



## Summary of Financial Results for the Fiscal Year Ended March 31, 2015

<Under Japanese GAAP> (Non-Consolidated)

May 15, 2015

Company name: JAPAN POST BANK Co., Ltd.  
 Website: <http://www.jp-bank.japanpost.jp/>  
 President & CEO: Masatsugu Nagato  
 Managing Executive Officer: Riki Mukai  
 Tel: 81-3-3504-9636  
 Trading accounts: Unestablished  
 Date of Ordinary General Meeting of Shareholders: June 24, 2015 (Scheduled)  
 Selected Financial Information for annual financial statements: Available  
 Investor meeting presentation: None

(Amounts less than one million yen are rounded down)

### Financial results for the fiscal year ended March 31, 2015

#### (1) Operating results

(% represents the change from the previous fiscal year)

	Revenues		Net ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
FY2015	2,078,179	0.0	569,489	0.7	369,434	4.1
FY2014	2,076,397	(2.3)	565,095	(4.7)	354,664	(5.1)

	Net income per share	Diluted net income per share (*)	Net income to net assets	Net ordinary income to total assets	Net ordinary income to revenues
	(¥)	(¥)	(%)	(%)	(%)
FY2015	2,687.63	—	3.2	0.2	27.4
FY2014	2,364.43	—	3.1	0.2	27.2

\* Diluted net income per share is not presented since there has been no potential dilution for the fiscal year ended March 31, 2015 and 2014.

#### (2) Financial conditions

	Total assets (A)	Total net assets (B)	(B) / (A)	Total net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
FY2015	208,179,309	11,630,212	5.5	93,054.72
FY2014	202,512,882	11,464,524	5.6	76,430.16

Reference: Net assets attributable to shareholders were ¥11,630,212 million as of March 31, 2015 and ¥11,464,524 million as of March 31, 2014.

### (3) Cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the fiscal year
FY2015	2,849,061	12,291,787	(1,393,986)	32,596,050
FY2014	3,974,054	6,406,457	(93,487)	18,848,622

### \* Notes

#### (1) Changes in accounting policies, changes in accounting estimates and restatements

- i) Changes in accounting policies due to revision of accounting standards: Yes
- ii) Changes in accounting policies due to reasons other than i): No
- iii) Changes in accounting estimates: No
- iv) Restatements: No

(Note) For more information, please refer to "4. Non-Consolidated Financial Statements (5) Notes to financial statements (Changes in accounting policies)" on page 14 of the attachment.

#### (2) Shares outstanding (common shares)

i) Year-end issued shares (including treasury stock):	As of March 31, 2015	150,000,000 shares	As of March 31, 2014	150,000,000 shares
ii) Year-end treasury stock:	As of March 31, 2015	25,017,500 shares	As of March 31, 2014	- shares
iii) Average number of outstanding shares:	FY2015	137,456,980 shares	FY2014	150,000,000 shares

(Note) For more information, please refer to "3. Information Regarding Summary Report (Notes)" on page 3 of the attachment.

#### (Note on audit procedures)

The "Summary of Financial Results" is not subject to the audit prescribed by the "Financial Instruments and Exchange Act." An audit of the non-consolidated financial statements has not been completed over the disclosure of the "Summary of Financial Results."

#### (Other matters)

JAPAN POST BANK Co., Ltd. (the "Bank") prepares its non-consolidated financial statements in accordance with the "Regulation for Terminology, Forms and Preparation of Financial Statements." (Ordinance of Ministry of Finance No.59 of 1963), except for assets, liabilities, revenues and expenses, which are classified in accordance with the "Ordinance for the Enforcement of the Banking Act" (Ordinance of Ministry of Finance No.10 of 1982).

The information in this "Summary of Financial Results" is intended only for the purpose of providing general information regarding the Bank. Nothing in this "Summary of Financial Results" 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.

**[Attachment]****Contents of Attachment**

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# **1. Analysis Concerning Non-Consolidated Results of Operations and Financial Conditions for the Fiscal Year Ended March 31, 2015**

## **(1) Analysis concerning non-consolidated results of operations**

Revenues for the fiscal year ended March 31, 2015 were ¥2,078.1 billion, including ¥1,893.2 billion of interest income (mainly interest and dividends on securities) and ¥119.4 billion of fees and commissions. Meanwhile, expenses were ¥1,508.6 billion, including ¥356.7 billion of interest expenses and ¥1,113.6 billion of general and administrative expenses.

