

Selected Financial Information

For the Nine Months

Ended December 31, 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 December 31, 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 the Bank or JAPAN POST HOLDINGS Co., Ltd.

1. Summarized Balance Sheets

(Millions of yen)

	As of December 31, 2014	As of December 31, 2013	As of March 31, 2014
Total assets	207,419,420	203,560,153	202,512,882
Cash and due from banks	30,909,366	15,054,957	19,463,622
Call loans	2,910,873	1,717,442	1,843,569
Receivables under securities borrowing transactions	8,302,506	7,951,531	7,212,769
Monetary claims bought	62,763	53,542	62,272
Trading account securities	121	193	278
Money held in trust	3,250,721	2,987,612	2,919,003
Securities	157,155,128	170,539,282	166,057,886
Loans	2,893,262	3,226,559	3,076,325
Foreign exchanges	36,673	25,033	30,659
Other assets	1,574,076	1,668,293	1,529,309
Tangible fixed assets	179,802	146,685	144,588
Intangible fixed assets	50,181	60,114	58,725
Customers' liabilities for acceptances and guarantees	95,000	130,000	115,000
Reserve for possible loan losses	(1,058)	(1,096)	(1,127)
Total liabilities and net assets	207,419,420	203,560,153	202,512,882
Total liabilities	196,071,219	192,259,211	191,048,358
Deposits	179,068,791	177,629,810	176,612,780
Payables under securities lending transactions	12,052,557	10,508,731	10,667,591
Foreign exchanges	358	275	249
Other liabilities	3,136,957	2,886,953	2,511,110
Reserve for employees' bonuses	1,440	1,427	5,566
Reserve for employees' retirement benefits	153,430	139,620	136,848
Deferred tax liabilities	1,562,683	962,392	999,212
Acceptances and guarantees	95,000	130,000	115,000
Total net assets	11,348,200	11,300,941	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	1,879,219	1,612,017	1,702,007
Treasury stock (*)	(1,299,999)	—	—
Net unrealized gains (losses) on available-for-sale securities	3,814,598	2,543,744	2,563,134
Deferred gains (losses) on hedges	(841,903)	(651,106)	(596,903)

* As 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.

2. Fund Management Status

(Millions of yen, %)

	As of December 31, 2014		As of December 31, 2013		As of March 31, 2014	
	Amount	%	Amount	%	Amount	%
Due from banks, etc.	30,716,293	14.96	14,922,015	7.41	19,204,140	9.58
Call loans	2,910,873	1.41	1,717,442	0.85	1,843,569	0.92
Receivables under securities borrowing transactions	8,302,506	4.04	7,951,531	3.94	7,212,769	3.60
Money held in trust	3,250,721	1.58	2,987,612	1.48	2,919,003	1.45
Securities	157,155,128	76.56	170,539,282	84.68	166,057,886	82.88
Japanese Government Bonds	109,885,615	53.53	131,609,534	65.35	126,391,090	63.08
Japanese local government bonds	5,759,445	2.80	5,704,062	2.83	5,550,379	2.77
Commercial paper	256,981	0.12	474,966	0.23	333,979	0.16
Japanese corporate bonds	11,033,741	5.37	11,328,078	5.62	11,050,163	5.51
Japanese stocks	935	0.00	935	0.00	935	0.00
Other securities	30,218,410	14.72	21,421,705	10.63	22,731,338	11.34
Loans	2,893,262	1.40	3,226,559	1.60	3,076,325	1.53
Others	36,795	0.01	26,155	0.01	31,872	0.01
Total	205,265,581	100.00	201,370,598	100.00	200,345,567	100.00

Notes: 1. Due from banks, etc. includes negotiable certificates of deposit and Bank of Japan (BOJ) deposits, etc.
2. Other securities consist of foreign securities.

