)	(123,211)
Non-personnel expenses	(865,169)	(917,455)
Taxes and dues	(75,591)	(74,107)
Operating profit (before provision for general reserve for possible loan losses)	385,897	519,998
(Excluding gains (losses) on bonds)	384,051	524,591
Provision for general reserve for possible loan losses	—	—
Net operating profit:	385,897	519,998
Gains (losses) on bonds	1,846	(4,592)
Non-recurring gains (losses):	96,100	49,491
Gains (losses) related to stocks	3,232	—
Gains (losses) on money held in trust	93,867	43,151
Other non-recurring gains (losses)	(999)	6,339
Net ordinary income	481,998	569,489
Extraordinary income (loss):	(1,109)	1,544
Gains (losses) on sales and disposal of fixed assets	(1,103)	1,561
Losses on impairment of fixed assets	(5)	(17)
Income before income taxes	480,888	571,034
Income taxes—current	(152,528)	(182,658)
Income taxes—deferred	(3,291)	(18,941)
Net income	325,069	369,434
Credit-related expenses:	18	(4)
Provision for general reserve for possible loan losses	18	(4)
Write-off of loans	—	—
Provision for specific reserve for possible loan losses	—	—
Recoveries of written-off loans	—	—

Notes: 1. Net interest income is calculated by deducting interest expenses (excluding the expenses in relation to money held in trust) from interest income.

2. General and administrative expenses exclude non-recurring losses.

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.

Gross Operating Profit and Gross Operating Profit Margin

Fiscal years ended March 31

	Millions of yen	
	2016	2015
Gross operating profit	¥1,452,082	¥1,634,774
Gross operating profit margin	0.72%	0.82%

Notes: 1. Gross operating profit = net interest income + net fees and commissions + net other operating income (loss)
2. Gross operating profit margin = [gross operating profit / average balance of interest-earning assets] x 100

Net Interest Income, Net Fees and Commissions, Net Trading Income, and Net Other Operating Income (Loss)

Fiscal years ended March 31

	Millions of yen		
	2016		
	Domestic	Overseas	Total
Net interest income:	¥ 970,588	¥390,477	¥1,361,065
Interest income	1,248,620	545,998	1,731,217
Interest expenses	278,032	155,520	370,151
Net fees and commissions:	90,401	737	91,139
Fees and commissions income	122,223	795	123,019
Fees and commissions expenses	31,821	58	31,879
Net trading income:	—	—	—
Trading gains	—	—	—
Trading losses	—	—	—
Net other operating income (loss):	5,178	(5,301)	(122)
Other operating income	6,357	6,596	12,953
Other operating expenses	1,178	11,897	13,076

	Millions of yen		
	2015		
	Domestic	Overseas	Total
Net interest income:	¥1,139,951	¥400,847	¥1,540,799
Interest income	1,425,970	509,276	1,893,273
Interest expenses	286,018	108,429	352,473
Net fees and commissions:	88,499	751	89,251
Fees and commissions income	118,616	812	119,429
Fees and commissions expenses	30,116	60	30,177
Net trading income:	—	—	—
Trading gains	—	—	—
Trading losses	—	—	—
Net other operating income (loss):	(5,091)	9,814	4,723
Other operating income	302	10,507	10,809
Other operating expenses	5,393	693	6,086

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. Interest expenses exclude expenses corresponding to money held in trust (fiscal year ended March 31, 2016, ¥4,776 million; fiscal year ended March 31, 2015, ¥4,307 million).
3. Interest income on "domestic" includes interest on transactions between "domestic" and "overseas" (fiscal year ended March 31, 2016, ¥63,401 million; fiscal year ended March 31, 2015, ¥41,974 million).
4. 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.

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

Fiscal years ended March 31

Domestic

	Millions of yen					
	2016			2015		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets:	¥192,120,047	¥1,248,620	0.64%	¥192,255,012	¥1,425,970	0.74%
Loans	2,681,909	25,091	0.93	2,972,334	31,127	1.04
Securities	109,010,368	1,116,543	1.02	133,278,712	1,320,454	0.99
Due from banks, etc.	39,310,383	35,624	0.09	25,859,681	24,529	0.09
Interest-bearing liabilities:	184,078,165	278,032	0.15	183,495,714	286,018	0.15
Deposits	177,868,069	232,795	0.13	177,711,397	241,707	0.13

Overseas

	Millions of yen					
	2016			2015		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets:	¥40,910,445	¥545,998	1.33%	¥28,033,663	¥509,276	1.81%
Loans	2,614	11	0.43	—	—	—
Securities	40,072,765	541,079	1.35	26,849,989	505,632	1.88
Due from banks, etc.	777,583	4,704	0.60	1,144,457	3,521	0.30
Interest-bearing liabilities:	38,370,177	155,520	0.40	25,904,554	108,429	0.41
Deposits	—	—	—	—	—	—

Total

	Millions of yen					
	2016			2015		
	Average balance	Interest	Earnings yield	Average balance	Interest	Earnings yield
Interest-earning assets:	¥200,500,267	¥1,731,217	0.86%	¥198,005,944	¥1,893,273	0.95%
Loans	2,684,524	25,103	0.93	2,972,334	31,127	1.04
Securities	149,083,133	1,657,623	1.11	160,128,701	1,826,086	1.14
Due from banks, etc.	40,087,966	40,329	0.10	27,004,139	28,050	0.10
Interest-bearing liabilities:	189,918,117	370,151	0.19	187,117,536	352,473	0.18
Deposits	177,868,069	232,795	0.13	177,711,397	241,707	0.13

- Notes: 1. Income and expenses for money held in trust are included in "other income" and "other expenses," respectively. Accordingly, the average balance of money held in trust (fiscal year ended March 31, 2016, ¥2,450,837 million; fiscal year ended March 31, 2015, ¥2,286,605 million) is excluded from interest-earning assets, and the average balance corresponding to money held in trust (fiscal year ended March 31, 2016, ¥2,450,837 million; fiscal year ended March 31, 2015, ¥2,286,605 million) and the corresponding interest (fiscal year ended March 31, 2016, ¥4,776 million; fiscal year ended March 31, 2015, ¥4,307 million) are excluded from interest-bearing liabilities.
2. Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.
3. "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.

Changes in Interest Income and Expenses

Fiscal years ended March 31

Domestic

	Millions of yen					
	2016			2015		
	Balance-related change	Interest-related change	Net change	Balance-related change	Interest-related change	Net change
Interest income:	¥ (1,000)	¥(176,349)	¥(177,349)	¥ (2,911)	¥(166,225)	¥(169,137)
Loans	(2,886)	(3,148)	(6,035)	(4,748)	(2,002)	(6,751)
Securities	(250,424)	46,513	(203,910)	(197,332)	11,512	(185,820)
Due from banks, etc.	12,136	(1,040)	11,095	13,410	631	14,041
Interest expenses:	911	(8,897)	(7,986)	(8)	(12,673)	(12,682)
Deposits	213	(9,125)	(8,912)	1,082	(14,409)	(13,327)

Overseas

	Millions of yen					
	2016			2015		
	Balance-related change	Interest-related change	Net change	Balance-related change	Interest-related change	Net change
Interest income:	¥86,951	¥(50,229)	¥36,721	¥122,155	¥122,247	¥244,402
Loans	11	—	11	(76)	—	(76)
Securities	83,336	(47,889)	35,447	124,785	118,736	243,521
Due from banks, etc.	(587)	1,770	1,183	449	442	892
Interest expenses:	50,408	(3,317)	47,091	27,059	(9,642)	17,417
Deposits	—	—	—	—	—	—

Total

	Millions of yen					
	2016			2015		
	Balance-related change	Interest-related change	Net change	Balance-related change	Interest-related change	Net change
Interest income:	¥ 24,195	¥(186,250)	¥(162,055)	¥ 18,652	¥ 47,009	¥ 65,662
Loans	(2,860)	(3,163)	(6,023)	(4,884)	(1,942)	(6,827)
Securities	(123,650)	(44,812)	(168,463)	(101,122)	158,823	57,701
Due from banks, etc.	13,132	(854)	12,278	14,884	49	14,934
Interest expenses:	5,330	12,347	17,678	3,101	(7,969)	(4,868)
Deposits	213	(9,125)	(8,912)	1,082	(14,409)	(13,327)

Notes: 1. Factors that increase or decrease both balance and interest rate are allocated based on the proportion of the increase or decrease in the balance and interest rate.

2. Average balance and interest on transactions between "domestic" and "overseas" are offset to calculate totals.

3. "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits, call loans and monetary claims bought.