Taking into account the above, net ordinary income was ¥569.4 billion and net income was ¥369.4 billion.

## **(2) Analysis concerning non-consolidated financial conditions**

Total assets as of March 31, 2015 were ¥208,179.3 billion. Securities were ¥156,169.7 billion, and loans were ¥2,783.9 billion.

Deposits as of March 31, 2015 were ¥177,710.7 billion (¥179,009.5 billion including accrued interest). The portion of deposits received from the Management Organization for Postal Savings and Postal Life Insurance (corresponding to postal savings for TEIGAKU savings, and others that were passed on to the organization by JAPAN POST as of September 30, 2007) included in special deposits totaled ¥22,072.5 billion.

Shareholder's equity as of March 31, 2015 decreased by ¥1,033.3 billion from the end of fiscal 2014 mainly due to the repurchase of the Bank's own shares of ¥1,299.9 billion on September 30, 2014. In addition, valuation and translation adjustments increased by ¥1,199.0 billion from the end of fiscal 2014. As a result, net assets totaled ¥11,630.2 billion. Retained earnings, included in shareholders' equity, were ¥1,968.6 billion.

## **2. Basic Approach to the Selection of Accounting Standards**

The Bank prepares its non-consolidated financial statements based on Japanese GAAP. The Bank discloses its non-consolidated financial statements in accordance with the “Ordinance for the Enforcement of the Banking Act” (Ordinance of Ministry of Finance No.10 of 1982).

## **3. Information Regarding Summary Report (Notes)**

### **Shares outstanding (common shares)**

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 (25,017,500 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.

“Net income per share” for the fiscal year ended March 31, 2015 is calculated using the net income of ¥369.4 billion divided by the average number of outstanding shares (137,456,980 shares).

## 4. Non-Consolidated Financial Statements

### (1) Non-consolidated balance sheets

	As of March 31, 2014	(Millions of yen) As of March 31, 2015
<b>Assets</b>		
Cash and due from banks	19,463,622	33,301,050
Cash	119,698	136,469
Due from banks	19,343,923	33,164,580
Call loans	1,843,569	1,961,526
Receivables under securities borrowing transactions	7,212,769	8,374,084
Monetary claims bought	62,272	122,032
Trading account securities	278	104
Trading Japanese government bonds	278	104
Money held in trust	2,919,003	3,491,637
Securities	166,057,886	156,169,792
Japanese Government Bonds	126,391,090	106,767,047
Japanese local government bonds	5,550,379	5,525,117
Commercial paper	333,979	226,986
Japanese corporate bonds	11,050,163	10,756,050
Japanese stocks	935	935
Other securities	22,731,338	32,893,656
Loans	3,076,325	2,783,985
Loans on deeds	2,830,118	2,549,816
Overdrafts	246,206	234,169
Foreign exchanges	30,659	49,332
Due from foreign banks	30,630	49,307
Foreign bills bought and foreign exchanges purchased	29	25
Other assets	1,529,309	1,603,912
Domestic exchange settlement accounts-debit	18,431	17,970
Prepaid expenses	7,751	5,632
Accrued income	345,089	308,773
Derivatives other than trading	5,172	69,911
Other	1,152,864	1,201,624
Tangible fixed assets	144,588	179,933
Buildings	74,550	72,089
Land	26,953	59,034
Construction in progress	363	3,911
Other	42,721	44,897
Intangible fixed assets	58,725	47,971
Software	52,262	39,526
Other	6,462	8,444
Customers' liabilities for acceptances and guarantees	115,000	95,000
Reserve for possible loan losses	(1,127)	(1,055)
<b>Total assets</b>	<b>202,512,882</b>	<b>208,179,309</b>

