

# **Selected Financial Information**

**For the Three Months**

**Ended June 30, 2015**



**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, 2015 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 June 30, 2015	As of June 30, 2014	As of March 31, 2015
Total assets	208,735,195	203,386,886	208,179,309
Cash and due from banks	35,232,588	23,385,429	33,301,050
Call loans	1,925,067	1,812,232	1,961,526
Receivables under securities borrowing transactions	8,406,654	6,925,484	8,374,084
Monetary claims bought	129,520	63,681	122,032
Trading account securities	156	271	104
Money held in trust	3,623,293	2,997,548	3,491,637
Securities	154,713,948	163,162,803	156,169,792
Loans	2,716,469	3,009,150	2,783,985
Foreign exchanges	14,348	29,858	49,332
Other assets	1,649,094	1,647,484	1,603,912
Tangible fixed assets	184,461	183,216	179,933
Intangible fixed assets	45,630	55,811	47,971
Customers' liabilities for acceptances and guarantees	95,000	115,000	95,000
Reserve for possible loan losses	(1,039)	(1,084)	(1,055)
Total liabilities and net assets	208,735,195	203,386,886	208,179,309
Total liabilities	197,218,775	191,801,092	196,549,097
Deposits	178,121,883	177,508,254	177,710,776
Call money	51,729	—	—
Payables under repurchase agreements	12,473	—	—
Payables under securities lending transactions	14,135,781	10,549,891	13,570,198
Foreign exchanges	336	188	266
Other liabilities	3,214,955	2,399,144	3,576,119
Reserve for bonuses	1,822	1,565	5,581
Reserve for employees' retirement benefits	150,286	150,273	150,466
Deferred tax liabilities	1,434,505	1,076,773	1,440,688
Acceptances and guarantees	95,000	115,000	95,000
Total net assets	11,516,420	11,585,793	11,630,212
Capital stock	3,500,000	3,500,000	3,500,000
Capital surplus	4,296,285	4,296,285	4,296,285
Retained earnings	1,863,170	1,685,177	1,968,617
Treasury stock	(1,299,999)	—	(1,299,999)
Net unrealized gains (losses) on available-for-sale securities	3,852,145	2,661,205	3,824,643
Net deferred gains (losses) on hedges	(695,182)	(556,875)	(659,335)

## 2. Asset Management Status

(Millions of yen, %)

	As of June 30, 2015		As of June 30, 2014		As of March 31, 2015	
	Amount	%	Amount	%	Amount	%
Due from banks, etc.	35,112,053	17.00	23,192,160	11.53	33,034,939	16.04
Call loans	1,925,067	0.93	1,812,232	0.90	1,961,526	0.95
Receivables under securities borrowing transactions	8,406,654	4.07	6,925,484	3.44	8,374,084	4.06
Money held in trust	3,623,293	1.75	2,997,548	1.49	3,491,637	1.69
Securities	154,713,948	74.91	163,162,803	81.12	156,169,792	75.86
Japanese government bonds	101,643,952	49.21	121,179,065	60.24	106,767,047	51.86
Japanese local government bonds	5,417,761	2.62	5,592,337	2.78	5,525,117	2.68
Commercial paper	213,968	0.10	325,951	0.16	226,986	0.11
Japanese corporate bonds	10,386,027	5.02	11,186,605	5.56	10,756,050	5.22
Japanese stocks	935	0.00	935	0.00	935	0.00
Other securities	37,051,303	17.94	24,877,907	12.36	32,893,656	15.97
Foreign bonds	20,311,122	9.83	15,596,599	7.75	18,817,706	9.14
Investment trusts	16,629,907	8.05	9,204,099	4.57	13,967,716	6.78
Loans	2,716,469	1.31	3,009,150	1.49	2,783,985	1.35
Others	14,504	0.00	31,039	0.01	49,436	0.02
Total	206,511,993	100.00	201,130,418	100.00	205,865,404	100.00

Notes: 1. Due from banks, etc. includes negotiable certificates of deposit and Bank of Japan (BOJ) deposits, etc.  
2. Investment trusts are mainly invested in foreign bonds.