General and Administrative Expenses

Fiscal years ended March 31

	Millions of yen			
	2016		2015	
	Amount	%	Amount	%
Personnel expenses:	¥ 123,243	11.58	¥ 122,091	10.96
Salaries and allowances	101,439	9.53	99,941	8.97
Others	21,804	2.04	22,149	1.98
Non-personnel expenses:	865,169	81.31	917,455	82.38
Commissions on bank agency services, etc., paid to JAPAN POST Co., Ltd.	609,431	57.27	602,446	54.09
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (Note)	9,862	0.92	18,967	1.70
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	64,465	6.05	103,695	9.31
Rent for land, buildings and others	11,849	1.11	11,122	0.99
Expenses on consigned businesses	52,635	4.94	62,396	5.60
Depreciation and amortization	36,666	3.44	34,601	3.10
Communication and transportation expenses	19,676	1.84	19,991	1.79
Maintenance expenses	12,347	1.16	16,037	1.44
IT expenses	22,292	2.09	22,425	2.01
Others	25,942	2.43	25,772	2.31
Taxes and dues	75,591	7.10	74,107	6.65
Total	¥1,064,004	100.00	¥1,113,654	100.00

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

DEPOSITS

Balances by Type of Deposit

As of March 31

Ending Balances

	Millions of yen			
	2016		2015	
	Amount	%	Amount	%
Liquid deposits:	¥ 63,834,943	35.88	¥ 61,053,645	34.35
Transfer deposits	13,874,601	7.80	11,747,374	6.61
Ordinary deposits, etc.	49,571,866	27.86	48,912,826	27.52
Savings deposits	388,475	0.21	393,443	0.22
Fixed-term deposits:	113,852,874	64.00	116,453,033	65.52
Time deposits	11,441,153	6.43	13,569,920	7.63
TEIGAKU deposits, etc.	102,410,683	57.57	102,881,558	57.89
Other deposits	184,168	0.10	204,097	0.11
Subtotal	177,871,986	100.00	177,710,776	100.00
Negotiable certificates of deposit	—	—	—	—
Total	¥177,871,986	100.00	¥177,710,776	100.00

Fiscal years ended March 31

Average Balances

	Millions of yen			
	2016		2015	
	Amount	%	Amount	%
Liquid deposits:	¥ 62,432,860	35.10	¥ 61,057,460	34.35
Transfer deposits	12,413,131	6.97	11,365,224	6.39
Ordinary deposits, etc.	49,627,508	27.90	49,296,826	27.73
Savings deposits	392,220	0.22	395,409	0.22
Fixed-term deposits:	115,247,660	64.79	116,441,954	65.52
Time deposits	12,339,989	6.93	14,163,314	7.96
TEIGAKU deposits, etc.	102,906,340	57.85	102,276,763	57.55
Other deposits	187,548	0.10	211,981	0.11
Subtotal	177,868,069	100.00	177,711,397	100.00
Negotiable certificates of deposit	—	—	—	—
Total	¥177,868,069	100.00	¥177,711,397	100.00

Time Deposits by Time to Maturity

As of March 31

		Millions of yen	
		2016	2015
Less than three months	Time deposits:	¥ 2,183,027	¥ 3,759,063
	Fixed interest rates	2,183,027	3,759,063
	Floating interest rates	—	—
	Other time deposits	—	—
≥ Three and < six months	Time deposits:	2,291,504	2,330,574
	Fixed interest rates	2,291,504	2,330,574
	Floating interest rates	—	—
	Other time deposits	—	—
≥ Six months and < one year	Time deposits:	5,465,814	5,811,737
	Fixed interest rates	5,465,814	5,811,737
	Floating interest rates	—	—
	Other time deposits	—	—
≥ One and < two years	Time deposits:	585,455	505,914
	Fixed interest rates	585,455	505,914
	Floating interest rates	—	—
	Other time deposits	—	—
≥ Two and < three years	Time deposits:	554,030	550,097
	Fixed interest rates	554,030	550,097
	Floating interest rates	—	—
	Other time deposits	—	—
Three years or more	Time deposits:	361,321	612,532
	Fixed interest rates	361,321	612,532
	Floating interest rates	—	—
	Other time deposits	—	—
Total	Time deposits:	¥11,441,153	¥13,569,920
	Fixed interest rates	11,441,153	13,569,920
	Floating interest rates	—	—
	Other time deposits	—	—

TEIGAKU Deposits by Time to Maturity

As of March 31

		Millions of yen	
		2016	2015
Less than one year		¥ 7,841,539	¥ 1,698,115
≥ One and < three years		29,809,070	24,514,819
≥ Three and < five years		19,822,760	20,355,874
≥ Five and < seven years		18,310,254	28,693,665
Seven years or more		26,627,057	27,619,083
Total		¥102,410,683	¥102,881,558

Notes: 1. TEIGAKU deposits and special deposits (equivalent to TEIGAKU savings) are based on the balance by remaining time to maturity.

2. Special deposits are deposits received from the Management Organization corresponding to the Postal Savings Deposits that were passed on to the Management Organization by Japan Post Corporation.

3. Figures have been calculated based on the assumption that all deposits will be held to maturity.

LOANS

Loans by Category

As of March 31

Ending Balances

	Millions of yen	
	2016	2015
Domestic:		
Loans on notes	—	—
Loans on deeds	¥2,318,798	¥2,549,816
Overdrafts	219,951	234,169
Notes discounted	—	—
Subtotal	2,538,749	2,783,985
Overseas:		
Loans on notes	—	—
Loans on deeds	3,300	—
Overdrafts	—	—
Notes discounted	—	—
Subtotal	3,300	—
Total	¥2,542,049	¥2,783,985

Fiscal years ended March 31

Average Balances

	Millions of yen	
	2016	2015
Domestic:		
Loans on notes	—	—
Loans on deeds	¥2,462,009	¥2,740,220
Overdrafts	219,899	232,114
Notes discounted	—	—
Subtotal	2,681,909	2,972,334
Overseas:		
Loans on notes	—	—
Loans on deeds	2,614	—
Overdrafts	—	—
Notes discounted	—	—
Subtotal	2,614	—
Total	¥2,684,524	¥2,972,334

Loans by Time to Maturity

As of March 31

		Millions of yen	
		2016	2015
One year or less	Loans:	¥ 354,815	¥ 402,692
	Floating interest rates	/	/
	Fixed interest rates	/	/
> One and ≤ three years	Loans:	548,188	520,606
	Floating interest rates	157,311	158,463
	Fixed interest rates	390,877	362,143
> Three and ≤ five years	Loans:	350,971	459,143
	Floating interest rates	51,300	16,129
	Fixed interest rates	299,671	443,013
> Five and ≤ seven years	Loans:	202,049	186,532
	Floating interest rates	51,339	19,395
	Fixed interest rates	150,710	167,136
> Seven and ≤ ten years	Loans:	718,828	591,785
	Floating interest rates	320	300
	Fixed interest rates	718,508	591,485
Over ten years	Loans:	367,196	623,226
	Floating interest rates	2,530	2,667
	Fixed interest rates	364,665	620,559
No designated term	Loans:	—	—
	Floating interest rates	—	—
	Fixed interest rates	—	—
Total		¥2,542,049	¥2,783,985

Notes: 1. Loans to the Management Organization include loans for which the interest rate is revised (5 years/10 years), and those loans are recorded as fixed interest rate loans.

2. Loans to depositors (maturities of two years or less) are treated as having time to maturity of one year or less.

3. Loans with maturities of one year or less have not been categorized into fixed and floating interest rate instruments.

Loans and Acceptances and Guarantees by Type of Collateral

As of March 31

Loans by Type of Collateral

		Millions of yen	
		2016	2015
Securities		¥ 68	¥ 105
Receivables		197,535	204,133
Merchandise		—	—
Real estate		—	—
Others		—	—
Subtotal		197,604	204,238
Guarantees		24,061	3,170
Credit		2,320,384	2,576,576
Total		¥2,542,049	¥2,783,985

Acceptances and Guarantees by Type of Collateral

	Millions of yen	
	2016	2015
Securities	—	—
Receivables	—	—
Merchandise	—	—
Real estate	—	—
Others	—	—
Subtotal	—	—
Guarantees	—	—
Credit	¥75,000	¥95,000
Total	¥75,000	¥95,000

Loans by Purpose

As of March 31

	Millions of yen			
	2016		2015	
	Amount	%	Amount	%
Funds for capital investment	¥ 20,770	0.81	¥ 24,063	0.86
Funds for working capital	2,521,279	99.18	2,759,922	99.13
Total	¥2,542,049	100.00	¥2,783,985	100.00

Loans by Industry

As of March 31

	Millions of yen			
	2016		2015	
	Amount	%	Amount	%
Agriculture, forestry, fisheries, and mining	—	—	—	—
Manufacturing	¥ 51,808	2.03	¥ 83,042	2.98
Utilities, information/communications, and transportation	83,769	3.29	91,092	3.27
Wholesale and retail	—	—	18,286	0.65
Finance and insurance	1,525,987	60.02	1,759,281	63.19
Construction and real estate	12,112	0.47	2,000	0.07
Services and goods rental/leasing	26,132	1.02	8,670	0.31
Central and local governments	638,140	25.10	614,202	22.06
Others	204,099	8.02	207,409	7.45
Total	¥2,542,049	100.00	¥2,783,985	100.00

Note: Of "Finance and insurance," loans to the Management Organization were ¥1,216,710 million and ¥1,486,308 million as of March 31, 2016 and March 31, 2015, respectively.

Loans to Individuals and Small and Medium-size Enterprises

As of March 31

	Millions of yen	
	2016	2015
Total loans (A)	¥2,542,049	¥2,783,985
Loans to individuals and small and medium-size enterprises (B)	200,799	207,409
(B)/(A)	7.89%	7.45%

Note: Individuals and small and medium-size enterprises are defined as companies with capital of ¥300 million or less (¥100 million or less for wholesalers and ¥50 million or less for retail and service businesses) or companies with full-time employees of 300 workers or less (100 employees or less for wholesalers, 50 employees or less for retail businesses, and 100 employees or less for service businesses) and individuals.