	(Millions of yen)	
	As of March 31, 2014	As of March 31, 2015
<b>Liabilities</b>		
Deposits	176,612,780	177,710,776
Transfer deposits	10,925,669	11,747,374
Ordinary deposits	45,238,071	46,140,042
Savings deposits	396,371	393,443
Time deposits	14,781,463	13,569,920
Special deposits	26,021,946	22,072,518
TEIGAKU deposits	78,994,737	83,583,379
Other deposits	254,519	204,097
Payables under securities lending transactions	10,667,591	13,570,198
Foreign exchanges	249	266
Foreign bills sold	43	—
Foreign bills payable	206	266
Other liabilities	2,511,110	3,576,119
Domestic exchange settlement accounts-credit	25,576	22,498
Income taxes payable	25,749	35,121
Accrued expenses	1,242,505	1,393,247
Unearned income	110	89
Derivatives other than trading	990,873	1,036,631
Asset retirement obligations	614	368
Other	225,680	1,088,161
Reserve for employees' bonuses	5,566	5,581
Reserve for employees' retirement benefits	136,848	150,466
Deferred tax liabilities	999,212	1,440,688
Acceptances and guarantees	115,000	95,000
<b>Total liabilities</b>	<b>191,048,358</b>	<b>196,549,097</b>
<b>Net Assets</b>		
Common stock	3,500,000	3,500,000
Capital surplus	4,296,285	4,296,285
Legal capital surplus	4,296,285	4,296,285
Retained earnings	1,702,007	1,968,617
Other retained earnings	1,702,007	1,968,617
Retained earnings brought forward	1,702,007	1,968,617
Treasury stock	—	(1,299,999)
<b>Total shareholders' equity</b>	<b>9,498,293</b>	<b>8,464,904</b>
Net unrealized gains (losses) on available-for-sale securities	2,563,134	3,824,643
Deferred gains (losses) on hedges	(596,903)	(659,335)
Total valuation and translation adjustments	1,966,231	3,165,307
<b>Total net assets</b>	<b>11,464,524</b>	<b>11,630,212</b>
<b>Total liabilities and net assets</b>	<b>202,512,882</b>	<b>208,179,309</b>

**(2) Non-consolidated statements of income**

	(Millions of yen)	
	FY2014	FY2015
Revenues	2,076,397	2,078,179
Interest income	1,827,610	1,893,273
Interest on loans	37,954	31,127
Interest and dividends on securities	1,768,384	1,826,086
Interest on call loans	3,473	4,754
Interest on receivables under securities borrowing transactions	8,076	7,877
Interest on deposits with banks	9,031	22,680
Other interest income	688	747
Fees and commissions	121,116	119,429
Fees and commissions on domestic and foreign exchanges	64,156	60,834
Other fees and commissions	56,960	58,595
Other operating income	20,487	10,809
Gains on foreign exchanges	1,480	9,300
Gains on sales of bonds	9,207	1,494
Gains on redemption of bonds	9,799	—
Income from derivatives other than for trading or hedging	—	15
Other income	107,183	54,667
Reversal of reserve for possible loan losses	37	39
Recoveries of written-off claims	22	43
Gains on money held in trust	103,858	43,151
Other	3,265	11,431
Expenses	1,511,302	1,508,689
Interest expenses	361,747	356,780
Interest on deposits	255,035	241,707
Interest on call money	—	9
Interest on payables under securities lending transactions	13,053	14,889
Interest on borrowings	0	—
Interest on interest rate swaps	92,906	99,372
Other interest expenses	751	801
Fees and commissions	28,426	30,177
Fees and commissions on domestic and foreign exchanges	2,963	3,308
Other fees and commissions	25,462	26,868
Other operating expenses	14,731	6,086
Losses on sales of bonds	14,731	5,480
Losses on redemption of bonds	—	606
General and administrative expenses	1,095,016	1,113,654
Other expenses	11,382	1,989
Losses on money held in trust	2	—
Other	11,379	1,989
Net ordinary income	565,095	569,489



	(Millions of yen)	
	<b>FY2014</b>	<b>FY2015</b>
Extraordinary income	—	3,008
Gains on sales and disposals of fixed assets	—	3,008
Extraordinary loss	628	1,464
Losses on sales and disposals of fixed assets	562	1,446
Losses on impairment of fixed assets	65	17
Income before income taxes	564,467	571,034
Income taxes		
Current	187,855	182,658
Deferred	21,946	18,941
Total income taxes	209,802	201,599
Net income	354,664	369,434