3. Income Analysis

(Millions of yen)

	For the nine months ended		(A) - (B)
	December 31, 2014 (A)	December 31, 2013 (B)	
Gross operating profit	1,252,398	1,179,766	72,632
Net interest income	1,177,147	1,111,342	65,804
Net fees and commissions	67,727	71,275	(3,548)
Net other operating income (loss)	7,524	(2,851)	10,376
General and administrative expenses	(854,239)	(839,393)	(14,845)
Personnel expenses	(91,602)	(90,445)	(1,156)
Non-personnel expenses	(707,060)	(705,035)	(2,024)
Taxes and dues	(55,576)	(43,912)	(11,664)
Operating profit (before provision for general reserve for possible loan losses)	398,159	340,372	57,787
Provision for general reserve for possible loan losses	—	—	—
Net operating profit	398,159	340,372	57,787
Non-recurring gains (losses)	21,756	76,603	(54,847)
Gains (losses) on money held in trust	23,322	86,624	(63,301)
Net ordinary income	419,915	416,975	2,939
Extraordinary income (loss)	2,109	(472)	2,581
Gains (losses) on sales and disposal of fixed assets	2,125	(407)	2,532
Losses on impairment of fixed assets	(16)	(65)	48
Income before income taxes	422,024	416,503	5,521
Income taxes - current	(131,184)	(136,227)	5,042
Income taxes - deferred	(10,803)	(15,601)	4,797
Net income	280,036	264,675	15,361

Credit-related expenses	3	60	(57)
Provision for general reserve for possible loan losses	3	60	(57)
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 or decrease.

4. Selected Ratios

(%)

	For the nine months ended		(A) - (B)
	December 31, 2014 (A)	December 31, 2013 (B)	
Net income to assets (ROA)	0.18	0.17	0.00
Net income to equity (ROE)	4.16	3.76	0.39
Overhead ratio (OHR)	68.20	71.14	(2.94)
Expense-to-deposit ratio	0.63	0.62	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 nine months ended December 31, 2014		
	Average balance	Interest	Earnings yield (%)
Interest-earning assets	197,409,833	1,442,933	0.97
Loans	2,993,958	23,704	1.05
Securities	161,756,980	1,393,964	1.14
Due from banks, etc.	24,964,590	19,377	0.10
Interest-bearing liabilities	186,501,422	265,786	0.18
Deposits	177,488,267	181,912	0.13

(Millions of yen, %)

	For the nine months ended December 31, 2013		
	Average balance	Interest	Earnings yield (%)
Interest-earning assets	196,036,609	1,381,515	0.93
Loans	3,497,267	28,964	1.09
Securities	173,493,129	1,337,879	1.02
Due from banks, etc.	11,539,179	8,507	0.09
Interest-bearing liabilities	185,560,831	270,173	0.19
Deposits	176,855,708	193,228	0.14

- 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, 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 nine months ended		(A) - (B)
	December 31, 2014 (A)	December 31, 2013 (B)	
Yield on interest-earning assets (a)	0.97	0.93	0.03
Interest rate on interest-bearing liabilities (b)	0.18	0.19	(0.00)
Spread (a) - (b)	0.78	0.74	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 December 31, 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 (*)	30,909,366	30,909,366	—
(2) Call loans	2,910,873	2,910,873	—
(3) Receivables under securities borrowing transactions	8,302,506	8,302,506	—
(4) Monetary claims bought (*)	62,763	62,763	—
(5) Trading account securities			
Securities classified as trading purposes	121	121	—
(6) Money held in trust (*)	3,250,721	3,250,721	—
(7) Securities			
Held-to-maturity securities	71,485,482	74,081,839	2,596,357
Available-for-sale securities (*)	85,668,711	85,668,711	—
(8) Loans	2,893,262		
Reserve for possible loan losses (**)	(116)		
	2,893,146	2,994,259	101,113
Total assets	205,483,693	208,181,163	2,697,470
(1) Deposits	179,068,791	179,624,071	555,279
(2) Payables under securities lending transactions	12,052,557	12,052,557	—
Total liabilities	191,121,349	191,676,629	555,279
Derivative transactions (***)			
For which hedge accounting is not applied	850	850	—
For which hedge accounting is applied	(1,397,446)	(1,397,446)	—
Total derivative transactions	(1,396,596)	(1,396,596)	—

* 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 ¥5,707,620 million. The value of Money held in trust account shown on the balance sheet exceeds their acquisition cost by ¥976,126 million.