Risk-Monitored Loans

As of March 31

	Millions of yen	
	2016	2015
Loans to bankrupt borrowers	—	—
Non-accrual delinquent loans	—	—
Past-due loans for three months or more	—	—
Restructured loans	—	—
Total	—	—

Problem Assets Disclosed under the Financial Reconstruction Act

As of March 31

	Millions of yen	
	2016	2015
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	¥2,645,437	¥2,931,915
Total (B)	¥2,645,437	¥2,931,915
Non-performing loan ratio (A)/(B)	—%	—%

Reserve for Possible Loan Losses

Fiscal years ended March 31

	Millions of yen			
	2016			
	Balance at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Balance at the end of the fiscal year
General reserve for possible loan losses	¥ 315	¥ 277	¥ 315	¥ 277
Specific reserve for possible loan losses	740	753	740	753
Total	¥1,055	¥1,030	¥1,055	¥1,030

	Millions of yen			
	2015			
	Balance at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Balance at the end of the fiscal year
General reserve for possible loan losses	¥ 336	¥ 315	¥ 336	¥ 315
Specific reserve for possible loan losses	791	740	791	740
Total	¥1,127	¥1,055	¥1,127	¥1,055

SECURITIES

Average Balance by Type of Trading Book Securities

Fiscal years ended March 31

	Millions of yen	
	2016	2015
Trading book Japanese government bonds	¥207	¥294
Trading book Japanese local government bonds	—	—
Trading book government guaranteed bonds	—	—
Other trading book securities	—	—
Total	¥207	¥294

Securities by Time to Maturity

As of March 31

	Millions of yen							Total
	2016							
	One year or less	> One and ≤ three years	> Three and ≤ five years	> Five and ≤ seven years	> Seven and ≤ ten years	Over ten years	No designated term	
Japanese government bonds	¥15,898,027	¥17,251,158	¥16,014,531	¥22,722,952	¥ 8,160,416	¥2,208,568	—	¥ 82,255,654
Japanese local government bonds	506,182	1,349,394	2,263,456	923,089	780,525	33,860	—	5,856,509
Japanese corporate bonds	1,393,420	3,896,262	2,539,082	546,690	878,440	1,313,814	—	10,567,710
Other securities	2,709,729	6,144,894	6,510,664	2,566,385	1,834,895	108,034	¥25,522,356	45,396,959
Foreign bonds	2,709,729	6,099,795	6,510,664	2,566,385	1,834,895	108,034	—	19,829,503
Investment trusts	—	—	—	—	—	—	25,520,966	25,520,966
Foreign stocks	—	—	—	—	—	—	—	—
Total	¥20,507,359	¥28,641,711	¥27,327,733	¥26,759,118	¥11,654,277	¥3,664,277	¥25,522,356	¥144,076,834

	Millions of yen							Total
	2015							
	One year or less	> One and ≤ three years	> Three and ≤ five years	> Five and ≤ seven years	> Seven and ≤ ten years	Over ten years	No designated term	
Japanese government bonds	¥19,140,743	¥32,894,393	¥15,454,922	¥16,486,590	¥20,590,577	¥2,199,820	—	¥106,767,047
Japanese local government bonds	1,003,904	1,081,127	1,582,153	1,295,853	526,556	35,521	—	5,525,117
Japanese corporate bonds	2,045,191	2,815,071	3,474,236	690,688	768,346	1,189,501	—	10,983,036
Other securities	2,551,187	5,665,863	6,110,464	2,560,047	1,856,830	181,546	¥13,968,651	32,894,591
Foreign bonds	2,491,018	5,617,800	6,110,464	2,560,047	1,856,830	181,546	—	18,817,706
Investment trusts	—	—	—	—	—	—	13,967,716	13,967,716
Foreign stocks	—	—	—	—	—	—	—	—
Total	¥24,741,027	¥42,456,456	¥26,621,776	¥21,033,179	¥23,742,311	¥3,606,388	¥13,968,651	¥156,169,792

Balance by Type of Securities

As of March 31

Ending Balances

	Millions of yen	
	2016	2015
Domestic:		
Japanese government bonds	¥ 82,255,654	¥106,767,047
Japanese local government bonds	5,856,509	5,525,117
Japanese corporate bonds	10,567,710	10,983,036
Other securities	1,390	935
Subtotal	98,681,264	123,276,136
Overseas:		
Other securities	45,395,569	32,893,656
Foreign bonds	19,829,503	18,817,706
Investment trusts	25,520,966	13,967,716
Foreign stocks	—	—
Subtotal	45,395,569	32,893,656
Total	¥144,076,834	¥156,169,792

Fiscal years ended March 31

Average Balances

	Millions of yen	
	2016	2015
Domestic:		
Japanese government bonds	¥ 92,933,962	¥116,413,435
Japanese local government bonds	5,517,565	5,570,677
Japanese corporate bonds	10,557,721	11,293,664
Other securities	1,118	935
Subtotal	109,010,368	133,278,712
Overseas:		
Other securities	40,072,765	26,849,989
Foreign bonds	19,778,504	16,653,595
Investment trusts	20,224,805	10,117,574
Foreign stocks	—	—
Subtotal	40,072,765	26,849,989
Total	¥149,083,133	¥160,128,701

Asset Management Status

As of March 31

	Millions of yen			
	2016		2015	
	Outstanding assets	%	Outstanding assets	%
Due from banks, etc.	¥ 45,769,105	22.33	¥ 33,034,939	16.04
Call loans	978,837	0.47	1,961,526	0.95
Receivables under securities borrowing transactions	7,923,229	3.86	8,374,084	4.06
Money held in trust	3,561,110	1.73	3,491,637	1.69
Securities:	144,076,834	70.32	156,169,792	75.86
Japanese government bonds	82,255,654	40.14	106,767,047	51.86
Japanese local government bonds	5,856,509	2.85	5,525,117	2.68
Japanese corporate bonds	10,567,710	5.15	10,983,036	5.33
Other securities	45,396,959	22.15	32,894,591	15.97
Foreign bonds	19,829,503	9.67	18,817,706	9.14
Investment trusts	25,520,966	12.45	13,967,716	6.78
Loans	2,542,049	1.24	2,783,985	1.35
Others	25,516	0.01	49,436	0.02
Total	¥204,876,683	100.00	¥205,865,404	100.00

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.

Foreign Bonds

As of March 31

Foreign Bonds by Currency

	Millions of yen			
	2016		2015	
	Outstanding assets	%	Outstanding assets	%
Japanese yen	¥ 5,299,807	26.72	¥ 4,261,945	22.64
U.S. dollar	11,019,043	55.56	11,015,215	58.53
Euro	3,218,573	16.23	3,162,723	16.80
Others	292,079	1.47	377,822	2.00
Total	¥19,829,503	100.00	¥18,817,706	100.00

Money Held in Trust

As of March 31

Assets by Type

	Millions of yen			
	2016		2015	
	Outstanding assets	%	Outstanding assets	%
Domestic stocks	¥1,878,626	59.22	¥2,146,168	61.91
Domestic bonds	1,293,411	40.77	1,288,771	37.18
Foreign stocks	0	0.00	31,103	0.89
Total	¥3,172,037	100.00	¥3,466,042	100.00

Assets by Currency

	Millions of yen			
	2016		2015	
	Outstanding assets	%	Outstanding assets	%
Japanese yen	¥3,172,037	99.99	¥3,434,939	99.10
U.S. dollar	—	—	—	—
Euro	0	0.00	12,346	0.35
Others	—	—	18,756	0.54
Total	¥3,172,037	100.00	¥3,466,042	100.00

Note: Cash and deposits are excluded.

Securitized Product Exposure

As of March 31, 2016 and March 31, 2015, the Bank held the following securitized products and other products.

The Bank's holdings of securitized products and others were limited to securitization exposure as a 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.

As of March 31

1. Securitized Products

Region		Billions of yen			
		2016			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B)/(A)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	¥1,280.1	¥71.0	5.54%	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.2	3.0	3.22	AA~A
	Other securitized products	71.9	0.0	0.03	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	2.7	0.1	6.46	AAA
	Subtotal	1,449.1	74.2	5.12	/
Overseas	Residential mortgage-backed securities (RMBS)	253.3	(4.3)	(1.71)	AAA
	Subprime loan related	—	—	—	—
	Subtotal	253.3	(4.3)	(1.71)	/
Total		¥1,702.5	¥69.8	4.10%	/

		Billions of yen			
		2015			
Region		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B)/(A)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	¥1,158.1	¥53.9	4.66%	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.3	3.7	4.00	AA
	Other securitized products	23.2	0.0	0.00	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	4.5	0.2	4.46	AAA
	Subtotal	1,280.2	57.9	4.52	/
Overseas	Residential mortgage-backed securities (RMBS)	330.8	36.3	10.99	AAA
	Subprime loan related	—	—	—	—
	Subtotal	330.8	36.3	10.99	/
Total		¥1,611.0	¥94.3	5.85%	/

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 auto loan claims and accounts receivable, etc.

5. Net unrealized gains (losses) include gains (losses) which are recognized in the statements of income by applying fair value hedge accounting. The amounts were ¥5.4 billion of loss as of March 31, 2016 and ¥32.6 billion of profit as of March 31, 2015.

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 derivatives transactions with any monoline insurers.

