

Selected Financial Information

For the Six Months

Ended September 30, 2015



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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.

1. Summarized Balance Sheets

(Millions of yen)

	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Total assets	207,232,518	205,662,555	208,179,309
Cash and due from banks	39,378,850	25,483,308	33,301,050
Call loans	1,830,314	2,185,342	1,961,526
Receivables under securities borrowing transactions	8,058,744	8,939,876	8,374,084
Monetary claims bought	124,725	65,923	122,032
Trading account securities	173	171	104
Money held in trust	3,479,636	3,097,175	3,491,637
Securities	149,801,138	161,094,130	156,169,792
Loans	2,617,649	2,900,535	2,783,985
Foreign exchanges	16,118	33,782	49,332
Other assets	1,601,414	1,513,108	1,603,912
Tangible fixed assets	184,552	182,467	179,933
Intangible fixed assets	45,251	52,792	47,971
Customers' liabilities for acceptances and guarantees	95,000	115,000	95,000
Reserve for possible loan losses	(1,051)	(1,060)	(1,055)
Total liabilities and net assets	207,232,518	205,662,555	208,179,309
Total liabilities	196,024,713	195,029,151	196,549,097
Deposits	177,131,058	177,946,511	177,710,776
Call money	46,267	10,945	—
Payables under repurchase agreements	442,552	—	—
Payables under securities lending transactions	14,146,436	11,947,468	13,570,198
Foreign exchanges	346	401	266
Other liabilities	2,769,908	3,633,355	3,576,119
Reserve for bonuses	7,268	6,241	5,581
Reserve for employees' retirement benefits	151,511	151,796	150,466
Deferred tax liabilities	1,234,363	1,217,431	1,440,688
Acceptances and guarantees	95,000	115,000	95,000
Total net assets	11,207,805	10,633,403	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	1,955,487	1,780,894	1,968,617
Treasury stock	(1,299,999)	(1,299,999)	(1,299,999)
Net unrealized gains (losses) on available-for-sale securities	3,391,783	3,009,445	3,824,643
Net deferred gains (losses) on hedges	(635,751)	(653,222)	(659,335)

2. Asset Management Status

(Millions of yen, %)

	As of September 30, 2015		As of September 30, 2014		As of March 31, 2015	
	Amount	%	Amount	%	Amount	%
Due from banks, etc.	39,184,359	19.11	25,224,079	12.39	33,034,939	16.04
Call loans	1,830,314	0.89	2,185,342	1.07	1,961,526	0.95
Receivables under securities borrowing transactions	8,058,744	3.93	8,939,876	4.39	8,374,084	4.06
Money held in trust	3,479,636	1.69	3,097,175	1.52	3,491,637	1.69
Securities	149,801,138	73.07	161,094,130	79.17	156,169,792	75.86
Japanese government bonds	92,773,615	45.25	116,881,373	57.44	106,767,047	51.86
Japanese local government bonds	5,489,193	2.67	5,639,329	2.77	5,525,117	2.68
Commercial paper	218,978	0.10	267,974	0.13	226,986	0.11
Japanese corporate bonds	10,379,503	5.06	11,098,873	5.45	10,756,050	5.22
Japanese stocks	935	0.00	935	0.00	935	0.00
Other securities	40,938,912	19.97	27,205,644	13.37	32,893,656	15.97
Foreign bonds	20,291,896	9.89	17,077,426	8.39	18,817,706	9.14
Investment trusts	20,598,993	10.04	10,047,106	4.93	13,967,716	6.78
Loans	2,617,649	1.27	2,900,535	1.42	2,783,985	1.35
Others	16,291	0.00	34,834	0.01	49,436	0.02
Total	204,988,135	100.00	203,475,973	100.00	205,865,404	100.00

Notes: 1. Due from banks, etc. consist of negotiable certificates of deposit, Bank of Japan (BOJ) deposits, and monetary claims bought.

