

Selected Financial Information

For the Nine Months

Ended December 31, 2015



JAPAN POST BANK

Contents

1. Summarized Balance Sheets	P. 1
2. Asset Management Status	P. 2
3. Income Analysis	P. 3
4. Selected Ratios	P. 3
5. Average Balance, Interest, and Earnings Yield of Interest-Earning Assets and Interest-Bearing Liabilities	P. 4
6. Spread	P. 4
7. Unrealized Gains (Losses) on Financial Assets	P. 5
8. Loans by Industry	P. 6
9. Balances by Type of Deposit	P. 7
10. Problem Assets Disclosed under the Financial Reconstruction Act	P. 8
11. Capital	P. 8
12. Selected Business Results	
(1) Investment Trusts Sales	P. 9
(2) Credit Cards	P. 9
(3) Mortgage Loans	P. 9
(4) Variable Annuities Policies	P. 9
(Reference)	
Securitized Products Exposure	P. 10

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 December 31, 2015	As of December 31, 2014	As of March 31, 2015
Total assets	208,149,011	207,419,420	208,179,309
Cash and due from banks	45,655,404	30,909,366	33,301,050
Call loans	1,260,562	2,910,873	1,961,526
Receivables under securities borrowing transactions	8,288,573	8,302,506	8,374,084
Monetary claims bought	138,816	62,763	122,032
Trading account securities	122	121	104
Money held in trust	3,479,283	3,250,721	3,491,637
Securities	144,237,011	157,155,128	156,169,792
Loans	2,627,040	2,893,262	2,783,985
Foreign exchanges	35,316	36,673	49,332
Other assets	2,126,882	1,574,076	1,603,912
Tangible fixed assets	182,084	179,802	179,933
Intangible fixed assets	43,973	50,181	47,971
Customers' liabilities for acceptances and guarantees	75,000	95,000	95,000
Reserve for possible loan losses	(1,062)	(1,058)	(1,055)
Total liabilities and net assets	208,149,011	207,419,420	208,179,309
Total liabilities	196,892,951	196,071,219	196,549,097
Deposits	178,406,273	179,068,791	177,710,776
Call money	58,850	—	—
Payables under repurchase agreements	512,476	—	—
Payables under securities lending transactions	13,883,369	12,052,557	13,570,198
Foreign exchanges	299	358	266
Other liabilities	2,599,914	3,136,957	3,576,119
Reserve for bonuses	1,436	1,440	5,581
Reserve for employees' retirement benefits	152,745	153,430	150,466
Deferred tax liabilities	1,202,584	1,562,683	1,440,688
Acceptances and guarantees	75,000	95,000	95,000
Total net assets	11,256,060	11,348,200	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	2,049,950	1,879,219	1,968,617
Treasury stock	(1,299,999)	(1,299,999)	(1,299,999)
Net unrealized gains (losses) on available-for-sale securities	3,249,149	3,814,598	3,824,643
Net deferred gains (losses) on hedges	(539,326)	(841,903)	(659,335)

2. Asset Management Status

(Millions of yen, %)

	As of December 31, 2015		As of December 31, 2014		As of March 31, 2015	
	Amount	%	Amount	%	Amount	%
Due from banks, etc.	45,601,653	22.18	30,716,293	14.96	33,034,939	16.04
Call loans	1,260,562	0.61	2,910,873	1.41	1,961,526	0.95
Receivables under securities borrowing transactions	8,288,573	4.03	8,302,506	4.04	8,374,084	4.06
Money held in trust	3,479,283	1.69	3,250,721	1.58	3,491,637	1.69
Securities	144,237,011	70.17	157,155,128	76.56	156,169,792	75.86
Japanese government bonds	83,972,359	40.85	109,885,615	53.53	106,767,047	51.86
Japanese local government bonds	5,622,286	2.73	5,759,445	2.80	5,525,117	2.68
Commercial paper	218,983	0.10	256,981	0.12	226,986	0.11
Japanese corporate bonds	10,337,442	5.02	11,033,741	5.37	10,756,050	5.22
Japanese stocks	1,390	0.00	935	0.00	935	0.00
Other securities	44,084,549	21.44	30,218,410	14.72	32,893,656	15.97
Foreign bonds	20,316,810	9.88	18,647,991	9.08	18,817,706	9.14
Investment trusts	23,719,461	11.54	11,483,912	5.59	13,967,716	6.78
Loans	2,627,040	1.27	2,893,262	1.40	2,783,985	1.35
Others	35,439	0.01	36,795	0.01	49,436	0.02
Total	205,529,565	100.00	205,265,581	100.00	205,865,404	100.00

Notes: 1. "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan deposits and monetary claims bought.