RATIOS

Net Ordinary Income to Assets and Equity

Fiscal years ended March 31

	%	
	2016	2015
Net ordinary income to assets	0.23	0.27
Net ordinary income to equity	4.16	4.93

Notes: 1. Net ordinary income to assets = net ordinary income / [(sum of total assets at the beginning and the end of the fiscal year) / 2] x 100
2. Net ordinary income to equity = net ordinary income / [(sum of total net assets at the beginning and the end of the fiscal year) / 2] x 100

Net Income to Assets and Equity

Fiscal years ended March 31

	%	
	2016	2015
Net income to assets (ROA)	0.15	0.17
Net income to equity (ROE)	2.80	3.20

Notes: 1. ROA = net income / [(sum of total assets at the beginning and the end of the fiscal year) / 2] x 100
2. ROE = net income / [(sum of total net assets at the beginning and the end of the fiscal year) / 2] x 100

Overhead Ratio and Expense-to-Deposit Ratio

Fiscal years ended March 31

	%	
	2016	2015
Overhead ratio (OHR)	73.42	68.19
Expense-to-deposit ratio	0.59	0.62

Notes: 1. OHR = [general and administrative expenses (excluding non-recurring expenses) / gross operating profit] x 100
2. Expense-to-deposit ratio = [general and administrative expenses (excluding non-recurring expenses) / average deposit balances] x 100

Interest Rate Spread

Fiscal years ended March 31

	%	
	2016	2015
Domestic:		
Yield on interest-earning assets	0.64	0.74
Interest rate on interest-bearing liabilities	0.15	0.15
Interest rate spread	0.49	0.58
Overseas:		
Yield on interest-earning assets	1.33	1.81
Interest rate on interest-bearing liabilities	0.40	0.41
Interest rate spread	0.92	1.39
Total:		
Yield on interest-earning assets	0.86	0.95
Interest rate on interest-bearing liabilities	0.19	0.18
Interest rate spread	0.66	0.76

Loan-Deposit Ratio

As of March 31

	Millions of yen		
	2016		
	Domestic	Overseas	Total
Loans (A)	¥ 2,538,749	¥3,300	¥ 2,542,049
Deposits (B)	177,871,986	—	177,871,986
Loan-deposit ratio (A)/(B)	1.42%	—	1.42%
Loan-deposit ratio (average for the fiscal year)	1.50%	—	1.50%

	Millions of yen		
	2015		
	Domestic	Overseas	Total
Loans (A)	¥ 2,783,985	—	¥ 2,783,985
Deposits (B)	177,710,776	—	177,710,776
Loan-deposit ratio (A)/(B)	1.56%	—	1.56%
Loan-deposit ratio (average for the fiscal year)	1.67%	—	1.67%

Security-Deposit Ratio

As of March 31

	Millions of yen		
	2016		
	Domestic	Overseas	Total
Securities (A)	¥ 98,681,264	¥45,395,569	¥144,076,834
Deposits (B)	177,871,986	—	177,871,986
Security-deposit ratio (A)/(B)	55.47%	—	81.00%
Security-deposit ratio (average for the fiscal year)	61.28%	—	83.81%

	Millions of yen		
	2015		
	Domestic	Overseas	Total
Securities (A)	¥123,276,136	¥32,893,656	¥156,169,792
Deposits (B)	177,710,776	—	177,710,776
Security-deposit ratio (A)/(B)	69.36%	—	87.87%
Security-deposit ratio (average for the fiscal year)	74.99%	—	90.10%

OTHERS

Over-the-Counter Sales of Japanese Government Bonds

Fiscal years ended March 31

	Millions of yen	
	2016	2015
Long-term bonds	¥ 28,127	¥ 45,243
Medium-term bonds	5,815	56,805
Bonds for individuals	98,331	139,475
Total	¥132,275	¥241,524

Domestic Exchanges

Fiscal years ended March 31

Remittances

	Millions of yen			
	2016		2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Sent	26,793	¥23,586,237	24,252	¥21,769,194
Received	79,485	17,625,900	67,192	15,415,275

Note: All remittances are transferred through the Interbank Data Telecommunication System ("Zengin Net").

Transfer Deposits

	Millions of yen			
	2016		2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount
In-payment	1,170,468	¥64,521,205	1,171,772	¥68,295,736
Transfers	110,268	84,498,625	112,041	81,957,838
Out-payment	119,168	51,293,715	120,517	56,831,965

Ordinary Remittances and Postal Orders (TEIGAKU KOGAWASE)

	Millions of yen			
	2016		2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Ordinary remittances	1,224	¥26,028	1,607	¥34,492
Postal orders (TEIGAKU KOGAWASE)	15,867	8,945	16,679	9,288

Foreign Exchanges

Fiscal year ended March 31

	Millions of U.S. dollars			
	2016		2015	
	Remittances (thousands)	Amount	Remittances (thousands)	Amount
Foreign exchanges	334	\$1,223	352	\$1,112

Note: Foreign exchanges represent the total of international remittances and purchases of traveler's checks.

Investment Trusts Sales (Contract Basis)

Fiscal year ended March 31

	Millions of yen	
	2016	2015
Number of contracts (thousands)	1,164	1,061
Sales amount	¥427,085	¥377,000

As of March 31

	Millions of yen	
	2016	2015
Number of investment trust accounts (thousands)	696	665
Net assets	¥1,135,550	¥1,118,791

Other Businesses

Credit Cards

Fiscal year ended March 31

	Thousands	
	2016	2015
Number of cards issued	65	60

As of March 31

	Thousands	
	2016	2015
Number of cards issued (cumulative) (outstanding)	1,285	1,573

Mortgage Loans (as intermediary)

Fiscal year ended March 31

	Millions of yen	
	2016	2015
Amount of new credit extended	¥36,369	¥34,833

As of March 31

	Millions of yen	
	2016	2015
Amount of new credit extended (cumulative)	¥343,350	¥306,981

Note: The Bank acts as the intermediary for Suruga Bank Ltd.'s mortgage loan business.

Variable Annuities Policies

Fiscal year ended March 31

	Millions of yen	
	2016	2015
Number of policies	17,220	11,987
Sales amount	¥92,270	¥66,914

As of March 31

	Millions of yen	
	2016	2015
Number of policies (cumulative)	82,776	65,556
Sales amount (cumulative)	¥437,722	¥345,452

CAPITAL POSITION

Capital Adequacy Ratio (Non-Consolidated, Domestic Standard)

As of March 31

		Millions of yen			
		2016	Amounts excluded under transitional arrangements	2015	Amounts excluded under transitional arrangements
Core Capital: instruments and reserves	Directly issued qualifying common stock or preferred stock mandatorily converted into common stock capital plus related capital surplus and retained earnings	¥ 8,511,519	/	¥ 8,280,186	/
	of which: Capital and capital surplus	7,796,285	/	7,796,285	/
	of which: Retained earnings	2,108,969	/	1,968,617	/
	of which: Treasury stock (deduction)	1,299,999	/	1,299,999	/
	of which: Cash dividends to be paid (deduction)	93,736	/	184,717	/
	of which: Other than above	—	/	—	/
	Subscription rights to common stock or preferred stock mandatorily converted into common stock	—	/	—	/
	Reserves included in Core Capital: instruments and reserves	277	/	315	/
	of which: General reserve for possible loan losses	277	/	315	/
	of which: Eligible reserve	—	/	—	/
	Eligible non-cumulative perpetual preferred stock subject to phase out arrangement included in Core Capital: instruments and reserves	—	/	—	/
	Eligible capital instrument subject to phase out arrangement included in Core Capital: instruments and reserves	—	/	—	/
	Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	—	/	—	/
	45% of revaluation reserve for land included in Core Capital: instruments and reserves	—	/	—	/
Core Capital: instruments and reserves (A)	8,511,796	/	8,280,501	/	
Core Capital: regulatory adjustments	Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	12,450	¥18,675	6,491	¥25,967
	of which: Goodwill (net of related tax liability)	—	—	—	—
	of which: Other intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	12,450	18,675	6,491	25,967
	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	—	—
	Shortfall of eligible provisions to expected losses	—	—	—	—
	Securitization gain on sale	—	—	—	—
	Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—
	Prepaid pension costs	—	—	—	—
	Investments in own shares (excluding those reported in the Net Assets section)	20	31	—	—
	Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Holding Company Group	—	—	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ('Other Financial Institutions'), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ('Non-significant Investment') (amount above the 10% threshold)	—	—	—	—	

		Millions of yen			
		2016	Amounts excluded under transitional arrangements	2015	Amounts excluded under transitional arrangements
Core Capital: regulatory adjustments	Amount exceeding the 10% threshold on specified items	—	—	—	—
	of which: Significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—
	of which: Mortgage servicing rights	—	—	—	—
	of which: Deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—
	Amount exceeding the 15% threshold on specified items	—	—	—	—
	of which: Significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—	—	—
	of which: Mortgage servicing rights	—	—	—	—
	of which: Deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—
	Core Capital: regulatory adjustments (B)	12,471	/	6,491	/
Total capital	Total capital (A)–(B)=(C)	¥ 8,499,325	/	¥ 8,274,010	/
Risk-weighted assets	Credit risk-weighted assets	¥29,253,213	/	¥18,490,222	/
	of which: Total of items included in risk-weighted assets subject to transitional arrangements	(163,930)	/	(276,508)	/
	of which: Intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	18,675	/	25,967	/
	of which: Deferred tax assets (net of related tax liability)	—	/	—	/
	of which: Prepaid pension costs	—	/	—	/
	of which: Other Financial Institutions Exposures	(182,637)	/	(302,475)	/
	of which: Other than the above	31	/	—	/
	Market risk equivalent / 8%	—	/	—	/
	Operational risk equivalent / 8%	2,965,316	/	3,043,268	/
	Credit risk-weighted assets adjustments	—	/	—	/
Operational risk equivalent adjustments	—	/	—	/	
Total amount of risk-weighted assets (D)	¥32,218,529	/	¥21,533,490	/	
Capital adequacy ratio	Capital adequacy ratio (C)/(D) (%)	26.38	/	38.42	/

- Notes: 1. Capital adequacy ratio (non-consolidated, domestic standard) is calculated based on standards stipulated by Article 14-2 of the Banking Act for the purpose of determining whether banks have sufficient equity capital given their holdings of assets and other instruments (Notification No. 19, the Financial Services Agency of Japan, 2006, hereinafter "Capital Adequacy Notification"). The Bank adheres to capital adequacy standards applicable in Japan.
2. The Bank has had its assessment method for capital adequacy ratios audited by the independent audit corporation KPMG AZSA LLC in accordance with the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 30. The independent audit did not involve auditing of financial accounting methods, but focused on the capital adequacy assessment process of part of the internal control system recognized as necessary by the Bank based on procedures agreed on by the Bank and KPMG AZSA LLC. The audit corporation reported these results privately to the Bank and did not issue an audit opinion regarding the capital adequacy ratio or the capital adequacy assessment process of the internal control system.