**(3) Non-consolidated statements of changes in net assets**

For the fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings		
		Legal capital surplus	Other retained earnings	Retained earnings brought forward	Total shareholders' equity
Balance at the beginning of the fiscal year	3,500,000	4,296,285	1,440,830		
Changes during the fiscal year					
Cash dividends			(93,487)		(93,487)
Net income			354,664		354,664
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	—	261,177		261,177
Balance at the end of the fiscal year	3,500,000	4,296,285	1,702,007		9,498,293

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	2,137,265	(376,823)	1,760,442	10,997,558
Changes during the fiscal year				
Cash dividends				(93,487)
Net income				354,664
Net changes in items other than shareholders' equity	425,869	(220,080)	205,788	205,788
Total changes during the fiscal year	425,869	(220,080)	205,788	466,966
Balance at the end of the fiscal year	2,563,134	(596,903)	1,966,231	11,464,524

For the fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
		Legal capital surplus	Other retained earnings Retained earnings brought forward		
Balance at the beginning of the fiscal year	3,500,000	4,296,285	1,702,007	—	9,498,293
Cumulative effect of a change in accounting policies			(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
Changes during the fiscal year					
Cash dividends			(93,987)		(93,987)
Net income			369,434		369,434
Repurchase of treasury stock				(1,299,999)	(1,299,999)
Net changes in items other than shareholders' equity					
Total changes during the fiscal year	—	—	275,447	(1,299,999)	(1,024,551)
Balance at the end of the fiscal year	3,500,000	4,296,285	1,968,617	(1,299,999)	8,464,904

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	2,563,134	(596,903)	1,966,231	11,464,524
Cumulative effect of a change in accounting policies				(8,837)
Balance including a change in accounting policies at the beginning of the fiscal year	2,563,134	(596,903)	1,966,231	11,455,687
Changes during the fiscal year				
Cash dividends				(93,987)
Net income				369,434
Repurchase of treasury stock				(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	1,261,508	(62,432)	1,199,076	174,524
Balance at the end of the fiscal year	3,824,643	(659,335)	3,165,307	11,630,212

**(4) Non-consolidated statements of cash flows**

	(Millions of yen)	
	FY2014	FY2015
Cash flows from operating activities		
Income before income taxes	564,467	571,034
Depreciation and amortization	33,480	34,601
Losses on impairment of fixed assets	65	17
Net change in reserve for possible loan losses	(54)	(72)
Net change in reserve for employees' bonuses	(43)	15
Net change in reserve for employees' retirement benefits	600	(112)
Net change in reserve for directors' retirement benefits	(198)	—
Interest income	(1,827,610)	(1,893,273)
Interest expenses	361,747	356,780
Losses (gains) related to securities – net	(4,275)	4,592
Losses (gains) on money held in trust – net	(103,856)	(43,151)
Foreign exchange losses (gains) – net	(279,812)	(520,093)
Losses on sales and disposals of fixed assets – net	562	(1,561)
Net change in loans	890,310	291,104
Net change in deposits	516,644	1,097,995
Net change in negotiable certificates of deposit	20,000	(90,000)
Net change in call loans, etc	(9,577)	(177,681)
Net change in receivables under securities borrowing transactions	928,763	(1,161,315)
Net change in payables under securities lending transactions	1,224,351	2,902,607
Net change in foreign exchange assets	(27,608)	(18,672)
Net change in foreign exchange liabilities	(23)	16
Interest received	2,012,796	2,060,574
Interest paid	(206,278)	(212,213)
Other – net	85,524	(152,940)
Subtotal	4,179,978	3,048,254
Income taxes paid	(205,923)	(199,193)
Net cash provided by operating activities	3,974,054	2,849,061
Cash flows from investing activities		
Purchases of securities	(35,006,121)	(25,606,164)
Proceeds from sales of securities	1,851,186	2,193,557
Proceeds from maturity of securities	39,196,659	35,751,029
Investment in money held in trust	(169,900)	(160,000)
Proceeds from disposition of money held in trust	551,125	145,159
Purchases of tangible fixed assets	(7,773)	(29,990)
Proceeds from sales of tangible fixed assets	—	4,734
Purchases of intangible fixed assets	(8,640)	(6,115)
Other – net	(77)	(422)
Net cash provided by investing activities	6,406,457	12,291,787
Cash flows from financing activities		
Cash dividends paid	(93,487)	(93,987)
Repurchase of treasury stock	—	(1,299,999)
Net cash used in financing activities	(93,487)	(1,393,986)
Effect of exchange rate changes on cash and cash equivalents	658	565
Net change in cash and cash equivalents	10,287,682	13,747,427
Cash and cash equivalents at the beginning of the fiscal year	8,560,940	18,848,622
Cash and cash equivalents at the end of the fiscal year	18,848,622	32,596,050