The amount of losses on impairment for the nine months ended December 31, 2014 was ¥489 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 December 31, 2014		As of December 31, 2013		As of March 31, 2014	
	Amount	%	Amount	%	Amount	%
Agriculture, forestry, fisheries, and mining	—	—	—	—	—	—
Manufacturing	83,840	2.89	87,080	2.69	83,879	2.72
Utilities, information/communications, and transportation	70,565	2.43	140,879	4.36	94,044	3.05
Wholesale and retail	20,562	0.71	24,166	0.74	23,890	0.77
Finance and insurance	1,885,223	65.15	2,141,520	66.37	2,026,918	65.88
Construction and real estate	11,500	0.39	11,501	0.35	11,500	0.37
Services and goods rental/leasing	16,671	0.57	15,805	0.48	15,805	0.51
Central and local governments	614,916	21.25	611,237	18.94	610,566	19.84
Others	189,982	6.56	194,368	6.02	209,720	6.81
Total	2,893,262	100.00	3,226,559	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 ¥1,621,405 million, ¥1,904,772 million and ¥1,766,185 million as of December 31, 2014, December 31, 2013 and March 31, 2014, respectively.

9. Balances by Type of Deposit

(Millions of yen, %)

	As of December 31, 2014		As of December 31, 2013		As of March 31, 2014	
	Amount	%	Amount	%	Amount	%
Liquid deposits	61,520,563	34.35	60,956,993	34.31	60,200,571	34.08
Transfer deposits	11,526,970	6.43	10,794,136	6.07	10,925,669	6.18
Ordinary deposits, etc.	49,597,478	27.69	49,762,294	28.01	48,878,529	27.67
Savings deposits	396,114	0.22	400,562	0.22	396,371	0.22
Fixed-term deposits	117,389,663	65.55	116,452,386	65.55	116,157,689	65.76
Time deposits	14,481,284	8.08	15,633,427	8.80	14,781,463	8.36
TEIGAKU deposits, etc.	102,906,626	57.46	100,816,598	56.75	101,374,092	57.39
Other deposits	158,564	0.08	220,430	0.12	254,519	0.14
Subtotal	179,068,791	100.00	177,629,810	100.00	176,612,780	100.00
Negotiable certificates of deposit	—	—	—	—	—	—
Total	179,068,791	100.00	177,629,810	100.00	176,612,780	100.00
Deposits including accrued interest	180,323,312		178,702,637		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 December 31, 2014	As of December 31, 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	3,032,187	3,390,431	3,225,673
Total (B)	3,032,187	3,390,431	3,225,673
Non-performing loan ratio (A) / (B) (%)	—	—	—

11. Selected Business Results

(1) Investment Trusts Sales (Contract Basis)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2013
Number of contracts (thousands)	767	703
Sales amount (millions of yen)	281,611	269,448

	As of December 31, 2014	As of December 31, 2013
Number of investment trust accounts (thousands)	660	639
Net assets (millions of yen)	1,119,462	969,486

(2) Credit Cards

(Thousands)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2013
Number of cards issued	45	56

	As of December 31, 2014	As of December 31, 2013
Outstanding	1,632	2,030

(3) Mortgage Loans (as Intermediary)

(Millions of yen)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2013
Amount of new credit extended	22,723	17,148

	As of December 31, 2014	As of December 31, 2013
Amount of new credit extended (cumulative)	294,872	264,859

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

(4) Variable Annuities Policies

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2013
Number of policies	8,816	9,376
Sales amount (millions of yen)	50,289	53,849

	As of December 31, 2014	As of December 31, 2013
Number of policies (cumulative)	62,385	50,731
Sales amount (cumulative) (millions of yen)	328,827	263,101

(Reference) Securitized Products Exposure

As of December 31, 2014 and December 31, 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 December 31, 2014			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A) (%)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,169.0	62.7	5.36	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.3	4.2	4.50	AA
	Other securitized products	15.3	0.0	0.00	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	4.8	0.2	4.67	AAA
	Subtotal	1,283.6	67.2	5.23	
Overseas	Residential mortgage-backed securities (RMBS)	318.1	71.0	22.33	AAA
	Subprime loan related	—	—	—	—
	Subtotal	318.1	71.0	22.33	
	Total	1,601.8	138.2	8.63	

(Billions of yen, %)

Region		As of December 31, 2013			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A) (%)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,104.5	43.1	3.90	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.4	4.5	4.85	AA
	Other securitized products	1.5	0.0	0.22	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	6.4	0.1	2.66	AAA
	Subtotal	1,207.1	47.8	3.96	
Overseas	Residential mortgage-backed securities (RMBS)	300.3	67.5	22.49	AAA
	Subprime loan related	—	—	—	—
	Subtotal	300.3	67.5	22.49	
	Total	1,507.5	115.4	7.65	

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.