2. Investment trusts are mainly invested in foreign bonds.

3. Income Analysis

(Millions of yen)

	For the six months ended		(A) - (B)
	September 30, 2015 (A)	September 30, 2014 (B)	
Gross operating profit	759,496	821,411	(61,914)
Net interest income	699,430	777,119	(77,688)
Net fees and commissions	46,950	44,537	2,413
Net other operating income (loss)	13,115	(245)	13,360
General and administrative expenses	(531,684)	(565,127)	33,443
Personnel expenses	(62,245)	(61,128)	(1,117)
Non-personnel expenses	(431,893)	(467,020)	35,126
Taxes and dues	(37,544)	(36,978)	(566)
Operating profit (before provision for general reserve for possible loan losses)	227,812	256,283	(28,470)
Provision for general reserve for possible loan losses	37	—	37
Net operating profit	227,849	256,283	(28,433)
Non-recurring gains (losses)	23,845	16,735	7,110
Gains (losses) on money held in trust	23,890	18,649	5,240
Net ordinary income	251,695	273,018	(21,323)
Extraordinary income (loss)	(767)	2,442	(3,210)
Gains (losses) on sales and disposal of fixed assets	(767)	2,451	(3,218)
Losses on impairment of fixed assets	(0)	(8)	8
Income before income taxes	250,927	275,461	(24,533)
Income taxes - current	(84,539)	(86,784)	2,245
Income taxes - deferred	5,198	(6,965)	12,164
Net income	171,587	181,710	(10,123)

Credit-related expenses	21	(0)	21
Provision for general reserve for possible loan losses	21	(0)	21
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 six months ended		Increase (Decrease) (A) - (B)
	September 30, 2015 (A)	September 30, 2014 (B)	
Net income to assets (ROA)	0.16%	0.17%	(0.01)%
Net income to equity (ROE)	4.04	4.07	(0.03)
Overhead ratio (OHR)	70.00	68.79	1.20
Expense-to-deposit ratio	0.59	0.63	(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 six months ended September 30, 2015		
	Average balance	Interest	Earnings yield
Interest-earning assets	200,599,151	881,872	0.87%
Loans	2,731,047	13,224	0.96
Securities	153,327,338	844,957	1.09
Due from banks, etc.	35,874,261	19,298	0.10
Interest-bearing liabilities	189,807,228	182,442	0.19
Deposits	177,712,386	118,218	0.13

(Millions of yen, %)

	For the six months ended September 30, 2014		
	Average balance	Interest	Earnings yield
Interest-earning assets	196,389,924	949,448	0.96%
Loans	3,043,264	16,109	1.05
Securities	163,076,916	917,811	1.12
Due from banks, etc.	22,888,967	11,684	0.10
Interest-bearing liabilities	185,482,674	172,329	0.18
Deposits	177,022,448	121,636	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. consist of negotiable certificates of deposit, BOJ deposits, call loans, and monetary claims bought.
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 six months ended		Increase (Decrease) (A) - (B)
	September 30, 2015 (A)	September 30, 2014 (B)	
Yield on interest-earning assets (a)	0.87%	0.96%	(0.08)%
Interest rate on interest-bearing liabilities (b)	0.19	0.18	0.00
Spread (a) - (b)	0.68	0.77	(0.09)

Note: All numbers are annualized.

7. General and Administrative Expenses

(Millions of yen, %)

	For the six months ended				Increase (Decrease) (A) - (B) Amount
	September 30, 2015 (A)		September 30, 2014 (B)		
	Amount	%	Amount	%	
Personnel expenses	61,153	11.52	60,613	10.73	539
Salaries and allowances	50,499	9.51	49,673	8.79	825
Non-personnel expenses	431,893	81.39	467,020	82.71	(35,126)
Commissions on bank agency services paid to JAPAN POST Co., Ltd.	308,121	58.07	303,121	53.68	5,000
Deposit insurance premiums paid to JAPAN POST HOLDINGS Co., Ltd. (*)	4,931	0.92	11,296	2.00	(6,365)
Deposit insurance expenses paid to Deposit Insurance Corporation of Japan	32,232	6.07	61,802	10.94	(29,570)
Rent for land, buildings and others	5,894	1.11	5,566	0.98	328
Expenses on consigned businesses	26,012	4.90	29,684	5.25	(3,671)
Depreciation and amortization	18,046	3.40	16,850	2.98	1,196
Communication and transportation expenses	9,703	1.82	10,057	1.78	(354)
Maintenance expenses	6,263	1.18	8,158	1.44	(1,894)
IT expenses	9,210	1.73	8,955	1.58	254
Taxes and dues	37,544	7.07	36,978	6.54	566
Total	530,592	100.00	564,612	100.00	(34,020)

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

8. Fair Value of Financial Instruments

The amounts on the balance sheets, the fair values, and the differences between the two as of September 30, 2015 were as follows.

