

# **Selected Financial Information**

**For the Three Months**

**Ended June 30, 2014**



**JAPAN POST BANK**

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*1. All Japanese yen figures in the financial statements of JAPAN POST BANK Co., Ltd. (the Bank) have been rounded down. Accordingly, the total of each account may not be equal to the combined total of individual items.*

*2. The Bank will announce its Capital Adequacy Ratio (Non-Consolidated, Domestic Standard) as of June 30, 2014 at a later date.*

*3. The information in this document is intended only for the purpose of providing general information regarding the Bank. Nothing in this document should be construed as an offer to sell or a solicitation of an offer to buy any shares or any other securities of JAPAN POST GROUP.*

## 1. Summarized Balance Sheets

(Millions of yen)

	As of June 30, 2014	As of June 30, 2013	As of March 31, 2014
Total assets	203,386,886	203,128,987	202,512,882
Cash and due from banks	23,385,429	11,766,787	19,463,622
Call loans	1,812,232	1,653,314	1,843,569
Receivables under securities borrowing transactions	6,925,484	7,696,672	7,212,769
Monetary claims bought	63,681	54,138	62,272
Trading account securities	271	380	278
Money held in trust	2,997,548	2,810,801	2,919,003
Securities	163,162,803	173,564,277	166,057,886
Loans	3,009,150	3,489,159	3,076,325
Foreign exchanges	29,858	2,126	30,659
Other assets	1,647,484	1,733,991	1,529,309
Tangible fixed assets	183,216	151,491	144,588
Intangible fixed assets	55,811	62,040	58,725
Customers' liabilities for acceptances and guarantees	115,000	145,000	115,000
Reserve for possible loan losses	(1,084)	(1,194)	(1,127)
Total liabilities and net assets	203,386,886	203,128,987	202,512,882
Total liabilities	191,801,092	192,465,413	191,048,358
Deposits	177,508,254	177,305,720	176,612,780
Payables under securities lending transactions	10,549,891	11,658,579	10,667,591
Foreign exchanges	188	201	249
Other liabilities	2,399,144	2,536,048	2,511,110
Reserve for employees' bonuses	1,565	1,400	5,566
Reserve for employees' retirement benefits	150,273	136,471	136,848
Deferred tax liabilities	1,076,773	681,991	999,212
Acceptances and guarantees	115,000	145,000	115,000
Total net assets	11,585,793	10,663,574	11,464,524
Common stock	3,500,000	3,500,000	3,500,000
Capital surplus	4,296,285	4,296,285	4,296,285
Retained earnings	1,685,177	1,462,589	1,702,007
Net unrealized gains (losses) on available-for-sale securities	2,661,205	1,815,141	2,563,134
Deferred gains (losses) on hedges	(556,875)	(410,442)	(596,903)

## 2. Fund Management Status

(Millions of yen, %)

	As of June 30, 2014		As of June 30, 2013		As of March 31, 2014	
	Amount	%	Amount	%	Amount	%
Due from banks, etc.	23,192,160	11.53	11,564,935	5.75	19,204,140	9.58
Call loans	1,812,232	0.90	1,653,314	0.82	1,843,569	0.92
Receivables under securities borrowing transactions	6,925,484	3.44	7,696,672	3.83	7,212,769	3.60
Money held in trust	2,997,548	1.49	2,810,801	1.39	2,919,003	1.45
Securities	163,162,803	81.12	173,564,277	86.44	166,057,886	82.88
Japanese Government Bonds	121,179,065	60.24	137,943,047	68.70	126,391,090	63.08
Japanese local government bonds	5,592,337	2.78	5,683,679	2.83	5,550,379	2.77
Commercial paper	325,951	0.16	632,917	0.31	333,979	0.16
Japanese corporate bonds	11,186,605	5.56	11,241,148	5.59	11,050,163	5.51
Japanese stocks	935	0.00	935	0.00	935	0.00
Other securities	24,877,907	12.36	18,062,549	8.99	22,731,338	11.34
Loans	3,009,150	1.49	3,489,159	1.73	3,076,325	1.53
Others	31,039	0.01	3,441	0.00	31,872	0.01
Total	201,130,418	100.00	200,782,602	100.00	200,345,567	100.00

Note: Due from banks, etc. includes negotiable certificates of deposit, monetary claims bought, and Bank of Japan (BOJ) deposits, etc.