## 3. Income Analysis

(Millions of yen)

	For the three months ended		(A) - (B)
	June 30, 2015 (A)	June 30, 2014 (B)	
Gross operating profit	379,175	412,522	(33,347)
Net interest income	355,340	391,173	(35,832)
Net fees and commissions	23,804	22,259	1,545
Net other operating income (loss)	30	(910)	940
General and administrative expenses	(267,516)	(284,566)	17,049
Personnel expenses	(30,705)	(30,239)	(465)
Non-personnel expenses	(217,898)	(235,179)	17,280
Taxes and dues	(18,912)	(19,147)	234
Operating profit (before provision for general reserve for possible loan losses)	111,659	127,956	(16,297)
Provision for general reserve for possible loan losses	—	—	—
Net operating profit	111,659	127,956	(16,297)
Non-recurring gains (losses)	2,229	173	2,055
Gains (losses) on money held in trust	4,124	2,667	1,456
Net ordinary income	113,888	128,130	(14,241)
Extraordinary income (loss)	(347)	(318)	(29)
Gains (losses) on sales and disposal of fixed assets	(347)	(318)	(29)
Income before income taxes	113,540	127,811	(14,271)
Income taxes - current	(31,129)	(36,006)	4,877
Income taxes - deferred	(3,140)	(5,810)	2,670
Net income	79,270	85,993	(6,723)

Credit-related expenses	12	(0)	13
Provision for general reserve for possible loan losses	12	(0)	13
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 three months ended		(A) - (B)
	June 30, 2015 (A)	June 30, 2014 (B)	
Net income to assets (ROA)	0.15	0.16	(0.01)
Net income to equity (ROE)	3.77	3.63	0.14
Overhead ratio (OHR)	70.55	68.98	1.57
Expense-to-deposit ratio	0.60	0.64	(0.04)

- 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, 2015		
	Average balance	Interest	Earnings yield (%)
Interest-earning assets	200,652,234	444,012	0.88
Loans	2,748,762	6,606	0.96
Securities	154,406,357	426,001	1.10
Due from banks, etc.	34,834,224	9,285	0.10
Interest-bearing liabilities	189,623,051	88,671	0.18
Deposits	177,699,826	59,295	0.13

(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

- 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 three months ended		(A) - (B)
	June 30, 2015 (A)	June 30, 2014 (B)	
Yield on interest-earning assets (a)	0.88	0.97	(0.08)
Interest rate on interest-bearing liabilities (b)	0.18	0.17	0.00
Spread (a) - (b)	0.70	0.79	(0.09)

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, 2015 were as follows.

(Millions of yen)			
	Amount on the balance sheet	Fair value	Difference
(1) Cash and due from banks (*)	35,232,588	35,232,588	—
(2) Call loans	1,925,067	1,925,067	—
(3) Receivables under securities borrowing transactions	8,406,654	8,406,654	—
(4) Monetary claims bought (*)	129,520	129,520	—
(5) Trading account securities			
Securities classified as trading purposes	156	156	—
(6) Money held in trust (*)	3,623,293	3,623,293	—
(7) Securities			
Held-to-maturity securities	62,713,775	64,761,483	2,047,708
Available-for-sale securities (*)	91,999,238	91,999,238	—
(8) Loans	2,716,469		
Reserve for possible loan losses (**)	(116)		
	2,716,352	2,791,181	74,829
<b>Total assets</b>	<b>206,746,648</b>	<b>208,869,186</b>	<b>2,122,537</b>
(1) Deposits	178,121,883	178,604,622	482,739
(2) Call money	51,729	51,729	—
(3) Payables under repurchase agreements	12,473	12,473	—
(4) Payables under securities lending transactions	14,135,781	14,135,781	—
<b>Total liabilities</b>	<b>192,321,868</b>	<b>192,804,607</b>	<b>482,739</b>
Derivative transactions (***)			
For which hedge accounting is not applied	78	78	—
For which hedge accounting is applied	(1,082,084)	(1,082,084)	—
<b>Total derivative transactions</b>	<b>(1,082,005)</b>	<b>(1,082,005)</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 ¥5,111,490 million. The value of Money held in trust account shown on the balance sheet exceeds their acquisition cost by ¥1,304,317 million.

No impairment loss was recognized for the three months ended June 30, 2015.

\*\* 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, 2015		As of June 30, 2014		As of March 31, 2015	
	Amount	%	Amount	%	Amount	%
Agriculture, forestry, fisheries, and mining	—	—	—	—	—	—
Manufacturing	52,232	1.92	83,866	2.78	83,042	2.98
Utilities, information/communications, and transportation	90,196	3.32	83,948	2.78	91,092	3.27
Wholesale and retail	4,259	0.15	23,864	0.79	18,286	0.65
Finance and insurance	1,755,341	64.61	1,993,606	66.25	1,759,281	63.19
Construction and real estate	2,000	0.07	11,500	0.38	2,000	0.07
Services and goods rental/leasing	8,602	0.31	18,539	0.61	8,670	0.31
Central and local governments	609,173	22.42	600,512	19.95	614,202	22.06
Others	194,662	7.16	193,311	6.42	207,409	7.45
Total	2,716,469	100.00	3,009,150	100.00	2,783,985	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 ¥1,482,435 million, ¥1,761,390 million and ¥1,486,308 million as of June 30, 2015, June 30, 2014 and March 31, 2015, respectively.