2. Investment trusts are mainly invested in foreign bonds.

3. Income Analysis

(Millions of yen)

	For the nine months ended		(A) - (B)
	December 31, 2015 (A)	December 31, 2014 (B)	
Gross operating profit	1,137,978	1,252,398	(114,420)
Net interest income	1,060,726	1,177,147	(116,420)
Net fees and commissions	70,706	67,727	2,979
Net other operating income (loss)	6,545	7,524	(978)
Gains (losses) on foreign exchanges	6,622	6,438	184
Gains (losses) on bonds	(114)	1,071	(1,186)
General and administrative expenses	(801,104)	(854,239)	53,134
Personnel expenses	(93,593)	(91,602)	(1,991)
Non-personnel expenses	(650,524)	(707,060)	56,536
Taxes and dues	(56,986)	(55,576)	(1,409)
Operating profit (before provision for general reserve for possible loan losses)	336,873	398,159	(61,285)
Provision for general reserve for possible loan losses	28	—	28
Net operating profit	336,902	398,159	(61,257)
Non-recurring gains (losses)	52,113	21,756	30,357
Gains (losses) related to stocks	3,232	—	3,232
Gains (losses) on money held in trust	49,140	23,322	25,818
Net ordinary income	389,015	419,915	(30,899)
Extraordinary income (loss)	(868)	2,109	(2,977)
Gains (losses) on sales and disposal of fixed assets	(867)	2,125	(2,993)
Losses on impairment of fixed assets	(0)	(16)	15
Income before income taxes	388,147	422,024	(33,877)
Income taxes - current	(135,781)	(131,184)	(4,596)
Income taxes - deferred	13,684	(10,803)	24,488
Net income	266,050	280,036	(13,985)

Credit-related expenses	18	3	15
Provision for general reserve for possible loan losses	18	3	15
Write-off of loans	—	—	—
Provision for specific reserve for possible loan losses	—	—	—
Recoveries of written-off loans	—	—	—

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

4. Selected Ratios

	For the nine months ended		Increase (Decrease) (A) - (B)
	December 31, 2015 (A)	December 31, 2014 (B)	
Net income to assets (ROA)	0.16%	0.18%	(0.01)%
Net income to equity (ROE)	4.15	4.16	(0.00)
Overhead ratio (OHR)	70.39	68.20	2.18
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. ROA, ROE, and expense-to-deposit ratio are annualized.

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

(Millions of yen, %)

	For the nine months ended December 31, 2015		
	Average balance	Interest	Earnings yield
Interest-earning assets	200,638,746	1,338,597	0.88%
Loans	2,693,813	19,206	0.94
Securities	151,148,376	1,282,062	1.12
Due from banks, etc.	38,140,394	30,698	0.10
Interest-bearing liabilities	189,960,192	277,870	0.19
Deposits	177,786,270	176,624	0.13

(Millions of yen, %)

	For the nine months ended December 31, 2014		
	Average balance	Interest	Earnings yield
Interest-earning assets	197,409,833	1,442,933	0.97%
Loans	2,993,958	23,704	1.05
Securities	161,756,980	1,393,964	1.14
Due from banks, etc.	24,964,590	19,377	0.10
Interest-bearing liabilities	186,501,422	265,786	0.18
Deposits	177,488,267	181,912	0.13

- Notes: 1. Interest-earning assets include receivables under securities borrowing transactions, etc., and exclude money held in trust.
2. "Due from banks, etc." consists of negotiable certificates of deposit, Bank of Japan 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 nine months ended		Increase (Decrease) (A) - (B)
	December 31, 2015 (A)	December 31, 2014 (B)	
Yield on interest-earning assets (a)	0.88%	0.97%	(0.08)%
Interest rate on interest-bearing liabilities (b)	0.19	0.18	0.00
Spread (a) - (b)	0.69	0.78	(0.08)

Note: All numbers are annualized.

7. Unrealized Gains (Losses) on Financial Assets

(1) Held-to-maturity Securities

(Millions of yen)

	As of December 31, 2015		As of March 31, 2015	
	Amount on the balance sheet	Difference	Amount on the balance sheet	Difference
Japanese government bonds	49,907,941	1,821,283	60,906,077	2,068,297
Japanese local government bonds	451,823	5,979	744,647	12,740
Japanese corporate bonds	3,980,349	113,146	4,687,255	134,478
Others	114,779	45,999	136,597	52,860
Foreign bonds	114,779	45,999	136,597	52,860
Total	54,454,894	1,986,408	66,474,578	2,268,377

Note: The difference shown above is calculated by deducting amount on the balance sheet from the fair value.