INSTRUMENTS FOR RAISING CAPITAL

Outline of Instruments for Raising Capital

The Bank raises capital through the issuance of common shares. Current issuance is as follows:

- Total issued and outstanding common shares: 4,500,000,000 shares (including 750,525,000 shares of treasury stock)

ASSESSMENT OF CAPITAL ADEQUACY

The Bank assesses the adequacy of its capital by comparing its equity base with its exposure to market, credit, other risks and stress test results. Within its capital structure, the Bank evaluates the quality of its capital by using such factors as the proportion of total stockholders' equity attributable to common stock to its equity base and other elements, directed toward establishing a financial base appropriate to its risk appetite.

Specifically, the Bank assesses its capital adequacy position by comparing its risk capital, which is defined as the total of its capital, a portion of unrealized valuation gains and losses on other securities, and projected profits with total risk exposure to market, credit, and operational risk during the period being monitored together with stress test results. To evaluate the quality of its capital, the Bank examines its proportion of total stockholders' equity attributable to common stock to its risk capital.

The Bank's capital adequacy and quality management framework comprises monthly or quarterly reporting of these abovementioned assessments to the ALM Committee, the Executive Committee and the Board of Directors and other management bodies.

Total Required Capital (Non-Consolidated)

As of March 31

	Millions of yen	
	2016	2015
(1) Capital requirement for credit risk:	¥1,170,128	¥739,608
Portfolios applying the standardized approach	1,156,381	730,859
Securitization exposures	3,601	3,748
CVA risk equivalent	10,144	5,001
Central Counterparty-related exposures	0	—
(2) Capital requirement for market risk:	—	—
(3) Capital requirement for operational risk:	118,612	121,730
The basic indicator approach	118,612	121,730
(4) Total capital requirements (1) + (2) + (3)	¥1,288,741	¥861,339

Notes: 1. Capital requirement for credit risk: Credit risk-weighted assets x 4%

2. Capital requirement for operational risk: (Operational risk equivalent / 8%) x 4%

3. Total capital requirements: Denominator of capital adequacy ratio x 4%

Exposure Amount of Capital Required for Credit Risk (On-Balance Sheet Items)

As of March 31

Item	(Reference) Risk weight (%)	Millions of yen	
		2016	2015
1 Cash	0	¥ 0	¥ 0
2 Japanese government and the Bank of Japan	0	0	0
3 Foreign central governments and central banks	0–100	21,622	13,759
4 Bank for International Settlements, etc.	0	0	0
5 Non-central government public sector entities	0	0	0
6 Foreign non-central government public sector entities	20–100	14,280	5,114
7 Multilateral Development Banks	0–100	14	15
8 Japan Finance Organization for Municipalities	10–20	2,987	2,863
9 Japanese government agencies	10–20	12,959	12,984
10 Three regional public corporations	20	275	213
11 Financial institutions and Type I Financial Instruments Business Operators	20–100	166,291	126,091
12 Corporates	20–100	613,075	393,546
13 Small and medium-size enterprises and individuals	75	—	—
14 Mortgage loans	35	—	—
15 Project finance (acquisition of real estate)	100	22,587	12,350
16 Past-due loans (three months or more)	50–150	120,048	31,457
17 Unsettled bills	20	—	—
18 Loans guaranteed by Credit Guarantee Corporation, etc.	0–10	—	—
19 Loans guaranteed by the Regional Economy Vitalization Corporation of Japan (REVIC), etc.	10	—	—
20 Investments in capital and others	100–1250	49,791	48,802
Exposure to investments, etc.	100	49,791	48,802
Exposure to critical investments	1250	—	—
21 Other than above	100–250	110,267	69,051
Exposures to fund procurement methods by other financial institutions, etc., other than those corresponding to common shares, etc.	250	83,586	48,913
Exposures to specific items that are not included in adjustment items	250	8,647	9,103
Exposures other than those listed above	100	18,033	11,035
22 Securitization transactions (as originator)	20–1250	—	—
Re-securitization transactions	40–1250	—	—
23 Securitization transactions (as investor and other)	20–1250	3,601	3,748
Re-securitization transactions	40–1250	43	59
24 Assets comprised of asset pools (so-called funds) for which the individual underlying assets are difficult to identify	—	—	—
25 Amounts included in risk-weighted assets due to transitional arrangements	—	748	1,038
26 Amounts related to exposures to fund procurement methods of other financial institutions, and such like, where such amounts are not included in risk-weighted assets due to transitional arrangements	—	(7,305)	(12,099)
Total	—	¥1,131,246	¥708,939

Notes: 1. Capital requirements are calculated using the following formula:

Credit risk-weighted assets x 4%

2. Risk weightings are stipulated in the Capital Adequacy Notification.

Amount of Capital Required for Credit Risk (Off-Balance Sheet Items)

As of March 31

Item	(Reference) CCF (%)	Millions of yen	
		2016	2015
1 Commitments cancelable automatically or unconditionally at any time	0	¥ 0	¥ 0
2 Commitments with an original maturity up to one year	20	—	—
3 Short-term trade contingent liabilities	20	—	—
4 Contingent liabilities arising from specific transactions	50	—	—
(Guaranteed principal amounts held in some trusts under the transitional provisions)	50	—	—
5 NIFs and RUFs	50	—	—
6 Commitments with an original maturity over one year	50	—	—
7 Contingent liabilities arising from directly substituted credit	100	11,832	9,807
(Secured with loan guarantees)	100	1,801	3,463
(Secured with securities)	100	—	—
(Secured with acceptances)	100	—	—
(Guaranteed principal amounts held in some trusts outside of the transitional arrangements)	100	—	—
(Credit derivative protection provided)	100	8,031	4,484
8 Sale and repurchase agreements and asset sales with recourse (after deductions)	—	—	—
Assets sold with repurchase agreements or assets sold with right of claim (before deductions)	100	—	—
Deductions	—	—	—
9 Forward asset purchases, forward deposits and partly-paid shares and securities	100	0	0
10 Securities lending, cash or securities collateral provision, or repo-style transactions	100	10,114	12,493
11 Derivative transactions and long-settlement transactions	—	6,767	3,334
Current exposure method	—	6,767	3,334
Derivative transactions	—	6,763	3,334
(1) Foreign exchange-related transactions	—	7,773	4,085
(2) Interest rate-related transactions	—	1,110	599
(3) Gold-related transactions	—	—	—
(4) Equity-related transactions	—	—	—
(5) Precious metal-related transactions (excluding gold)	—	—	—
(6) Other commodity-related transactions	—	—	—
(7) Credit derivative transactions (counterparty risk)	—	29	35
Write-off of credit equivalent amounts under master netting agreement (deduction)	—	2,150	1,386
Long-settlement transactions	—	3	0
12 Unsettled transactions	—	23	32
13 Eligible liquidity facilities related to securitization exposure and eligible servicer cash advance facilities	0-100	—	—
14 Off-balance sheet securitization exposure other than the above	100	—	—
Total	—	¥28,736	¥25,668

Notes: 1. Capital requirements are calculated using the following formula:
Credit risk-weighted assets x 4%
2. CCFs are stipulated in the Capital Adequacy Notification.

CREDIT RISK

Outline of Credit Risk Management Policies and Procedures

See Pages 52–55 (Credit Risk Management).

Qualified Rating Agencies Used

• Qualified Rating Agencies Used to Determine Risk Weights

In determining risk weights, the Bank utilizes the credit ratings of four rating agencies, specifically, Rating and Investment Information, Inc. (R&I), Japan Credit Rating Agency, Ltd. (JCR), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Ratings Services (S&P), in addition to the Organisation for Economic Co-operation and Development (OECD).

• Qualified Rating Agencies Used to Determine Risk Weight by Exposure Category

The Bank uses the following qualified rating agencies for each of the following risk exposure categories.

In the case where multiple credit rating agencies provide ratings, the Bank selects the credit rating that yields the second smallest risk weight in accordance with the Capital Adequacy Notification.