(Millions of yen)

	Amount on the balance sheet	Fair value	Difference
(1) Cash and due from banks (*)	39,378,850	39,378,850	—
(2) Call loans	1,830,314	1,830,314	—
(3) Receivables under securities borrowing transactions	8,058,744	8,058,744	—
(4) Monetary claims bought (*)	124,725	124,725	—
(5) Trading account securities			
Securities classified as trading purposes	173	173	—
(6) Money held in trust (*)	3,479,636	3,479,636	—
(7) Securities			
Held-to-maturity securities	59,154,258	61,184,221	2,029,963
Available-for-sale securities (*)	90,645,944	90,645,944	—
(8) Loans	2,617,649		
Reserve for possible loan losses (**)	(107)		
	2,617,542	2,686,646	69,104
Total assets	205,290,189	207,389,257	2,099,067
(1) Deposits	177,131,058	177,573,232	442,173
(2) Call money	46,267	46,267	—
(3) Payables under repurchase agreements	442,552	442,552	—
(4) Payables under securities lending transactions	14,146,436	14,146,436	—
Total liabilities	191,766,315	192,208,489	442,173
Derivative transactions (***)			
For which hedge accounting is not applied	150	150	—
For which hedge accounting is applied	(928,556)	(928,556)	—
Total derivative transactions	(928,406)	(928,406)	—

* 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 ¥4,465,467 million. The value of Money held in trust account shown on the balance sheet exceeds their acquisition cost by ¥1,024,600 million.

The amount of losses on impairment for the six months ended September 30, 2015 was ¥820 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.

9. Loans

(1) Loans by Industry

(Millions of yen, %)

	As of September 30, 2015		As of September 30, 2014		As of March 31, 2015	
	Amount	%	Amount	%	Amount	%
Agriculture, forestry, fisheries, and mining	—	—	—	—	—	—
Manufacturing	51,824	1.97	83,853	2.89	83,042	2.98
Utilities, information/communications, and transportation	87,426	3.33	70,668	2.43	91,092	3.27
Wholesale and retail	—	—	20,588	0.70	18,286	0.65
Finance and insurance	1,645,166	62.84	1,890,744	65.18	1,759,281	63.19
Construction and real estate	2,000	0.07	11,500	0.39	2,000	0.07
Services and goods rental/leasing	8,601	0.32	16,739	0.57	8,670	0.31
Central and local governments	610,234	23.31	595,482	20.53	614,202	22.06
Others	212,396	8.11	210,959	7.27	207,409	7.45
Total	2,617,649	100.00	2,900,535	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 ¥1,353,671 million, ¥1,626,878 million and ¥1,486,308 million as of September 30, 2015, September 30, 2014 and March 31, 2015, respectively.

(2) Loans to Individuals

(Millions of yen, %)

	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Total loans (A)	2,617,649	2,900,535	2,783,985
Loans to individuals (B)	209,096	210,959	207,409
(B) / (A)	7.98%	7.27%	7.45%

10. Balances by Type of Deposit

(1) Ending Balances

(Millions of yen, %)

	As of September 30, 2015		As of September 30, 2014		As of March 31, 2015	
	Amount	%	Amount	%	Amount	%
Liquid deposits	61,567,367	34.75	61,751,632	34.70	61,053,645	34.35
Transfer deposits	12,200,220	6.88	12,678,639	7.12	11,747,374	6.61
Ordinary deposits, etc.	48,975,752	27.64	48,678,294	27.35	48,912,826	27.52
Savings deposits	391,394	0.22	394,698	0.22	393,443	0.22
Fixed-term deposits	115,368,083	65.13	115,986,426	65.18	116,453,033	65.52
Time deposits	12,453,319	7.03	13,648,382	7.66	13,569,920	7.63
TEIGAKU deposits, etc.	102,913,436	58.10	102,336,171	57.50	102,881,558	57.89
Other deposits	195,607	0.11	208,452	0.11	204,097	0.11
Subtotal	177,131,058	100.00	177,946,511	100.00	177,710,776	100.00
Negotiable certificates of deposit	—	—	—	—	—	—
Total	177,131,058	100.00	177,946,511	100.00	177,710,776	100.00
Deposits including accrued interest	178,500,176		179,158,211		179,009,556	

(2) Average Balances

(Millions of yen, %)