(2) Available-for-sale Securities (Excluding Unlisted Stocks)

(Millions of yen)

	As of December 31, 2015		As of March 31, 2015	
	Amount on the balance sheet	Difference	Amount on the balance sheet	Difference
Bonds	45,810,956	1,639,969	56,937,219	1,639,058
Japanese government bonds	34,064,417	1,390,396	45,860,969	1,382,034
Japanese local government bonds	5,170,462	115,886	4,780,469	118,971
Commercial paper	218,983	—	226,986	—
Japanese corporate bonds	6,357,093	133,686	6,068,794	138,053
Others	44,678,586	2,470,620	33,584,091	3,437,503
Foreign bonds	20,202,030	2,723,608	18,681,109	3,150,835
Investment trusts	23,719,461	(254,173)	13,967,716	264,906
Total	90,489,542	4,110,589	90,521,311	5,076,562

- Notes: 1. Securities shown above include "securities," negotiable certificates of deposit, which is recorded under "cash and due from banks," and "monetary claims bought."
2. The difference shown above is calculated by deducting acquisition cost from the amount on the balance sheet (fair value).
3. Of the difference shown above, ¥465,920 million and ¥591,487 million are respectively included in the statements of income as profit for the nine months ended December 31, 2015 and the fiscal year ended March 31, 2015 because of the application of fair value hedge accounting.
4. Investment trusts are mainly invested in foreign bonds.
5. No impairment losses were recognized on available-for-sale securities for the nine months ended December 31, 2015 and the fiscal year ended March 31, 2015.

(3) Money Held in Trust Classified as Available-for-sale

(Millions of yen)

	As of December 31, 2015		As of March 31, 2015	
	Amount on the balance sheet	Difference	Amount on the balance sheet	Difference
Money held in trust classified as available-for-sale	3,479,283	1,153,122	3,491,637	1,170,895

- Notes: 1. The amount on the balance sheet shown above is stated at the average market price of the final month during the period for equity securities and at the market price on the balance sheet date for other securities.
2. The difference shown above is calculated by deducting acquisition cost from the amount on the balance sheet (fair value).
3. Impairment losses on money held in trust which is classified as available-for-sale for the nine months ended December 31, 2015 and the fiscal year ended March 31, 2015 amounted to ¥1,186 million and ¥549 million, respectively.

(4) Derivatives under Hedge Accounting (Deferred Hedge Accounting)

(Millions of yen)

	As of December 31, 2015		As of March 31, 2015	
	Notional amount	Net deferred gains (losses)	Notional amount	Net deferred gains (losses)
Interest rate swaps	3,017,199	(320,626)	2,940,067	(288,184)
Currency swaps	3,467,735	(454,058)	2,913,732	(659,599)
Foreign exchange forward contracts	117,985	(21,497)	157,221	(26,672)
Total	6,602,919	(796,181)	6,011,021	(974,456)

Notes: 1. Net deferred gains (losses) are those before application of tax effect accounting.
2. Hedged instruments are available-for-sale securities.

8. Loans by Industry

(Millions of yen, %)

	As of December 31, 2015		As of December 31, 2014		As of March 31, 2015	
	Amount	%	Amount	%	Amount	%
Agriculture, forestry, fisheries, and mining	—	—	—	—	—	—
Manufacturing	51,816	1.97	83,840	2.89	83,042	2.98
Utilities, information/communications, and transportation	86,534	3.29	70,565	2.43	91,092	3.27
Wholesale and retail	—	—	20,562	0.71	18,286	0.65
Finance and insurance	1,645,714	62.64	1,885,223	65.15	1,759,281	63.19
Construction and real estate	12,124	0.46	11,500	0.39	2,000	0.07
Services and goods rental/leasing	8,533	0.32	16,671	0.57	8,670	0.31
Central and local governments	636,785	24.23	614,916	21.25	614,202	22.06
Others	185,531	7.06	189,982	6.56	207,409	7.45
Total	2,627,040	100.00	2,893,262	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 ¥1,349,328 million, ¥1,621,405 million and ¥1,486,308 million as of December 31, 2015, December 31, 2014 and March 31, 2015, respectively.