Exposure	Rating agencies	
Central governments and central banks	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Non-central government public sector entities		R&I, JCR, Moody's, S&P
Foreign non-central government public sector entities		Moody's, S&P, OECD
Multilateral Development Banks		Moody's, S&P
Japan Finance Organization for Municipalities		R&I, JCR, Moody's, S&P
Japanese government agencies		R&I, JCR, Moody's, S&P
Three regional public corporations		R&I, JCR, Moody's, S&P
Financial institutions and Type I Financial Instruments Business Operators	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P, OECD
Corporates	Resident	R&I, JCR, Moody's, S&P
	Non-resident	Moody's, S&P
Securitization transactions		R&I, JCR, Moody's, S&P

Exposure by Region, Industry, and Remaining Period

As of March 31

Exposure by Region and Industry, Past Due Loans for Three Months or More

		Millions of yen					Past due loans for three months or more
		2016					
Region	Industry	Loans, deposits, etc.	Securities	Derivatives	Others	Total	
Domestic	Agriculture, forestry, fisheries, and mining	—	—	—	—	—	—
	Manufacturing	¥ 239,862	¥ 811,023	—	¥ 5	¥ 1,050,891	—
	Utilities, information/communications, and transportation	1,024,181	4,186,028	—	9,826	5,220,036	—
	Wholesale and retail	114,000	213,634	—	2	327,637	—
	Finance and insurance	71,394,423 (18,680,989)	5,129,094	¥ 38,646	62,167	76,624,331 (18,680,989)	—
	Construction and real estate	15,132	153,186	—	1	168,320	—
	Services and goods rental/leasing	26,983	485,911	—	68,631	581,527	—
	Central and local governments	1,837,574	86,792,641	—	6,062	88,636,279	—
	Others	4,118,240	5	—	275,237	4,393,483	¥0
	Total	78,770,398 (18,680,989)	97,771,525	38,646	421,936	177,002,506 (18,680,989)	0
Foreign	Sovereigns	—	6,336,027	—	580	6,336,607	—
	Financial institutions	1,239,856	6,091,159	104,603	288	7,435,907	—
	Others	1,447,009	31,754,298	165	188	33,201,661	—
	Total	2,686,865	44,181,484	104,768	1,057	46,974,176	—
Grand total	81,457,264 ¥(18,680,989)	¥141,953,010	¥143,415	¥422,993	223,976,683 ¥(18,680,989)	¥0	

		Millions of yen					
		2015					
Region	Industry	Loans, deposits, etc.	Securities	Derivatives	Others	Total	Past due loans for three months or more
Domestic	Agriculture, forestry, fisheries, and mining	—	—	—	—	—	—
	Manufacturing	¥ 240,159	¥ 769,987	—	¥ 8,300	¥ 1,018,448	—
	Utilities, information/communications, and transportation	91,178	4,420,604	—	8,749	4,520,532	—
	Wholesale and retail	137,323	173,098	—	28	310,449	—
	Finance and insurance	61,799,834 (21,613,335)	5,312,708	¥44,070	49,893	67,206,507 (21,613,335)	—
	Construction and real estate	5,001	131,437	—	1	136,440	—
	Services and goods rental/leasing	1,029,665	460,702	—	78,402	1,568,771	—
	Central and local governments	2,075,711	111,189,249	—	14,702	113,279,664	—
	Others	4,823,532	—	—	277,415	5,100,948	¥ 1
	Total	70,202,407 (21,613,335)	122,457,789	44,070	437,493	193,141,761 (21,613,335)	1
Foreign	Sovereigns	—	6,171,140	—	579	6,171,720	—
	Financial institutions	1,090,300	5,258,542	53,395	852	6,403,091	—
	Others	1,155,831	16,462,088	24	7,359	17,625,303	—
	Total	2,246,131	27,891,771	53,420	8,792	30,200,114	—
Grand total	72,448,538 ¥(21,613,335)	¥150,349,561	¥97,490	¥446,286	223,341,876 ¥ (21,613,335)	¥ 1	

Notes: 1. Loans, deposits, etc., comprise loans, due from banks, call loans, and off-balance sheet assets other than derivatives. Figures in parentheses are collateral provided (off-balance sheet assets) to the Management Organization for Postal Savings and Postal Life Insurance noted elsewhere.

2. Securities include Government Bonds, local government bonds, corporate bonds, etc.

3. Derivatives comprise such instruments as foreign exchange forward contracts and interest rate swaps, etc.

4. "Past-due loans for three months or more" means the payment of principal or interest is past due three months or more from the day following the scheduled payment date.

5. The amount of exposure includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.

6. Excludes intangible fixed assets and investments in own shares that were subject to credit risk asset calculations under the interim measure.

As of March 31

Exposure by Time to Maturity

Time to maturity	Millions of yen				
	2016				
	Loans, deposits, etc.	Securities	Derivatives	Others	Total
One year or less	¥ 26,884,185 (18,680,989)	¥ 20,541,970	¥ 5,533	¥ 70,112	¥ 47,501,802 (18,680,989)
> One and ≤ three years	1,026,751	27,536,495	62,927	116	28,626,291
> Three and ≤ five years	685,517	26,158,300	72,841	29	26,916,688
> Five and ≤ seven years	309,755	26,152,995	2,036	—	26,464,787
> Seven and ≤ ten years	1,336,136	11,043,425	75	—	12,379,637
Over ten years	451,860	3,134,003	—	—	3,585,864
No designated term	50,763,056	27,385,819	—	352,735	78,501,610
Total	81,457,264 ¥(18,680,989)	¥141,953,010	¥143,415	¥422,993	223,976,683 ¥ (18,680,989)

Time to maturity	Millions of yen				
	2015				
	Loans, deposits, etc.	Securities	Derivatives	Others	Total
One year or less	¥ 29,775,778 (21,613,335)	¥ 24,506,917	¥14,657	¥ 89,118	¥ 54,386,472 (21,613,335)
> One and ≤ three years	1,108,306	41,372,288	46,583	982	42,528,161
> Three and ≤ five years	847,301	25,132,535	31,227	66	26,011,131
> Five and ≤ seven years	233,257	20,057,101	5,021	—	20,295,381
> Seven and ≤ ten years	1,135,602	22,999,608	—	—	24,135,211
Over ten years	968,117	3,220,453	—	—	4,188,571
No designated term	38,380,173	13,060,655	—	356,117	51,796,947
Total	72,448,538 ¥(21,613,335)	¥150,349,561	¥97,490	¥446,286	223,341,876 ¥ (21,613,335)

- Notes: 1. Loans, deposits, etc., comprise loans, due from banks, call loans, and off-balance sheet assets other than derivatives. Figures in parentheses are collateral provided (off-balance sheet assets) to the Management Organization for Postal Savings and Postal Life Insurance noted elsewhere.
2. Securities include Japanese Government Bonds, Japanese local government bonds, Japanese corporate bonds, etc.
3. Derivatives comprise such instruments as foreign exchange forward contracts and interest rate swaps, etc.
4. The amount of exposure includes balances before the deduction of specific reserve for possible loan losses and after the application of credit risk mitigation methods.
5. Excludes intangible fixed assets and investments in own shares that were subject to credit risk asset calculations under the interim measure.

Loan Write-Offs by Industry and Counterparty

There were no write-offs of loans during the fiscal years ended March 31, 2016 and 2015.

Year-End Balances and Changes During the Fiscal Year of General Reserve for Possible Loan Losses, Specific Reserve for Possible Loan Losses, and Loan Loss Reserve for Specific Overseas Countries

By Region

Balance at the end of the fiscal year

As of March 31

	Millions of yen	
	2016	2015
General reserve for possible loan losses	¥127	¥146
Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—

Changes during the fiscal year

Fiscal years ended March 31

	Millions of yen	
	2016	2015
General reserve for possible loan losses	¥(18)	¥4
Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—

Notes: 1. Breakdowns by domestic and overseas amounts are not disclosed as the Bank only booked general reserve for possible loan losses.
2. Since the reserves for possible loan losses noted are those for problem assets disclosed under the Financial Reconstruction Act, they do not match the figures for balance of reserve for possible loan losses and changes during the fiscal year on page 107.

By Industry

Balance at the end of the fiscal year

As of March 31

	Millions of yen	
	2016	2015
General reserve for possible loan losses	¥127	¥146
Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—

Changes during the fiscal year

Fiscal years ended March 31

	Millions of yen	
	2016	2015
General reserve for possible loan losses	¥(18)	¥4
Specific reserve for possible loan losses	—	—
Loan loss reserve for specific overseas countries	—	—

Notes: 1. Breakdowns by industry are not disclosed as the Bank only booked general reserve for possible loan losses.
2. Since the reserves for possible loan losses noted are those for problem assets disclosed under the Financial Reconstruction Act, they do not match the figures for balance of reserve for possible loan losses and changes during the fiscal year on page 107.

Exposure by Risk Weight Classification

As of March 31

Risk weight	Millions of yen			
	2016		2015	
	Rated	Not rated	Rated	Not rated
0%	¥149,562,726	¥40,824,934	¥162,329,648	¥44,263,520
2%	—	600	—	—
4%	—	—	—	—
10%	40,635	4,293,525	11,588	4,233,987
20%	21,568,517	34,420	17,140,576	26,672
35%	—	—	—	—
50%	8,792,820	—	6,783,210	—
75%	—	—	—	—
100%	11,422,669	3,193,596	6,065,851	2,995,618
150%	2,000,804	—	524,295	—
250%	765,392	156,949	420,798	159,364
1250%	—	—	34	—
Others	78	—	45	—
Total	¥194,153,645	¥48,504,027	¥193,276,048	¥51,679,162

Notes: 1. Ratings are limited to those rated by qualified rating agencies.