## 3. Income Analysis

(Millions of yen)

	For the three months ended		(A) - (B)
	June 30, 2014 (A)	June 30, 2013 (B)	
Gross operating profit	412,522	397,595	14,927
Net interest income	391,173	372,430	18,742
Net fees and commissions	22,259	23,900	(1,640)
Net other operating income (loss)	(910)	1,264	(2,174)
General and administrative expenses	(284,566)	(283,324)	(1,241)
Personnel expenses	(30,239)	(30,128)	(111)
Non-personnel expenses	(235,179)	(238,211)	3,032
Taxes and dues	(19,147)	(14,984)	(4,162)
Operating profit (before provision for general reserve for possible loan losses)	127,956	114,270	13,686
Provision for general reserve for possible loan losses	—	—	—
Net operating profit	127,956	114,270	13,686
Non-recurring gains (losses)	173	66,342	(66,168)
Gains (losses) on money held in trust	2,667	69,425	(66,757)
Net ordinary income	128,130	180,612	(52,482)
Extraordinary income (loss)	(318)	(111)	(206)
Gains (losses) on sales and disposal of fixed assets	(318)	(98)	(219)
Losses on impairment of fixed assets	—	(13)	13
Income before income taxes	127,811	180,501	(52,689)
Income taxes - current	(36,006)	(57,838)	21,831
Income taxes - deferred	(5,810)	(7,416)	1,605
Net income	85,993	115,246	(29,253)
Credit-related expenses	(0)	7	(8)
Provision for general reserve for possible loan losses	(0)	7	(8)
Write-off of loans	—	—	—
Provision for specific reserve for possible loan losses	—	—	—
Recoveries of written-off loans	—	—	—

- Notes: 1. General and administrative expenses exclude non-recurring losses.  
2. Credit-related expenses are those expenses related to problem assets disclosed under the Financial Reconstruction Act.  
3. Numbers in parenthesis indicate the amount of loss, expense and decrease.

## 4. Selected Ratios

(%)

	For the three months ended		(A) - (B)
	June 30, 2014 (A)	June 30, 2013 (B)	
Net income to assets (ROA)	0.16	0.22	(0.05)
Net income to equity (ROE)	3.63	4.99	(1.36)
Overhead ratio (OHR)	68.98	71.25	(2.27)
Expense-to-deposit ratio	0.64	0.64	0.00

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

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

(Millions of yen, %)

	For the three months ended June 30, 2014		
	Average balance	Interest	Earnings yield (%)
Interest-earning assets	195,386,218	473,967	0.97
Loans	3,064,891	8,026	1.05
Securities	164,276,660	458,769	1.12
Due from banks, etc.	21,057,211	5,326	0.10
Interest-bearing liabilities	184,736,605	82,793	0.17
Deposits	176,908,354	60,968	0.13

(Millions of yen, %)

	For the three months ended June 30, 2013		
	Average balance	Interest	Earnings yield (%)
Interest-earning assets	194,945,705	459,823	0.94
Loans	3,723,522	9,941	1.07
Securities	174,408,159	445,590	1.02
Due from banks, etc.	9,874,120	2,400	0.09
Interest-bearing liabilities	184,352,439	87,393	0.19
Deposits	176,578,561	66,228	0.15

- Notes: 1. Interest-earning assets include receivables under securities borrowing transactions, etc., and exclude money held in trust.  
2. Due from banks, etc. includes negotiable certificates of deposit, call loans, monetary claims bought, and BOJ deposits, etc.  
3. Interest-bearing liabilities include payables under securities lending transactions, etc., while the average balance of money held in trust and the corresponding interest are deducted from the aggregate amount.  
4. Interest includes interest on interest rate swaps.  
5. Earnings yield is annualized.

## 6. Spread

(%)

	For the three months ended		(A) - (B)
	June 30, 2014 (A)	June 30, 2013 (B)	
Yield on interest-earning assets (a)	0.97	0.94	0.02
Interest rate on interest-bearing liabilities (b)	0.17	0.19	(0.01)
Spread (a)-(b)	0.79	0.75	0.03

Note: All numbers are annualized.

## 7. Fair Value of Financial Instruments

The amounts on the balance sheets, the fair values, and the differences between the two as of June 30, 2014 were as follows.

Insignificant balance sheet accounts are not disclosed.