9. Balances by Type of Deposit

(Millions of yen, %)

	As of December 31, 2015		As of December 31, 2014		As of March 31, 2015	
	Amount	%	Amount	%	Amount	%
Liquid deposits	63,007,893	35.31	61,520,563	34.35	61,053,645	34.35
Transfer deposits	12,471,293	6.99	11,526,970	6.43	11,747,374	6.61
Ordinary deposits, etc.	50,142,911	28.10	49,597,478	27.69	48,912,826	27.52
Savings deposits	393,687	0.22	396,114	0.22	393,443	0.22
Fixed-term deposits	115,133,162	64.53	117,389,663	65.55	116,453,033	65.52
Time deposits	12,009,567	6.73	14,481,284	8.08	13,569,920	7.63
TEIGAKU deposits, etc.	103,122,405	57.80	102,906,626	57.46	102,881,558	57.89
Other deposits	265,218	0.14	158,564	0.08	204,097	0.11
Subtotal	178,406,273	100.00	179,068,791	100.00	177,710,776	100.00
Negotiable certificates of deposit	—	—	—	—	—	—
Total	178,406,273	100.00	179,068,791	100.00	177,710,776	100.00
Deposits including accrued interest	179,806,362		180,323,312		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 (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 Corporation.
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 Corporation.
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 December 31, 2015	As of December 31, 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	2,743,008	3,032,187	2,931,915
Total (B)	2,743,008	3,032,187	2,931,915
Non-performing loan ratio (A) / (B)	0.00%	—%	—%

11. Capital

Capital Adequacy Ratio (Non-Consolidated, Domestic Standard)

(Millions of yen, %)

	As of December 31, 2015	As of December 31, 2014	As of March 31, 2015
Core Capital: instruments and reserves (A)	8,546,523	8,375,821	8,280,501
Core Capital: regulatory adjustments (B)	5,964	—	6,491
Total capital (A) - (B) = (C)	8,540,559	8,375,821	8,274,010
Total amount of risk-weighted assets (D)	30,571,208	19,316,195	21,533,490
Credit risk-weighted assets	27,561,245	16,268,630	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)	27.93%	43.36%	38.42%
Total capital requirements	1,222,848	772,647	861,339

Note: Total capital requirements: Denominator of capital adequacy ratio x 4%

12. Selected Business Results

(1) Investment Trusts Sales (Contract Basis)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2014
Number of contracts (thousands)	862	767
Sales amount (millions of yen)	334,387	281,611

	As of December 31, 2015	As of December 31, 2014
Number of investment trust accounts (thousands)	689	660
Net assets (millions of yen)	1,145,726	1,119,462

(2) Credit Cards

(Thousands)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2014
Number of cards issued	49	45

	As of December 31, 2015	As of December 31, 2014
Number of cards issued (cumulative) (outstanding)	1,307	1,632

(3) Mortgage Loans (as Intermediary)

(Millions of yen)

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2014
Amount of new credit extended	24,743	22,723

	As of December 31, 2015	As of December 31, 2014
Amount of new credit extended (cumulative)	331,725	294,872

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

(4) Variable Annuities Policies

	For the nine months ended December 31, 2015	For the nine months ended December 31, 2014
Number of policies	14,122	8,816
Sales amount (millions of yen)	76,322	50,289

	As of December 31, 2015	As of December 31, 2014
Number of policies (cumulative)	79,678	62,385
Sales amount (cumulative) (millions of yen)	421,775	328,827

(Reference) Securitized Products Exposure

As of December 31, 2015 and December 31, 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 December 31, 2015			
		Acquisition cost (A)	Net unrealized gains (losses) (B)	(B) / (A)	Credit ratings
Domestic	Residential mortgage-backed securities (RMBS)	1,198.9	54.4	4.54%	AAA~AA
	Subprime loan related	—	—	—	—
	Collateralized loan obligations (CLO)	94.2	3.0	3.20	AA~A
	Other securitized products	26.2	0.0	0.00	AAA
	Commercial mortgage-backed securities (CMBS)	—	—	—	—
	Collateralized debt obligations (CDO)	3.2	0.1	5.25	AAA
	Subtotal	1,322.6	57.6	4.36	
Overseas	Residential mortgage-backed securities (RMBS)	292.1	8.3	2.87	AAA
	Subprime loan related	—	—	—	—
	Subtotal	292.1	8.3	2.87	
	Total	1,614.7	66.0	4.09	

(Billions of yen, %)

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

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.