2. The amount of exposure includes balances before the deduction of specific reserve for possible loan losses and after application of the credit risk mitigation methods.

3. The portion of exposure from assets qualified for credit risk mitigation methods is allocated to risk weight categories after the application of credit risk mitigation methods.

4. Assets subject to transitional arrangements are recorded under the risk-weighted classification where transitional arrangements do not apply.

CREDIT RISK MITIGATION METHODS

Outline of Risk Management Policies and Procedures

The Bank applies “credit risk mitigation methods” as stipulated in the Capital Adequacy Notification in calculating its capital adequacy ratio. Credit risk mitigation methods involve taking into consideration the benefits of collateral and guarantees in the calculation of its capital adequacy ratio and can be appropriately applied to eligible financial collateral, the netting of loans against the Bank’s self deposits, and guarantees and credit derivatives.

- **Categories of Eligible Financial Collateral**

Cash, self deposits, and securities are the only types of eligible financial collateral used by the Bank.

- **Outline of Policies and Procedures for the Assessment and Management of Collateral**

The Bank uses “the Simple Method” stipulated in the Capital Adequacy Notification when applying eligible financial collateral.

The Bank has established internal procedures that enable timely sales or purchases of eligible financial collateral based on collateral contracts, including terms and conditions, signed prior to any of these transactions.

- **Outline of Policies and Procedures for the Netting of Loans and Self Deposits and the Types of Transactions and Scope for which Netting Can Be Applied**

The Bank regards the netted amount of loans and self deposits as the amount of exposure used in the calculation of the capital adequacy ratio in accordance with special clauses on netting in banking transaction agreements, etc.

Currently, there are no such transactions.

- **Explanation of the Credit Worthiness of Guarantors and Major Types of Counterparties in Credit Derivative Transactions**

The major guarantors used by the Bank are the national government, etc. The use of these guarantors lowers risk weights more than non-guaranteed debts. The Bank has no credit derivatives subject to risk mitigation methods.

- **Outline of Policies and Procedures for Legally Applying Close-Out Netting Contracts for Derivative Transactions as well as Repurchase Transaction Agreements and the Type and Scope of Transactions to which this Method Is Applied**

The Bank refers to the regulations of each overseas transacting country and takes into account the effect of derivative transactions such as interest rate swaps and currency swaps for which close-out netting agreements have been concluded.

- **Information on the Concentration of Credit and Market Risk Arising from the Application of Credit Risk Mitigation Methods**

The principal credit risk mitigation method utilizes eligible financial collateral secured by cash and self deposits. As a result, there is no concentration of credit and market risk.

Exposure After Applying Credit Risk Mitigation

As of March 31

Item	Millions of yen			
	2016		2015	
	Exposure	%	Exposure	%
Eligible financial collateral	¥41,378,182	90.79	¥45,879,942	89.91
Guarantees	4,192,827	9.20	5,147,144	10.08
Total	¥45,571,010	100.00	¥51,027,087	100.00

Notes: 1. The categories of eligible financial collateral used by the Bank include cash, self deposits, and securities.

2. The major guarantor used by the Bank is the central government, etc. The use of these guarantors lowers risk weights more than non-guaranteed debts.

3. Does not include exposure in funds that include investment trusts, etc.

DERIVATIVE TRANSACTIONS AND LONG-SETTLEMENT TRANSACTIONS

Outline of Risk Management Policies and Procedures

• Policy on Collateral Security and Reserve Calculation and Impact of Additional Collateral Demanded on Deterioration of Credit Quality

The Bank signs, as necessary, credit risk mitigation contracts with counterparties in derivative transactions that involve regular transfers of collateral determined in accordance with replacement costs and the likes. Under these contracts, the Bank must provide the counterparty with additional collateral in the event of deterioration in the Bank's credit quality. However, the impact of the additional collateral is deemed to be minor.

The Bank's policy on reserve calculation related to derivative transactions is the same as that applied to ordinary on-balance sheet assets.

• Policy on Credit Limit and Risk Capital Allocation Method

The Bank assigns debtors credit ratings to all derivative transaction counterparties. The Bank sets credit limits based on these ratings and conducts regular monitoring on a daily basis to ensure appropriate management of credit risk. The Bank uses the Current Exposure Method in determining the amount of credit outstanding as part of its credit risk management. This method takes into consideration the market value and price fluctuation risk of derivative transactions.

The risk capital allocations for derivative transactions are the same as other transactions.

Derivative Transactions and Long-Settlement Transactions

As of March 31

	Millions of yen	
	2016	2015
Gross replacement costs	¥160,465	¥ 69,867
Gross add-on amounts	252,755	200,973
Gross credit equivalents	413,221	270,841
Currency-related transactions	378,273	240,062
Interest rate-related transactions	34,935	30,778
Long-settlement transactions	12	—
Write-off of credit equivalent amount due to netting (deduction)	269,793	173,350
Net credit equivalents	143,427	97,490
Collateral held	44,694	15,928
Marketable securities	44,694	15,928
Net credit equivalent amounts (after considering credit risk mitigation benefits due to collateral)	143,427	97,490

Notes: 1. Credit equivalent amounts are calculated using the Current Exposure Method.

2. Derivative transactions and long-settlement transactions are recorded only for transactions that require the calculation of credit equivalent amounts.

3. Does not include exposure in funds that include investment trusts, etc.

4. Gross replacement costs for which reconstruction costs were less than zero are not included.

5. Credit risk mitigation benefits due to collateral are considered in risk weighting, but not in credit equivalent amounts.

6. There are no trades involving credit derivatives subject to calculation of credit equivalent amounts and credit derivatives used for taking into account credit risk mitigation effects.

7. Write-off of credit equivalent amount due to netting is equal to the figure obtained by subtracting credit equivalent amounts prior to credit risk mitigation with collateral from the sum of aggregated gross replacement costs and total gross add-ons.

SECURITIZATION EXPOSURE

Outline of Risk Management Policies and Risk Characteristics

The Bank is exposed to risk associated with securitization as an investor. For the acquisition of securitized instruments, the Bank examines closely the quality of underlying assets, the structure of senior and subordinate rights, and the details of the securitization scheme. In view of these procedures, it assigns ratings to debtors as with other marketable securities and makes acquisitions within the credit limits. Following acquisition, the Bank monitors deterioration in the quality of underlying assets, a change in the composition of underlying assets or other development. Furthermore, credit risks related to securitized instruments are included in the calculation of the credit risk amount, while related interest rate risks are included in the calculation of the market risk amount. In addition, the Bank also recognizes market liquidity risk. The status of market risk, credit risk and market liquidity risk is reported to the Executive Committee and other organizational bodies.

Re-securitization exposure is the same as securitization exposure.

Outline of Establishment and Operation of System Prescribed by Section 4-3 to 4-6, Article 249 of the Public Notices on Capital Adequacy Ratios of Financial Instruments Business Operators

With regards to securitization exposure, the Bank has a system for ascertaining information relating to comprehensive risk characteristics and performance on a timely basis. Specifically, in addition to regularly reviewing ratings assigned to debtors, the Bank reviews ratings assigned to debtors when necessary if there has been deterioration in the quality of underlying assets, a change in the composition of underlying assets or other development that affects a debtor rating.

Re-securitization exposure is the same as securitization exposure.

Policy on Using Securitization Transactions as a Credit Risk Mitigation Method

The Bank does not use securitization transactions as a credit risk mitigation method.

Method Applied for the Calculation of Credit Risk-Weighted Asset Amounts with Regard to Securitization Exposure

The Bank applies the "Standardized Approach" stipulated in the Capital Adequacy Notification to calculate credit risk-weighted asset amounts related to securitized instruments.

Type of Securitization Conduit Used for Any Securitization Transactions Related to Third-party Assets Using Securitization Conduits and whether Securitization Exposures Related to such Securitization Transactions Are Held

The Bank does not conduct securitization transactions related to third-party assets using securitization conduits.

Subsidiaries, Affiliates and Other such Entities Holding Securitization Exposures Related to Securitization Transactions Conducted by the Bank

There are no subsidiaries, affiliates or other such entities holding securitization exposures related to securitization transactions conducted by the Bank.

Qualified Rating Agencies Used to Determine Risk Weight by Type of Securitization Exposure

The Bank adopts the credit ratings of the following qualified rating agencies to calculate credit risk-weighted asset amounts related to securitized instruments.

- Rating and Investment Information, Inc. (R&I)
- Japan Credit Rating Agency, Ltd. (JCR)
- Moody's Investors Service, Inc. (Moody's)
- Standard & Poor's Ratings Services (S&P)

Investments in Securitized Instruments

Securitization Exposure and Breakdown by Type of Main Underlying Assets (Excludes Re-Securitization Exposure)

As of March 31

Type of underlying assets	Millions of yen	
	2016	2015
Mortgage loans	¥325,379	¥390,075
Auto loans	69,926	20,268
Leases	—	—
Accounts receivable	2,038	2,997
Corporate loans	94,575	94,677
Others	37	824
Total	¥491,957	¥508,842

Note: There are no off-balance sheet transactions.

Re-Securitization Exposure and Breakdown by Type of Main Underlying Assets

As of March 31

Type of underlying assets	Millions of yen	
	2016	2015
Mortgage loans	¥2,743	¥3,726
Auto loans	—	—
Leases	—	—
Accounts receivable	—	—
Corporate loans	—	—
Others	—	—
Total	¥2,743	¥3,726

Note: There are no off-balance sheet transactions.