## **(5) Notes to Financial Statements**

### **Notes on going-concern assumption**

None

### **Significant accounting policies**

#### **1. Trading account securities**

Trading account securities are stated at fair value.

#### **2. Securities**

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.

Investments in affiliates are stated at cost determined by the moving-average method.

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). 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 amount is stated at the average market price of the final month of the fiscal year 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.

#### **3. Derivatives**

Derivatives are stated at fair value.

#### **4. Fixed assets**

##### **(1) 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.

**(2) 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).

**5. Reserves****(1) 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), 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.

**(2) Reserve for employees' bonuses**

The reserve for employees' bonuses is provided for the estimated amount of employees' bonuses attributable to the fiscal year.

**(3) 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, 2015. The method of attributing projected benefit obligation to the period until the fiscal year ended March 31, 2015 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.

## **6. 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.

## **7. Hedge accounting**

### **(1) 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.

### **(2) 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 fluctuation risk.

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 hedging instruments are almost the same.

## **8. 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 sheet, excluding negotiable certificates of deposit in other banks.

## **9. Others**

### **(1) 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.

### **(2) Income taxes**

The Bank adopts the consolidated taxation system designating JAPAN POST HOLDINGS Co., Ltd. as the parent company.

## **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 FY2015, 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 FY2015. Meanwhile, the impact on net ordinary income and income before income taxes for FY2015 was immaterial.



## Notes related to non-consolidated balance sheets

- Japanese Government Bonds include ¥301,181 million of secured loaned securities for which borrowers have the right to sell or pledge (securities collateralized bond lending/borrowing transactions).  
The Bank had the right to sell or pledge without restriction for securities held amounting to ¥8,377,060 million among the securities borrowed under the contract of loan for consumption (securities borrowing transactions) and those borrowed with cash collateral under securities lending agreements.
- There were no loans to bankrupt borrowers, non-accrual delinquent loans, past-due loans for three months or more, or restructured loans.
- Accumulated depreciation of tangible fixed assets was ¥156,157 million.
- Monetary assets to affiliates amounted to ¥3,692 million and monetary liabilities to affiliates totaled ¥320,023 million.
- “Transfer deposits” correspond to “Current deposits” and “TEIGAKU deposits” to “Other deposits” in liabilities in accordance with the Ordinance for Enforcement of the Banking Act. 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 put on deposits rise in a staircase pattern, with duration of up to three years.

## Notes related to non-consolidated statements of income

- Income earned from transactions with affiliated companies was as follows.  
Total other operating income and other ordinary income: ¥25 million
- Expenses on transactions with affiliated companies were as follows.  
Total interest expenses: ¥234 million  
Other expenses: ¥50,063 million

## Notes related to non-consolidated statements of changes in net assets

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

(Thousand shares)					
	Number of shares outstanding at the beginning of the fiscal year	Increase	Decrease	Number of shares outstanding at the end of the fiscal year	Notes
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.

## 2. Dividends distributed during the fiscal year ended March 31, 2015

Resolution	Type	Cash dividends (¥ million)	Cash dividends per share (¥)	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

**Notes related to non-consolidated statements of cash flows**

The reconciliation between cash and cash equivalents in the statement of cash flows and cash and due from banks in the balance sheet as of March 31, 2015 was as follows:

	(Millions of yen)
Cash and due from banks	33,301,050
Due from banks	
– negotiable certificates of deposit in other banks	(705,000)
Cash and cash equivalents	32,596,050

## Financial instruments

### 1. 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 mainly consist of Japanese Government Bonds, 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 mainly consist of Japanese Government Bonds, and foreign bonds. 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 viewpoints of the Bank's ALM, the Bank utilizes interest rate swaps as hedging instruments for interest rate-related instruments to avoid the risk of changes in future economic values 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 the section “Significant accounting policies 7. Hedge accounting.”