## 9. Balances by Type of Deposit

(Millions of yen, %)

	As of June 30, 2015		As of June 30, 2014		As of March 31, 2015	
	Amount	%	Amount	%	Amount	%
Liquid deposits	62,531,149	35.10	61,461,134	34.62	61,053,645	34.35
Transfer deposits	12,217,669	6.85	11,371,459	6.40	11,747,374	6.61
Ordinary deposits, etc.	49,920,554	28.02	49,693,789	27.99	48,912,826	27.52
Savings deposits	392,925	0.22	395,886	0.22	393,443	0.22
Fixed-term deposits	115,401,264	64.78	115,826,377	65.25	116,453,033	65.52
Time deposits	12,425,684	6.97	14,077,484	7.93	13,569,920	7.63
TEIGAKU deposits, etc.	102,974,112	57.81	101,746,884	57.31	102,881,558	57.89
Other deposits	189,468	0.10	220,743	0.12	204,097	0.11
Subtotal	178,121,883	100.00	177,508,254	100.00	177,710,776	100.00
Negotiable certificates of deposit	—	—	—	—	—	—
Total	178,121,883	100.00	177,508,254	100.00	177,710,776	100.00
Deposits including accrued interest	179,454,172		178,674,212		179,009,556	

- 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 six months after the initial deposit. The interest rates on such deposits rise every six months in a staircase pattern, with duration of up to three years. After three years, the interest is compounded using fixed interest rates until the maturity of 10 years.



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

(Millions of yen, %)

	As of June 30, 2015	As of June 30, 2014	As of March 31, 2015
Loans to borrowers classified as bankrupt or quasi-bankrupt	—	—	—
Loans to borrowers classified as doubtful	—	—	—
Loans requiring close monitoring	—	—	—
Subtotal (A)	—	—	—
Loans to borrowers classified as normal	2,832,068	3,161,714	2,931,915
Total (B)	2,832,068	3,161,714	2,931,915
Non-performing loan ratio (A) / (B) (%)	—	—	—

## 11. Selected Business Results

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

	For the three months ended June 30, 2015	For the three months ended June 30, 2014
Number of contracts (thousands)	284	234
Sales amount (millions of yen)	127,816	84,104

	As of June 30, 2015	As of June 30, 2014
Number of investment trust accounts (thousands)	673	648
Net assets (millions of yen)	1,114,796	1,011,745

### (2) Credit Cards

(Thousands)

	For the three months ended June 30, 2015	For the three months ended June 30, 2014
Number of cards issued	18	17

	As of June 30, 2015	As of June 30, 2014
Number of cards issued (cumulative) (outstanding)	1,489	1,854

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

(Millions of yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2014
Amount of new credit extended	7,772	6,276

	As of June 30, 2015	As of June 30, 2014
Amount of new credit extended (cumulative)	314,754	278,425

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, 2015	For the three months ended June 30, 2014
Number of policies	3,742	3,177
Sales amount (millions of yen)	20,352	17,914

	As of June 30, 2015	As of June 30, 2014
Number of policies (cumulative)	69,298	56,746
Sales amount (cumulative) (millions of yen)	365,805	296,452

## (Reference) Securitized Products Exposure

As of June 30, 2015 and June 30, 2014, 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, 2015			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A) (%)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,140.2	49.5	4.34	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.2	3.5	3.80	AA
	Other securitized products	24.1	(0.0)	(0.00)	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	3.9	0.1	4.45	AAA
	Subtotal	1,262.6	53.2	4.21	
Overseas	Residential mortgage-backed securities (RMBS)	358.2	43.0	12.02	AAA
	Subprime loan related	—	—	—	—
	Subtotal	358.2	43.0	12.02	
	Total	1,620.9	96.3	5.94	

(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	

- Notes: 1. The underlying assets provided are only those from multiple debtors comprising securitized products.  
2. No hedging activities against credit risks were made.  
3. The above table does not include securitized products that might be included in investment trusts. The same shall apply hereinafter.  
4. Other securitized products are securitized products of which underlying assets are auto loan claims and accounts receivables, 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.