Balance by Risk Weight of Securitization Exposure and Amount of Capital Requirements (Excluding Re-Securitization Exposure)

As of March 31

Risk weight	Millions of yen			
	2016		2015	
	Balance	Capital requirements	Balance	Capital requirements
Less than 20%	¥ 94,612	¥ 378	¥ 95,501	¥ 382
20%	397,345	3,178	413,341	3,306
50%	—	—	—	—
100%	—	—	—	—
350%	—	—	—	—
1250%	—	—	—	—
Total	¥491,957	¥3,557	¥508,842	¥3,688

Notes: 1. There are no off-balance sheet transactions.

2. Capital requirements are calculated using the following formula:
Credit risk-weighted assets x 4%

Balance by Risk Weight of Re-Securitization Exposure and Amount of Capital Requirements

As of March 31

Risk weight	Millions of yen			
	2016		2015	
	Balance	Capital requirements	Balance	Capital requirements
Less than 40%	—	—	—	—
40%	¥2,743	¥43	¥3,726	¥59
100%	—	—	—	—
225%	—	—	—	—
650%	—	—	—	—
1250%	—	—	—	—
Total	¥2,743	¥43	¥3,726	¥59

- Notes: 1. There are no off-balance sheet transactions.
 2. There were no credit risk mitigation methods applied to re-securitization exposure.
 3. Capital requirements are calculated using the following formula:
 Credit risk-weighted assets x 4%

Accounting Policy for Securitization Transactions

The Bank complies with the Accounting Standards Board of Japan Statement No. 10, Accounting Standards for Financial Instruments (Business Accounting Council, January 22, 1999), etc., in recognizing the initiation and extinguishment of financial assets and liabilities in securitization transactions and assessing and booking these assets and liabilities.

OPERATIONAL RISK

Outline of Policies and Procedures for Risk Management

See Page 55 (Operational Risk Management).

Method Applied for the Calculation of Operational Risk Equivalent Amounts

The Bank adopts the Basic Indicator Approach stipulated in the Capital Adequacy Notification to calculate operational risk equivalent amounts based on capital adequacy regulations.

INVESTMENTS, STOCK, AND OTHER EXPOSURE IN BANKING BOOK

Outline of Risk Management Policies and Procedures

Among exposures to investments, stocks, and other exposures in the banking book, the Bank manages risk for available-for-sale securities in accordance with Market Risk Management/Market Liquidity Risk Management (Pages 50–51) and Credit Risk Management (Pages 52–53).

The Bank holds no investments in subsidiaries, and manages securities of affiliates appropriately.

1. Balance Sheet Amounts and Fair Values

As of March 31

	Millions of yen			
	2016		2015	
	Balance sheet amount	Fair value	Balance sheet amount	Fair value
Exposure to listed equities, etc.	—	—	—	—
Exposure to investments or equities, etc., other than above	¥1,390	/	¥935	/
Total	¥1,390	/	¥935	/

Notes: 1. Investments in stocks and other instruments in the banking book include exposures the Bank deems it extremely difficult to determine a fair value given the unavailability of market prices. Consequently, the fair value for these instruments is not provided, in the same way that fair value information on valuation methodology for financial instruments is not provided.

2. The figures in the above table do not include exposure to instruments embedded in investment trust, etc. The same applies below.

2. Gains (Losses) on Sale or Write-Off of Investment or Equity Exposures

Fiscal years ended March 31

	Millions of yen	
	2016	2015
Gains (Losses):	—	—
Gains	—	—
Losses	—	—
Write-offs	—	—

Note: The gains and losses in the above table are recorded as gains (losses) on sales of stock, etc., on the statements of income.

3. Unrealized Gains (Losses) Recognized on the Balance Sheets But Not on the Statements of Income

As of March 31

	Millions of yen	
	2016	2015
Unrealized gains (losses) recognized on the balance sheets but not on the statements of income	—	—

Note: The number represents unrealized gains (losses) on stock, etc., with fair value.

4. Unrealized Gains (Losses) Not Recognized on the Balance Sheets or the Statements of Income

As of March 31

	Millions of yen	
	2016	2015
Unrealized gains (losses) not recognized on the balance sheets or the statements of income	—	—

Note: The number represents unrealized gains (losses) on stock of affiliates with fair value.

INTEREST RATE RISK IN BANKING BOOK

Outline of Risk Management Policies and Procedures

See Pages 50–51 (Market Risk Management/Market Liquidity Risk Management).

Outline of Method for the Calculation of Interest Rate Risk in the Banking Book Used for Internal Management Purposes

See Pages 50–51 (Market Risk Management/Market Liquidity Risk Management).

Status of Loss-to-Capital Ratio Under the Outlier Framework

The Bank measures the loss-to-capital ratio under the outlier standard as part of its practice to monitor interest rate risks in its banking book.

As of March 31

	Billions of yen	
	2016	2015
Amount of loss (A)	¥ 598.0	¥ 770.5
Total capital (B)	8,499.3	8,274.0
Loss-to-capital ratio (A)/(B) (%)	7.03	9.31

Notes: 1. The Bank adopts an interest rate shock scenario based on historical interest rate fluctuation data for a five-year observation period with a one-year holding period. Confidence levels of 1% and 99% for interest rate fluctuations are applied in this scenario.
2. The Bank has applied an internal model to allocate the estimated balance and termination dates of liquid deposits that have remained on deposit in the Bank for a long term without being withdrawn, (so-called "core deposits"), and calculate the interest rate risk amount for them.
3. According to the "Comprehensive Guidelines for Major Banks, etc." prescribed by the Financial Services Agency (FSA), "Because JAPAN POST BANK is obligated legally to hold a portion of its assets in government bonds and other "safe" assets, the FSA takes this special information into consideration in its oversight of the Bank in terms of the application of the outlier standard."

JAPAN POST GROUP CHARTER OF CORPORATE CONDUCT

(1) Earn the trust of customers

- We earn the trust of customers by adopting their perspective and meeting their expectations.
- We protect and manage information strictly so that customers can use our services with peace of mind.
- We fulfill our responsibility to explain our operations by conducting highly transparent business operations and disclosing information in a fair manner.

(2) Observe ethical standards

- We continue to conduct business activities with sincerity by complying with laws, regulations, social standards and internal rules.
- We stand firmly against antisocial forces and organizations that threaten the order and safety of civil society.
- We maintain workplace discipline by clearly defining responsibilities and authority and fairly evaluating performance and results.

(3) Place priority on coexistence

- We actively promote environmental conservation and make a significant contribution to society through business activities.
- We aim for sustainable coexistence by placing importance on maintaining dialogues with diverse stakeholders.
- We respect human rights and provide safe and pleasant workplaces.

(4) Create value

- We will create new convenience for customers and provide them with high-quality services.
- We will create stable value by providing universal services in our three core businesses through the JAPAN POST GROUP network.
- We will utilize teamwork and create corporate value for the JAPAN POST GROUP by promoting mutual understanding and cooperation among employees and encouraging each and every employee to fulfill their roles and responsibilities.

(5) Be a source of change

- We will apply technological innovation and continually make innovative changes internally to provide stable services to our customers.
- We exercise our creativity from a broad viewpoint and lofty perspective to promote the Group's development.
- We aggressively take on the challenge of conducting global business activities.

Stock Information

Number of Shares

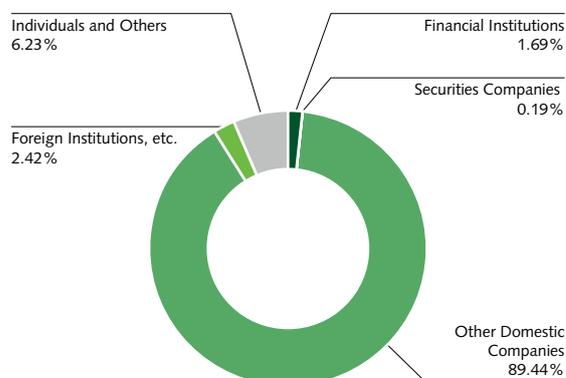
Total number of authorized shares: 18,000,000 thousand shares

Total number of outstanding shares: 3,749,475 thousand shares
(excluding 750,525 thousand shares of treasury stock)

Total number of shareholders

601,347

Classification by Types of Shareholders



Major Shareholders

	Name of shareholder	Number of shares held (thousand shares)	Percentage of shares held(%)
1	JAPAN POST HOLDINGS Co., Ltd.	3,337,032	88.99
2	Japan Trustee Services Bank, Ltd. (Trust Account)	13,425	0.35
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	8,271	0.22
4	GOLDMAN SACHS INTERNATIONAL	7,194	0.19
5	STATE STREET BANK WEST CLIENT - TREATY 505234	5,852	0.15
6	Japan Post Bank Employee Shareholding Association	5,365	0.14
7	STATE STREET BANK - WEST PENSION FUND CLIENTS - EXEMPT 505233	4,309	0.11
8	JP MORGAN CHASE BANK 385151	4,270	0.11
9	Japan Trustee Services Bank, Ltd. (Trust Account 1)	3,891	0.10
10	Japan Trustee Services Bank, Ltd. (Trust Account 6)	3,889	0.10

Notes:

1. The number of shares held, etc., is rounded down. The percentage of shares held is rounded down to the second decimal place.
2. The percentage of shares held is calculated excluding treasury stock (750,525 thousand shares).



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