### **(3) Risk management structure for financial instruments**

#### **(i) 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.

#### **(ii) 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.

#### **(iii) 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%; observation period of 1,200 days (five years)). For liability measurement, the Bank uses its own internal model.

As of March 31, 2015, the Bank calculates its market risk volume (estimated potential losses from such risk) at ¥1,866,712 million. 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.

**(iv) 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.

## 2. Notes related to the fair value of financial instruments

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

(Millions of yen)			
	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
<b>Total assets</b>	<b>206,203,156</b>	<b>208,502,825</b>	<b>2,299,668</b>
(1) Deposits	177,710,776	178,233,509	522,733
(2) Payables under securities lending transactions	13,570,198	13,570,198	—
<b>Total liabilities</b>	<b>191,280,975</b>	<b>191,803,708</b>	<b>522,733</b>
Derivative transactions (**)			
For which hedge accounting is not applied	501	501	—
For which hedge accounting is applied	(967,220)	(967,220)	—
<b>Total derivative transactions</b>	<b>(966,719)</b>	<b>(966,719)</b>	<b>—</b>

\* 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.

(Note 1) 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 section "Money held in trust."

(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 section "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 rates.

#### (2) 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 transactions (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.

(Note 2) The amount on the balance sheet of financial instruments for which the Bank deems it extremely difficult to determine a fair value was as follows. The fair value information for these financial instruments is not included in "Assets

(7) Securities."

(Millions of yen)

Type	Amount on the balance sheet
Securities of affiliates (unlisted)	935

(Note 3) Scheduled redemption amounts of monetary claims and securities with a maturity date subsequent to the fiscal year ended March 31, 2015 were as follows:

(Millions of yen)

	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	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	—
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
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

(Note 4) Scheduled repayment amounts of interest-bearing liabilities subsequent to the fiscal year ended March 31, 2015 were as follows:

(Millions of yen)

	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	—

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

## Securities

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, commercial paper, Japanese corporate bonds, Japanese stocks, and other securities listed on the balance sheet.

### 1. Trading account securities as of March 31, 2015

There were no unrealized gains or losses from trading account securities included in the profit and loss recorded in the statement of income for the fiscal year.

## 2. Held-to-maturity securities as of March 31, 2015

(Millions of yen)

	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
	Subtotal	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	—	—	—
	Subtotal	364,619	364,584	(34)
Total		66,474,578	68,742,956	2,268,377

## 3. Investments in subsidiaries, etc. and affiliates, etc. as of March 31, 2015

There were no investments in subsidiaries, etc.

The securities of affiliates, etc. (¥935 million) were all unlisted, and did not have a market price. Since it was extremely difficult to determine a fair value of the securities, the fair value and the difference were not disclosed.

## 4. Available-for-sale securities whose fair value is available as of March 31, 2015

(Millions of yen)

	Type	Amount on the balance sheet	Acquisition cost	Difference(*)
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
	Commercial paper	—	—	—
	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(**)	12,953,121	12,682,650	270,471
	Subtotal	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)
	Commercial paper	226,986	226,986	—
	Japanese corporate bonds	619,903	622,560	(2,657)
	Others	3,268,561	3,313,172	(44,610)
	Foreign bonds	1,423,970	1,462,769	(38,799)
	Investment trusts(**)	1,014,595	1,020,159	(5,564)
Subtotal	7,489,380	7,538,991	(49,610)	
Total	90,521,311	85,444,748	5,076,562	

\* Of the difference shown above, ¥591,487 million is included in the statements of income as profit because of the application of fair value hedge accounting.

\*\* Investment trusts are mainly invested in foreign bonds.

## 5. Held-to-maturity securities sold during the fiscal year ended March 31, 2015

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

## 6. Available-for-sale securities sold during the fiscal year ended March 31, 2015

(Millions of yen)

	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)

## 7. Securities for which accounting for impairment was applied

For 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 at fair value on the balance sheet and charges valuation differences to income (hereafter "impairment losses") in the year in which they are recognized. No impairment loss was recognized for the fiscal year ended March 31, 2015.

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

### a) Securities other than bonds

- 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

### b) Bonds

- Securities whose fair value is 70% or less than the acquisition cost

## Money held in trust

The fair value information of money held in trust was as follows.