	For the six months ended September 30, 2015		For the six months ended September 30, 2014		For the year ended March 31, 2015	
	Amount	%	Amount	%	Amount	%
Liquid deposits	61,914,412	34.83	60,821,751	34.35	61,057,460	34.35
Transfer deposits	12,027,834	6.76	11,119,225	6.28	11,365,224	6.39
Ordinary deposits, etc.	49,493,636	27.85	49,306,320	27.85	49,296,826	27.73
Savings deposits	392,940	0.22	396,205	0.22	395,409	0.22
Fixed-term deposits	115,600,550	65.04	115,974,337	65.51	116,441,954	65.52
Time deposits	12,666,467	7.12	14,149,298	7.99	14,163,314	7.96
TEIGAKU deposits, etc.	102,932,620	57.92	101,823,024	57.51	102,276,763	57.55
Other deposits	197,423	0.11	226,359	0.12	211,981	0.11
Subtotal	177,712,386	100.00	177,022,448	100.00	177,711,397	100.00
Negotiable certificates of deposit	—	—	—	—	—	—
Total	177,712,386	100.00	177,022,448	100.00	177,711,397	100.00
Deposits including accrued interest	179,036,556		178,178,353		178,911,788	

- 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.

11. Deposits by Prefecture

(Millions of yen)

Prefecture name	As of September 30, 2015			As of September 30, 2014		
	Liquid deposits	Fixed-term deposits	Total	Liquid deposits	Fixed-term deposits	Total
Hokkaido	2,097,587	4,647,276	6,744,864	2,076,782	4,662,236	6,739,019
Aomori	400,552	880,581	1,281,134	398,367	885,348	1,283,715
Iwate	448,434	987,330	1,435,764	455,147	987,613	1,442,760
Miyagi	957,763	1,632,898	2,590,662	966,541	1,622,001	2,588,542
Akita	329,131	744,406	1,073,538	331,812	752,232	1,084,044
Yamagata	346,732	835,730	1,182,462	352,661	840,872	1,193,533
Fukushima	846,754	1,652,470	2,499,224	857,403	1,650,067	2,507,470
Ibaraki	1,209,060	2,931,174	4,140,234	1,195,615	2,946,953	4,142,568
Tochigi	744,800	1,866,077	2,610,878	744,049	1,880,752	2,624,801
Gunma	700,418	1,850,272	2,550,690	697,558	1,868,831	2,566,389
Saitama	2,788,961	6,415,900	9,204,862	2,750,081	6,431,277	9,181,358
Chiba	2,468,633	5,433,068	7,901,701	2,430,648	5,451,206	7,881,854
Kanagawa	3,613,077	7,274,237	10,887,314	3,617,996	7,238,052	10,856,048
Yamanashi	298,843	831,852	1,130,696	304,828	835,350	1,140,179
Tokyo	6,227,727	12,518,461	18,746,189	6,168,376	12,397,684	18,566,060
Niigata	790,432	2,178,427	2,968,860	794,904	2,197,155	2,992,059
Nagano	688,241	2,000,401	2,688,642	693,512	2,026,632	2,720,144
Toyama	381,114	1,091,402	1,472,516	378,439	1,099,613	1,478,053
Ishikawa	401,817	1,183,135	1,584,952	394,937	1,184,693	1,579,631
Fukui	272,497	952,696	1,225,194	271,095	956,846	1,227,942
Gifu	596,369	1,994,446	2,590,815	596,951	2,026,733	2,623,685
Shizuoka	1,133,023	3,103,643	4,236,666	1,134,740	3,157,178	4,291,919
Aichi	2,808,048	7,216,911	10,024,959	2,804,743	7,293,821	10,098,565
Mie	621,892	1,915,180	2,537,072	619,830	1,948,434	2,568,264
Shiga	440,712	1,260,752	1,701,464	437,577	1,268,391	1,705,968
Kyoto	1,140,387	2,514,217	3,654,605	1,128,932	2,531,019	3,659,952
Osaka	3,996,503	8,233,437	12,229,940	3,948,560	8,298,121	12,246,681
Hyogo	2,297,458	5,354,676	7,652,134	2,280,282	5,405,607	7,685,889
Nara	559,516	1,515,342	2,074,859	553,665	1,532,544	2,086,210
Wakayama	383,801	1,242,219	1,626,020	385,372	1,257,596	1,642,969
Tottori	182,346	495,789	678,136	183,015	503,400	686,416
Shimane	240,988	650,477	891,465	244,364	659,497	903,861
Okayama	799,335	2,012,168	2,811,504	798,192	2,037,266	2,835,458
Hiroshima	1,247,276	2,945,579	4,192,855	1,239,976	2,970,757	4,210,734
Yamaguchi	641,121	1,456,500	2,097,622	643,067	1,468,799	2,111,866
Tokushima	312,931	954,960	1,267,892	309,585	966,690	1,276,276
Kagawa	385,957	1,164,298	1,550,256	381,261	1,179,343	1,560,604
Ehime	438,562	1,226,955	1,665,517	436,929	1,250,424	1,687,353
Kochi	219,737	615,738	835,476	218,975	627,717	846,693
Fukuoka	1,826,327	4,280,800	6,107,127	1,801,916	4,318,176	6,120,093
Saga	279,571	757,440	1,037,012	278,248	766,254	1,044,502
Nagasaki	508,984	1,253,199	1,762,183	505,094	1,260,980	1,766,074
Kumamoto	652,393	1,551,993	2,204,386	646,290	1,562,652	2,208,942
Oita	439,618	1,128,593	1,568,212	438,973	1,133,875	1,572,849
Miyazaki	335,566	791,800	1,127,367	330,145	798,402	1,128,547
Kagoshima	557,797	1,452,160	2,009,958	550,426	1,473,010	2,023,436
Okinawa	308,335	370,996	679,331	295,109	374,306	669,416
Total	49,367,146	115,368,083	164,735,230	49,072,993	115,986,426	165,059,419