(Millions of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and due from banks (*)	23,385,429	23,385,429	—
(2) Call loans	1,812,232	1,812,232	—
(3) Receivables under securities borrowing transactions	6,925,484	6,925,484	—
(4) Monetary claims bought (*)	63,681	63,681	—
(5) Trading account securities			
Securities classified as trading purposes	271	271	—
(6) Money held in trust (*)	2,997,548	2,997,548	—
(7) Securities			
Held-to-maturity securities	84,956,468	87,443,392	2,486,924
Available-for-sale securities (*)	78,205,400	78,205,400	—
(8) Loans	3,009,150		
Reserve for possible loan losses (**)	(118)		
	3,009,031	3,101,883	92,851
<b>Total assets</b>	<b>201,355,547</b>	<b>203,935,323</b>	<b>2,579,776</b>
(1) Deposits	177,508,254	178,130,054	621,799
(2) Payables under securities lending transactions	10,549,891	10,549,891	—
<b>Total liabilities</b>	<b>188,058,146</b>	<b>188,679,946</b>	<b>621,799</b>
Derivative transactions (***)			
For which hedge accounting is not applied	(202)	(202)	—
For which hedge accounting is applied	(904,643)	(904,643)	—
<b>Total derivative transactions</b>	<b>(904,845)</b>	<b>(904,845)</b>	<b>—</b>

\* The value of other securities (including Available-for-sale securities in the Securities account, negotiable certificates of deposit in the Cash and due from banks account and the Monetary claims bought account) shown on the balance sheet exceeds their acquisition cost by ¥3,674,127 million. The value of the Money held in trust account shown on the balance sheet exceeds their acquisition cost by ¥735,716 million.

The amount of losses on impairment for the three months ended June 30, 2014 was ¥335 million.

\*\* 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 the corresponding foreign securities.

## 8. Loans by Industry

(Millions of yen, %)

	As of June 30, 2014		As of June 30, 2013		As of March 31, 2014	
	Amount	%	Amount	%	Amount	%
Agriculture, forestry, fisheries, and mining	—	—	—	—	—	—
Manufacturing	83,866	2.78	97,278	2.78	83,879	2.72
Utilities, information/communications, and transportation	83,948	2.78	178,847	5.12	94,044	3.05
Wholesale and retail	23,864	0.79	14,260	0.40	23,890	0.77
Finance and insurance	1,993,606	66.25	2,346,646	67.25	2,026,918	65.88
Construction and real estate	11,500	0.38	17,251	0.49	11,500	0.37
Services and goods rental/leasing	18,539	0.61	23,506	0.67	15,805	0.51
Central and local governments	600,512	19.95	603,575	17.29	610,566	19.84
Others	193,311	6.42	207,793	5.95	209,720	6.81
Total	3,009,150	100.00	3,489,159	100.00	3,076,325	100.00

Note: Loans to the Management Organization for Postal Savings and Postal Life Insurance, which are included in loans to "Finance and Insurance," were ¥1,761,390 million, ¥2,049,004 million and ¥1,766,185 million as of June 30, 2014, June 30, 2013 and March 31, 2014, respectively.

## 9. Balances by Type of Deposit

(Millions of yen, %)

	As of June 30, 2014		As of June 30, 2013		As of March 31, 2014	
	Amount	%	Amount	%	Amount	%
Liquid deposits	61,461,134	34.62	61,202,634	34.51	60,200,571	34.08
Transfer deposits	11,371,459	6.40	10,690,325	6.02	10,925,669	6.18
Ordinary deposits, etc.	49,693,789	27.99	50,111,140	28.26	48,878,529	27.67
Savings deposits	395,886	0.22	401,168	0.22	396,371	0.22
Fixed-term deposits	115,826,377	65.25	115,837,923	65.33	116,157,689	65.76
Time deposits	14,077,484	7.93	17,880,641	10.08	14,781,463	8.36
TEIGAKU deposits, etc.	101,746,884	57.31	97,954,607	55.24	101,374,092	57.39
Other deposits	220,743	0.12	265,162	0.14	254,519	0.14
Subtotal	177,508,254	100.00	177,305,720	100.00	176,612,780	100.00
Negotiable certificates of deposit	—	—	—	—	—	—
Total	177,508,254	100.00	177,305,720	100.00	176,612,780	100.00
Deposits including accrued interest	178,674,212		178,287,883		177,734,274	