### 1. Money held in trust for the purpose of trading as of March 31, 2015

The Bank did not hold money held in trust for the purpose of trading.

### 2. Money held in trust for the purpose of held-to-maturity as of March 31, 2015

The Bank did not hold money held in trust for the purpose of held-to-maturity.

### 3. Money held in trust (excluding trading and held-to-maturity purposes) as of March 31, 2015

(Millions of yen)

	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)

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.

#### 4. Money held in trust for which accounting for impairment was applied

For the 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 at fair value on the balance sheet and charges valuation differences to income (hereafter "impairment losses") in the year in which they are recognized. Impairment losses for the fiscal year ended March 31, 2015 amounted to ¥549 million.

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

##### a) Securities other than bonds

- 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

##### b) Bonds

- Securities whose fair value is 70% or less than the acquisition cost

## Employees' retirement benefits

### 1. Outline of employees' retirement benefits

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

### 2. Defined-benefit plan

#### (1) Projected benefit obligation at the beginning and the end of the fiscal year ended March 31, 2015 were as follows:

	(Millions of yen)
Projected benefit obligation at the beginning of the fiscal year	129,697
Cumulative effect of a change in accounting policies	13,730
Balance including a change in accounting policies at the beginning of the fiscal year	143,428
Service cost	7,455
Interest cost on projected benefit obligation	1,004
Net actuarial losses arising during the fiscal year	64
Retirement benefits paid	(7,358)
Prior service cost arising during the fiscal year	(11,612)
Others	(84)
Projected benefit obligation at the end of the fiscal year	132,898

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

**(2) Projected benefit obligation at the end of the fiscal year and employees' retirement benefits on the balance sheet for the fiscal year ended March 31, 2015 were as follows:**

	(Millions of yen)
Unfunded projected benefit obligation	132,898
Unrecognized net actuarial losses	6,053
Unrecognized prior service cost	11,515
Net amount recorded on the balance sheets	150,466
Reserve for employees' retirement benefits	150,466
Net amount recorded on the balance sheets	150,466

**(3) Retirement benefit cost and its breakdown for the fiscal year ended March 31, 2015 were as follows:**

	(Millions of yen)
Service cost	7,455
Interest cost on projected benefit obligation	1,004
Amortization of net actuarial losses	(1,032)
Amortization of prior service cost	(96)
Others	165
Total retirement benefit costs related to the defined-benefit plan	7,496

**(4) The major assumptions used in the calculation of projected benefit obligation at the end of the fiscal year ended March 31, 2015 were set forth as follows (weighed average):**

Discount rate	0.7%
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## Deferred tax assets/liabilities

**1. The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2015 were as follows:**

	(Millions of yen)
Deferred tax assets	
Reserve for possible loan losses	126
Reserve for employees' retirement benefits	48,718
Depreciation	11,179
Accrued interest on deposits	560
Unrealized losses of money held in trust	1,901
Net deferred losses on hedges	315,120
Accrued enterprise taxes	6,966
Other	19,747
Total deferred tax assets	404,320
Deferred tax liabilities	
Net unrealized gains on available-for-sale securities	(1,831,326)
Other	(13,682)
Total deferred tax liabilities	(1,845,009)
Net deferred tax assets (liabilities)	(1,440,688)

**2. Adjustment of deferred tax assets and liabilities following the change in the corporation tax, etc.**

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.

**Profit or loss from equity method, etc.**

The details for the fiscal year ended March 31, 2015 were as follows:

	(Millions of yen)
Investments in affiliates	935
Investments, if equity method is adopted	1,031
Investment gains, if equity method is adopted	119

**Per share data**

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

	(¥)
Net assets per share	93,054.72
Net income per share	2,687.63

Note: 1. Diluted net income per share is not presented since there has been no potential dilution for the year ended March 31, 2015.

2. “Net assets per share” is calculated using the net assets of ¥11,630,212 million divided by the number of common stock outstanding (excluding treasury stock) at the end of the fiscal year ended March 31, 2015 (124,982 thousand shares).

3. “Net income per share” is calculated using the net income of ¥369,434 million divided by the average number of outstanding shares (137,456 thousand shares).

**Significant subsequent event**

None