- Notes: 1. Liquid deposits = Ordinary deposits + Savings deposits + Special deposits (equivalent to ordinary savings)
2. Fixed-term deposits = Time deposits + TEIGAKU deposits + Special deposits (TEIGAKU savings equivalent + Education installment savings equivalent)
3. Deposits by prefecture are grouped by prefectures in which accounts were initially opened. Therefore, even in the cases where deposits are deposited or withdrew in different prefectures other than those where the accounts were opened, the deposits by prefecture are still grouped by prefectures in which the accounts were opened.
4. Deposits by prefecture don't include Transfer deposits and Other deposits. Transfer deposits were ¥12,200,220 million and ¥12,678,639 million as of September 30, 2015, and September 30, 2014, respectively. Other deposits were ¥195,607 million and ¥208,452 million as of September 30, 2015, and September 30, 2014, respectively.
5. Deposits by prefecture don't include accrued interest.

12. Deferred Tax Assets/Liabilities

(Millions of yen)

	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Deferred tax assets:	396,278	462,694	404,320
Reserve for possible loan losses	127	127	126
Reserve for employees' retirement benefits	48,910	54,103	48,718
Depreciation	10,325	12,070	11,179
Net deferred losses on hedges	302,778	361,767	315,120
Deferred tax liabilities:	(1,630,642)	(1,680,125)	(1,845,009)
Net unrealized gains on available-for-sale securities	(1,617,857)	(1,666,692)	(1,831,326)
Net deferred tax assets (liabilities)	(1,234,363)	(1,217,431)	(1,440,688)

13. Risk-Monitored Loans

(Millions of yen)

	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Loans to bankrupt borrowers	—	—	—
Non-accrual delinquent loans	0	—	—
Past-due loans for three months or more	—	—	—
Restructured loans	—	—	—
Total	0	—	—

14. Problem Assets Disclosed under the Financial Reconstruction Act

(Millions of yen, %)

	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Loans to borrowers classified as bankrupt or quasi-bankrupt	—	—	—
Loans to borrowers classified as doubtful	0	—	—
Loans requiring close monitoring	—	—	—
Subtotal (A)	0	—	—
Loans to borrowers classified as normal	2,732,189	3,052,928	2,931,915
Total (B)	2,732,189	3,052,928	2,931,915
Non-performing loan ratio (A) / (B)	0.00%	—%	—%

15. Reserve for Possible Loan Losses

(Millions of yen)

	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Total	1,051	1,060	1,055
General reserve for possible loan losses	278	310	315
Specific reserve for possible loan losses	773	749	740

16. Capital

(1) Capital Adequacy Ratio (Non-Consolidated, Domestic Standard)

(Millions of yen, %)

	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Core Capital: instruments and reserves (A)	8,452,051	8,277,491	8,280,501
Core Capital: regulatory adjustments (B)	6,130	—	6,491
Total capital (A) - (B) = (C)	8,445,921	8,277,491	8,274,010
Total amount of risk-weighted assets (D)	27,733,194	18,428,007	21,533,490
Credit risk-weighted assets	24,723,231	15,380,442	18,490,222
Market risk equivalent / 8%	—	—	—
Operational risk equivalent / 8%	3,009,962	3,047,564	3,043,268
Capital adequacy ratio (C) / (D)	30.45%	44.91%	38.42%