- Notes: 1. Liquid deposits = Transfer deposits + Ordinary deposits, etc. + Savings deposits  
Ordinary deposits, etc. = Ordinary deposits + Special deposits (equivalent to ordinary savings)
2. Fixed-term deposits = Time deposits + TEIGAKU deposits, etc. + Special deposits (Savings for housing installments equivalent + Education installment savings equivalent)  
TEIGAKU deposits, etc. = TEIGAKU deposits + Special deposits (TEIGAKU savings equivalent)
3. Special deposits, which represent deposits received from the Management Organization for Postal Savings and Postal Life Insurance, an independent administrative agency, correspond to postal savings that were passed on to the organization by JAPAN POST.
4. Special deposits (equivalent to ordinary savings) are the portion of deposits received from the Management Organization for Postal Savings and Postal Life Insurance corresponding to savings for time savings, TEIGAKU savings, installment savings, savings for housing installments, and education installment savings that had reached full term and were passed on to the organization by JAPAN POST.
5. 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 after six months from the inception of the deposits. The effective interest rates put on deposits rise in a staircase pattern, with duration of up to three years.



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

(Millions of yen, %)

	As of June 30, 2014	As of June 30, 2013	As of March 31, 2014
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	3,161,714	3,645,680	3,225,673
Total (B)	3,161,714	3,645,680	3,225,673
Non-performing loan ratio (A) / (B) (%)	—	—	—

## 11. Other Businesses

### (1) Investment Trusts Sales (Contract Basis)

	For the three months ended June 30, 2014	For the three months ended June 30, 2013
Number of contracts (thousands)	234	252
Sales amount (millions of yen)	84,104	123,347

	As of June 30, 2014	As of June 30, 2013
Number of investment trust accounts (thousands)	648	626
Net assets (millions of yen)	1,011,745	1,001,586

### (2) Credit Cards

(Thousands)

	For the three months ended June 30, 2014	For the three months ended June 30, 2013
Number of cards issued	17	20

	As of June 30, 2014	As of June 30, 2013
Outstanding	1,854	2,079

### (3) Mortgage Loans (as Intermediary)

(Millions of yen)

	For the three months ended June 30, 2014	For the three months ended June 30, 2013
Amount of new credit extended	6,276	5,627

	As of June 30, 2014	As of June 30, 2013
Amount of new credit extended (cumulative)	278,425	253,338

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

### (4) Variable Annuities Policies

	For the three months ended June 30, 2014	For the three months ended June 30, 2013
Number of policies	3,177	2,998
Sales amount (millions of yen)	17,914	18,282

	As of June 30, 2014	As of June 30, 2013
Number of policies (cumulative)	56,746	44,353
Sales amount (cumulative) (millions of yen)	296,452	227,533

## (Reference) Securitized Products Exposure

As of June 30, 2014 and June 30, 2013, the Bank held the following securitized products and other products.

The Bank's holdings of securitized products and others were limited to securitization exposure as final investor. The Bank has never originated any securitized products and thus has no exposure as an originator and no exposure to special purpose entities (SPEs) that should be consolidated.

## (1) Securitized products

(Billions of yen, %)

Region		As of June 30, 2014			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A) (%)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,124.2	51.1	4.55	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.3	4.4	4.71	AA
	Other securitized products	15.0	0.0	0.00	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	5.6	0.2	3.76	AAA
	Subtotal	1,239.2	55.8	4.50	
Overseas	Residential mortgage-backed securities (RMBS)	259.0	45.2	17.47	AAA
	Subprime loan related	—	—	—	—
	Subtotal	259.0	45.2	17.47	
Total		1,498.2	101.1	6.74	

(Billions of yen, %)

Region		As of June 30, 2013			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A) (%)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,070.1	37.7	3.52	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.5	4.6	4.91	AA
	Other securitized products	2.9	0.0	0.20	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	7.3	0.1	2.35	AAA
	Subtotal	1,175.0	42.5	3.62	
Overseas	Residential mortgage-backed securities (RMBS)	284.1	31.2	10.99	AAA
	Subprime loan related	—	—	—	—
	Subtotal	284.1	31.2	10.99	
Total		1,459.1	73.8	5.05	

- 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 lease payments and auto loan claims, etc.  
5. The above table does not include U.S. government sponsored enterprises etc. (GSEs) related products.

## (2) Structured investment vehicles (SIVs)

There were no investments in SIVs.

## (3) Leveraged loans

There were no outstanding leveraged loans.

## (4) Monoline insurer related products

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

## (5) GSEs related products

(Billions of yen, %)

	As of June 30, 2014			As of June 30, 2013		
	Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A) (%)	Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A) (%)
Mortgage-backed securities	—	—	—	60.3	3.9	6.50
Agency securities	—	—	—	—	—	—

Notes: 1. Mortgage-backed securities are those securities arranged and guaranteed by GSEs.

2. Agency securities are those securities issued directly by GSEs.