(2) Status of Loss-to-Capital Ratio under the Outlier Framework

(Billions of yen, %)

	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Amount of loss (A)	1,042.6	1,362.9	770.5
Capital (B)	8,445.9	8,277.4	8,274.0
Loss-to-capital ratio (A) / (B)	12.34%	16.46%	9.31%

Note: The Bank adopts an interest rate shock scenario based on historical interest rate fluctuation data for a five-year observation period with a one-year holding period. Confidence levels of 1% and 99% for interest rate fluctuations are applied in this scenario. The Bank has revised its interest rate shock scenario to use interbank interest rates for both assets and liabilities on and after March 31, 2015. As of September 30, 2014, the Bank used interest rates of JGBs, etc. for assets, and interbank interest rates for liabilities.

17. Number of Employees, Branches and Post Offices

(1) Number of Employees, etc.

	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Directors	12	9	7
Executive officers	23	27	24
Employees	13,215	13,234	12,889

Notes: 1. The number of directors includes directors who also served as executive officers.

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

(2) Number of Branches and Post Offices

		As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Branches		12	12	12
Sub branches		222	222	222
Bank Agent	Directly operated post offices	19,892	19,914	19,898
	Contracted post offices	4,019	4,036	4,035
Total		24,145	24,184	24,167

Notes: 1. The number of directly operated post offices is that of offices which operate Bank Agency Service (including post office branches).

2. The number of contracted post offices is that of offices to which Bank Agency Service is re-consigned by JAPAN POST Co., Ltd. (the Bank consigns Bank Agency Service to JAPAN POST Co., Ltd.)

3. The numbers above don't include mobile post offices.

18. Selected Business Results

(1) Investment Trusts Sales (Contract Basis)

	For the six months ended September 30, 2015	For the six months ended September 30, 2014
Number of contracts (thousands)	581	490
Sales amount (millions of yen)	231,492	170,508

	As of September 30, 2015	As of September 30, 2014
Number of investment trust accounts (thousands)	680	654
Net assets (millions of yen)	1,073,486	1,041,099

(2) Credit Cards

(Thousands)

	For the six months ended September 30, 2015	For the six months ended September 30, 2014
Number of cards issued	33	32

	As of September 30, 2015	As of September 30, 2014
Number of cards issued (cumulative) (outstanding)	1,366	1,734

(3) Mortgage Loans (as Intermediary)

(Millions of yen)

	For the six months ended September 30, 2015	For the six months ended September 30, 2014
Amount of new credit extended	16,183	15,622

	As of September 30, 2015	As of September 30, 2014
Amount of new credit extended (cumulative)	323,165	287,771

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

(4) Variable Annuities Policies

	For the six months ended September 30, 2015	For the six months ended September 30, 2014
Number of policies	8,981	5,841
Sales amount (millions of yen)	48,092	32,683

	As of September 30, 2015	As of September 30, 2014
Number of policies (cumulative)	74,537	59,410
Sales amount (cumulative) (millions of yen)	393,545	311,221

(Reference) Securitized Products Exposure

As of September 30, 2015 and September 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 September 30, 2015			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,144.7	51.3	4.48%	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.2	3.2	3.44	AA
	Other securitized products	22.0	0.0	0.00	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	3.5	0.1	4.85	AAA
	Subtotal	1,264.6	54.7	4.33	
Overseas	Residential mortgage-backed securities (RMBS)	310.6	13.0	4.18	AAA
	Subprime loan related	—	—	—	—
	Subtotal	310.6	13.0	4.18	
	Total	1,575.2	67.8	4.30	

(Billions of yen, %)

Region		As of September 30, 2014			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,120.2	52.3	4.67%	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.3	4.1	4.44	AA
	Other securitized products	17.9	0.0	0.00	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	5.2	0.2	4.03	AAA
	Subtotal	1,237.7	56.7	4.58	
Overseas	Residential mortgage-backed securities (RMBS)	280.9	52.8	18.82	AAA
	Subprime loan related	—	—	—	—
	Subtotal	280.9	52.8	18.82	
	Total	1,518.6	109.6	7.21	

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.

(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.